

MINUTES OF THE MEETING OF THE
GOVERNANCE, TRUSTEESHIP, AND NOMINATING COMMITTEE OF THE
BOARD OF DIRECTORS OF THE UofL RESEARCH FOUNDATION, INC., AND THE
BOARD OF TRUSTEES OF THE UNIVERSITY OF LOUISVILLE

March 17, 2022

In Open Session

Members of the Governance, Trusteeship, and Nominating Committee of the UofL Research Foundation, Inc., Board of Directors and the UofL Board of Trustees met in the Jefferson Room, Grawemeyer Hall, Belknap Campus, both in-person and virtually at 1:02 p.m., with members present and absent as follows:

Present: Mr. Scott Brinkman, Chair
Ms. Mary Nixon
Ms. Diane Porter
Mr. James Rogers
Dr. David Schultz

Other Trustees

Present: Mr. Jerry Abramson
Dr. Larry Benz
Dr. Raymond Burse
Mr. Al Cornish
Ms. Diane Medley
Ms. Ugonna Okorie
Mr. John Smith
Ms. Sherrill Zimmerman

From the

University: Dr. Lori Gonzalez, Interim President
Dr. Gerry Bradley, Interim Provost
Mr. Dan Durbin, Executive Vice President for Finance and Administration
Ms. Angela Curry, General Counsel and Vice President for Legal Affairs
Ms. Sandy Russell, Vice President for Risk, Audit, and Compliance
Ms. Mary Elizabeth Miles, Vice President for Human Resources
Dr. Michael Mardis, Vice President for Student Affairs & Dean of Students
Dr. Jasmine Farrier, Vice President for University Advancement
Mr. Rehan Khan, Vice President for Information Technology Services
Dr. Toni Ganzel, Vice President for Academic Medical Affairs
Mr. John Drees, Sr. Assoc. Vice President for Communications & Marketing
Mr. Mark Watkins, Sr. Associate Vice President for Operations, COO
Dr. Gail DePuy, Senior Vice Provost
Mr. John Karman, Executive Director of Communications
Ms. Beverly Santamouris, Treasurer

Mr. Jim Begany, Vice Provost for Strategic Enrollment Management
Ms. Jessica Murnock, Deputy Chief of Staff, President's Office
Ms. Sarah Lopez, Deputy Chief of Staff, Provost's Office
Mr. Chris Wooton, Director of Internal Communications
Ms. Kim Adams, Chief Information Security Officer
Ms. Jennifer Mudd, Director of Integrity and Compliance
Ms. Stacie McCutcheon, Privacy Officer
Ms. Cheri Jones, Director of Audit Services
Dr. Allison Ratterman, Director of the Office of Research Integrity
Prof. Avery Kolers, Department of Philosophy
Mr. Jake Beamer, Dir. of Governance & Strategic Initiatives & Asst. Secretary

From the UofL

Foundation: Mr. Keith Sherman, Executive Director

Guests: Mr. Ethan Lay, Clifton Larson Allen

I. Call to Order

Chair Brinkman called the roll and having determined a quorum present, called the meeting to order at 1:02 p.m.

Approval of Minutes, 10-29-2021

Ms. Nixon made a motion, which Mr. Rogers seconded, to approve the minutes of the July October 29, 2021, meeting.

The motion passed.

II. Action Item: Revision to BOT Financial Transactions Policy

Chair Brinkman explained that the revision to the Board of Trustees Financial Transactions Policy consists of modifications that allow for continued governance and transparency of significant transactions while still providing flexibility for expenses that occur during the normal course of business.

Mr. Durbin then fielded questions from trustees.

Ms. Nixon made a motion, which Mr. Rogers seconded, to approve the

President's recommendation that the Board of Trustees adopt the following amendments to board's Financial Transactions (Spending) Policy, which defines the University financial matters that must be brought before the Board of Trustees.

II. Approval of Financial Transactions: Consistent with the President's responsibility under Section 2.1.2 of the *Redbook* for recommending

major actions to the Board of Trustees for final action, the President is responsible for recommending to the appropriate Board of Trustees committees and, as appropriate, to the full Board of Trustees for review and approval the following financial transactions:

- a. Any bank or bond sourced financing transaction in the amount of \$500,000 or greater and a duration of five (5) years or greater.**
- d. The acquisition or disposition of property by lease/purchase arrangement when the transaction involves an annual rental of over \$250,000 per year and a duration of five (5) years or more. Any such transactions will be reported to the appropriate Board of Trustees Committee at its next regular meeting.**


The motion passed.

III. Adjournment

Having no other business to come before the committee, Ms. Porter made a motion, which Dr. Schultz seconded, to adjourn.

The motion passed and the meeting adjourned at 1:04 p.m.

Approved by:


Signature on file _____
Assistant Secretary

RECOMMENDATION TO THE BOARD OF TRUSTEES OF THE UNIVERSITY OF LOUISVILLE REGARDING UNIVERSITY FINANCIAL TRANSACTIONS

Governance, Trusteeship, and Nominating Committee – March 17, 2022
Executive and Compensation Committee – March 17, 2022

RECOMMENDATION:

The President recommends the adoption of the following amendments to board’s Financial Transactions (Spending) Policy, which defines the University financial matters that must be brought before the Board of Trustees.

- II. Approval of Financial Transactions: Consistent with the President’s responsibility under Section 2.1.2 of the *Redbook* for recommending major actions to the Board of Trustees for final action, the President is responsible for recommending to the appropriate Board of Trustees committees and, as appropriate, to the full Board of Trustees for review and approval the following financial transactions:
 - (a) Any bank or bond sourced financing transaction in the amount of \$500,000 or greater and a duration of five (5) years or greater.
 - (d) The acquisition or disposition of property by lease/purchase arrangement when the transaction involves an annual rental of over \$250,000 per year and a duration of five (5) years or more. Any such transactions will be reported to the appropriate Board of Trustees Committee at its next regular meeting.

BACKGROUND:

Redlined and clean copies of the policy are attached.

The proposed amendments allow for continued governance and transparency of significant transactions that involve debt while providing flexibility to enter into lease/purchasing arrangements that arise during the normal course of business.

COMMITTEE ACTION:

Passed X
Did Not Pass _____
Other _____

Signature on file
Assistant Secretary

BOARD ACTION:

Passed X
Did Not Pass _____
Other _____

Signature on file
Assistant Secretary

REDLINED

RECOMMENDATION TO THE BOARD OF TRUSTEES OF THE UNIVERSITY OF LOUISVILLE
REGARDING UNIVERSITY FINANCIAL TRANSACTIONS

Governance, Trusteeship, and Nominating Committee – April 18, 2019
Board of Trustees – April 18, 2019

RECOMMENDATION:

The Chair of the Ad Hoc Committee on Board Governance recommends adoption of the following Board policies defining University financial matters that must be brought before the Board of Trustees:

- I. Approval of Annual Budget: The President is responsible under Section 2.1.2 of the Redbook for preparing and recommending to the appropriate Board of Trustees committees and, as appropriate, to the full Board of Trustees an annual University budget for review and approval.
- II. Approval of Financial Transactions: Consistent with the President's responsibility under Section 2.1.2 of the Redbook for recommending major actions to the Board of Trustees for final action, the President is responsible for recommending to the appropriate Board of Trustees committees and, as appropriate, to the full Board of Trustees for review and approval the following financial transactions:
 - (a) Any bank or bond sourced ~~long-term debt~~ financing transaction in the amount of \$500,000 or greater and a duration of five (5) years or greater.
 - (b) Capital projects that involve University-owned land or which are for the University's use when the estimated cost of acquisition, construction, reconstruction, improvement, or structural maintenance is estimated at \$500,000 or more, regardless of fund source, except in the case of an expenditure determined by the President to be necessary because of an emergency (e.g., natural disaster or unforeseen mechanical, electrical, or structural breakdown that makes a facility or structure unusable.) Expenditures over the \$500,000 threshold that are made in response to an emergency shall be initiated in consultation with the Board Chair, when circumstances make that possible, and shall be reported to the Board at its next meeting.
 - (c) Changes in scope of an approved University capital project that exceed five percent (5%)
 - (d) The acquisition or disposition of property by lease/purchase arrangement when the transaction involves an annual rental of over \$250,000 per year and a duration of ~~or a term longer than~~ five (5) years or more. Any such transactions will be reported to the appropriate Board of Trustees Committee at its next regular meeting.
 - (e) Disposition of an interest in University real property, other than via lease, for a total amount in excess of \$500,000.
 - (f) The award of any compensation, including base salary; bonuses; housing, car, club or similar allowances or stipends; or deferred compensation to the University President and Executive Vice Presidents.
 - (g) Financial transactions not provided for in the annual operating budget with a value in excess of \$250,000, including loans, guarantees, or fund transfers of any kind from the University to another person or organization, including an affiliated or related entity.

The President or the President's designees shall have the authority to approve all financial transactions not requiring prior approval by the Board of Trustees. Any question about whether a particular transaction requires Board approval should be directed to the Board Chair and the University's General Counsel.

REDLINED

III. Periodic Reporting Regarding Financial Matters: The President or his designee(s) shall report to the appropriate Board of Trustees committees and, as appropriate, to the full Board no less than quarterly on the University’s financial status, including a budget-to-actual analysis.

The full Board of Trustees and appropriate Board of Trustees committees shall receive a report annually on: (a) the University’s audited annual financial reports; (b) a budget-to-actual analysis; (c) the financial support provided by the University of Louisville Foundation, Inc. and its affiliates; (d) the status of the University’s long-term debt obligations; (e) any change in the rating or outlook assigned to the University’s debt by any rating agency; (f) the receipt of gifts and pledges; (g) the total compensation (including all fund sources) of the top fifty highest paid employees of the University, excluding faculty members in the School of Medicine; (h) the total compensation (including all fund sources) of: (i) the President, (ii) any Vice President reporting directly to the President, or (iii) any Dean reporting directly to the Executive Vice President and Provost, to the extent such individuals are not already included in the report required by subparagraph (g); (i) the University’s strategies for managing cash and short-term investment funds; and (j) the status of those matters approved by the Board pursuant to Section II above during the prior twelve months.

The Board shall request from the Chair of the Foundation Board a report no less than quarterly on: (I) the Foundation’s primary activities in support of the University; (II) the Foundation’s financial status, (III) a budget-to-actual analysis; and (IV) the Foundation’s investment performance.

BACKGROUND:

The Board of Trustees is a body corporate, under the name of Board of Trustees of the University of Louisville, with the usual corporate powers, and possessing all the authorities, immunities, rights, privileges, and franchises usually attaching to the governing bodies of Kentucky public higher educational institutions. It may receive, retain and administer, on behalf of the University, subject to the conditions attached, all revenues accruing from endowments, appropriations, allotments, grants or bequests, and all types of property, pursuant to KRS 164.830.

This resolution responds to SACSCOC Core Requirement 2.2 and Comprehensive Standard 3.10.3 and recommendations offered by the Kentucky Auditor of Public Accounts in the December 14, 2016 Report on the Examination of the Governance of the University of Louisville Foundation and its Relationship to the University of Louisville.

COMMITTEE ACTION:

Passed _____
Did Not Pass _____
Other _____

BOARD ACTION:

Passed _____
Did Not Pass _____
Other _____

Assistant Secretary

Assistant Secretary

*Approved March 16, 2017

*Revised and approved April 18, 2019

*Revised and approved March 17, 2022

RECOMMENDATION TO THE BOARD OF TRUSTEES OF THE UNIVERSITY OF LOUISVILLE
REGARDING UNIVERSITY FINANCIAL TRANSACTIONS

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Board of Trustees – April 18, 2019

RECOMMENDATION:

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 - (a) Any bank or bond sourced financing transaction in the amount of \$500,000 or greater and a duration of five (5) years or greater.
 - (b) Capital projects that involve University-owned land or which are for the University's use when the estimated cost of acquisition, construction, reconstruction, improvement, or structural maintenance is estimated at \$500,000 or more, regardless of fund source, except in the case of an expenditure determined by the President to be necessary because of an emergency (e.g., natural disaster or unforeseen mechanical, electrical, or structural breakdown that makes a facility or structure unusable.) Expenditures over the \$500,000 threshold that are made in response to an emergency shall be initiated in consultation with the Board Chair, when circumstances make that possible, and shall be reported to the Board at its next meeting.
 - (c) Changes in scope of an approved University capital project that exceed five percent (5%)
 - (d) The acquisition or disposition of property by lease/purchase arrangement when the transaction involves an annual rental of over \$250,000 per year and a duration of five (5) years or more. Any such transactions will be reported to the appropriate Board of Trustees Committee at its next regular meeting.
 - (e) Disposition of an interest in University real property, other than via lease, for a total amount in excess of \$500,000.
 - (f) The award of any compensation, including base salary; bonuses; housing, car, club or similar allowances or stipends; or deferred compensation to the University President and Executive Vice Presidents.
 - (g) Financial transactions not provided for in the annual operating budget with a value in excess of \$250,000, including loans, guarantees, or fund transfers of any kind from the University to another person or organization, including an affiliated or related entity.

The President or the President's designees shall have the authority to approve all financial transactions not requiring prior approval by the Board of Trustees. Any question about whether a particular transaction requires Board approval should be directed to the Board Chair and the University's General Counsel.

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COMMITTEE ACTION:
Passed _____
Did Not Pass _____
Other _____

BOARD ACTION:
Passed _____
Did Not Pass _____
Other _____

Assistant Secretary

Assistant Secretary

*Approved March 16, 2017
*Revised and approved April 18, 2019
*Revised and approved March 17, 2022