

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

In Open Session

Members of the Finance Committee of the University of Louisville Board of Trustees met on Thursday, January 12, 2012, at 2:10 p.m., in the Jefferson Room, Grawemeyer Hall, Belknap Campus, with members present and absent as follows:

Present : Judge Rebecca Jackson, Chair
 Dr. William Selvidge, Vice Chair
 Mr. Ron Butt
 Mr. Kurtis Frizzell
 Mr. Bruce Henderson
 Ms. Augusta Brown Holland
 Ms. Phoebe Wood

Other Trustees

Present: Ms. Marie Abrams
 Dr. Laurence Benz
 Dr. Robert Curtis Hughes
 Mr. David James
 Ms. Brucie Moore
 Mr. Robert Rounsavall, III
 Dr. William Selvidge
 Dr. Robert Staat

From the
University:

Dr. James R. Ramsey, President
Dr. Shirley Willihnganz, Executive Vice President and Provost
Dr. David Dunn, Executive Vice President for Health Affairs
Ms. Angela D. Koshewa, University Counsel
Mr. Michael J. Curtin, Vice President for Finance
Mr. Larry Owsley, Vice President for Business Affairs
Mr. Daniel Hall, Vice President for Community Engagement
Mr. Tom Jackson, Vice President for Student Affairs
Mr. David Barker, Associate Vice President, Audit Services & Institutional Compliance
Mr. Keith Inman, Vice President for University Advancement
Mr. Sam Connally, Vice President for Human Resources
Dr. Priscilla Hancock, Vice President for Information Technology
Ms. Cynthia Hess, Director of Communication and Marketing
Ms. Susan Howarth, Director of Budget, Vice President for Finance
Ms. Anne Rademaker, Director of Financial Reporting and University Accounting
Ms. Carolyn Cochran, Assistant to the Provost
Ms. Cheri Jones, Director of Audit Services
Ms. Kathleen Smith, Assistant Secretary
Ms. Debbie Dougherty, Board Liaison

I. Call to Order

Having determined a quorum present, Chair Jackson called the meeting to order at 2:10 p.m.

Approval of Minutes

Ms. Wood made a motion, which Dr. Selvidge seconded, to approve the minutes of May 12, 2011. The motion passed.

II. Information Item: Interim Financial Statements through September 30, 2011

Vice President Curtin provided a detailed review of the interim financial statements through period ending September 30, 2011. Highlights of his review included:

The University remains in a strong position, with assets of \$1.3 billion and net assets of \$856 million.

Assets

- Current assets remain consistent, decreasing only 3% as compared to September 2010. The most significant change is in deposits with bond trustees, which decreased \$7 million as investment proceeds continue to cover construction costs on the energy savings improvement projects.
- Restricted cash and cash equivalents increased \$36 million due to receipt of bond proceeds for the Student Recreation Center and HSC Energy Savings Contract projects.
- Capital Assets, net of depreciation increased \$33 million over the prior year. Major project expenses since September 30, 2010, include the Dental School renovation of \$15 million, Energy Savings and Performance Contract of \$12 million, and Papa John's Cardinal Stadium Expansion of \$9 million.

Liabilities

- Bonds and notes payable increased due to General Receipts Bonds issued in December 2010, totaling \$38 million for the HSC Energy Savings Contract, and in August 2011 totaling \$25 million for the Student Recreation Center. These issuances were offset by the payment of approximately \$16 million in outstanding debt.

Net Assets

- He reviewed a comparison of \$150.8 million and \$140.8 million in Unrestricted Net Assets as of September 30, 2011 and 2010, respectively.

Under Revenue, he provided the following review:

The University recognized an increase in total net assets of \$51 million during the three months ended September 30, 2011, as compared to a \$62 million increase for the same period in the prior fiscal year.

Operating Revenues and Expenses

- Revenues remained steady, decreasing 2% as compared to the prior year. The decrease of \$7 million in clinical services and practice plans is due mainly to the timing of the recognition of revenue in the dental and house staff departments.
- Expenses also remained steady, decreasing 2% to \$218 million. The most significant decreases are in Academic support, Instruction, and Intercollegiate Athletics.

Non-operating Revenues and Expenses:

- State appropriations increased \$2 million, or 4%, in accordance with the schedule from the Commonwealth
- Realized and unrealized losses totaled \$3 million, due to decreased market conditions related to the investments held by the University of Louisville Foundation, Inc.

Chair Jackson stated the report was for information purposes and thanked Vice President Curtin for an excellent review.

III. Action Item: Approval of Capital Construction Projects

President Ramsey reviewed the two capital construction projects: 1) University Tower Apartments Exterior Repairs - The University Tower Apartments is a 47 year old structure with exposed concrete and brick exterior façade which has experienced damage due to exposure to the elements and general age. The repair project would be the first concerted effort to address exterior repairs to the concrete and masonry elements and to help limit the severity of such repairs in the future. Repairs will include patching damaged concrete, cleaning and sealing of masonry and concrete, re-caulking at concrete and masonry junctures, and other repairs; and 2) Medical Dental Apartments for Speech Pathology – The project will relocate the Audiology / Speech Pathology unit from Meyers Hall to the Medical Dental Apartment Building. The renovation will place the unit’s teaching labs and student study space in the basement and convert the existing apartments on the second floor into offices for faculty and administrative staff. The unit’s existing audiology testing booths for student training will be relocated and installed in the basement area (preferred location for sound purposes). The work will include minimal updating and refurbishing of the building’s HVAC system serving the renovated areas. Mr. Henderson made a motion, which Dr. Selvidge seconded, to approve the

President’s recommendation that the following projects be approved:

PROJECT: _____ ESTIMATED COST: _____ FUND SOURCE: _____

**University Tower Apartments
Medical Dental Apartments
For Speech Pathology**

**\$407,000
\$400,000**

**Auxiliary Funds
Clinical Funds**

The motion passed.

IV. Report of the President

The President had no report and deferred his update to the Executive Session.

V. Executive Session

Mr. Butt made a motion, which Mr. Frizzell seconded, to go into executive session at 2:57 p.m. The motion passed.

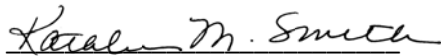
VI. Open Meeting Reconvenes

Chair Jackson reconvened the open session at 3:30 p.m. and reported the Committee discussed personnel matters and possible litigation. No action was required.

VII. Adjournment

The meeting adjourned at 3:35 p.m.

Approved by:



Asst. Secretary