

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

The members of the Board of Directors of the University of Louisville Foundation, Inc. met at December 11, 2003, in the Bingham Library, University Club, with members present and absent as follows:

Present: Mr. Malcolm Chancey, Jr., Chairman
 Mr. Morris Borowitz
 Mr. H. Scott Davis, Jr.
 Mr. Burt Deutsch
 Mr. Nathaniel E. Green
 Ms. Joyce Hagen
 Dr. Joe Kutz
 Mr. J. Chester Porter
 Mr. Robert W. Rounsavall, III
 Dr. James R. Ramsey
 Ms. Sandy Metts Snowden
 Mr. Frank Weisberg
 Mr. William G. Wilcox

Absent: Mr. Larry Hayes
 Mr. Frank Hower

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

From the
University: Dr. Shirley Willihnganz, Acting EVP and Provost
 Dr. Joel Kaplan, Senior VP for Health Affairs
 Dr. Don Miller, Director, Cancer Center
 Ms. Angela Koshewa, University Counsel
 Mr. Mike Curtin, Assistant Treasurer, ULF
 Mr. Joe Beyel, Vice President for University Advancement
 Mr. Dave Barker, Director of Audit Services
 Mr. Larry Zink, Controller
 Ms. Susan Magness, Assistant Controller
 Mr. Rex Davidson, Controller's Office
 Mr. Bill Guy, Asst. to the VP for Business Affairs
 Mrs. Kathleen M. Smith, Assistant Secretary
 Mrs. Debbie Dougherty, Board Liaison

I. Convene Meeting

Having determined a quorum present, Chairman Chancey called the meeting to order at 12:17 p.m. Chairman Chancey welcomed new board members Ms. Joyce Hagen and Mr. Frank Weisberg.

II. Consent Agenda

Minutes for September 18, 2003

Mr. Borowitz made a motion, which Dr. Kutz seconded, to approve the minutes of September 18, 2003. The motion passed unanimously.

III. Report of the Finance Committee

Mr. Deutsch reported the Finance Committee met last week and interviewed money managers from three companies. Additionally, the Finance recommends the following actions to the Board.

Action Item: Approval of Grant and Loan to the James Graham Brown Cancer Center

At President Ramsey's request, Senior Vice President Kaplan summarized the presentation at the Finance Committee. He noted the University's significant progress in moving forward with cancer care, the research agenda, and enhancing cancer education. Dr. Miller reported that since 1999, the University of Louisville, the community and state have provided tremendous support. Research has grown by more than one hundred fold. Dr. Miller observed that part of the Cancer Center's program was development of new drugs. This objective requires a need for laboratory and clinical space. He said these new treatments will increase the patient base well beyond the local community. It will offer people in this community the best quality care. Dr. Kaplan congratulated Dr. Miller on his quest to improve patient care and research, as well as to develop a new drug which is under testing on human subjects now. Dr. Kaplan recounted hundreds of inquiries received from across the country about this drug in development. President Ramsey acknowledged Dr. Miller's team for receiving the largest federal grant in the history of the University. Dr. Ramsey then recognized Mr. Rounsavall's role as lead fundraiser for the cancer campaign and chair of the UMC board. Mr. Davis made a motion, which Mr. Deutsch seconded, to approve the

President's recommendation

1). That a Grant of to \$4,000,000 of unrestricted funds available to the Foundation be made to the Grantee, a not-for-profit corporation which operates the University of Louisville Hospital, in order to support the renovation and expansion of the James Graham Brown Cancer Center so as to further the initiation and development of clinical and educational opportunities at the Health Sciences Center for the benefit of the University; and

2). That a Line of Credit of not to exceed \$3,500,000 of unrestricted funds available to the Foundation be made to the Grantee for a term of five (5) years at a rate of 3 per cent (3%) interest. Any loans made pursuant to the Line of Credit could be prepaid without penalty at any time.

That the President be authorized to execute one or more Grant Agreements containing such provisions as he deems necessary and appropriate, with the Grantee to appropriately implement this authorization of the Grant, and the President to enter into one or more loan agreements with the Grantee to make the Line of Credit available consistent with the terms of this recommendation.

The motion passed with Mr. Rounsavall abstaining.

Information Item: Amelia Place Renovation Costs

Mr. Deutsch noted this item was provided for information purposes. There were no questions.

Action Item: Approval of Repayment Schedule for Cardinal Park Construction

Mr. Deutsch reported President Ramsey and Vice President Curtin have worked with the University of Louisville Athletic Association to create a repayment schedule for the loan the University of Louisville Foundation made for Cardinal Park. The Finance Committee has approved the schedule. Mr. Deutsch made a motion, which Mr. Green seconded, to approve the

President’s recommendation that the University of Louisville Foundation Board of Directors approve the Cardinal Park repayment schedule:

I. Pledges	Net Due
	UofL Foundation
City of Louisville	\$1,000,000
Jefferson County	1,000,000
Owsley B. Frazier	500,000
Kiel Brothers	500,000
Papa John’s Pizza	900,000
John Schnatter	3,600,000
Trager Family (Insurance policy)	<u>1,000,000</u>
Total Pledges	\$8,500,000
Transferred as of June 30, 2003 to UofL Fdn.	<u>(1,532,974)</u>
Net Due to UofL Foundation, Inc.	<u>\$6,967,026</u>
II. Payment Schedule	
December 15, 2003	\$1,987,500

June 30, 2005	500,000
June 30, 2006	500,000
June 30, 2007	500,000
June 30, 2008	500,000
June 30, 2009	500,000
June 30, 2010	500,000
June 30, 2011	500,000
June 30, 2012	<u>479,526</u>
	\$5,967,026

**Trager Gift will be transferred to UofL Foundation, Inc.
Immediately upon receipt of funds from insurance proceeds \$1,000,000**

Total Payments \$6,967,026

The motion passed unanimously.

Investment Control Report

Mr. Deutsch noted this item is provided for information purposes.

Investment Summary Report

Mr. Deutsch stated this item was for information purposes.

Uniform Management of Institutional Funds Act

Mr. Deutsch reported this item was for information purposes..

FY 2004 Implementation of GASB Statement No. 39

Mr. Deutsch noted this item was provided for information purposes.

Action Item: Approval of FY 2003 Audited Financial Statements

Mr. Deutsch reported the Finance Committee reviewed the audited financial statements with University staff and Deloitte & Touche. Vice President Curtin and his staff were available to answer any questions. Mr. Deutsch made a motion, which Mr. Davis seconded, to approve the

Finance Committee's recommendation that the Board of Directors accept the audit report for the University of Louisville Foundation, Inc. for the year ended June 30, 2003, as prepared by Deloitte & Touche (copy attached).

The motion passed unanimously.

IV. Report of the President

President Ramsey observed it has been quite a semester. The winter graduation ceremony recognized approximately 800 graduates. In the Fall semester, the University admitted its best freshmen class ever, in terms of ACT scores and grade point averages. President Ramsey reported the University has a Rhodes scholarship finalist. The Wall Street Journal acknowledged UofL as one of the top 30 universities to prepare undergraduates for graduate and professional work at top tier schools. The University filed its Phi Beta Kappa application. Dr. Miller and the Cancer Center received an \$11.1 million NIH COBRE grant, the largest grant in University of Louisville history. The President noted the University would receive another grant in the cardiovascular field for \$7 million after competing against John Hopkins, Harvard and other universities for this award. During the last three weeks, the University kicked off the Cardiovascular Innovation Institute and held its first board meeting. Dr. Ramsey stated that the University and Foundation had much to be proud of.

V. Report of the Chair

Chairman Chancey stated the Foundation executive committee and Board of Trustees will meet with legal counsel today. In 2002, the Courier Journal sought the names of donors to the McConnell Scholarship Fund. At that time, the Foundation responded that all gifts to the Foundation were confidential unless donors wanted their donations publicized. The Courier has persisted in its request. In the meantime, President Shumaker left the University. Since then the University has been deluged with open records requests. These requests consume a tremendous amount of staff time. With that briefing, Chairman Chancey asked that all staff leave except Foundation employees so the board members could go into executive session. The executive session began at 2:38 p.m.

VI. Executive Session - Directors Only

Litigation Update

Mr. Helm reported on the status of litigation.

Action Item: Approval of Changes in Private Option Plan

Chairman Chancey noted that because of changes in the tax law, the Plan needs to be changed. Participants in the Plan become tax liable when they vest. Legal counsel has modified the Plan to conform to the new tax laws. At the UofL Athletic Association (ULAA) on October 31, 2003, the Board of Directors requested clarification of ULAA participation in the Foundation's Private Option Plan. There was some ambiguity about whether the Athletic Director's offer to members of his staff and ULAA coaches was considered a completion bonus or deferred option participation. Also, the contract language was inconsistent with the Private Option Plan. The ULAA Board authorized the President to take whatever action was needed to provide the appropriate benefit to the affected ULAA employees. Mr. Borowitz made a motion, which Mr. Davis seconded, to approve the

Chairman's recommendation to authorize the President to take whatever steps were needed to modify the Plan to conform to the changes in the tax law.

The motion passed unanimously.

Action Item: Approval of President's Merit Increase for 2003-04 and Bonus for 2002-03

Chairman Chancey reported that on November 13, 2003 the Board of Trustees reviewed President Ramsey's performance and approved goals for 2003-04. The Trustees approved the two recommendations listed below. The Trustees now respectfully request the Foundation to consider funding these two requests. Mr. Davis made a motion, which Mr. Borowitz seconded, to approve the

Chairman's recommendation that the Board of Directors provide to the President a merit increase for 2003-04 of three percent (3%) of the President's 2002-03 Foundation salary in recognition of Dr. Ramsey's exceptional performance during 2002-03; and take action to make a supplemental payment to the President for achievement of the annual goals set by the University of Louisville Board of Trustees in an amount equal to 25% of Dr. Ramsey's 2002-03 total salary.

The motion passed unanimously.

VII. Adjournment

Mr. Weisberg made a motion, which Mr. Rounsavall seconded, to adjourn the meeting at 1:35 p.m.

BOARD ACTION:

Passed _____
Did not pass _____
Other _____

Asst. Secretary Katalin M. Smith