

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

In Open Session

The Finance Committee of the University of Louisville Board of Trustees met on October 12, 2006, in the Jefferson Room of Grawemeyer Hall, Belknap Campus, with members present and absent as follows

Present: Dr. Salem George, Chair
Mr. Ron Butt
Mr. Darrell Messer
Mr. Steve Poe
Mr. Bill Stone

Absent: Ms. Donna Tinsley Denny
Mr. Owsley B. Frazier

Other Trustees

Present: Prof. Beth Boehm
Mr. Ulysses L. Bridgeman, Jr.
Ms. Bev Daly
Mr. Grant Helman
Dr. Robert Curtis Hughes
Ms. Rebecca Jackson
Ms. Jessica Loving
Ms. Sandy Metts Snowden

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
Ms. Angela D. Koshewa, University Counsel
Dr. Nancy Martin, Senior Vice President for Research
Mr. Mike Curtin, Vice President for Finance
Mr. Larry Owlsey, Vice President for Business Affairs
Mr. Dan Hall, Vice President for External Affairs
Mr. Tom Sawyer, Interim Vice President for Information Technology
Ms. Susan Howarth, Director of Budget
Mr. John Drees, Assoc. VP for Communications & Marketing
Ms. Anne Rademaker, Controller's Office
Ms. Carolyn Cochran, Provost's Office
Ms. Terri Rutledge, Asst. VP for Business Affairs
Mrs. Debbie Dougherty, Board Liaison

I. Call to Order

Having determined a quorum present, Chair George called the meeting to order at 1:25 p.m.

Approval of Minutes, July 13, 2006

Mr. Poe made a motion, which Mr. Stone seconded, to approve the minutes of July 13, 2006. The motion passed unanimously.

II. Action Item: Approval of Capital Construction Projects

- *Upgrade Electrical – Miller Technology
- * Upgrade Elevators – School of Education

Vice President Owsley reported the existing uninterruptible power supply (UPS) for the main computers at Miller Technology has reached its expected life and needs to be replaced. The capacity of the electrical system feeding the computer area is also nearing its limit and needs to be increased in size. Mr. Owsley said the two elevators in School of Education are in need of electrical and mechanical upgrades as well as the refurbishment of the interiors. A motion was made and seconded to approve the

President’s recommendation that the following projects be approved:

| <u>PROJECT:</u> | <u>ESTIMATED COST:</u> | <u>FUND SOURCE:</u> |
|--|-------------------------------|----------------------------|
| Upgrade Electrical - Miller Technology | \$310,000 | Plant Funds |
| Upgrade Elevators - School of Education | \$250,000 | Plant Funds |

The motion passed unanimously.

III. Action Item: Approval of Surplus Personal Property Policy

Vice President Owsley reported KRS 164A.575(7) states: "The governing board shall sell or otherwise dispose of all real or personal property of the institution which is not needed or has become unsuitable for public use, or would be more suitable consistent with the public interest for some other use, as determined by the board. Unless the board deems it in the best interest of the institution to proceed otherwise, all such real or personal property shall be sold either by invitation of sealed bids or by public auction." This new policy would add the ability for the university to transfer property to eligible charities that meet the IRS Section 501(c)(3) requirements and provide a process by which such transfer could happen. The property transfer would still have to be approved by the Director of Purchasing and the Associate Vice President for Business Affairs (the

Board of Trustees delegated authority to the AVBA to declare property surplus) so long as the entity met the requirements of this policy. A motion was made and seconded to approve the

President's recommendation that the following policy concerning the disposal of surplus personal property be approved.

DISPOSAL OF SURPLUS PERSONAL PROPERTY POLICY

POLICY

In accordance with KRS 164A.575 (7), the following methods of disposal may be used by the Department of Purchasing to dispose of university-owned surplus personal property:

1. Sale to the general public using either the sealed bid or auction, including internet auction method of sale. Disposal by either of these methods shall be preceded by notice adequate to inform the general public of the sale, taking into consideration the estimated value of the items.

2. Transfer, at a price determined by mutual consent and in the University's best interest, to a nonprofit organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, excluding a religious organization, and organized under the laws of the Commonwealth, another state, or the District of Columbia, or chartered under an Act of Congress, lawfully doing business in the Commonwealth of Kentucky, and serving a public purpose of an essentially governmental, civic, educational, or charitable nature, after first receiving from the recipient agency the certification and evidence of nonprofit status required in this Policy.

3. Personal property may be transferred to an entity described in section 2 above upon receipt of a signed acknowledgment including the items to be received by description, inventory number, serial number, quantity, and transfer charge, and containing a statement that the recipient agency:

a. The nonprofit organization is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

b. Will use the property for public purposes or to further its nonprofit mission, and that the property is not being acquired for other purposes, or for sale.

c. Will use all property received for at least one (1) year from date of receipt unless prior approval is granted for an alternate minimum use requirement by the University.

d. Will pay to the University the proceeds of disposal, or the fair market value or fair rental value of the property, if the property is put into personal or other ineligible use, or is sold, traded, leased, or otherwise disposed of, within twelve (12) months of receipt, without approval of the University. The amount of payment shall be determined as of the time of disposal or ineligible use, and shall be at the option of and as determined by

the University. Payment shall not preclude any other legal action that the University may pursue if criminal violation is suspected.

e. Will, if requested during the twelve (12) months after receipt, report to the University the condition, use, and location of, answer other questions about, and allow inspection of the property.

f. Accepts the property "as is" and "where is" without warranty of any kind.

g. Holds the University harmless from any and all losses, claims, expenditures, actions, causes of action, costs, damages, and obligations arising from this transaction and from the use of the property and the acts of the donee recipient, its agents, employees, and licensees that may result in injury to persons, damage to property, or loss of any sort, and to indemnify the University from any and all liability, loss, or damage that it may suffer resulting therefrom or any other claims or judgments resulting therefrom.

4. Payment for transferred property shall be by nonprofit agency check only. Personal checks shall not be accepted.

5. Title to any transferred property shall be in the name of the recipient agency.

The motion passed unanimously.

IV. Action Item: Approval of Smoking Policy

Vice President Owsley reported the University of Louisville has prohibited indoor smoking for several years by administrative action. House Bill 55 of the 2006 Regular Session of the General Assembly requires the Board of Trustees to take formal action to prohibit indoor smoking. The recommended policy would fulfill that requirement. A motion was made and seconded to approve the

President's recommendation that the following policy concerning the prohibition of smoking in university facilities be approved.

SMOKING POLICY

I. POLICY

Smoking is not permitted in any university facilities.

II. DEFINITIONS

For purposes of this regulation, "smoking" means lighting or burning any pipe, cigar, or cigarette. University facility means any facility owned or leased by the university or its affiliated corporations.

III. OPERATING GUIDELINES

Signs are posted in campus buildings indicating that smoking will not be permitted within the buildings.

Deans, directors, department heads, and other administrators are expected to require compliance with this policy. The monitoring and enforcement of this policy shall be the responsibility of the unit heads. This policy will be administered in accordance with established disciplinary procedures.

The motion passed unanimously.

V. Other Business

Chair George invited Vice President Curtin to review the University's Financial Statements for 2005-06. The Audit Committee will act on these statements in November. Vice President Curtin reported the external auditors have issued a clean, unqualified report. The financial condition of the University is very positive. Financial highlights include:

- The University's financial position remains strong at June 30, 2006, with assets of \$824.5 million and liabilities of \$259.8 million. Net assets, which represent the residual interest in the University's assets after liabilities are deducted, were \$564.7 million as of June 30, 2006.
- Gross tuition and fees were \$144.9 million for the year ended June 30, 2006, an increase of \$15.6 million, or 12% compared to the \$129.3 million reported in the previous year. Approved tuition rate increases for 2005-06 generated approximately \$10.5 million in additional tuition revenues as well as increased enrollments, which contributed an additional \$4.4 million.
- Total general fund appropriations from the Commonwealth were \$166.9 million for the year. Appropriations and certain other revenues and expenses are reported under Government Accounting Standards Board (GASB) Statement No. 35 as nonoperating revenues.
- Operating revenues amounted to \$464.0 million and operating expenses were \$628.6 million resulting in a net operating loss of \$164.6 million. When adjusted for \$166.9 million in state appropriations and \$30 million in other net nonoperating revenues, net assets of the University increased by \$32.3 million for the year ended June 30, 2006.

In response to Mr. Stone's inquiry regarding the capital assets, Vice President Curtin explained some facilities are listed as University assets, some are ULAA

assets, depending on ownership of the property, location of the facility, and source of funding.

VI. Adjournment

The meeting adjourned at 1:35 p.m.