

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

In Open Session

The members of the University of Louisville Foundation Board of Directors met on Thursday, June 17, 2004, in the Bingham Library of the 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
Mr. Larry Hayes
Mr. Frank Hower
Dr. Joe Kutz
Mr. J. Chester Porter
Mr. Robert W. Rounsavall, III
Dr. James R. Ramsey
Ms. Sandy Metts Snowden
Mr. Frank Weisberg

Absent: Mr. William Wilcox

Foundation

Legal Counsel: Mr. Kennedy Helm, Stites & Harbison

Others

Attending: Dr. Shirley Willihnganz, EVP, ULF
Mr. Mike Curtin, Assistant Treasurer, ULF
Mr. Larry Owsley, Vice President for Business Affairs
Mr. Joe Beyel, VP for External Affairs
Mr. Dave Barker, CIA, Director of Audit Services
Mr. Marvin Mitchell, Assoc. Athletic Director - Athletics
Ms. Susan Ingram, Budget Director
Mr. Rex Davidson, CPA, Controller's Office
Mrs. Kathleen M. Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison

Guests: Dr. Karen Bearden
Mr. Bob Gunnell, The Commonwealth Group
Ms. Lisa Brones Huber, The Commonwealth Group
Ms. Jamie Sears, The Commonwealth Group

I. Call to Order

Having determined a quorum present, Chairman Chancey called the meeting to order at 12:00 p.m.

- II. Consent Agenda
- Minutes for March 29, 2004
 - Minutes for May 19, 2004

Chairman Chancey read the roll of consent agenda items. Hearing no objection, Ms. Snowden made a motion, which Mr. Hower seconded to approve the consent agenda. The motion passed unanimously.

- III. Report of the Finance Committee

Information Item: Interim Financial Statements

Mr. Deutsch noted the interim financial statements are provided as information (copy available upon request). Mr. Curtin stated that net assets increased over \$100 million, due primarily to positive gains in the stock market over the last quarter, and he reaffirmed the Foundation's positive financial position.

Information Item: Investment Performance Summary

Mr. Curtin reviewed the investment performance summary (copy available upon request). Mr. Deutsch restated the Foundation's endowment goals as presented in the summary. Chairman Chancey complimented the Finance Committee members and money managers on their excellent work.

Action Item: Approval of Liquidation of Assets

Mr. Deutsch reported the Finance Committee recommends liquidating funds in the Rogers Raw Materials and applying those funds toward short term cash flow. In September, the Committee will review marketable alternatives and hear presentations from commodities area managers. Mr. Davis made a motion, which Mr. Hower seconded, to approve the

Finance Committee's recommendation to terminate the investment with Rogers Raw Materials and assign those funds to the 2003-04 spending plan.

The motion passed unanimously.

Action Item: Approval of Transfer of Funds from Varde V to Varde IP Fund

Mr. Deutsch reported the Finance Committee endorses this recommendation. Mr. Davis made a motion, which Mr. Borowitz seconded, to approve the

Finance Committee's recommendation to transfer funds from Varde V to Varde IP fund.

The motion passed unanimously.

Action Item: Approval of Policy Proposal Recommendations from State Auditor's Review (3/24/04)

At Mr. Deutsch's request, Vice President Curtin briefed the Board concerning policy recommendations stemming from the state auditor's review. He reported the Foundation has completed, or put into process, all recommendations from the state auditor's office. Any additional expenditure for capital items over \$5000 will be reported back to the Property Committee. Mr. Deutsch added that the inventory verified no missing items, and he confirmed the Finance Committee had approved these proposals on June 7. It now recommends to the Board of Directors that the University of Louisville Foundation, Inc. adopt the following policies that respond to the recent audit of State Auditor Crit Luallen. Mr. Hayes made a motion, which Mr. Weisberg seconded, to approve the

Finance Committee's recommendation to

- **Insert in section A.1 of the ULF Travel and Expense Reimbursement Policy "such travel expenses incurred by Board members relating to travel by their spouses or minor (<18 yrs) children when accompanying the Board member shall be reimbursed only when authorized by the Executive Committee of the Board of Directors.**
- **The University of Louisville Foundation adopts the following as policy: ULF owned equipment and furnishings valued at \$1,000 or greater will be inventoried and reported to the Foundation Property Committee annually. Additionally, any capital expenditure for Amelia Place of \$5,000 or more will be reported to the Property and Executive Committees on the President's Quarterly Reports.**
- **The University of Louisville Foundation adopts the following as policy: Any single gift equal to or exceeding \$5,000 in value requires the approval of the Executive Committee of the Board of Directors. Any gifts in value of \$5,000 or more approved by the Executive Committee or received by the President will be reported on the President's Quarterly Reports under a separate category titled "Gifts."**

The motion passed unanimously.

Action Item: Approval of Operating Budget for 2004-05

Mr. Deutsch reported the Finance Committee reviewed and approved the operating budget for 2004-05. He made a motion, which Mr. Hower seconded, to approve the

Finance Committee’s recommendation that the Board of Directors approve the proposed operating budget for the fiscal year 2004-2005 for the University of Louisville Foundation, Inc. as specified in the budget document and supporting schedules (copy available upon request); 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.

IV. Report of the Nominating Committee

Dr. Ramsey reported the Nominating Committee met prior to this meeting. Mr. Borowitz made a motion, which Ms. Snowden seconded, to approve the

Nominating Committee’s recommendation to reappoint

Mr. Morris Borowitz as “at large” member for a three year term expiring June 30, 2007;

Mr. Burt Deutsch as “at large” member for a three year term expiring June 30, 2007; and

Mr. Frank Weisberg as “at large” member for a three year term expiring June 30, 2007.

The motion passed unanimously.

V. Information Item: Presentation Regarding ½% Additional Payout

Vice President Beyel thanked the Foundation board members for their years of support. He noted the purpose of the ½% was to support additional staff and operating expenses to enhance further the University’s fund-raising activities. Discussions of this additional funding began in 1997 as the Bicentennial Campaign moved towards its announcement and as the Challenge for Excellence was building momentum. The Board approved funding in 1998. He reviewed the growth of fundraising resulting from the Foundation ½%. Highlights of his presentation (copy available upon request) include:

UofL Foundation and State Funding
Detail by Year

	FY '00	FY '01	FY'02	FY'03	FY'04	FY-05(est.)
General Foundation	\$1,181,900	\$1,228,600	\$1,283,800	\$1,270,500	\$1,262,500	\$1,127,500
½ % of Endowment	<u>935,600</u>	<u>1,140,200</u>	<u>1,535,400</u>	<u>1,756,900</u>	<u>1,839,900</u>	<u>1,981,000</u>

Foundation subtotal	\$2,117,500	\$2,368,800	\$2,819,200	\$3,027,400	\$3,102,400	\$3,108,500
State Funding	<u>\$1,569,289</u>	<u>\$1,592,784</u>	<u>\$1,591,909</u>	<u>\$1,393,232</u>	<u>\$1,282,228</u>	<u>\$1,343,217</u>
Total Dev/ Alumni Funding	\$3,686,789	\$3,961,584	\$4,411,109	\$4,420,632	\$4,384,628	\$4,451,717

Mr. Beyel noted that outright gifts and pledges for FY 2000 projected through June 30, 2004 totaled \$211 million. In moving forward, Mr. Beyel reviewed project goals:

- Complete the James Graham Brown Cancer Center Program
- Complete joint venture campaigns for the Cardiovascular Innovation Institute and the Kosair Children’s Hospital
- Plan and launch a new University-wide comprehensive campaign
- Recruit staff for campaigns and for cross-university projects and priorities
- Grow the “individual donor” market segment to 60% of University philanthropy with an emphasis on outright major gifts and pledges and through trusts and bequests
- Strengthen the cultivation and stewardship of current donors
- Develop Commonwealth and national volunteer corps of alumni and non-alumni friends. Focus national effort in Big East cities
- Open a regional development office in South Florida

Mr. Beyel reported the ½% funding provides:

- A Development officer in every school and college;
- Research and stewardship programs staffed and “modernized;”
- “Smart Call” telemarketing helps grow the Annual Fund; and
- System upgrade aids growth in major gifts and prospective donor identification.

Mr. Beyel itemized selected accomplishments:

- Major gifts of \$10,000+ grow by 70%
- New prospective major gift donors grow by 25%
- Philanthropic support grows by net \$29 Million
- 57 new endowed chairs and professorships secured
- Bucks for Brains 1 and 2 matched with outright gifts and pledges
- New gifts to endowment grow by \$67 Million.

In response to Chairman Chancey’s request, Mr. Beyel compared the Foundation’s data against national higher education development average across the United States. He will also compare these data against the University’s benchmarks.

In response to Dr. Kutz’s inquiry concerning the Norton’s gift, President Ramsey stated the current discussion related to a commitment to fund a Bucks for Brains professorship. Dr. Ramsey also reported on a series of mini campaigns including the Hallmark Scholars, Our Highest Potential and the James Graham Brown Cancer Center. Mr. Deutsch observed that when commitments are made on certain projects, they are based upon projected scenarios and

sometimes those scenarios, even with the best of intentions, don't realize as projected. A reevaluation of the commitments is inevitable. Mr. Deutsch noted the Foundation anticipates robust giving from the hospital community. The support to fundraising from the other funds have remained flat or decreased, while the ½% has grown. Mr. Deutsch also recommended to the President that he look at devising a funding model using gifts in a manner that would regularize funding the development needs.

Mr. Beyel expressed his gratitude to Mr. Deutsch for his assistance with this presentation.

VI. Action Item: Approval of Establishment of the Kentaro Tsueda Memorial Lectureship Quasi-Endowment Fund

President Ramsey advised that the University of Louisville Foundation, Inc. has received gifts from donors to the Kentaro Tseuda Lectureship in the School of Medicine. The President recommended that these funds be earmarked as a quasi-endowment entitled the "Kentaro Tsueda Memorial Lectureship." The principal will be used to fund the spending account for the leadership series associated with the endowment. Dr. Kutz made a motion, which Mr. Borowitz seconded, to approve the

President's recommendation that the Board of Directors approve the designation of funds in the Department of Anesthesiology, Account Number 4210700123 as a quasi-endowment restricted for the Kentaro Tsueda Memorial Lectureship.

The motion passed unanimously.

VII. Report of the President

Communications

President Ramsey introduced Mr. Bob Gunnell of The Commonwealth Group who has been working on targeted communications projects. Mr. Gunnell presented the e-card concept (electronic postcard), noting this technique has positively supplemented existing publications in other organizations. The University will begin sending e-cards biweekly to a database of interested people.

Presentation by Dr. Karen Bearden

Dr. Ramsey introduced Dr. Karen Bearden, and recognized her national reputation for minority leadership development. Dr. Bearden conducted a Leadership Institute course during the Spring semester targeted for minority students. The course objective was to provide students with a dynamic experience that taught leadership from the perspective of African Americans. The class was comprised of 35 students and provided a laboratory for the students to model behaviors consistent with effective leadership. The course placed emphasis on advocating one's viewpoint while remaining respectful and courteous to others of divergent viewpoints. It devoted two sessions to a formal assessment process to ensure participation reached all students. Two experienced evaluators aided the instructor during this process. Dr. Bearden stated the objective of each interaction with the students was to aid them in their personal growth and development. In addition to discussing ways to apply the topics taught in the

course, many discussions included guidance on accessing university resources and support systems, exploring issues related to personal motivation, fears of failure, balancing interpersonal relationships, healing and forgiveness and managing family expectations.

Dr. Bearden said that the course emphasized the importance of serving others and giving of one's time, talent and resources to others. She asked students to complete assignments which dealt with identity and personal purpose. The exercises reinforced the concept that effective leaders are individuals who are aware of the debt of gratitude they owe to others and are committed to repaying that debt. The students were reminded that they can make a difference in others' lives in a myriad of ways. Several students were active in recognized student organizations such as fraternities, sororities, the NAACP, the Alliance of Black Students and The Black Diamond Choir. They were also active in programs such as C.O.N.N.E.C.T. and participated in activities sponsored by the Office of Academic Multicultural Enrichment Programs, and the Society of Porter Scholars. Students were asked to complete two service projects, one during class, and the other scheduled outside normal class hours. Dr. Bearden described the varied service projects completed by the students.

Dr. Bearden noted that the students documented their experiences in the Institute through individual letters written to the Vice Provost for Diversity and Equal Opportunity. She reported the impact the Institute has been exceptional. She acknowledged the University is looking for funding to continue this very positive program. Dr. Willihgnanz agreed this course provided an incredibly valuable experience and her office would be looking for a source of funding to continue it. The total cost of the program was \$70,000, which covered all the costs.

Student-Athletes

Dr. Ramsey introduced Mr. Marvin Mitchell to discuss the student-athletes' academic progress. Mr. Mitchell praised Vice President for Athletics Tom Jurich's leadership and shared the following 2003-04 highlights of student-athletes' achievement:

- * Athletic Directors Honor Roll, GPA of 3.0 or higher for the semester:
 - Fall 2003: **226** student-athletes
 - Spring 2004: **227** student-athletes
 - Represents **over 50%** of the student-athletes

- * Women's Golf had the highest GPA for the 2003-04 school year: 3.50
 - 11 Teams had a 3.0 or higher GPA for Fall 2003
 - 10 Teams had a 3.0 or higher GPA for Spring 2004

- * Over 50% of the student-athletes have a 3.0 or higher cumulative GPA. In Spring 2000, 35% had a cumulative GPA of 3.0. This percentage has risen steadily since then.

- * Second highest total of Conference USA Commissioner's Academic Medal recipients: 27

- * Record number of Conference USA Commissioner’s Honor Roll members: 167
(This was the second highest in the conference this year.)
- * Semester GPA is highest ever!

<u>Semester</u>	<u>GPA</u>
Fall 1999	2.696
Spring 2000	2.576
Fall 2000	2.665
Spring 2001	2.776
Fall 2001	2.819
Spring 2002	2.824
Fall 2002	2.892
Spring 2003	2.835
Fall 2003	2.918
Spring 2004	2.932

Mr. Mitchell reported that the NCAA has new academic performance rate standards, and staff has been working to incorporate these changes. UofL is well ahead of many universities across the country. Mr. Mitchell noted that 17 of the 19 seniors on the football team graduated. He further observed that when student-athletes transfer, their success or failure in graduation counts against the institution where the students originally enrolled. Dr. Ramsey congratulated Mr. Mitchell and his staff for their outstanding service. Mr. Mitchell also recognized the excellent opportunity that the Houston-Bridgeman Scholarship has provided to returning student-athletes who wish to complete their degrees. In response to Chairman Chancey’s inquiry, Dr. Ramsey noted UofL student-athletes’ overall GPA for 2003-04 was the second highest in Conference USA schools. In response to Mr. Davis’ inquiry, Dr. Willihnganz offered to obtain the updated GPA information for the overall student body and student-athletes and provide these data to the board.

Shelby Business & Technology Park

President Ramsey reported that for approximately 40 years, Shelby Campus has been an underperforming asset. After the Board of Trustees approved the mission statement for the development of Shelby Campus, the University began work to create a master plan that would guide the University through converting this asset into a revenue-producing component that complemented the University’s research agenda. The University has contracted the Stubbins Group to assist with the master planning. Dr. Ramsey noted that Sandy Metts Snowden has served as co-chair of the Executive Steering Committee for this project. Ms. Snowden expressed that her involvement with redesigning Shelby Campus has spanned a period of four years. The Executive Steering Committee has engaged the neighborhood leaders and elected officials for the area. She appreciated the neighborhood’s endorsement of the plan at the recent Board of Trustees meeting and stated her support for the extensive outreach to meet the goals and objectives of the University. President Ramsey expressed appreciation to Vice President Owsley for his leadership and involvement in this process. Vice President Owsley reiterated the University’s continuing commitment to listen and respond to community concerns.

VIII. Executive Session - Directors Only

Pursuant to KRS 61.810(1)(c), Mr. Deutsch made a motion, which Mr. Green seconded, to go into executive session at 1:35 p.m. to discuss litigation. The motion passed unanimously.

IX. Open Meeting Reconvenes

Chair Chancey reconvened the open session at 2:15 p.m. and reported that the Board discussed a litigation matter. He noted no action was required.

IX. Adjournment

Mr. Hayes made a motion, which Dr. Kutz seconded, to adjourn the meeting at 2:17 p.m. The motion passed unanimously.

BOARD ACTION:

Passed X
Did not pass _____
Other _____

Asst. Secretary *Katalin M. Smith*