

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

In Open Session

Members of the University of Louisville Foundation, Inc., Board of Directors met on December 19, 2006, in the Board Room of the Chancey Center, Belknap Campus, with members present and absent as follows:

Present: Mr. J. Chester Porter, Chairman
Mr. Kevin Cogan
Ms. Donna Tinsley Denny
Mr. Burt Deutsch
Mr. Nathaniel Green
Mr. D. Harry Jones
Dr. James Ramsey
Mr. Eddy Roberts
Mr. Robert Rounsavall, III
Ms. Sandy Metts Snowden
Dr. Barbara Weakley-Jones
Mr. Frank Weisberg
Mr. William G. Wilcox

Via Phone: Mr. Sam Rechter

Absent: Ms. Joyce Hagen

Foundation Legal

Counsel: Mr. Kennedy Helm, Stites & Harbison

From the

University: Dr. Shirley Willihnganz, Executive Vice President and Provost
Mr. Mike Curtin, Vice President for Finance
Mr. Keith Inman, VP for Advancement
Mr. Joe Gahlinger, Director of Treasury Management
Mr. Rex Davidson, Controller's Office
Mrs. Kathleen Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison

I. Convene Meeting

Having determined a quorum, Chair Porter called the meeting to order at 12:35 p.m. Chair Porter welcomed Messrs. Kevin Cogan, Eddy Roberts, Dr. Barbara Weakley-Jones, and Mr. Sam Rechter, who was participating by phone.

II. Consent Agenda

- Approval of Minutes of Regular Meeting, September 28, 2006

1

From the Finance Committee:

- Information Item: Quarterly Investment Performance Report
- Action Item: Approval of FY 2006 Financial Statements
- Action Item: Approval of Schoen Gift Investment
- Action Item: Approval of \$3 Million Investment in EnerVest Energy Institutional Fund XI
- Action Item: Approval of a \$10 million commitment allocated to three new Commonfund Private Equity and Venture Capital funds
- Information Item: Adjustments to the Marketable Alternative (MALT) Portfolio

Chair Porter read the roll of consent agenda items. Hearing no objection, Mr. Rounsavall made a motion, which Mr. Green seconded, to approve the consent agenda. The motion passed unanimously.

Additionally, Chair Porter noted the consent agenda included information about the Investment Performance and information regarding adjustments to the Marketable Alternative (MALT) Portfolio. Mr. Porter asked Mr. Deutsch, Chair of the Finance Committee, to comment.

Mr. Deutsch reported the quarterly performance of the endowment and performance rankings. He stated the graph showed the performance of Foundation investments, especially the value added changes. Mr. Deutsch emphasized that ULF investments are doing very well, ranking in 18th percentile for the past five years, 16th percentile for the past three years, and at the top since inception. He observed this was very encouraging as the University embarks on a new capital campaign. Mr. Deutsch reported since 1995 the Foundation's portfolio has added \$150.6 million in wealth as compared to the Cambridge Associate's College and University Median and \$122.3 million compared to the Actual Allocation Benchmark. Mr. Deutsch encouraged board members to attend future Finance Committee meetings if interested.

III. Action Item: Approval of Signature Authority

President Ramsey reported this action was routine in nature, reflecting the recent election of the board's officers and the addition of Mr. Keith Inman. Ms. Denny made a motion, which Mr. Jones seconded, to approve the

Signature Resolution (copy available upon request)

The motion passed unanimously.

IV. Action Item: Approval of the Establishment of A Quasi-Endowment for Dental School Renovations

President Ramsey reported the School of Dentistry has accumulated \$4,000,000 in gifts from various donors and would like to establish a quasi-endowment to fund Dental School Renovations. This action will allow the funds to be invested and to grow through additional philanthropy. Mr. Green made a motion, which Dr. Weakley-Jones seconded, to approve the

President's recommendation that the Board of Directors approves the establishment of a quasi-endowment for the purpose of Dental School Renovations.

The motion passed unanimously.

V. Report of the President

President Ramsey spoke of the University's excitement to be playing in the Orange Bowl in Miami, Florida, on January 2, 2007. He expressed pride in the following accomplishments during 2006:

- Third hand transplant
- Cervical Cancer vaccine in production
- Chase/spinal cord research
- Sena Naslund and the University's many fine faculty
- Legislative Session:
 - Restore the gubernatorial vetoes

Dr. Ramsey noted the Commencement ceremony last week highlighted Ms. Tracy Frazier as the University's outstanding student of the year. Ms. Frazier was a graduate of the Brandeis School of Law. Her blindness didn't stop her from becoming a lawyer. She delivered one of the most emotional student speeches he could recall.

President Ramsey expressed his sincere appreciation to the board members for their service to the University. He and Mrs. Ramsey wished all board members a happy holiday season.

VI. Other Business

Mr. Helm noted at the September meeting, the Board authorized the President to negotiate a ground lease for the property at the southwest corner adjacent to the Ambulatory Care Building and the School of Dentistry Building, a ground sublease for the sole purpose of developing a faculty office building that contains the private practices of the University's medical faculty, and a guarantee for up to fifteen (15) years of financial performance for a master lease of a faculty office building by the University of Louisville. Mr. Helm said the guarantee as finalized provided an initial lease term

but also provided to negotiate renewals and extensions of the lease. Mr. Helm distributed a revised recommendation for the board's consideration. Mr. Deutsch made a motion, which Ms. Denny seconded, to approve the

Recommendation to the Board of Directors of the University of Louisville Foundation, Inc., concerning the development of faculty office facilities for University of Louisville Medical School Practice Association, Inc. d/b/a University Physician Associates

WHEREAS, University of Louisville Medical School Practice Association, Inc., d/b/a University Physician Associates ("UPA"), intends to enter into that certain Master Lease of Space attached hereto as Exhibit A (the "Master Lease") for a faculty office building to serve members of the University of Louisville medical faculty and related parties; and

WHEREAS, on September 28, 2006, at a duly called meeting of the Board of Directors of The University of Louisville Foundation, Inc., (the "Foundation") the Board of Directors authorized the President or his designee to negotiate a guaranty of UPA's financial obligations under the Master Lease, which the President or his designee has now done; and

WHEREAS, providing a guaranty of UPA's financial obligations under the Master Lease will further the charitable and educational purposes of the University of Louisville.

NOW THEREFORE, the President recommends that the Board of Directors:

Ratify, confirm, and approve, in all respects, the actions of the President and his designee in negotiating the Guaranty of Lease, a form of which is attached hereto as Exhibit B (the "Guaranty");

Authorize and direct the President to execute and deliver, on behalf of the Foundation, the Guaranty, in such form and with such changes, additions, deletions or amendments as the President shall, in his sole discretion, deem necessary, convenient, or desirable; and

Authorize and direct the President to execute and deliver, on behalf of the Foundation, all other documents, instruments and certificates as the President shall, in his sole discretion, deem necessary, convenient, or desirable to accomplish the purpose of the Guaranty.

The motion passed unanimously.

VII. Report of the Chairman

Chair Porter wished everyone a happy holiday season.

VIII. Adjournment

The meeting adjourned at 2:00 p.m.

BOARD ACTION:

Passed _____

Did not pass _____

Other _____

Asst. Secretary *Katalin M. Smith*