

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

In Open Session

The University of Louisville Foundation, Inc., Board of Directors met on Friday, August 31, 2007, at 9:15 a.m., in the Mary Bingham Room, Chancey Center, with members present and absent as follows:

Present: Mr. J. Chester Porter, Chairman  
Mr. Ulysses L. Bridgeman, Jr.  
Mr. Kevin Cogan  
Mr. Burt Deutsch  
Ms. Joyce Hagen  
Mr. D. Harry Jones  
Dr. James Ramsey  
Mr. Eddy Roberts  
Mr. Robert Rounsavall, III  
Ms. Sandy Metts Snowden  
Dr. Barbara Weakley-Jones  
Mr. William G. Wilcox

Absent: Mr. Sam Rechter  
Mr. Frank Weisberg

Foundation Legal

Counsel: Mr. Kennedy Helm, Stites & Harbison  
Mr. Phillip Allen, Stites & Harbison

From the

University: Dr. Shirley Willihnganz, Executive Vice President and Provost  
Mr. Mike Curtin, Vice President for Finance  
Mr. Larry Owsley, Vice President for Business Affairs  
Mr. Keith Inman, VP for Advancement  
Ms. Susan Ingram, Director of Budgets  
Mr. Joe Gahlinger, Director of Treasury Management  
Mrs. Kathleen M. Smith, Assistant Secretary  
Mrs. Debbie Dougherty, Board Liaison

I. Convene Meeting

Having determined a quorum present, Chair Porter called the meeting to order at 9:30 a.m. Chair Porter welcomed Mr. Ulysses L. Bridgeman, Jr., to the board.

II. Consent Agenda

### Approval of Minutes

- March 20, 2007

#### From the Finance Committee:

- Action Item: Approval of 2007-08 Operating Budget
- Action Item: Approval of Termination of M.A. Weatherbie and Company as an Investment Manager
- Action Item: Approval of Investment of Seamans Global Opportunities Fund LLC
- Information Item: Interim Financial Statements through March 31, 2007
- Information Item: Quarterly Investment Performance
- Information Item: Investment Performance Summary

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

### III. Information Item on Trustees Evaluation of President

Chair Porter asked Ms. Metts to comment on the Board of Trustees evaluation of the President. Ms. Snowden referred to the Board of Trustees 2006-2007 Summary of the Evaluation of the President, noting President Ramsey and his team achieved 21 of the 23 objectives and projected the philanthropy goal would be met at the end of July. In its evaluation, the Board of Trustees acknowledged the President has addressed some of the most difficult issues affecting the future for the University of Louisville, and his accomplishments have the potential to advance the University's preeminence goal more quickly than at any time in the past. She shared the following sampling of the University's 2006-07 achievements with the leadership of Dr. Ramsey:

- Diversity: For the third straight year, UofL has met 8 out of 8 state diversity goals established by the CPE in its Kentucky Plan – the only university in the state to do so.
- Retention and Graduation: The University had a record graduation rate of 41%-a remarkable jump of 9 percentage points since the Challenge for Excellence began.
- Faculty Excellence. Faculty salaries have increased 25% in the past five years, allowing the University to compete successfully for the very best scholars in the nation.
- Signature Partnership Initiative. The Initiative secured partnerships of more than \$1 million to advance the directions launched with this program last year.
- Challenge for Excellence. The University celebrated the conclusion of our 10-year business plan nearly two years early; although our Brown Cancer Center has not yet achieved NCI distinction, it has increased its extramural funding in six years from \$250,000 to \$44.2 million and NCI designation is imminent.
- Athletics. UofL Cardinal Football played in its first-ever BCS championship when it went to the Orange Bowl, and the Cards won; the Baseball Team went to the College World Series, a first in the University's history; teams from more than ½ of

UofL sports competed in NCAA championships; and Tom Jurich was named the 2007 AD of the year.

- Grawemeyer Awards. World Famous Carnegie Hall hosted the University of Louisville orchestra and wind ensemble for the first time, along with the presentation of the Grawemeyer Award in Music Composition;
- Healthcare. The Boards of Directors of University Hospital and the Louisville Medical Center Development Corporation have matured into solely UofL management; the Health Sciences programs are at the threshold of even greater potential than any time in the past.
- Student Profile. This enrolling Freshman Class is another record in quality and representation throughout the state; 28% of entering Freshmen have ACT scores of 27 or higher and 58% of the class is from outside Jefferson County.

Ms. Snowden said the Board was very proud to have Jim Ramsey at the helm of the University. The Board of Trustees recognized 2006-07 as an exceptional year. The Trustees enthusiastically acknowledged the dedicated support of Jane Ramsey in carrying out the University's initiatives. Mrs. Ramsey's leadership of the Beautification Committee has continued to reap numerous compliments from students, alumni, neighbors, and many others about the transformation of the Belknap Campus and Stansbury Park.

Chair Porter reiterated the Trustees' pleasure with Dr. Ramsey's accomplishments 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.

#### IV. 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. 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. Jones seconded the motion, which passed unanimously.

#### V. Open Meeting Reconvenes

Mr. Deutsch made a motion, which Ms. Hagen seconded, to reconvene the Open Session of the meeting. Chairman Porter reported that while in executive session the Committee discussed personnel matters.

#### VI Action Item: Approval of Request Regarding President's Compensation

Chair Porter stated the Board of Trustees voted and recommended to the ULF Board the proposal at Tab 8. Mr. Rounsavall made a motion, that Mr. Jones seconded, to approve the

**Chairman's recommendation to provide a merit increase for 2007-08 of five and one-half (5.5) percent of the President's Foundation salary in recognition of Dr. Ramsey's outstanding performance during 2006-07; 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 2006-07 total salary.**

The motion passed unanimously.

VII. Action Item: Approval of Shelby Master Developer

President Ramsey reported that two years ago, the Foundation board asked Mr. Deutsch to chair a group to review the advantages and disadvantages of a master developer for Shelby Campus. After discussing all the University's actions regarding Shelby Campus, the group hired Mr. Vernon George, a well-respected consultant in the field of research parks. Mr. George met with Mr. Deutsch and a subcommittee to discuss possible strategies. The recommendation proposes to create a single-purpose local entity to serve as the master developer for Shelby Campus. The President hopes Mr. Deutsch will agree to chair this important entity. Mr. Helm explained the rationale for two entities, stating the LLC will be key to recruiting developers to this enterprise. Mr. Helm summarized the proposal and fielded questions from Board members. Ms. Snowden made a motion, which Mr. Wilcox seconded, to approve the

**Chair's recommendation to accept of the Report of the ULF Shelby Campus Development Committee (attached), chaired by Burt Deutsch, and move to create single-purpose entities as appropriate to effect the development of the Shelby Campus.**

The motion passed unanimously.

VIII. Action Item: Approval of Reorganization of LMCDC

President Ramsey stated this proposal makes LMCDC an organizational entity within the University of Louisville Foundation, Inc., similar to ULH. He explained the crucial role LMCDC will play with the Life Sciences Signature TIF. In response to Mr. Rounsavall's inquiry about the balance sheet, Vice President Curtin described assets at approximately \$8.3 million, with an outstanding mortgage of \$2 million due May 2008. President Ramsey explained the initiative to develop a life science research park was important to the community. Wexford, the master developer for the Haymarket property, will build and market the first building using their capital. The University has guaranteed 25% occupancy, and Wexford agrees to lease the remaining 75%. The

Foundation will own the land. Mr. Roberts made a motion, which Ms. Snowden seconded, to approve the following resolution:

**WHEREAS, James R. Ramsey, President, has described to the Board the plan of reorganization of Louisville Medical Center Development Corporation (“LMCDC”), whereby Norton Healthcare, Inc. (“Norton”) and Jewish Hospital & St. Mary’s Healthcare, Inc. (“Jewish”) have withdrawn as members of LMCDC (the “Reorganization”); and**

**WHEREAS, LMCDC is a party to that certain Credit Agreement dated as of July 16, 1999, as amended, between National City Bank (the “Bank”) and LMCDC (the “Credit Agreement”); and**

**WHEREAS, in connection with the Reorganization, Norton and Jewish have been released from their guaranties of LMCDC’s obligations under the Credit Agreement, and, pursuant to that certain Amended and Restated Guaranty Agreement dated as of July 1, 2007 in favor of the Bank (the “Guaranty”), the University of Louisville Foundation, Inc. (the “Foundation”) has become the sole guarantor of such obligations; and**

**WHEREAS, the foregoing transactions are consistent with the realignment of rights and responsibilities of the University of Louisville, Norton, Jewish, and the Foundation with respect to LMCDC and the University Medical Center; and**

**WHEREAS, the Executive Committee of the Foundation, at its meeting of March 20, 2007, adopted a recommendation to the Foundation that President Ramsey negotiate with LMCDC, Norton, and Jewish to effectuate the foregoing transactions;**

**NOW, THEREFORE, BE IT RESOLVED, that the execution and delivery of the Guaranty by President Ramsey, pursuant to which the Foundation has guarantied up to Five Million Dollars (\$5,000,000.00) of LMCDC’s obligations under the Credit Agreement, is hereby approved, adopted and ratified in all respects; and**

**BE IT FURTHER RESOLVED, that the execution and delivery by President Ramsey of that certain Amendment to Credit Agreement, dated as of July 1, 2007, pursuant to which the Foundation has consented to being named the sole Guarantor under the Credit Agreement, is hereby approved, adopted and ratified in all respects; and**

**BE IT FURTHER RESOLVED, that the execution and delivery by President Ramsey of that certain Amendment to Credit Agreement, dated as of July 5, 2007, pursuant to which the Foundation has consented to the extension of**

**the term of the Credit Agreement until July 15, 2009; is hereby approved, adopted and ratified in all respects; and**

**BE IT FURTHER RESOLVED, that any and all actions heretofore taken by the Foundation or its officers in connection with the purposes of the foregoing Resolutions are hereby approved, adopted and ratified in all respects.**

**Witness the signatures of the undersigned as Chairman and Secretary of the Foundation as of the date above written.**

The motion passed unanimously.

IX. Report of the President

President Ramsey reported the profile of the freshman class was the best ever, and an indication that UofL has become a college of choice as well as retaining the very best talent in Kentucky. The freshman class was also the largest ever, at 2578 students, with an average ACT score of nearly 24.3. There was a 6% increase in African-American students and 29% of the class has ACT scores of 27 or greater. The average high school GPA was 3.47, and 58% of the students are from outside Louisville. He noted seven students received Fullbright Awards this past year, which was a record for both the University and the state of Kentucky. In response to Mr. Roberts' inquiry concerning the number of students living on campus, President Ramsey said the University's goal was to achieve 28%. President Ramsey observed that developing campus housing has had setbacks resulting from legislative approval requirements. The University has targeted the northeast quadrant of the campus for housing development. President Ramsey further acknowledged that the phenomenal growth in the James Graham Brown Cancer Center clinical services has created a parking crisis. The approval for building a parking garage was held up in the legislature. The State approved a parking garage in 2006, but did not reauthorize it in 2007. If the University waits until 2008, this creates a huge problem for our cancer patients, which will be compounded as the Haymarket property is developed.

President Ramsey encouraged board members to come to campus to see the wonderful array of sculptures while the Frederick Hart Exhibit was here. The University is hosting the largest presentation of Mr. Hart's work, with more than 100 pieces. It is outstanding, and Dr. Ramsey thanked Provost Willihnganz for implementing this very fulfilling exhibition.

X. Report of the Chair

Chair Porter encouraged board members to attend the upcoming events:

- September 12: the State of the University address;
- September 14: Owsley Frazier will host a gubernatorial reception for Governor Ernie Fletcher; and

- September 19: Mr. and Mrs. Kennedy Helm will host a gubernatorial reception for Mr. Steven Beshear.

XI. Adjournment

Ms. Hagen made a motion, which Mr. Roberts seconded, to adjourn the meeting at 10:30 a.m. The motion passed unanimously.

**BOARD ACTION:**

Passed       X      

Did not pass                     

Other                             

Asst. Secretary           *Katalin M. Smith*

June 27, 2007

Dr. James R. Ramsey  
President  
University of Louisville Foundation, Inc.  
University of Louisville  
Louisville, KY 40292

Dear Jim:

Our UofL Foundation Shelby Campus Development Committee (ULF/SCDC) met yesterday to receive the report of its ad hoc subcommittee (Bob Benson and Charlie Dahlem) assigned to select a master developer for the Shelby Campus. During the course of the ad hoc subcommittee's review, Kathleen recruited Vernon George to meet with Bob, Charlie, and me. Mr. George's historic information on highest and best use for Shelby Campus and his insight about possible development were very helpful to us, and ultimately the ULF/SCDC. Vernon strongly urged the ad hoc subcommittee seriously consider a "single-purpose entity, preferably a 501c3 corporation that had a strong affiliation with the UofL Foundation." His rationale was that the single-purpose entity would be solely focused on the University's immediate need to make the campus a revenue-producing asset for UofL. He also advised the single-purpose entity, as the master developer, would recruit local developers for specific projects or national developers as the situation required. We liked Mr. George's analyses and took the following recommendation to the full ULF/SCDC yesterday.

The UofL Foundation Shelby Campus Development Committee recommended that a 501c3 corporation, or appropriate entity, be created to serve as the University's master developer of the Shelby Business & Technology Park. This corporation, or appropriate entity, would be affiliated with the UofL Foundation, Inc. to facilitate the development activity, and should be authorized to contract with local, regional, and national development firms, including the new road and land use engineering design/build project pursuant to the State's recent road grant, to develop Shelby Campus as a revenue-producing asset for the University of Louisville consistent with Board of Trustees policy on September 24, 2001. This action was unanimously approved. Further, we have asked Foundation Counsel to draft an appropriate strategy to effect this recommendation should you approve it and to prepare a set of bylaws that addresses terms and member criteria among other issues.

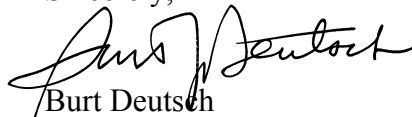
Dr. James Ramsey  
June 27, 2007  
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Also, we believe that many members of the Advisory Board would be willing to serve on a board of directors for the new single-purpose entity, and appointing them to this role would expedite any “learning curve” for the new board. In reviewing Chester Porter’s charge (dated 3/14/05) to the ULF/SCDC, the new entity would assume responsibility for all aspects of development of the Shelby land, recruitment of tenants to the park, and assure the development corresponds with the Trustees’ directive and legislative expectations relative to the University’s public mission. We suggest the communication and interaction with the contiguous neighborhoods could be assigned to the Community Advisory Board that is chaired by Margaret Handmaker and Sandy Metts Snowden. That Advisory Board has a broad-based community representation that has functioned well in keeping the neighbors informed about the University’s proposed actions.

I would be delighted to make this report to the Board of Directors of the UofL Foundation, Inc. at our meeting in July, if this proposal is acceptable to you.

Please contact me if you would like additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Burt Deutsch". The signature is fluid and cursive, with the first name "Burt" being more prominent and the last name "Deutsch" following in a similar style.

Burt Deutsch  
Chair,

Shelby Campus Development Committee

cc:UofL Foundation, Inc. Shelby Campus Development Committee