

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

May 10, 2007

In Open Session

Members of the Finance committee of the University of Louisville Board of Trustees met on Thursday, May 10, 2007, at 2:08 p.m., in the Jefferson Room of Grawemeyer Hall, with members present and absent as follows:

Present: Dr. Salem George, Chair
Mr. Owsley B. Frazier (departed at 2:15 p.m.)
Mr. Ron Butt
Mr. Darrell Messer
Mr. Bill Stone

Absent: Ms. Donna Tinsley Denny
Mr. Steve Poe

Other Trustees

Present: Ms. Marie Abrams
Mr. Jonathan Blue
Dr. Beth Boehm
Ms. Bev Daly
Mr. Grant Helman
Dr. Robert Curtis Hughes
Ms. Rebecca Jackson

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
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 Advancement
Dr. Tom Jackson, Jr., Vice President for Student Affairs
Mr. Tom Sawyer, Acting Vice President for Information Technology
Dr. David Howarth, Associate University Provost
Ms. Susan Howarth, Director of Budget
Mr. John Drees, Assoc. VP for Communications & Marketing
Ms. Terri Rutledge, Associate VP for Business Affairs
Ms. Cindy Hess, Director of Communications & 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 2:08 p.m.

Approval of Minutes, January 11, 2007

Mr. Messer made a motion, which Mr. Stone seconded, to approve the minutes of January 11, 2007. The motion passed unanimously.

II. Information Item: Interim Financial Statements as of March 31, 2007

Vice President Curtin reviewed the interim financial statements as of March 31, 2007. Mr. Curtin observed the University remains in a strong position, with assets of \$858 million and net assets of \$641 million. He stated the University recognized an increase in net assets of \$76 million during the first three quarters of fiscal year 2007, as compared to a \$38 million increase for the same period in fiscal year 2006.

Mr. Curtin shared the following highlights:

Revenues

- Overall revenues are on target, with 84% of budgeted revenue recognized as of March 31, 2007, which is slightly more than the expected 75% due to the cyclic nature of tuition revenue.
- Approximately 97% 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 March 31, 2007, both semesters have been billed and recognized as revenue.
- The majority of the revenue budgeted for clinical and hospital revenue is \$10.6 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 29% of the budget remaining for the remainder of the year.
- Scholarships and Fellowships – due to the timing of the tuition charges, approximately 95% of the budget for scholarships has been used.
- Service Centers – the service centers have offset their expenses with approximately \$12.5 million in charges to other departments.

- Debt Service – Debt payments due in November consist mainly of interest payments. The majority of the principal payments will be made in May. Therefore, as of March 31, 2007, only \$2.4 million in debt service expense has been incurred.

Mr. Curtin further stated total grant and contract revenue increased \$12 million, due mainly to an increase in the number of federal grants. Additionally, the University recognized \$3 million more from the State Tobacco Excise Tax Grant than during the previous year. Noting no action was required, Chair George thanked Vice President Curtin for the update.

III. Action Item: Approval of Capital Construction Projects

Vice President Owsley reported this action will renovate the northwest corner of the Houchens Building for the Career Development Center and Metro College. The approximately 3800 square feet renovation will include additional offices, a reception area, a computer area and work room, a classroom, a conference room and a small staff lounge. The Unitas Residence Hall lobby renovation will redesign some of the program space as well as update existing services. The project includes modernizing the public restroom to be American Disabilities Act (ADA) compliant, redesigning the staff office and conference area, installing music practice rooms for the residents and recreation space. The Art Gallery renovation will update the galleries for the Frederick Hart exhibit. The renovation includes the following: replacement of exhibit display lighting system along with the support grid; replacement of acoustical ceiling, renewal of exhibit wall panels to display art, removal of carpet and installation of wood flooring in galleries and relocation and replacement of gallery entrance to provide access from the building lobby. Mr. Messer made a motion, which Mr. Stone seconded, to approve the

President’s recommendation that the Board approve the following projects:

Project: Renovation of:	Estimated Cost:	Fund Source:
Career Center	\$461,000	Plant Funds
Unitas Lobby	\$250,000	Auxiliary Funds
Schneider Hall Art Gallery	\$250,000	Plant Funds

The motion passed unanimously.

IV. Action Item: Approval of Test-Out Fee in Communication

Provost Willihnganz reported this recommendation provides for a new test-out procedure for the general education Oral Communications (OC) requirement. The General Education Curriculum Committee (which includes student representation) approved its establishment as meeting the general education requirements. “Pass” credit will be given as in other test-out or advanced-

placement exams. The test-out option will relieve some pressure on high demand sections of communication courses. Dr. Willihnganz confirmed the fee would pay for faculty to conduct test-out procedures. Mr. Stone made a motion, which Mr. Butt seconded, to approve the

President's recommendation that the Board of Trustees approve the establishment of a new test-out fee of \$35.00 for the general education Oral Communication (OC) requirement.

The motion passed unanimously.

V. Workshop on 2007-08 Operating Budget

Vice President Curtin observed the Board of Trustees Budget Pre-workshop was held on May 13, and thanked Finance Committee Chair George for presiding over the workshop. Vice President Curtin noted the budget is a work in progress with campus wide consultation. Planning for the 2007-08 operating budget began in early Fall 2006. The Leadership Team employed a strategic five-year budget projection model and developed a set of budget values and principles that helped to guide the budget process. The following are the five strategic goals that drove all budgetary decisions and allocations to strategic initiatives:

Goal One - Educational Experience: Student Success – Create a responsive, challenging, and supportive educational environment characterized by high standards, commitment to quality, and student success.

Goal Two – Research, Creative and Scholarly Activities – Focus energy and resources to enhance the scholarly agenda and advance to national prominence areas of programmatic strength.

Goal Three – Accessibility, Diversity, Equity, and Communication – Develop a seamless system of access and intercultural understanding that promotes and supports race and gender diversity, inclusivity, equity and open communication.

Goal Four – Partnerships and Collaborations – Develop and integrate interdisciplinary activities associated with teaching, research, and service. Support existing partnerships and engage new partners to contribute to the educational, social and economic progress of the region and state.

Goal Five – Institutional Effectiveness of Programs and Services – Improve the effectiveness and accountability of programs and services in fulfilling the mission and vision of the University.

The proposed FY 2007-08 budget represents a general fund operating budget of \$416.4 million, an increase of approximately \$26.9 million, or 6.9% over last

year. The recommended operating budget is balanced; the proposed revenue budget equals the proposed expenditure budget.

Mr. Curtin acknowledged this year marked the tenth year into the Higher Education Reform Act, House Bill 1, a 1997 legislative mandate by the Kentucky General Assembly to become a premier metropolitan research university by the year 2020. UofL has made major strides during this decade.

Vice President Curtin presented a Powerpoint that contained revenue assumptions and highlights, expenditure highlights, and a summary of changes in revenue and expenditures. He said the budget will be finalized and President Ramsey will present it to the Board of Trustees at its June 14 meeting. Mr. Curtin fielded questions and comments from committee members. (Ms. Abrams departed at 2:35 p.m.) Chair George thanked Vice President Curtin for a thorough review of the operating budget.

VI. Other Business

There was no other business

VII. Adjournment

Mr. Messer made a motion, which Mr. Butt seconded, to adjourn the meeting at 2:40 p.m. The motion passed unanimously.