

MINUTES OF THE MEETING 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 June 15, 2006 in the Mary Bingham Room of the Chancey Center, Belknap Campus, with members present and absent as follows:

Present: Mr. J. Chester Porter, Chairman
Mr. H. Scott Davis, Jr.
Mr. Burt Deutsch
Ms. Joyce Hagen
Mr. Frank Hower
Mr. D. Harry Jones
Dr. James Ramsey
Mr. Robert W. Rounsavall, III
Ms. Sandy Metts Snowden
Mr. Frank Weisberg
Mr. William Wilcox

Absent: Ms. Donna Tinsley Denny
Mr. Nathaniel E. Green

Legal Counsel: Mr. Kennedy Helm, III, Stites & Harbison

From the
University: Dr. Shirley Willihnganz, Executive Vice President and Provost
Mr. Mike Curtin, Assistant Treasurer, ULF
Mr. Larry Owsley, Vice President for Business Affairs
Ms. Susan Magness, Controller's Office
Mr. Joe Gahlinger, Controller's Office
Mr. Rex Davidson, CPA, Controller's Office
Mrs. Kathleen Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison

Also Attending: Dr. William Pierce, Chair, Faculty Senate and Trustee

I. Convene Meeting

Having determined a quorum present, Chair Porter called the meeting to order at 12:10 p.m.

II. Consent Agenda

Approval of Minutes of Regular Meeting, March 13, 2006

From the Finance Committee:

Action Item: Approval of 2006-07 Operating Budget

Action Item: Approval of Revised Investment Objectives and Guidelines

Information Item: Interim Financial Statements through March 31, 2006

Information Item: Investment Performance Report

Chair Porter read the roll of consent agenda items. Mr. Deutsch made a motion, which Mr. Davis seconded, to approve the consent agenda. The motion passed unanimously. Mr. Porter noted the Interim Financial Statements and Investment Performance Reports were provided for information purposes only.

III. Information Item: Investment in Encap Investments, LLC

Mr. Deutsch stated the graphic report shows the performance of Foundation investments, especially the value added changes. Mr. Deutsch emphasized that ULF investments are doing very well, ranking in 11th percentile. The Executive Committee authorized the Finance Committee to conduct interviews and make appropriate investments. Mr. Deutsch stated there was an initial commitment of \$2 million and he will report back routinely.

IV. Action Item: Approval of Creation of Scholarship Committee

Dr. Ramsey explained that in response to previous discussions a review of the efficiency of the Foundation's scholarship funding revealed there is no routine mechanism to monitor these awards. Dr. Ramsey said that establishing a Scholarship Committee would allow for an inventory of the funds and for a regular report regarding the activity of these awards, noting that scholarship support enables better recruitment of students throughout the state. The current year's enrollment is projecting an average ACT score to be above 24. Dr. Ramsey asked Mr. Helm for further explanation of the committee's requirements.

Mr. Helm stated the proposal will create a committee of the Foundation composed of non-employee members of the board that will act independently on scholarships. Mr. Helm stated the Board will not act on this today but he will work with the Chair to establish this Committee.

V. Evaluation of the President

Chair Porter changed the order of the agenda and asked Mr. Hower to comment on the evaluation of the President. Mr. Hower distributed the Board of Trustees 2005-2006 Annual Goals and summarized the 22 objectives. Mr. Hower explained that the President has tackled many challenging and difficult issues throughout the year with excellent results, in addition to meeting the 22 goals. Goals met by the President and his staff were in the areas of diversity, retention and graduation, faculty excellence, partnering with the community, athletics, health sciences, instituting new academic programs, and increasing revenues. Mr. Hower said that most of the goals exceeded the Board of Trustees' expectations. Chair Porter reiterated that the Trustees are very pleased with what Dr. Ramsey has been able to accomplish in a relatively short period of time. Chair Porter congratulated President Ramsey and his leadership team in moving forward with new goals and new missions.

VI. Executive Session –Directors Only

In response to Chairman Porter's request for a motion to adjourn the Open Session of the meeting, Mr. Deutsch moved that the Committee enter closed session for the purpose of conducting discussions regarding personnel matters. The reason for entering closed session to discuss such discipline is that publicity of such deliberations might be considered an invasion of personal privacy. The Committee's entering closed session will not be used to restrict the employee's rights to a public hearing if entitled to such a hearing, and during closed session, the

Board will not discuss general personnel matters. No final action is to be taken in this closed session. This action is authorized by KRS 61.810(1)(f). Mr. Deutsch further moved that his foregoing motion constituted notice and public announcement of the general nature of the business to be discussed in closed session, the reason for the closed session, and the specific provision of the Kentucky Open Meetings Act authorizing the closed session, as required by KRS 61.815. Mr. Hower seconded the motion, which passed unanimously.

VII. Reconvene Open Session

Chair Porter reconvened the open session at 1:10 p.m. and asked Ms. Sandy Metts Snowden to speak.

Ms. Snowden reported the Board of Trustees voted unanimously to approve a 25% bonus and 5% merit increase for President Ramsey. She expressed her regret that the local press didn't publish any of the positive comments made at the Trustees' meeting, including the completion of all 22 goals, and the fact that ACT scores although not increasing nationwide had increased at UofL. Also she noted the accomplishments of Don Miller and the Cancer Center with the progress toward NCI designation of the cancer program. John Hindman, from UPS, remarked on how crucial President Ramsey's leadership was in UPS's expansion. Ms. Snowden urged the Foundation to take steps similar to the Trustees to reward the President for his excellent performance.

VIII. Action Item: Approval of President's Compensation

Chair Porter stated the Board of Trustees voted and recommended to the ULF action before them. Ms. Snowden made a motion, that was seconded by Mr. Davis to approve the

Chairman's recommendation to provide a merit increase for 2006-07 of five (5) percent of the President's Foundation salary in recognition of Dr. Ramsey's outstanding performance during 2005-06; and

Approve a supplemental payment to the President for achievement of the annual goals set by the Board of Trustees in an amount equal to 25% of Dr. Ramsey's 2005-06 total salary.

The motion passed unanimously.

IX. Action Item: Funding Discretionary Bonuses

Ms. Snowden made a motion that Ms. Hagen seconded to approve

The President's recommendation that the Board authorize the expenditure of Foundation funds to implement the President's discretionary bonus proposals for members of the Office of the President Leadership Team.

The motion passed unanimously.

X. Action Item: Authorization of Executive Committee to Approve Retention Package for Key Leadership Personnel

Chair Porter reported that the Executive Committee discussed the President's request to proceed with developing a retention package for key personnel will work with the Executive Committee when the proposal is ready for consideration.

Mr. Deutsch made a motion which was seconded by Mr. Wilcox to approve

The President's recommendation that the Board authorize the Executive Committee to review the retention proposal for Don Miller when it is developed.

XI. Information Item: Discussion of Strategic Business Planning/Branding/Capital Campaign Issues

Chair Porter asked President Ramsey to introduce the planning consultants. President Ramsey introduced Ben Case and Ben Edwards. They shared the results of the campaign preparedness study. Mr. Deutsch expressed his interest in fundraising and recommended each board member review the powerpoint. Chair Porter thanked Messrs. Case and Edwards for an informative presentation.

XII. Report of the President

President Ramsey noted that the 2006-07 goals were set according to things that are important to the institution. These goals are shared by everybody.

President Ramsey discussed what each entity was doing to successfully complete each goal and the interconnectivity of each. Goals 1-5 were successful because of the success of the Provost in retention rates, but also through projects like the beautification of the campus headed by Mrs. Ramsey to create an environment students can appreciate and take pride in.

President Ramsey noted the relevance of funded research to accomplish the overall goals of the University. He also recognized that increasing the diversity of our student body with an open campus supported goals 7 and 8. He went through other examples for all the goals.

President Ramsey discussed the success of Shelby campus development and two key areas that will jump start the development, the road project and the biosafety lab.

XIII. Report of the Chair

Chair Porter had no report.

IX. Adjournment

The meeting adjourned at 2:10 p.m.

BOARD ACTION:

Passed X

Did not pass

Other

Asst. Secretary *Katalin M. Smith*