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

March 21, 2024

In Open Session

Members of the Finance Committee of the University of Louisville Board of Trustees met on March 21, 2024, at 1:54 p.m., in the Jefferson Room, Grawemeyer Hall, Belknap Campus, with members present and absent as follows:

Present: Dr. Larry Benz, Chair
Dr. Raymond Burse
Ms. Katie Hayden
Mr. Brian Lavin
Ms. Diane Medley
Dr. Eugene Mueller

Other Trustees
Present: Mr. Jerry Abramson
Mr. Al Cornish
Ms. Mary Nixon
Mr. Kevin Ledford
Mr. Jim Rogers
Ms. Sherrill Zimmerman

From the University:
Dr. Kim Schatzel, President
Dr. Gerry Bradley, Executive Vice President and University Provost
Mr. Dan Durbin, Executive Vice President for Finance & Administration & CFO
Ms. Angela Curry, General Counsel & VP Governance & Strategic Initiatives
Dr. Michael Mardis, Vice President for Student Affairs, Dean of Students
Ms. Sandy Russell, Vice President for Risk, Audit, and Compliance
Mr. John Drees, Vice President for Communications & Marketing
Mr. Lee Gill, Vice President for Institutional Equity
Ms. Julie Dials, Interim Vice President for University Advancement
Dr. Jeff Bumpous, Interim Vice President for Academic Medical Affairs
Dr. Gail DePuy, Senior Vice Provost
Mr. Bob Goldstein, Vice Provost, Assessment & Decision Support/Analytics
Mr. Jim Begany, Vice Provost for Strategic Enrollment Management
Dr. Thomas Hardy, Executive Director of University Housing
Ms. Jill Mullaney, Interim Executive Director Business Operations
Mr. Jerry Johnson, Chief of Staff to the CFO
Ms. Michelle Comer, Treasurer
Ms. Julia Collins, Director of Budget and Financial Planning
Ms. Sarah Lopez, Chief of Staff to the Provost
Mr. John Karman, Executive Director of Communications
Dr. Randy Whetstone, Asst. Prof. & Prog. Dir. for Org. Leadership and Learning
I. Call to Order

Chair Benz called the roll and having determined a quorum present, called the meeting to order at 1:54 p.m.

Approval of Minutes, 9-21-2023

Dr. Burse made a motion, which Mr. Lavin seconded, to approve the minutes of the September 21, 2023, meeting.

The motion passed.

II. Action Item: Exemption from Quasi-Endowment Policy for use by University Libraries

Vice President Curry briefed the committee on the recommendation to approve a request for an exemption to the UofL Foundation’s policy regarding quasi-endowments.

If exempted, it would allow University Libraries to use funds to process two major collections: the William Carner collection and the John Ranard collection, both of which are significant collections that need to be arranged, described, and rehoused before they can be made available to researchers, including UofL students and faculty. The funds also allow the hiring of qualified personnel with archival training to make these collections available for use.

Ms. Curry then fielded questions from trustees.

Dr. Burse made a motion, which Ms. Medley seconded, to approve the

President’s recommendation that the Board of Trustees approve a request for an exemption to the UofL Foundation, Inc., board policy on quasi-endowed funds to allow for the funds from the William Carner estate to be used for current use purposes.

The motion passed.

III. Report of the Executive Vice President for Finance and Administration

Using the attached presentation, Mr. Durbin shared budget-to-actual and actual-to-actual reports, and updates regarding dollar amounts of liquid cash, and days of cash on hand. He also summarized the university’s financial results, highlighting revenues, expenses, margin, and liquidity.

He then fielded questions from the committee.
Chair Benz thanked the CFO for his report.

IV. **Adjournment**

Having no other business to come before the committee, Dr. Burse made a motion, which Mr. Lavin seconded, to adjourn.

The motion passed and the meeting adjourned at 2:09 p.m.

Approved by:

[Signature on file]

Assistant Secretary
RECOMMENDATION TO THE BOARD OF TRUSTEES
CONCERNING AN EXEMPTION FOR THE WILLIAM CARNER QUASI-ENDOWED FUND TO BE USED BY UNIVERSITY LIBRARIES

Finance Committee – March 21, 2024
Executive and Compensation Committee – March 21, 2024

RECOMMENDATION:

The President recommends that the Board of Trustees approve a request for an exemption to the UofL Foundation, Inc., board policy on quasi-endowed funds to allow for the funds from the William Carner estate to be used for current use purposes.

BACKGROUND:

In March 2001, the ULF Board passed a policy that requires the endowment of all testamentary gifts of $100,000 or greater received without a clear preference from the donor making them available for current use. In limited circumstances, exceptions to the policy are allowed, provided all appropriate approvals have been received.

The Photographic Archives housed within University Libraries seeks to use the funds from the exempted William Carner gift to process two major collections: the William Carner collection itself and the John Ranard collection. These are significant collections that were received in a state of relative disarray. They must be arranged, described, and rehoused before they can be made available to the researchers, including our students and faculty.

Given the state of the materials, this work must be completed by an individual with archival training at the graduate level. The work is more complex than can be accomplished by a student worker and existing qualified staff are already over-extended. Further, the proceeds of an endowment simply would not be sufficient to cover the expense of hiring qualified personnel. Applying the exempted Carner gift to current use would enable the Library to make these collections available for use, rather than keeping them warehoused.

See attached memorandum for more detailed information.

Upon approval by the Board of Trustees, the request will be made to the UofL Foundation Board of Directors.

COMMITTEE ACTION:
Passed    X
Did Not Pass
Other

BOARD ACTION:
Passed    X
Did Not Pass
Other

Signature on file __
Assistant Secretary

Signature on file __
Assistant Secretary
BOARD OF TRUSTEE ACTION REQUEST FROM UNIVERSITY ADVANCEMENT:

1) Approval for an exemption from the ULF policy on quasi-endowed funds to allow for the funds from the William Carner estate to be used for current use purposes.

Background
In March 2001, the ULF Board passed a policy that requires the endowment of all testamentary gifts of $100,000 or greater received without a clear preference from the donor making them available for current use. In limited circumstances, exceptions to the policy are allowed, provided all appropriate approvals have been received.

Request
The Photographic Archives seeks to use the funds from the William Carner gift to process two major collections: the William Carner collection itself and the John Ranard collection. These collections total 205 linear feet. These are significant collections that were received in a state of relative disarray. They must be arranged, described, and rehoused before they can be made available to the researchers, including our students and faculty.

Given the state of the materials, this work must be completed by an individual with archival training at the graduate level. The work is more complex than can be accomplished by a student worker and our existing qualified staff are already over-extended. Further, the proceeds of an endowment simply would not be sufficient to cover the expense of hiring qualified personnel. Applying the Carner gift to current use would enable us to make these collections available for use, rather than keeping them warehoused in our backlog.

Therefore, our hope is to use the Carner bequest to hire a temporary archivist to process these two collections. Experience with similar materials (e.g., the Julius Friedman collection) argues for the employment of a professional archivist at the level of an instructor or assistant professor. This experience also indicates that collections received in this state can be processed at a rate of approximately 0.5 linear foot per day. Taking into account vacation time and winter recess, it will take two years to fully process these materials.

Approvals Needed
Attached is a memo from Bob Fox, Dean of University Libraries with the full request including budget. Per the ULF policy for these exemptions, the request has been approved by Dan Durbin, Executive VP for Finance and Administration and Kim Schatzel, President. Following approval of the Board of Trustees, the final approval will move to the ULF Board.
MEMORANDUM

February 1, 2024

To: Kim Schatzel, President; Dan Durbin, Executive Vice President for Finance and Administration

From: Robert Fox, Dean of University Libraries

Cc: Brent Pieper, Vice President for University Advancement

Re: Request for Exemption from ULF Policy on Quasi-Endowments for Bill Carner Bequest

The Photographic Archives seeks to use the funds from the William Carner gift to process two major collections: the William Carner collection itself and the John Ranard collection. These collections total 205 linear feet. These are significant collections that were received in a state of relative disarray. They must be arranged, described, and rehoused before they can be made available to the researchers, including our students and faculty.

Given the state of the materials, this work must be completed by an individual with archival training at the graduate level. The work is more complex than can be accomplished by a student worker and our existing qualified staff are already over-extended. Further, the proceeds of an endowment simply would not be sufficient to cover the expense of hiring qualified personnel. Applying the Carner gift to current use would enable us to make these collections available for use, rather than keeping them warehoused in our backlog.

Therefore, our hope is to use the Carner bequest to hire a temporary archivist to process these two collections. Experience with similar materials (e.g., the Julius Friedman collection) argues for the employment of a professional archivist at the level of an instructor or assistant professor. This experience also indicates that collections received in this state can be processed at a rate of approximately 0.5 linear foot per day. Taking into account vacation time and winter recess, it will take two years to fully process these materials.

Budget:

Year 1: Minimum salary, instructor: $50,000
   Benefits (25%) $12,500

Year 2: Instructor salary + 2%: $51,000
   Benefits (25%) $12,750

Relocation expenses: $2,000
Professional development support ($1000/year) $2,000

Total: $130,250
Timeline:
May 1, 2024: Following Board of Trustees approval, initiate search to fill faculty position
January 1, 2025: Archivist (Term) appointment begins
December 31, 2026: Archivist (Term) appointment ends

Approved by:

Signature on file
Dan Durbin
Executive VP for Finance and Administration

Signature on file
Kim Schatzel, PhD
President, University of Louisville
Key Points on Financial Results
(Fiscal Year is 50% Complete)

• Revenues
  ➢ General Fund (overall) performing slightly better than budget (overall)
  ➢ ULAA revenues greater than prior year but could be influenced by Spring activity
  ➢ Draw of UL Foundation funds not as aggressive as planned
  ➢ Internally designated funds influenced by reimbursement timing (normal)
  ➢ Overall revenue of 50.9% is trending positively toward balanced budget

• Expenses
  ➢ Most categories performing at budgeted expectations
  ➢ Operating expenses influenced by timing of IGT payments, library subscriptions and operating expenses - we are monitoring closely

• Margin
  ➢ “Bottom line” is positive but less than prior year

• Liquidity (Cash)
  ➢ Liquid cash remained consistent with prior year
  ➢ Liquidity remains stable
# Budget-to-Actual Report
## Through December 2023, FY 2024

### Status Indicators
- Better than Expected
- As Expected
- Worse than Expected

## Revenues

<table>
<thead>
<tr>
<th></th>
<th>FY 2024</th>
<th>FY 2023</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual Budget</td>
<td>YTD December</td>
<td>% Realized</td>
</tr>
<tr>
<td><strong>General Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>349,751,124</td>
<td>181,551,873</td>
<td>51.5%</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>145,051,400</td>
<td>79,849,102</td>
<td>55%</td>
</tr>
<tr>
<td>Transfers In</td>
<td>30,586,292</td>
<td>11,268,049</td>
<td>36.7%</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>24,216,493</td>
<td>16,870,916</td>
<td>69.7%</td>
</tr>
<tr>
<td>Auxiliaries</td>
<td>19,830,610</td>
<td>14,779,707</td>
<td>72.0%</td>
</tr>
<tr>
<td>Hospital-Related</td>
<td>1,350,869</td>
<td>462,242</td>
<td>33.0%</td>
</tr>
<tr>
<td><strong>General Funds Total</strong></td>
<td><strong>570,786,568</strong></td>
<td><strong>304,222,570</strong></td>
<td><strong>53.3%</strong></td>
</tr>
<tr>
<td><strong>Non-General Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UL Research Foundation</td>
<td>708,024,772</td>
<td>371,194,176</td>
<td>52.4%</td>
</tr>
<tr>
<td>UL Athletic Association</td>
<td>166,100,000</td>
<td>87,349,357</td>
<td>52.6%</td>
</tr>
<tr>
<td>UL Foundation</td>
<td>77,630,926</td>
<td>25,855,493</td>
<td>33.9%</td>
</tr>
<tr>
<td>Internally Designated</td>
<td>88,264,325</td>
<td>31,343,595</td>
<td>35.5%</td>
</tr>
<tr>
<td><strong>Non-General Funds Total</strong></td>
<td><strong>1,090,020,024</strong></td>
<td><strong>515,742,421</strong></td>
<td><strong>49.6%</strong></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$1,680,086,581</strong></td>
<td><strong>$919,966,391</strong></td>
<td><strong>50.0%</strong></td>
</tr>
</tbody>
</table>

- General funds received in prior years: 458,298
- Non-general funds received in prior years: 36,746,292
- **Total Funds Available:** $1,647,509,201

## Expenses

<table>
<thead>
<tr>
<th></th>
<th>FY 2024</th>
<th>FY 2023</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual Budget</td>
<td>YTD December</td>
<td>% of Budget</td>
</tr>
<tr>
<td><strong>All Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>606,306,934</td>
<td>296,055,193</td>
<td>48.8%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>173,135,891</td>
<td>77,910,314</td>
<td>45.0%</td>
</tr>
<tr>
<td>Operating</td>
<td>562,277,897</td>
<td>283,852,497</td>
<td>51.2%</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>168,227,366</td>
<td>89,106,639</td>
<td>53.0%</td>
</tr>
<tr>
<td>Capital &amp; Debt Service</td>
<td>33,476,992</td>
<td>25,100,086</td>
<td>75.0%</td>
</tr>
<tr>
<td>Asset Preservation</td>
<td>76,945,000</td>
<td>11,240,138</td>
<td>14.6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>27,191,021</td>
<td>9,511,671</td>
<td>35.0%</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$1,647,509,201</strong></td>
<td><strong>$801,788,334</strong></td>
<td><strong>48.7%</strong></td>
</tr>
</tbody>
</table>

**Revenue Over/(Under) Expenses:**
- $0
- $18,178,057
- $23,637,880 (55,459,824)
## Actual-to-Actual Report
### Through December 2023, FY 2024

### Description of Notable Revenue Changes

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Actual (December) FY 2024</th>
<th>FY 2023</th>
<th>Change (From prior year)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees</td>
<td>181,551,873</td>
<td>171,886,998</td>
<td>9,665,874</td>
<td>Improved retention, tuition rate increases and large freshmen enrollment</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>79,848,102</td>
<td>79,794,200</td>
<td>54,902</td>
<td>Slight increase in state performance funding</td>
</tr>
<tr>
<td>Auxiliaries</td>
<td>14,479,707</td>
<td>9,737,400</td>
<td>4,742,307</td>
<td>Improved housing occupancy and modest rate increases</td>
</tr>
<tr>
<td>UL Research Foundation</td>
<td>371,184,176</td>
<td>329,302,113</td>
<td>41,882,063</td>
<td></td>
</tr>
<tr>
<td>Pass-through financial aid</td>
<td>32,291,804</td>
<td>30,187,518</td>
<td>1,054,286</td>
<td>Increase in Pell and KEES awards</td>
</tr>
<tr>
<td>Sponsored Research</td>
<td>72,002,983</td>
<td>74,118,138</td>
<td>(2,115,155)</td>
<td></td>
</tr>
<tr>
<td>FBA Recovery</td>
<td>17,117,898</td>
<td>16,083,113</td>
<td>1,034,785</td>
<td>Largely associated with Medicaid IST, with corresponding expenses</td>
</tr>
<tr>
<td>Clinical-related activities</td>
<td>227,165,859</td>
<td>199,802,827</td>
<td>27,363,032</td>
<td>~$0.0M in tobacco grant residuals</td>
</tr>
<tr>
<td>All other</td>
<td>22,636,777</td>
<td>9,572,522</td>
<td>13,064,255</td>
<td></td>
</tr>
<tr>
<td>UL Athletic Association</td>
<td>87,949,257</td>
<td>88,698,239</td>
<td>(1,748,977)</td>
<td></td>
</tr>
<tr>
<td>UL Foundation</td>
<td>25,555,493</td>
<td>26,014,245</td>
<td>(4,458,752)</td>
<td></td>
</tr>
</tbody>
</table>

### Description of Notable Expense Changes

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Actual (December) FY 2024</th>
<th>FY 2023</th>
<th>Change (From prior year)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td>296,055,193</td>
<td>281,970,197</td>
<td>14,085,006</td>
<td>2% cost-of-living increase; Phase 1 staff comp study; student min. wage increase</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>77,510,514</td>
<td>71,605,052</td>
<td>6,905,462</td>
<td>Associated with increased compensation and rising employer health insurance costs</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>89,108,439</td>
<td>78,170,299</td>
<td>10,938,140</td>
<td>Increased federal and state pass-through aid; higher Athletics and Institutional aid</td>
</tr>
<tr>
<td>Operating</td>
<td>292,882,497</td>
<td>250,035,287</td>
<td>42,847,210</td>
<td></td>
</tr>
<tr>
<td>Internal Transfers (cancelled)</td>
<td>87,573,856</td>
<td>59,098,645</td>
<td>27,475,210</td>
<td>(See “Clinical-related activities” under “Revenues”)</td>
</tr>
<tr>
<td>Services</td>
<td>96,735,025</td>
<td>85,524,059</td>
<td>11,210,966</td>
<td>ERP implementation (+$3.3M); Web improvement (+$2.2M)</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>27,804,917</td>
<td>33,410,724</td>
<td>4,594,807</td>
<td>Primarily timing of library subscription payments</td>
</tr>
<tr>
<td>Travel</td>
<td>9,482,072</td>
<td>7,711,265</td>
<td>1,770,807</td>
<td>Return to more typical level of activity</td>
</tr>
</tbody>
</table>
Liquid Cash – FY 2021 to FY 2024
Actual Dollar Amounts through December 2023, FY 2024 (in millions)
Liquid Cash – FY 2021 to FY 2024
Days Cash on Hand Amounts through December 2023, FY 2024

FY 2023 and FY 2024 days of cash has been recalculated to reflect the higher expense levels over prior years.