

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 Monday, March 13, 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.
Ms. Donna Tinsley Denny
Mr. Burt Deutsch
Mr. Nathaniel E. Green
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

Absent: Mr. William Wilcox

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
Mr. Joe Beyel, Vice President for University Advancement
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

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, December 7, 2005

From the Finance Committee:

Information Item: Quarterly Investment Performance Report

Action Item: Approval of Investment in Chrysalis Venture III Fund

Chair Porter read the roll of consent agenda items. Mr. Deutsch made a motion, which Mr. Green seconded, to approve the consent agenda. The motion passed unanimously. Mr. Porter

noted the Quarterly Investment Performance Report was provided for information purposes only. Mr. Davis recused himself from discussion and voting concerning the Chrysalis investment.

Mr. Deutsch pointed out that the charts indicate how fortunate the Foundation has been with the endowment performance. He compared the Foundation's endowment with that of Cambridge Associates' universe for the \$400 million to \$600 million category, and indicated the Foundation's investments had surpassed the group by two percentage points.

Mr. Deutsch also reported that over the past 10 year period, the Foundation's endowment has added over \$122 million in value. He praised the Foundation for being very good stewards of the donors' generosity. Mr. Deutsch and Vice President Curtin were working on a report which will better illustrate gift giving performance.

III. Action Item: Approval of Establishment of the Olive Harris Medical Scholarship Fund.

President Ramsey reported this recommendation will create a scholarship for medical students to assist the Stodghill Scholarship matching program already established by this board. The gifts to the Harris Fund have reached the threshold of \$100,000, and the Medical School has requested that it become an endowment. According to policy, the Board must approve endowments at this level. Mr. Hower made a motion, which Mr. Davis seconded, to approve the

President's recommendation that the Board of Directors approves the establishment of an endowment to create the Olive Harris Medical Scholarship Fund.

The motion passed unanimously.

IV. Action Item: Loan to Sorority

Mr. Deutsch reported this proposal would authorize a loan to the Chi Omega Sorority to improve its house. The Chi Omega Sorority is one of seven university-owned Greek houses, and is adjacent to the Community Park development that ULH has funded. The Sorority has raised \$75,000 for the project, and requests to borrow \$175,000 at 7.49% interest over a ten year period. Precedent exists for the Foundation to lend funds to a student organization. Mr. Deutsch said this action was consistent with commitments the Foundation has made in the past, providing long-term leases to fraternities and sororities so they have the stability to fundraise. He referenced past precedent where the Foundation lent funds to the Lambda Chi fraternity and the student credit union. This action would allow Chi Omega the guaranty to borrow up to \$175,000 from a commercial lender to upgrade its facilities. Although this request came too late for the Finance Committee's consideration, as Chair of the Finance Committee, Mr. Deutsch made a motion, which Mr. Hower seconded, to approve the

Chair of the Finance Committee's recommendation that the Foundation provide a financial guarantee to secure a \$175,000 commercial loan for the Chi Omega sorority for the renovation of 2018 Unity Place and that the Vice President for Business Affairs be authorized to execute the appropriate documentation.

The motion passed with Dr. Ramsey abstaining from participation in the discussion and the vote.

V. Report of the President

Update – Budget Process in Frankfort

President Ramsey reported in January the House voted against the Governor's recommended budget. The House budget represented a significant improvement for higher education. University officials have worked hard over the last month with Representative Moberly on the Appropriations & Revenue Committee (A&R) for all of higher education. Dr. Ramsey said the House A&R budget included an additional \$1.8 million in base funding over the Governor's budget recommendation. The House budget improves agency bonding authority for four capital construction projects to move forward. Working with Rep. Moberly, the University identified five to six accountability measures in the appropriation bill that the University will achieve by 2010 in return for the appropriation of this money. Projects included the equine research, signature partnership, and Algonquin Parkway. Dr. Ramsey appreciated the opportunity to talk with the legislative committee about the University's efforts to focus on education and economic development in the community. Dr. Ramsey expressed his sincere appreciation for the leadership in the House, especially Representatives Larry Clark and Harry Moberly. The budget currently is in the Senate for review. Dr. Ramsey and University officials continue to work with Senator David Williams and the Senate leadership during this legislative process. He was very pleased the Governor included in his original 6 year road plan an earmark of \$5.8 million for the Shelby Campus, which will allow the University to begin major development there. Dr. Ramsey recognized Dana Mayton, Associate Vice President for Governmental Affairs, for her assistance in Frankfort.

James Graham Brown Cancer Center

President Ramsey reported the James Graham Brown Cancer Center's "Finding Answers to Cancer" campaign has raised more than \$46.5 million in 18 months. Board members applauded this effort. He observed the original goal was \$41.5 million but the University will continue to seek contributions through the original campaign end date of 2008. Studies early in the campaign identified funding needs at the center of approximately \$80 million. So far, the campaign has brought top cancer experts to Louisville through the creation of seven new endowed chairs and four endowed professorships. The money raised also has boosted efforts to prevent, screen and educate people about the importance of early cancer detection. Dr. Ramsey recognized the exceptional efforts of Mr. Bob Rounsavall and Dr. Don Miller. The press conference is scheduled at 2:30 today and reception will follow at 6:30 p.m. tonight.

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 about the performance review of an employee which might lead to the discipline of an individual employee. 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 also moved that the Committee enter closed session for the purpose of discussing pending litigation involving the Foundation. The reason for entering closed session with respect to the pending litigation is that the Committee

requires the opportunity to discuss in confidence the Foundation's litigation strategy, tactics, and other matters directly pertaining to the pending litigation. No final action is to be taken in this closed session. This action is authorized by KRS 61.810(1)(c). 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. He reported the directors discussed personnel matters during executive session. Mr. Deutsch made a motion, which Mr. Green seconded, to

Authorize the President to seek assistance in the nature of a personal service contract to help him on various development and other activities, and to negotiate a contract or other appropriate arrangement and authorize the Executive Committee to act on the contract with the Provost regarding appropriate incentives.

The motion passed unanimously.

Mr. Deutsch made a motion, which Mr. Jones seconded, to

Adopt a resolution in support of the tremendous job Vice President Tom Jurich has been doing, recognizing the high standards and quality of the work done for the University of Louisville in all sports, especially in the area of gender equity, and recognize the tremendous assistance he gives to the president in evaluating, reviewing and moving the athletics program forward.

The motion passed unanimously.

VIII. Adjournment

The meeting adjourned at 1:15p.m.

BOARD ACTION:

Passed X
Did not pass
Other

Asst. Secretary Kathleen M. Smith

