

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

January 10, 2008

In Open Session

Members of the Finance committee of the University of Louisville Board of Trustees met on Thursday, January 10, 2008, at 1:50 p.m., in the Jefferson Room of Grawemeyer Hall, with members present and absent as follows:

Present: Dr. Salem George, Chair
Ms. Rebecca Jackson, Vice Chair
Mr. Ron Butt
Mr. Brian Hoffman
Mr. Frank Minnifield
Dr. William Selvidge
Mr. Bill Stone

Other Trustees

Present: Ms. Marie Abrams
Mr. Jonathan Blue
Dr. Beth Boehm
Mr. Owsley Frazier
Ms. Margaret Handmaker
Dr. Robert Curtis Hughes
Ms. Jessica Loving
Ms. Sandy Metts Snowden

From the

University: Dr. James R. Ramsey, President
Dr. Shirley Willihnganz, Executive Vice President and Provost
Dr. Manuel Martinez-Maldonado, Executive Vice President for Research
Ms. Angela D. Koshewa, University Counsel
Mr. Mike Curtin, Vice President for Finance
Mr. Larry Owlsey, Vice President for Business Affairs
Mr. Keith Inman, Vice President for University Advancement
Dr. Priscilla Hancock, Vice President for Information Technology
Dr. Tom Jackson, Jr., Vice President for Student Affairs
Mr. David Barker, Director of Audit Services
Ms. Alicia Sells, Acting Associate Vice President for Government Relations
Mr. John Drees, Assoc. VP for Communications & Marketing
Ms. Terri Rutledge, Associate Vice President for Business Affairs
Ms. Susan Ingram, Director of Budgets
Mr. Jason Tomlinson, Assistant VP for Finance

Ms. Cynthia Hess, Director of Communications and Marketing
Ms. Carolyn Cochran, Provost's Office
Mrs. Kathleen M. Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison

I. Call to Order

Having determined a quorum present, Chair George called the meeting to order at 1:50 p.m.

Approval of Minutes, May 10, 2007

Mr. Hoffman made a motion, which Dr. Selvidge seconded, to approve the minutes of May 10, 2007. The motion passed.

II. Information Item: Interim Financial Statements as of September 30, 2007

Vice President Curtin reviewed the interim financial statements as of September 30, 2007. Mr. Curtin observed the University remains in a strong position, with assets of \$925.6 million and net assets of \$684.9 million. Mr. Curtin shared the following highlights:

Revenues

- Overall revenues are on target, with 39% of budgeted revenue recognized as of September 30, 2007, which is slightly more than the expected 25% due to the cyclic nature of tuition revenue.
- Approximately 54% of tuition and fees budgeted has been recognized. This is due to the fact that Spring and Fall tuition comprise approximately 93% of total tuition, and as of September 30, 2007, half of this (the Fall Semester) has been realized.
- The majority of the revenue budgeted for clinical and hospital revenue is \$11 million of expected revenue from the surplus cash of University Medical Center (UMC). This revenue is not recognized until June 30, when the information becomes available from UMC.

Expenses

- Overall expenses match closely with budget as there is 74% of the budget remaining for the remainder of the year.
- Scholarships and Fellowships – due to the timing of the tuition charges, approximately 53% of the budget for scholarships has been used.
- Service Centers – the service centers have offset their expenses with approximately \$8 million in charges to other departments.
- Debt Service – The majority of the debt payments are due in November and May of each year. As of September 30, 2007, only one interest payment related to the General Receipts Series A Bond has been made.

Noting no action was required, Chair George thanked Vice President Curtin for the update.

III. Action Item: Approval of Endowment Match Program Annual Report

President Ramsey reported that every year the Council on Postsecondary Education requires state universities to provide detailed annual reports describing how state and matching funds are used during the fiscal year. The report includes such details as the endowed chairs and professorships by name and incumbent, the specific support services attached to the chairs and professorships, and the benefits of the program to the Commonwealth of Kentucky in terms of jobs, revenue growth, creation of wealth, and improved quality of life. The University has identified institutional outcomes, such as increases in sponsored research directly attributed to the program, changes in the quality of students and measurable outcomes such as retention, graduation, pursuit of advanced study, and employment as well as the creation and profitable use of intellectual property. Ms. Jackson made a motion, which Mr. Butt seconded, to approve the

President's recommendation that the Board of Trustees approve the Endowment Matching Program Annual Report as requested by the Council on Postsecondary Education.

The motion passed.

IV. Action Item: Approval of Capital Construction Projects

- Upgrade Elevators – School of Music
- Continue Upgrades – High Voltage Electrical

Vice President Owsley reported the elevators in Music School are 28 years old and in need of a major overhaul. This project will upgrade the mechanical and electrical systems in two of these elevators. Mr. Owsley explained the University has been replacing portions of its aged underground high voltage electrical cable in phases over the past few years. This project will continue this program as well as upgrade some electrical switches at Health Sciences Center. Ms. Jackson made a motion, which Mr. Minnifield seconded, to approve the

President's recommendation that the following projects be approved:

PROJECT:	ESTIMATED COST:	FUND SOURCE:
Upgrade Elevators - School of Music	\$250,000	General Funds
Continue Upgrades – High Voltage Electrical	\$200,000	General Funds

The motion passed.

V. President's Update on the Budget Situation

President Ramsey reported the communication related to the required implementation of a 3% budget cut in the current fiscal year, including conference calls with all the university presidents, a meeting with the Governor, and a series of meetings and follow up phone calls. Universities were also instructed to expect the 3% to be recurring in the base budget of 2008-10 and provide a budget plan submitted to the Governor, through the Council on Postsecondary Education (CPE) by December 27, 2007. Administration worked diligently to prepare this plan. Dr. Ramsey briefed the Board on his communication to CPE Interim President Brad Cowgill outlining concerns about the budget cut. He also provided to the Committee the "White Paper" regarding the state budget crisis. The University of Louisville remains firmly committed to the goals of the Postsecondary Education Improvement Act of 1997, and it will continue its commitment to educational excellence, research, and community to the maximum degree possible, given limited resources to meet these mandates. Dr. Ramsey said discussions continue to take place among the presidents to clarify their message to the CPE and to develop a communication plan. The Governor is expected to submit his 2008-10 budget recommendation to the General Assembly in late January. Specifics are yet to be determined. President Ramsey introduced Alicia Sells, Acting Associate Vice President for Governmental Relations and Special Assistant to the President. Ms. Sells discussed her focus in working with Frankfort. She summarized key priorities as 1) engage as many advocates for the University as it can; and 2) notify these advocates with all relevant messages, keeping them apprised of what is happening and when they can be helpful. UofL currently is working with the Jefferson County Public Schools and Greater Louisville, Inc. to fashion the message for a joint opinion-editorial message. She observed the need to communicate to rural-area legislators the impact of UofL in their communities. Ms. Sells talked about a map of Kentucky that John Drees assembled which displayed the counties in which UofL has a relationship or program. This map showed that UofL has a relationship or program with every county in Kentucky. Ms. Sells fielded questions and comments from board members.

VI. Other Business

There was no other business.

VII. Adjournment

Dr. Selvidge made a motion, which Mr. Stone seconded, to adjourn the meeting at 2:35 p.m. The motion passed.

Committee Action:

Passed: _____x_____

Did Not Pass: _____

Other: _____

Date: _____

Katalin M. Smith

Assistant Secretary