

Minutes of the Meeting of the Executive Committee of the Board of Trustees of the  
University of Louisville

January 14, 2010

In Open Session

Members of the University of Louisville Board of Trustees Executive Committee met on Thursday, January 14, 2010, at 1:00 p.m. in Conference Rooms 101 and 102 of the Center for Translational Research at 505 South Hancock, Louisville, Kentucky, with members present and absent as follows:

Present: Mr. Owsley Frasier, Chair  
Dr. Salem George, Vice Chair  
Mr. Frank Minnifield, Treasurers  
Dr. Robert Curtis Hughes, Secretary  
Ms. Debbie Scoppechio, At-large  
Mr. J. Chester Porter, *Past Chair Ex Officio, Nonvoting*  
Mr. OJ Oleka, Constituency Representative

Other Trustees

Attending: Ms. Marie Abrams  
Mr. Jonathan Blue  
Dr. Kevin Cosby  
Mr. Brent Fryrear  
Prof. Melissa Laning  
Dr. Mark Lynn  
Ms. Brucie Moore  
Mr. Stephen Poe  
Dr. William Selvidge  
Mr. William Stone  
Ms. Phoebe Wood

Guests: Mr. Burt Deutsch, UofL Foundation  
Ms. Joyce Hagen, UofL Foundation  
Mr. Eddy Roberts, UofL Foundation  
Mr. Frank Weisberg, UofL Foundation  
Dr. Robert King, President, Council on Postsecondary Education  
Mr. Manoj Shanker, Presenter

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. William Pierce, Interim Executive Vice President for Research  
Ms. Angela Koshewa, University Counsel  
Mr. Mike Curtin, Vice President for Finance  
Mr. Keith Inman, Vice President for University Advancement  
Dr. Priscilla Hancock, Vice President for Information Technology  
  
Ms. Kimberly Maffet, Interim Vice President for Human Resources

Mr. Mark Hebert, Director, Media Relations  
Mr. John Drees, Associate VP, University Relations  
Mrs. Kathleen Smith, Assistant Secretary  
Mrs. Debbie Dougherty, Board Liaison

I. Call to Order

Having determined a quorum present, Chair Frazier called the meeting to order at 1:20 p.m. Chair Frazier welcomed Marie Abrams to the board.

II. President's Report

Summary of the Provost's and President's Meetings with Unit Faculty and Staff

President Ramsey discussed the outreach programs he and Provost Willihnganz conducted in the Fall semester. In addition to those programs, they visited faculty and staff at each college and school at the University. These visits provided an opportunity to discuss the 2020 Plan and listen to staff and faculty. The past year created many obstacles including the flood, rebuilding of the Neurosurgery department and economic pitfalls. The President displayed several graphs depicting the national and state economic situation. The weak economy has an impact on the University – the loss of Kentucky employment means loss of individual tax revenue which translates to budget cuts to universities. Higher education in Kentucky is faced with many challenges. With House Bill 1, enacted in 1997, the University is expected to help improve economic opportunity and quality of life for Kentuckians. The law unchanged, the University must be more intensely focused and must continue making progress. The University has made progress in

- Freshman class average ACT
- 1998 – 21.4
- 2009 – 24.5
- State avg. – 20.8 (19.4)
- National avg. – 21.1
- 24 National Merit Scholars
- More students from outside Jefferson County than inside

Dr. Ramsey compared the University's graduation rate

- 1998 – 1,734 degrees awarded
- 2009 – 2,428 degrees awarded
  - 2020 Goal – 3,074
- Graduation rate
  - Increased from 30% in 1998 to 48.4% in 2009
  - 2020 Goal – 60%
- Doctoral Degrees
  - 1998 – 76
  - 2009 – 142
  - 2020 Goal – 350
- A Rhodes Scholar

President Ramsey said the University received the following in research funding and NIH funding:

Total grants:

1998 - \$42 M

2009 - \$140 M

2020 Goal - \$400 M

In order to continue to move forward, Dr. Ramsey reported the University began reengineering operations, began developing underperforming assets, increased fundraising efforts, and expanded clinical activities. In order to do these things during this tough economic period, the University developed partnerships, improved contracts with research and commercialization opportunities and became more creative in seizing opportunities such as tax incremental financing. President Ramsey called on Provost Willihnganz to discuss in more detail the 2020 Plan.

Provost Willihnganz said in the Summer of 2006 the Board of Trustees reiterated its earlier call to the President to push forward with the Challenge of Excellence. University objectives with strong continued development as a metropolitan research university as had occurred over the prior decade. In July 2006, President Ramsey charged a group of University leaders, led by Provost Willihnganz, to create a new strategic plan for the University. A steering committee, created by Dr. Willihnganz, created a strategic planning document to begin the process in Fall 2007.

Dr. Willihnganz reported the areas of focus included

1. Educational Excellence
2. Research, Scholarship and Creative Activity
3. Community Engagement
4. Diversity, Opportunity and Social Justice
5. Creative and Responsible Stewardship

Dr. Willihnganz said 2020 Implementation Plan included

- Scorecard implementation plan and schedule developed, presented and discussed with Deans, Academic Officers, and Vice Presidents.
- Annual goal setting and accountability.
- Scorecard metrics reviewed and revised slightly to ensure they are **SMART**:
  - S – specific, stretching
  - M-measurable, motivational
  - A-agreed upon, action oriented
  - R-relevant, results oriented
  - T-time based, trackable
- Scorecard metrics and baselines defined
- Scorecard goals projected from 2009-2010 to 2020-2021

Dr. Willihnganz reviewed the areas covered by the 2020 Plan and discussed how the University is working to implement these areas: Educational Excellence; Research, Scholarship and Creative Activity; Community Engagement; Diversity, Opportunity and Social Justice; and Creative and Responsible Stewardship.

President Ramsey introduced Mr. Manoj Shanker, an economist the University has contracted for economic forecasting. Mr. Shanker discussed the University's activities to provide economic opportunities for the city and state:

- UofL's activities added to the economic output of the state by \$1.2 billion during a time when the total state GDP grew by \$33.1 billion. (*To put it in perspective UofL's gross domestic product grew by 52% while the state grew by 36%.*)
- An estimated 9,800 additional jobs were created from the combined direct and indirect effect of the university. These accounted for over 40% of the total new jobs created in the state economy.
- Higher education is a much overlooked leverage for state dollars. For every dollar in state funding UofL was able to attract \$2.71 in FY03. By FY09--in spite of the recession--this leveraging had improved substantially to \$4.12

Mr. Shanker presented the following information:

- The University of Louisville places emphasis on classroom teaching as well as cutting-edge research. In today's economy the university is what manufacturing was a generation ago: an engine of economic growth.
- UofL is not immune to the business cycle. However, the university has proven to be a source of stability for both Jefferson County and state.
- Between FY03 and FY09
  - UofL's faculty and staff employment increased by 17% while state employment increased by just 2%.
  - UofL's payroll was up 48% while total wage and salary income in Kentucky increased by 26%.
  - Investment in university-related construction from public and private sources increased by \$1.1 billion even though construction activity dampened state-wide.
  - UofL was able to successfully leverage state money in attracting private money and federal grants—even though appropriations for the university as a percent of total revenue slipped from 31% to 26%.

Mr. Shanker reported this study focused on the *incremental* economic impact of UofL on the state economy. The period under study was from FY 2003 to FY 2009. FY 2003 marked the beginning of a series of sharp cutbacks in General Fund support for higher education.

He said economic impact studies seek to determine the portion of the economy that is attributable to an economic stimulus and the multiplier effects from spending circulating throughout the economy, over and above what would have occurred without the impact

The impacts estimated provide information only about the resources devoted to the project and the resulting impact. The broader question on alternative uses of public spending has been the focus of many other research studies.

Mr. Shanker explained examples of incremental impact:

Between FY 2003 and FY 2009 Kentucky's General Fund receipts increased from \$6.8 billion to \$8.4 billion. The incremental change of \$1.6 billion is sometimes referred to as "new money." The new money is critical for the expansion of services the state provides taxpayers. If tax receipts (after accounting for inflation) had remained unchanged during that period then

- Government budgets would have stagnated

- o Countless opportunities to leverage private dollars would have been missed
- o Federal matching funds would have gone unclaimed
- o Economic development would have been stymied due to a less-educated workforce and numerous partnerships between industry and higher education would never had been formed

An economic impact analysis measures the effects of an employer on state job creation, tax revenue, and commercial activity. Spending by the employer and workers will ripple throughout the economy creating additional jobs in the retail, construction, services, and government sectors.

For the purposes of this report these effects are measured as direct and indirect effects. The total impact includes all direct, indirect, and induced effects.

#### Direct vs. Indirect Impacts

Direct. Attributable directly to operations, such as payroll, tax payments, and local purchases by the university. Direct impacts include spending by the university's employees.

Indirect. Attributable to the additional demand for local goods and services by suppliers and their employees

Mr. Shanker described types of economic impact

Several impacts can be measured:

1. Operations of the university and spending by its employees. This can be disaggregated in several ways. In this study the broad components are: teaching, research, athletics, and all other university operations.
2. Construction of new facilities and renovations of existing facilities.
3. Student spending in the local economy.
4. Taxes.

#### 1. Operations Impact: \$637.5 Million

The direct impact of operational spending of the university equals \$309.0 million: from \$639.6 million in FY03 to \$948.7 million in FY09. It includes components like spending on faculty and staff salaries, food services, general supplies, library services, telephone, parking, and all other services related to ongoing functions. In this analysis operations have been disaggregated into (a) teaching, (b) research, (c) athletics, and (d) all others.

- o Operational spending resulted in a net economic impact of \$637.5 million (\$309 million direct impact plus \$328.5 million in indirect economic activity stemming from the direct impact).

The University has 6,707 direct employees. Expenditures are estimated to have generated an additional 5,542 jobs (FTE) statewide

#### 1a. Operations Impact: Teaching: \$277.7 Million

The primary focus of a university is to provide an education. This is essentially a labor-intensive process. Not surprisingly the largest portion of UofL's operations is defined by its payroll.

Between FY03 and FY09 expenses related to instructional and academic support increased from \$379.6 million to \$545.6 million for a net increase of \$166.0 million. The combined incremental impact of instructional spending, in terms of 2009\$, is \$277.7 million. The incremental employment impact is 1,609 full-time equivalent jobs.

1b. Operations Impact: Research: \$204.9 Million

The opportunity to participate in major research projects greatly enhances the education of both undergraduate and graduate students. Such participation turns university graduates into the most efficient of all instruments for transferring new knowledge and new technologies from the campus to the state.

Between FY03 and FY09 research spending increased from \$89.5 million to \$164.9 million for a net increase of \$75.5 million. The combined incremental impact of R&D spending, in terms of 2009\$, is \$205.0 million. The incremental employment impact is 1,774 full-time equivalent jobs.

Through its research activities UofL injects millions of dollars into the economy. This spending contributes to the state's economic base in myriad ways—supporting and creating jobs, increasing earnings for Kentucky residents, and providing tax revenue for state and local government.

Research collaborations link UofL to other research institutions throughout the state and the world. Examples of research included in the economic impact include:

- o The Bucks for Brains Program
- o Clinical and Translational Research
- o NIH Cancer Research
- o NIH Diabetes and Obesity Research
- o NSF Nanotechnology Research

The impacts in this study are based on UofL's research expenditures. While the impacts of these expenditures capture the ripple effects of direct spending, they do not capture the full economic contribution of the university's research efforts. Many technologies developed through the research process have potential commercial applications that lead to the creation of new businesses or the expansion of existing ones. These potential impacts could be substantial, but are beyond the scope of this analysis

1c. Operations Impact: Athletics: \$58.1 Million

The UofL athletics department hosts 21 varsity sports. The teams compete at the NCAA Division I level. The presence of intercollegiate athletics serves to provide publicity to the university and also impacts the regional economy through hosting events and increased tourism.

Between FY03 and FY09 athletics spending increased from \$31.6 million to \$53.9 million for a net increase of \$22.3 million. The combined incremental impact of athletics spending, in terms of 2009\$, is \$58.1 million. The incremental employment impact is 954 full-time equivalent jobs

1d. Operations Impact: All Others: \$96.7 Million

UofL’s ongoing operations support thousands of workers and purchasers in the state economy. The “all other” category includes student services, institutional support, the operation and maintenance of facilities, and myriad other operations critical to UofL’s mission.

Between FY03 and FY09 all other spending increased from \$138.9 million to \$184.2 million for a net increase of \$45.3 million. The combined incremental impact, in terms of 2009\$, is \$96.7 million. The incremental employment impact is 1,205 full-time equivalent jobs.

2. Construction Impact: \$362.6 Million

The economic impacts on the regional and state economies stemming from construction activity at UofL are significant. Each year the university makes substantial capital investments supporting new infrastructure and significant renovation projects. Two distinct type of construction activities have been included in this study:

1. Construction and improvement of UofL facilities
2. UofL supported or anchored private development, or leveraged construction  
UofL’s construction activity resulted in a net increase of 2,900 construction jobs. State-wide during the same period construction employment was down by 5,500.

Notable construction projects include:

<b>Type of Building</b>	<b>Usage</b>
Belknap Research Building	New Research Building
Cardiovascular Innovation Institute	New Research Building
Center for Predictive Medicine	Biosafety Lab
Clinical & Translational Building	New Research Building
Community Park Dorm	New Residence Hall
Cressman Center	Fine Arts Glass Studio
Delia Baxter Research	New Research Building
Ekstrom Library Expansion	Library Addition
HSC Parking Garage	New Parking Garage
Louisville Arena	Basketball and Multi-purpose
Patterson Baseball Stadium	New Baseball Facility
Yum Center	Basketball Practice Facility

3. Students: \$130.5 Million

The university is home to 21,300 students of which 3,600 live on campus. It is assumed that the remaining students are commuters or live outside the immediate area. These students contribute to additional spending in the economy in the form of restaurants, retail goods, clothing, and personal services.

The incremental change in economic output from student expenditure is estimated to be \$130.5 million and resulted in the creation of 1,205 additional full-time equivalent jobs

#### 4. Taxes: Individual and Sales, \$35.7 Million

The impact of UofL on state and local taxes, while important, is significantly smaller than the other impacts. Since the university is tax exempt, it does not generate either property taxes or sales taxes directly for the state. However, spending by the university does generate tax revenue indirectly. Moreover, direct employment by the university and indirect employment impacts result in revenue for the state in the form of individual income tax and sales tax. Local governments receive revenue in the form of occupational taxes.

This analysis understates the tax impact by about 20% by not including property taxes, motor vehicles usage tax, and a myriad other taxes and fees.

Between FY03 and FY09 UofL-related taxes increased from \$43.0 million to \$53.2 million for a net increase of \$10.2 million. The combined incremental impact—including taxes generated through the multiplier effect—is estimated to be \$35.7 million.

In summary, Dr. Shanker noted

- o UofL has continued to incubate countless partnerships with private businesses and is an ambassador of the Commonwealth in the area of economic development.
- o Funding for the University of Louisville has proven to be a strategic state investment that provides a return many times in excess of the initial state funding.
- o Higher education plays a central role in Kentucky's entrepreneurial and innovative strength. Through its research and teaching UofL seeks to sustain economic growth and increase the standard of living in Louisville and Kentucky.

Chair Frazier thanked President Ramsey, Provost Willihnganz and Mr. Shanker for an excellent report and noted the report reflected the important role the University played in the city, state and region.

Chair Frazier acknowledged the University of Louisville Foundation board members for their important role in this development. As noted in the President's report, the leadership of the Foundation Board has been an outstanding partner with the University in achieving these successes. The Foundation has acted as a catalyst to excite the events that we hope will lead to a better quality of life for the citizens of Kentucky. Chair Frazier thanked the Foundation for its partnership with this Board of Trustees and for its entrepreneurial leadership. The Foundation board members received a round of applause.

### III. Introduction of Dr. Robert King, President of the Council on Postsecondary Education

President Ramsey introduced Dr. Robert King, President of the Council on Postsecondary Education. Dr. King discussed the upcoming legislative session and encouraged board members to contact their legislators as they shape the state budget.

### IV. Action Item: Approval Concerning UofL Housing System Refunding Revenue Bonds, Series F

Vice President Curtin explained this resolution directs the investment of the current funds and authorizes certain individuals to direct the trustee with future investment decisions. Ms. Scoppechio made a motion, which Dr. Hughes seconded, to approve the

**President's recommendation that the University of Louisville Board of Trustees authorizes the investment in one year US Treasury Bills for the Debt Service Reserve Funds (DSRF) and the Repair and Replacement Reserve Fund (RRRF) associated with the University of Louisville Housing System Refunding Revenue Bonds, Series F dated August 1, 2003, and authorize the President or his designee(s) to take appropriate actions regarding investment decisions for the housing bond funds held for Debt Service and Repair and Replacement.**

The motion passed.

- V. Action Item: Approval of Extension of Phased Retirement Options for University of Louisville Faculty for a Five Year Period

Provost Willihnganz reported in February 2003, the Board of Trustees authorized the implementation of the subject policy for a two-year period, and in February 2005, extended it for five more years. The policy allows faculty who meet certain criteria to enter retirement through a phased reduction in their university workload assignments. This has been a successful option for faculty and has allowed the units to realize some budgetary savings. Forty-four faculty have participated in the program. Dr. Willihnganz consulted with Faculty Senate leadership and the deans to get feedback on their experience with this policy. The experience of all concerned has been positive and continuation of the policy is recommended. Mr. Minnifield made a motion, which Dr. Hughes seconded, to approve the

**President's recommendation that the Board of Trustees extend the attached *Phased Retirement Options for University of Louisville Faculty* for a five-year period; and**

**that the Executive Vice President/University Provost reevaluate this policy in the Fall of 2014 for continuation, discontinuation, or change.**

The motion passed.

The Executive Committee took a short break at 3:00 p.m. and returned to open session at 3:15 p.m.

- VI. Executive Session

Dr. Hughes made a motion, which Dr. George seconded, to go into executive session to discuss personnel and real estate matters. The motion passed.

- VII. Open Meeting Reconvenes

The open session reconvened at 4:05 p.m. In executive session, Chair Frazier reported the committee discussed personnel and real estate matters.

Personnel Recommendations

Dr. Hughes made a motion, which Dr. George seconded to approve the

**President's recommendations that the following personnel recommendations be approved by the Board of Trustees.**

**ADMINISTRATION**

**Harry Pickens, B.A., Rutgers University; Special Assistant to the University Provost for New Initiatives, February 4, 2010. The appointment as Special Assistant is at the pleasure of the Board of Trustees.**

**Thomas M. Sawyer, B.A.; rescission of termination as Assistant Vice President for Information Technology which was to have been effective November 12, 2009, and change to retirement, November 12, 2009.**

**Alicia J. Sells, B.A., Associate Vice President for Governmental Relations and Special Assistant to the President; administrative leave of absence with pay, November 16, 2009 through June 30, 2010, and termination of appointment, June 30, 2010.**

**SCHOOL OF MEDICINE**

**Lu Cai, M.D., Ph.D., Associate Professor of Pediatrics; award of tenure, April 1, 2011.**

**Shiao Y. Woo, M.D., University of Malaysia; Professor of Radiation Oncology, with tenure, Chair of Radiation Oncology, and the Kosair Children's Hospital/Norton Healthcare Chair in Pediatric Oncology, March 1, 2010. The appointment as Chair of Radiation Oncology is at the pleasure of the Board of Trustees.**

**ADMINISTRATION**

**Sam Connally, M.B.A., Duke University; Vice President for Human Resources, February 8, 2010. The appointment as Vice President is at the pleasure of the Board of Trustees.**

**Kimberly B. Maffet, M.B.A.; change of appointment from Interim Vice President for Human Resources to Special Assistant to the President and Provost, February 8, 2010. The appointment as Special Assistant is at the pleasure of the Board of Trustees.**

The motion passed.

**Faculty Grievance**

Mr. Minnifield made a motion, which Dr. Hughes seconded, to approve the

**In the grievance of Drs. Christopher Shields, Steven J. Reiss, Joseph Finizio, John E. Harpring, Thomas M. Moriarty, George H. Raque, Wayne G. Villanueva, Todd Vitaz, the Executive Committee accepts the recommendation of the University Faculty Grievance Committee to uphold “the action of Dean Halperin in sending a letter to each of the Grievants on February 27, 2009 in which Dean Halperin stated that he 'accepted your resignation as a member of the faculty, effective February 28, 2009 at midnight.”**

The motion passed.

VIII. Adjournment

The meeting adjourned at 4:10 p.m.

**BOARD ACTION:**

Passed \_\_\_\_\_ X \_\_\_\_\_

Did not pass \_\_\_\_\_

Other \_\_\_\_\_

Asst. Secretary\_ *Katalin M. Smith*

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From the University: Dr. James R. Ramsey, President  
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Dr. Larry Cook, Executive Vice President for Health Affairs  
Dr. William Pierce, Interim Executive Vice President for Research  
Ms. Angela Koshewa, University Counsel  
Mr. Mike Curtin, Vice President for Finance  
Mr. Keith Inman, Vice President for University Advancement  
Dr. Priscilla Hancock, Vice President for Information Technology  
Ms. Kimberly Maffet, Interim Vice President for Human Resources  
Mrs. Kathleen Smith, Assistant Secretary

I. Call to Order

Chair Frazier called to order the executive session at 3:15 p.m.

II. Personnel and Real Estate Matters

Personnel Recommendations and Other Matters

President Ramsey and Provost Willihnganz briefed the Committee on personnel matters.

Faculty Grievance

Ms. Koshewa, University Counsel, briefed the Committee on the faculty grievance.

Strategic Partnerships

President Ramsey briefed the Committee on strategic partnerships.

III. Trustees Only with the President

The Vice Presidents, University Counsel and Assistant Secretary departed. President Ramsey discussed with the Committee contract issues.

IV. Adjournment

The executive session adjourned at 4:00 p.m.