

BOARD OF DIRECTORS
UNIVERSITY OF LOUISVILLE FOUNDATION, INC.

IN OPEN SESSION

The Board of Directors of the University of Louisville Foundation, Inc. met on September 26, 2001 with the directors present and absent as follows:

Present: Mr. Malcolm Chancey, Chairman
Mr. Morris Borowitz
Mr. Ulysses L. Bridgeman, Jr.
Mr. H. Scott Davis
Mr. Burt Deutsch
Mr. Nathaniel Green
Mr. J. Chester Porter
Dr. John Shumaker
Mrs. Sandra Metts Snowden
Mr. William Wilcox

Absent: Mr. Robert W. Rounsavall, III

Foundation

Legal

Counsel: Mr. Bob Lanum, Stites & Harbison
Mr. Mike Risley, Stites & Harbison

From the
University:

Ms. Angela Koshewa, University Counsel
Mr. Larry Owsley, Vice President for Finance & Administration
Mr. Joe Beyel, Vice President for Development and Alumni
Ms. Susan Magness, Assistant Director, Planning & Budget
Mrs. Terri Rutledge, Assisitant Vice President for Finance & Administration
Mr. Joe Gahlinger, Special Assistant to Vice President for Finance & Administration
Mrs. Kathleen Smith, Assistant Secretary
Ms. Trisha Wolf, Board Liaison
Mrs. Debbie Dougherty, Board Liaison

Also

Present: Mr. Kent Meyers, Cambridge Associates

I. Convene meeting

After determining a quorum present Chairman Chancey called the meeting to order at 12:05 p.m.

- Minutes for June 27, 2001

Mr. Borowitz made a motion, which Mr. Davis seconded, to approve the minutes of the June 27, 2001 meeting. The motion passed.

II. Report of the Nominating Committee

President Shumaker, on behalf of the nominating committee (comprised of President Shumaker and Directors Bridgeman and Borowitz), nominated the following slate of officers for 2001-2002

Malcolm B. Chancey, Jr.	Chair
J. Chester Porter	Vice Chair
H. Scott Davis	Treasurer
Burt J. Deutsch	Secretary
Susan Magness	Assistant Treasurer
Kathleen Smith	Assistant Secretary

The Executive Committee would include:

Malcolm B. Chancey, Jr.	Chair
John W. Shumaker	Ex Officio
H. Scott Davis	
Burt J. Deutsch	
J. Chester Porter	

President Shumaker moved for the adoption of the slate, Mrs. Snowden seconded, and the motion passed. Chair Chancey has reappointed Stites & Harbison to serve for the next fiscal year.

III. Report of the Finance Committee

- Information Item: Investment Performance Report

Director Deutsch reported the Finance Committee meeting included a presentation by Chrysalis Ventures, LLL, along with presentations by three minority-managed investment firms. He reported that a Finance Committee subgroup chaired by Scott Davis and consisting of Larry Owsley and Director Deutsch, will review proposals and make a recommendation to the Finance Committee for possible action by the full board in December.

Vice President Owsley provided an investment performance report (copy attached). Mr. Meyers reported the current status of the endowment vs. market performance, citing that the Foundation's endowment was up 6 ½%, ranking it in the top 15% of all universities' endowments. Over a three year period, the Foundation's endowment was in the top 1% of the Cambridge universe; 5 yr period - top performing endowment in that group.

Director Borowitz inquired regarding the assets listed in the report as they relate to the investments in the report. Vice President Owsley explained that the financial statements include funds held in trusts, approximately \$74 million that are not co-mingled with the endowment. In future reports, Vice President Owsley agreed to include a footnote reconciling the two figures.

Chairman Chancey complimented the investment managers and those who make the investment decisions. The performance of the fund has done well in comparison with other foundations.

Director Deutsch made a motion, which Mr. Wilcox seconded to

rebalance the fund to the target approved by the Board thus reducing fixed investments by \$15M

The motion passed.

IV. Action Item: Approval of Amendment to Bylaws and Addendum to Agency Agreement

Chairman Chancey reported that the recommendation to amend the bylaws and to revise the agency agreement grew out of discussions with Stites & Harbison and reflected the status of the Foundation as a non-public entity. He asked Mr. Lanum to brief the Board.

Mr. Lanum reported this recommendation would further define the Foundation as a separate entity from the University, increase the number of at-large (community) directors, and enhance the basis for classification as a non-public entity.

Mr. Bridgeman made a motion, which Mr. Wilcox seconded to approve the President's recommendation

That the University of Louisville Foundation, Inc. adopt the attached changes to the By-Laws and Agency Agreement (copies attached).

The motion passed.

V. Action Item: Approval of Travel and Expense Reimbursement Policy

Chairman Chancey reported this recommendation will establish a policy to permit reimbursement from Foundation funds for travel and other appropriate business expenses to members of the Board and Foundation employees who carry out official business for the Foundation. The policy statement is an adaptation, appropriate to ULF, of the University's Travel and Expense Reimbursement Policy for employees and Trustees.

President Shumaker noted that this policy would cover Trustees and Foundation directors that have responsibility for fundraising and donor/alumni relations. Mr. Borowitz made a motion, which Mr. Bridgeman seconded, to approve the Board's recommendation

That the University of Louisville Foundation, Inc. adopt the attached Travel and Expense Reimbursement Policy (copy attached).

The motion passed.

VI. Other Business

President Shumaker asked Vice President Owsley to report on the status of the American Air Filter Property. Vice President Owsley reported that it was not necessary for the subcommittee to meet; Greenbaum, Doll and McDonald provided a status report noting several remediation and environmental issues.

VII. Executive Session

Mr. Borowitz made a motion, which Mr. Bridgeman seconded to go into executive session. The motion passed.

VIII. Open Meeting Reconvenes

Chairman Chancey reported that litigation and personnel matters were discussed during the executive session. Messrs. Lanum and Risley provided an update on the status of the current litigation.

Mr. Green made a motion, which Mrs. Snowden seconded to approve the Chairman's recommendation that the Board of Directors approve

The rescission of its action on August 2, 2000 to create a Split Dollar Life Insurance Program, as formally ratified on September 27, 2000, and the program for the employees be terminated.

Further, the Chairman recommends, in consideration of the request from the Board of Trustees, that the Board of Directors waive its right to reimbursement of the single premium paid in 2000 toward the Split Dollar Life Insurance policy.

The motion passed.

IX. Adjournment

There being no further business to discuss, Mr. Davis made a motion, which Mr. Wilcox seconded, and the meeting adjourned at 12:45 p.m.

BOARD ACTION:

Passed _____

Did not pass _____

Other _____

Asst. Secretary Katalin M. Smith