

MINUTES OF THE BOARD OF DIRECTORS
UNIVERSITY OF LOUISVILLE FOUNDATION, INC.

December 11, 2002

The Board of Directors of the University of Louisville Foundation, Inc. met on December 11, 2002 in the Mary Bingham Room, University Club, Belknap Campus, with members present and absent as follows:

Present: Mr. Malcolm Chancey, Jr., Chairman
Mr. Morris Borowitz
Mr. Ulysses L. Bridgeman, Jr.
Mr. H. Scott Davis, Jr.
Mr. Burt Deutsch
Mr. Nathaniel E. Green
Ms. Sandy Metts Snowden
Mr. Robert W. Rounsavall, III
Dr. James R. Ramsey
Mr. William G Wilcox

Absent: Mr. Larry Hayes
Dr. Joe Kutz
Mr. J. Chester Porter
Mr. Charles Weisberg

Foundation
Legal Counsel: Ms. Leslie Vidra, Stites & Harbison
Mr. Kennedy Helm, Stites & Harbison

From the
University: Mr. Larry Owsley, Vice President for Finance & Administration
Mr. Joe Beyel, Vice President for Development and Alumni
Mrs. Kathleen M. Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison

Others
Present: Mr. George Fischer, Minerva Ventures
Dr. Gene Gilchrist, Minerva Ventures
Ms. Mary McKinley, Deloitte & Touche
Ms. Margaret Handmaker, William M. Mercer Inc.

I. Call to Order

Having determined a quorum present, Chairman Chancey called the meeting to order at 12:40 p.m. and read the items on the consent agenda as follows:

Consent Agenda

- Minutes for September 24, 2002

From the Finance Committee:

- Action Item: Approval of Financial Statements for Year Ending June 30, 2002
- Cambridge Associates' Summary of Investment Comments

Hearing no objection, Chairman Chancey declared the items approved.

Vice President Owsley noted that Cambridge Associates' written comments suggest the Foundation keep its asset allocation unchanged at this point, noting the Foundation is on target for its goals. Vice President Owsley distributed performance results as of October 31, 2002, which was handed out at the recent Finance Committee meeting. Mr. Deutsch reported the Finance Committee will review local money managers and distressed securities on the corporate side.

III. Action Item: Appointment of the ULF President

Chairman Chancey reported the next item was the appointment of Dr. James R. Ramsey as the Foundation's permanent president. Mr. Davis made a motion, which Mr. Borowitz seconded, to approve the

Chairman's recommendation that the Board of Directors of the University of Louisville Foundation, Inc. approve the appointment of James R. Ramsey to serve as President of the Foundation, effective December 11, 2002, to carry out fundraising and to perform all duties and responsibilities as president of the University of Louisville Foundation or as defined by the Board.

The motion passed.

IV. Information Item: Report of Minerva Ventures

President Ramsey stated that approximately one year ago, the Foundation approved Minerva Ventures as a new venture capital money manager with an initial investment of \$3 million. He noted it was time for the Board to receive Minerva's annual report. Dr. Ramsey introduced Mr. George Fischer, Chair of the Minerva Board, and Gene Gilchrist, UofL's Vice President for New Ventures.

Mr. Fischer briefed the Board regarding Minerva Ventures' activities for the previous year. He said the Minerva Board of Managers, for the most part, is made up of volunteers committing their time, energy and expertise to this new effort. He acknowledged Minerva's unique mission to invest in new businesses affiliated with the University of Louisville and to provide a long-term rate of return consistent with a more conventional approach. Mr. Fischer reported the board has reviewed over twenty opportunities, invested in four, and has received over twenty-five new proposals in addition to those still under consideration. Mr. Fischer compared Minerva Ventures' experience to that of the university's benchmark institutions and found that no venture fund has returned income to its home institution. Mr. Fischer noted that the UofL Foundation (ULF) will earn 80% of all Minerva Ventures' profits. He expected that Minerva Ventures has enough operating capital to cover expenses for the next five years and anticipated it would not need to request additional funding from the ULF.

In response to Chairman Chancey's question concerning safeguards against fraud, Mr. Fischer stated that he was unaware of insurance coverage availability. Chairman Chancey asked Mr. Helm to investigate this possibility of fidelity insurance and report back to the Board. Mr. Fischer referenced Minerva Ventures' investment criteria and the lessons learned from past experience. He also stated each board member has veto power once the decisions made. In response to Mr. Borowitz's question concerning Minerva Ventures being considered a

controlling party by a lender, Chairman Chancey asked Mr. Helm to investigate Mr. Borowitz's concern.

Vice President Gilchrist acknowledged the tremendous contribution of time and effort by Mr. Fischer and thanked him for his continued leadership.

V. For Directors Only:

- Litigation Update

Mr. Helm briefed the Board of Directors regarding the pending open records case.

Action Item: Funding Request from Trustees Related to University President's Contract

Chairman Chancey reported the Foundation retained Mercer Incorporated to look at the President's salaries, make a recommendation, and work with legal staff in drafting the contract. Chairman Chancey acknowledged receipt of Ms. Handmaker's recommendation, noting the salary listed is the same as both Drs. Shumaker and Garrison. Dr. Ramsey subsequently reviewed his goals. Mr. Davis made a motion, which Mr. Deutsch seconded, to approve the

Chairman's recommendation that the Board of Directors of the University of Louisville Foundation, Inc., approve the contract for James R. Ramsey as President of the Foundation, effective December 11, 2002, with his contract language to be worked out by the next Board meeting, and taking his appointment through June 30, 2012.

The motion passed.

VII. Adjournment

Mr. Davis made a motion, which Mr. Wilcox seconded, to adjourn the meeting at 2:03 p.m. The motion passed.

BOARD ACTION:

Passed _____

Did not pass _____

Other _____

Asst. Secretary *Katalin M. Smith*