

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, Inc. Board of Directors met on Thursday, September 28, 2006, in the Bingham Library of the Chancey Center with members present and absent as follows:

Present: Mr. J. Chester Porter, Chairman
Mr. H. Scott Davis, Jr.
Ms. Donna Tinsley Denny
Mr. Nathaniel Green
Ms. Joyce Hagen
Mr. Frank Hower
Mr. D. Harry Jones
Ms. Sandy Metts
Dr. James Ramsey
Mr. Robert Rounsavall, III
Mr. Frank Weisberg
Mr. William G. Wilcox

Absent: Mr. Burt Deutsch
Ms. Sandy Metts

Foundation Legal

Counsel: Mr. Kennedy Helm, Stites & Harbison

From the

University: Dr. Shirley Willihnganz, Executive Vice President and Provost
Dr. Larry Cook, Executive Vice President for Health Affairs
Mr. Larry Owsley, Vice President for Business Affairs
Mr. Mike Curtin, Vice President for Finance
Mr. Joe Gahlinger, Director of Treasury Management
Mrs. Kathleen Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison

Guest: Ms. Vickie Yates Brown

I. Convene Meeting

Having determined a quorum present, Chair Porter called the meeting to order at 12 Noon.

II. Consent Agenda

- Approval of Minutes of Regular Meeting, 6/15/06

- Action Item: Approval of \$7.5 Million Investment in Varde III
- Action Item: Hiring Hammond Associates Institutional Fund Consultants
- Information Item: Investment Performance Report

Chair Porter read the roll of consent agenda items. Mr. Davis made a motion, which Ms. Hagen 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. Report of the Nominating Committee

President Ramsey, on behalf of the Nominating Committee, presented nominations for officers and new members. Ms. Denny made a motion, which Mr. Weisberg seconded, to approve the Nominating Committee's recommendations for 2006-07 officers as follows:

CHAIR	J. Chester Porter
VICE CHAIR	Harry Jones
TREASURER	Burt Deutsch
SECRETARY	Joyce Hagen
COUNSEL	Stites & Harbison
ASSISTANT SECRETARY	Kathleen Smith
ASSISTANT TREASURER	Michael Curtin

Executive Committee

Chairman	J. Chester Porter
Ex. Officio	James R. Ramsey
	D. Harry Jones
	Burt Deutsch
	Joyce Hagen

NEW MEMBERS/REAPPOINTMENTS:

The reappointment of Joyce Hagen, Bob Rounsavall, III, and Bill Wilcox for a three-year term as a community at-large director (through June 30, 2009).

The appointment of Dr. Barbara Weakley-Jones for a three-year appointment as a community at-large director to fill the expired term of Scott Davis (through June 30, 2009).

The appointment of Sam Rechter for a three-year appointment as a community at-large director to fill the expired term of Frank Hower, Jr. (through June 30, 2009).

The appointment of Eddy Roberts as a community at-large director to fill the expired term of Larry Hayes (through June 30, 2008).

The appointment of Kevin Cogan as a community at-large director to fill the expired term of Morris Borowitz (through June 30, 2007).

The motion passed unanimously.

IV. Action Item: Approval of Signature Authority

President Ramsey reported this action was routine in nature and an annual requirement needed to reflect the election of the board's officers. Ms. Denny made a motion, which Mr. Jones seconded, to approve the

Signature Resolution (copy available upon request)

The motion passed unanimously.

V. Action Item: Approval of the Development of Faculty Office Facilities for University Physicians Group, Inc., d/b/a UofL Healthcare

President Ramsey reported the University is committed to finishing the Challenge for Excellence and prominence in medicine is a critical component of the challenge. As the University moves forward, it has faced hurdles in 2003, 2004 and 2005 with budget cuts. He noted the federal deficit also has made it difficult. President Ramsey recognized Ms. Vickie Yates Brown, who has assisted Dr. Larry Cook and him with planning for this project. Dr. Ramsey invited Executive Vice President Cook to make a presentation about the proposed faculty office building. Highlights of Dr. Cook's presentation include:

- The mission of the UofL Health Sciences Center is to excel in the education of health care providers (physicians, nurses, dentists) and scientists for careers in teaching, research, patient care and community service; to bring the fundamental discoveries of our basic and clinical scientists to the bedside (creating the knowledge to heal); and to provide leading-edge patient care in our community and region.
- UofL's clinical enterprise has under-achieved in relation to its true potential, due to fragmented administrative structure. At the same time, it is operating in an environment of diminished funding, including: 1) decreases in government appropriations (federal, state and local); 2) flat NIH funding; and 3) tuition revenue potential is maximized.
- The Faculty Practice building is one of the key elements of a strategic plan to strengthen UofL's clinical enterprise by providing the infrastructure to position UofL faculty in the community and region as the physicians most

qualified to translate the latest expertise to the practice of patient care, in a setting that facilitates their ability to provide an outstanding patient experience.

- The University will do this by providing adult primary and specialty care services, imaging facilities and an ambulatory surgery center in one convenient, state-of-the-art facility located at the Louisville Medical Center.

Dr. Cook recognized the following opportunities for improvement:

- Reduce disciplinary “silos” between departments and divisions that may reduce quality of patient experience.
- Increase collaboration and referrals among UofL clinical faculty to optimize patient experience and return on clinical revenue.
- Capture more revenue, including ancillary services.
- Take advantage of collective purchasing power for better insurance contracts, goods and services and technology strategy.
- Promote UofL clinical excellence under a common brand.

Dr. Cook referenced the following Goals:

- Increase number of patients from Louisville, Southern Indiana and beyond receiving quality health care from UofL faculty.
- Create a seamless referral system between practices and outside services, improving patient flow and patient experience.
- Locate practices in a signature facility, better coordinating primary and specialty care with improved patient access via technology.
- Expand to locations where patients live.
- Extend services to under-served regions in Kentucky.

Dr. Cook noted Landmark Healthcare Facilities:

- Is a leading full-service developer of physician office buildings, clinics, ambulatory care and surgery centers, cardiac and cancer centers, women’s health centers and other outpatient healthcare facilities.
- Provides all professional services, work product and deliverables required to design, develop and construct the complete range of outpatient buildings on a guaranteed-price basis.
- Proven track record. Over the years, the leadership of Landmark successfully developed more than 250 outpatient buildings in 43 states ranging from \$5 million to \$50 million.

Dr. Cook reported the sources of financing:

- UPA
- Executive Vice President for Health Affairs
- University Hospital
- PSCs
- Ambulatory Surgery Center
- Imaging LLC

- Landmark Healthcare Facilities

Dr. Cook explained the University of Louisville Foundation's role was to:

- Enter into a land lease to occupy the current site, solely for the purpose of fulfilling the mission of the UofL Health Sciences Center for 50 years; land to be returned in original condition.
- Enter into a sublease with the Development Company to lease the land on terms similar to the land lease from the University.
- Guarantee the Master Lease.

The groundbreaking is targeted for late fall of 2006, with construction in December 2006/Early 2007. The building will be fully operational by Early 2008. Mr. Hower made a motion, which Mr. Davis seconded, to approve the

President's recommendation that the Board of Directors authorize the President, or his designee, to negotiate

- **a ground lease with the University of Louisville for the property described at the southwest corner adjacent to the Ambulatory Care Building and the School of Dentistry Building;**
- **a ground sublease with any entity identified for the sole purpose of developing a faculty office building that contains the private practices of the University's medical faculty;**
- **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 Medical School Practice Association, Inc., and further**

That the Board of Directors authorize the President, or his designee, to execute any other contracts necessary to implement this project as proposed.

The motion passed unanimously.

VI. Report of the President

President Ramsey noted the University community has celebrated its successes resulting from its execution of the Challenge for Excellence. The celebrations brought to closure the business plan that has guided the University for the past eight years, and the University looked forward to crafting a new vision to shape its next decade, a plan that will help meet the state's mandate of preeminence as a metropolitan research university by 2020. The President reported that the 2442 new freshman represented a 5% increase. This increase was not planned, but was due to admitting exceptional students. Of that 5% increase, almost 30% had an ACT score of 27 or above. The average high school GPA was 3.48. The University's average ACT test score was 24.2, while the state's average ACT was 21.6.

Provost Willihnganz reported the current graduation rate was 41%, which was a great improvement.

Provost Willihnganz reported the University hired Dr. Edward Halperin to serve as dean of the School of Medicine. The Vice President for Student Affairs search is well underway. Dr. Ramsey stated the University was very close to hiring a Vice President for University Advancement. The Search Committee for the Executive Vice President for Research invited five phenomenal candidates to interview on campus and that search is going well.

Resolution of Appreciation: Mr. Scott Davis

President Ramsey recognized Mr. Scott Davis for his service on the Board. Mr. Hower made a motion, which Mr. Weisberg seconded, to approve the following resolution:

H. Scott Davis, Jr.

WHEREAS, Scott Davis, served as a member of the UofL Foundation Board of Directors since 1996;

WHEREAS, his leadership on this board had significant impact on the directions of the Foundation, having served as Treasurer since 1997, a member of the Finance Committee since 1996, a member of the Executive Committee since 1999, and serving as Chair of the Legal Committee 1997-98;

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 Mr. Scott Davis for the compassionate and insightful interaction during his decade of service on the University of Louisville Foundation board of directors; and

BE IT FURTHER RESOLVED, that a copy of this Resolution, appropriately signed, be printed for formal presentation to our good friend and colleague, Mr. Scott Davis.

The motion passed unanimously.

Resolution of Appreciation: Mr. Frank Hower

President Ramsey recognized Mr. Frank Hower for his service on the Board. Mr. Davis made a motion, which Mr. Wilcox seconded, to approve the following resolution:

Frank Hower, Jr.

WHEREAS, Frank Hower, Jr., served as a member of the UofL Foundation Board of Directors since 2003;

WHEREAS, his leadership on this board had significant impact on the directions of the Foundation; including serving on the Nominating and Property Committees;

WHEREAS, his service on the Board of Overseers since 1967, and a senior member since 2000, and on the Board of Trustees from 1992 through 2000 while serving on various committees provided a tremendous insight to the Board;

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 Mr. Frank Hower, Jr., for the compassionate and insightful interaction during his service on the University of Louisville Foundation board of directors; and

BE IT FURTHER RESOLVED, that a copy of this Resolution, appropriately signed, be printed for formal presentation to our good friend and colleague, Mr. Frank Hower.

The motion passed unanimously. On behalf of the Board, Chair Porter thanked Messrs. Davis and Hower for their dedicated service.

VI. Report of the Chair

Chair Porter thanked the Board members for its confidence and looked forward to working with each board member to achieve the support of the President and the University in the community. The University has accomplished a lot over the past year and is off to an excellent start.

VII. Other Business

In response to Mr. Jones' inquiry regarding the outreach programs, President Ramsey reported the success has been phenomenal. The University was approximately one-third of the way through its planned agenda and to date, the program has engaged alumni, and representatives of the University have visited high schools, meeting with counselors, principals, and students. The program was very encouraging.

VIII. Adjournment

Mr. Jones made a motion, which Ms. Denny seconded, to adjourn the meeting at 1:00 p.m. The motion passed unanimously.

BOARD ACTION:

Passed X
Did not pass
Other

Asst. Secretary *Katalin M. Smith*