

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

In Open Session

The Board of Directors of the University of Louisville Foundation, Inc. met on Thursday, June 19, 2003 in the Bingham Library, University Club with members present and absent as follows:

Present: Mr. Malcolm Chancey, Jr., Chairman
Mr. Morris Borowitz
Mr. Burt Deutsch
Mr. Larry Hayes
Dr. Joe Kutz
Mr. Robert W. Rounsavall, III
Dr. James R. Ramsey

Absent: Mr. Ulysses L. Bridgeman, Jr.
Mr. H. Scott Davis, Jr.
Mr. Nathaniel E. Green
Mr. J. Chester Porter
Ms. Sandy Metts Snowden
Mr. William G. Wilcox

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

From the
University: Dr. Shirley Willihnganz, Acting Provost
Mr. Larry Owsley, Vice President for Finance & Administration
Mr. Joe Beyel, Vice President for Development and Alumni
Mr. Mike Curtin, Director, Office of Planning & Budget
Ms. Susan Ingram, Assistant Director, Office of Planning & Budget
Mr. David Barker, Director, Audit Services
Mr. Joe Gahlinger, Asst. to the Vice President for Finance & Admin.
Ms. Susan Magness, Assistant Treasurer, UofL Foundation, Inc.
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 12:10 p.m.

II. Consent Agenda

- Minutes for March 18, 2003

From the Finance Committee:

- Information Item: Interim Financial Statements
- Information Item: Investment Performance Summary
- Information Item: UMIFA (Uniform Management of Institutional Funds Act) issues

Chairman Chancey read the roll of consent agenda items. Mr. Deutsch requested the following corrections to the minutes of March 18, 2003: “Mr. Deutsch shared the Finance Committee’s concerns about the issue reported by George Fischer in December. He noted the consensus of the Finance Committee to request legal counsel to investigate further.” With the amendments, Chairman Chancey declared the consent agenda approved. Mr. Borowitz inquired regarding the reconciliation of the net market value figures on the financial statements. Vice President Owsley responded he would perform another reconciliation for the Board.

In response to Chairman Chancey’s request, Ms. Vidra summarized information from her research of UMIFA issues (copy of memorandum attached). The UMIFA permits institutions to spend more than endowment income, but does not permit the invasion of the corpus. Ms. Vidra recommended the Board consider the operating budget proposal at this time but recommended the President present a revised operating budget after UMIFA analysis for the Board’s final review at the December meeting. She noted this would allow consultation between the budget office, the deans, and unit heads. The Board concurred with these recommendations.

III. Report of Nominating Committee

President Ramsey reported the nominating committee recommends the following slate:

- Malcolm B. Chancey, Jr., reappointment for a three-year term as a community at-large director
- H. Scott Davis, Jr., reappointment for a three-year term as a community at-large director
- Robert W. Rounsavall, III reappointment for a three-year term as a community at-large director
- William G. Wilcox reappointment for a three-year term as a community at-large director

Mr. Borowitz made a motion, which Mr. Hayes seconded, to approve the nominating committee’s recommendation. The motion passed unanimously.

IV. Report of the President

Amelia Place

President Ramsey discussed a recent meeting he, Chairman Chancey and Ben Small had with the sister of Don Allen, regarding the carriage house property. Mr. Allen’s sister indicated an interest in selling the property. Vice President Owsley obtained appraisals from a state-approved appraiser in concert with the Allen family’s approval. Since that time, President Ramsey noted ongoing discussions with the attorney for Don Allen’s

sister. Mr. Borowitz stated the easement along the garage precludes the University from connecting the garage to the house. Mr. Deutsch offered his support of the Foundation's discussion regarding the property.

Minerva Ventures

President Ramsey said that at the December meeting George Fischer updated the Board on Minerva Ventures; however, the Board also requested follow up. The President asked Vice President Owsley, on behalf of this board and the UofL Research Foundation to work with Stites & Harbison on this review. Dr. Ramsey said that he would update the Board at the September meeting

Reorganization

At the May 2003 Board of Trustees Personnel Committee meeting, President Ramsey discussed preliminary plans for the reorganization of his administration. At the June 2003 Board of Trustees meeting, President Ramsey presented to the Trustees his reorganization plan. The Trustees' response was positive and authorized President Ramsey to move forward. The goals of the reorganization include 1) teamwork, 2) bridging the University into ONE entity, and 3) shared accountability and responsibility for University goals. President Ramsey presented the reorganization chart to the Foundation board.

Challenge for Excellence

At the June 2003 Board of Trustees meeting, President Ramsey presented an outline of the plans to finish the *Challenge for Excellence* by 2008. The University has successfully implemented the first four phases. President Ramsey shared a handout of his Powerpoint presentation materials to the Foundation board. His message for the *Challenge* was continued strong commitment and focus. He will begin discussions with the campus community to develop action plans.

In response to Chairman Chancey's inquiry about the third round of Bucks for Brains, President Ramsey said Phase V proposes the match for the Third Round and asked Acting Provost Willihnganz to comment. Dr. Willihnganz reported she has been working with the deans, and Joe Beyel has been working to raise the matched funds following the same strategy as other rounds.

Conference Affiliation

President Ramsey discussed the uncertainty regarding a change of Conference affiliation.

Charles Weisberg

Present Ramsey read the following resolution to honor Mr. Charles Weisberg.

Charles L. Weisberg

WHEREAS, Charles L. “Charlie” Weisberg, served as a member of the UofL Foundation Board of Directors since 2001 and a member of the Board of Overseers since 1984;

WHEREAS, his veteran leadership on these boards had significant impact on the directions of the University, with special emphases in music and athletics;

WHEREAS, his passion for music and his desire to engage aspiring youth motivated him to establish the Weisberg Music Project and the Weisberg String Scholarship at UofL’s School of Music;

WHEREAS, his generous donations to the Overseers Scholarship Development Program enabled numerous students to enrich their academic achievement during their college experience;

WHEREAS, his untiring commitment to community, throughout the university and the city, established an unselfish example for his colleagues and all those who knew him;

WHEREAS, his skilled business instincts combined with his love of the arts had an indelible impact on our university and all of Louisville;

WHEREAS, his reputation as a true friend of this foundation and the entire university community won him the esteem and respect of his fellow directors and overseers;

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the University of Louisville Foundation, Inc. hereby expresses its sincere admiration and deep appreciation to the Weisberg family for the compassionate and insightful interaction of Charles L. Weisberg during his service on the University’s boards; and

BE IT FURTHER RESOLVED, that a copy of this Resolution, appropriately signed, be printed for formal presentation to the family of our good friend and colleague, Charlie Weisberg; we shall miss his soft spoken wit, his wisdom, and the joy that he shared with his friends.

Chairman Chancey spoke highly of Mr. Weisberg as a great friend of the University and a personal friend of his. The Board unanimously approved the resolution. Chairman Chancey asked President Ramsey to present the signed resolution to the family.

Cardinal Park

President Ramsey recapped the status of the Foundation loan to the UofL Athletic Association. On January 20, 1999, the Foundation board authorized an interest-free loan of up to \$8.5 million of unrestricted Foundation funds toward the construction of the next phase of Cardinal Park. On August 8, 2002, Acting President Carol Garrison signed the continuation contract for Athletic Director Tom Jurich, which included the following

reference to the loan, “the University Foundation to continue the interest free loan for Cardinal Park pledges from 2000 through 2017 at zero interest with an estimated average annual value of interest foregone at \$196,000 per year. Further, the Association will work with the University Foundation to delay payments for five years including fiscal year 2001-02 through 2006-07.” Dr. Garrison signed this contract as Chair of the UofL Athletic Association and UofL Foundation President. Based upon this agreement and some one-time funds, the Athletic Department has a structurally balanced budget. Most important, the Department has its expenses under control and has reduced expenditures by about \$1 million. President Ramsey stated he would work with the Athletic Department to develop a repayment schedule of the loan to commence on July 1, 2007 and to continue through 2016-17 or sooner.

V. Action Item: Approval of Operating Budget for 2003-04

Mr. Curtin reviewed the 2003-04 operating budget. The budget for the UofL Foundation, Inc. is unusually tight for FY 2003-04. Low interest rates continue to have a dramatic effect on earnings available from short-term investments. He stated budgeted revenues were down again this year and continue to impact adversely the Foundation’s fiscal flexibility. Chairman Chancey applauded President Ramsey for his continuing support for strategically important programs that are critical to the University and the *Challenge for Excellence*. Mr. Deutsch made a motion, which Mr. Hayes seconded, to approve the

President’s recommendation that the Board of Directors approve the proposed operating budget for the fiscal year 2003-2004 for the University of Louisville Foundation, Inc. as specified in the attached budget document and supporting schedules; and

That the President be authorized to make adjustments for discretionary programmatic expenditures from budgeted reserves up to the balance available in the reserve. All such adjustments shall be reported to the Board quarterly.

The motion passed unanimously.

VI. Other Business

Acting Provost Willihnganz reported that Robert Felner has accepted the University’s offer to become the next Dean of the College of Education and Human Development.

VII. Executive Session - Directors Only

All staff, with the exception of the assistant secretary and Acting Provost Willihnganz, departed the meeting.

Litigation Update

Ms. Vidra updated the Board regarding current litigation.

VIII. Adjournment of Full Board

Mr. Rounsavall made a motion, which Mr. Deutsch seconded, to adjourn the meeting at 1:15 p.m.

BOARD ACTION:

Passed X

Did not pass

Other

Asst. Secretary *Katalin M. Smith*

