

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

In Open Session

Members of the University of Louisville Foundation, Inc., Board of Directors met at 12 Noon on June 5, 2008, in Ballroom B, Chancey Center, Belknap Campus, with members present and absent as follows:

Present: Mr. J. Chester Porter, Chairman

Mr. Ulysses L. Bridgeman, Jr.

Mr. Kevin Cogan

Dr. Salem George

Ms. Joyce Hagen

Mr. D. Harry Jones

Dr. James Ramsey

Mr. Sam Rechter

Mr. Eddy Roberts

Mr. Robert W Rounsavall, III

Ms. Sandy Metts Snowden

Dr. Barbara Weakley-Jones

Mr. Frank Weisberg

Absent: Mr. Burt Deutsch

Mr. William Wilcox

Foundation Legal

Counsel: Mr. Kennedy Helm, Stites & Harbison

Mr. Tyler Whitty, Stites & Harbison

Guests: Ms. Beth Brown, Rowland Design

From the

University: Dr. Shirley Willihnganz, EVP and Provost

Dr. Larry Cook, EVP Health Affairs

Mr. Mike Curtin, Vice President for Finance

Mr. Larry Owsley, VP for Business Affairs

Mr. Keith Inman, VP for Advancement

Ms. Susan Ingram, Director of Budgets

Mr. Joe Gahlinger, Controller's Office

Mrs. Anne Rademaker, Controller's office

Mr. Jason Tomlinson, VPF 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 12:00 Noon.

II. Consent Agenda

Approval of Minutes

- March 17, 2008

From the Finance Committee:

- Action Item: Approval of 2008-09 Operating Budget
- Action Item: Approval of Investment In Westwood Global

Investments and City of London Investment Management

- Action Item: Approval of Investment in Adage Capital Management

Information Item: Interim Financial Statements through March 31, 2008

- Information Item: Quarterly Investment Performance

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

XIII. Action to Approve Matching Funds for University Oval

President Ramsey introduced Ms. Beth Brown with Rowland Design. Ms. Brown updated the board on details of the Oval construction project. The project will transform the entrance to the University's campus and significantly enhance Stansbury Park. President Ramsey noted the Kentucky Transportation Cabinet has awarded \$1,000,000 toward the Oval Commons project. As part of this agreement, the University of Louisville Foundation must match these funds with \$250,000 toward the project costs. Total costs will be \$1,250,000. Mr. Rechter made a motion, which Mr. Jones seconded, to approve the

President's recommendation that the Board of Directors approve investment of \$250,000 in the renovation of the University Oval that will be matched with \$1,000,000 from the Kentucky Transportation Cabinet

The motion passed.

XIV. Action to Approve Guarantee of Bonding Authority for PJCS Expansion

President Ramsey asked Mr. Helm to summarize the action regarding the guarantee of bonding authority for the Papa John's Cardinal Stadium expansion project. Mr. Helm noted this action would authorize the guarantee to provide credit enhancement to ULAA, Inc. in order to secure financing. The amount of the maximum aggregate liability of the Foundation shall be \$90,000,000, and the action would authorize the execution of all actions needed to finance the expansion of the Papa John's Cardinal Stadium and the refunding of outstanding bonds that financed the original construction of the Papa John's Cardinal Stadium. Mr. Helm explained the legal details of the bond resolution. Mr. Jones made a motion, which Mr. Weisberg seconded, to approve the

Chair's recommendation that the Board of Directors authorize the attached guarantee to provide credit enhancement to ULAA, Inc. in order to secure financing. The amount of the maximum aggregate liability of the Foundation shall be \$90,000,000; and

authorize the President or his designee to execute all actions needed to finance the expansion of the Papa John's Cardinal Stadium and the refunding of outstanding bonds that financed the original construction of the Papa John's Cardinal Stadium

The motion passed.

XV. Action to Approve the Transfer of Assets from LMCDC to NUCLEUS, LLC

President Ramsey explained this action recognized the need for the Louisville Medical Center Development Corporation (LMCDC) to continue to operate as the entity of record for the Tax Increment Financing (TIF) and other contractual agreements, and will note NUCLEUS as the manager for LMCDC as well as all agreements. At the President's request, Mr. Helm explained the legal rationale for this action. Ms. Hagen made a motion, which Mr. Roberts seconded, to approve the

RESOLUTION OF THE BOARD OF DIRECTORS

REGARDING THE PURCHASE OF THE ASSETS OF

LOUISVILLE MEDICAL CENTER DEVELOPMENT CORPORATION

WHEREAS, on December 6, 2007, the Board of Directors of the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (the 'Foundation'), authorized the merger of Louisville Medical Center Development Corporation, a Kentucky non-profit corporation ('LMCDC'), with and into the Foundation, with the Foundation being the surviving non-profit corporation in the merger (the 'Proposed Transaction'); and

WHEREAS, based upon extensive review regarding the Proposed Transaction, the Foundation and LMCDC determined that it would be beneficial for LMCDC to continue to legally exist separate and apart from the Foundation; and

WHEREAS, in connection with the foregoing, the Board of Directors deems it to be in the best interest of the Foundation for the Foundation to purchase certain assets (the 'Assets') of LMCDC in exchange for the Foundation's assumption of the liabilities of LMCDC (the 'Liabilities') related to those Assets (collectively, the 'Transfer'), thereby permitting LMCDC to continue to legally exist separate and apart from the Foundation; and

WHEREAS, subsequent to the Transfer, the Foundation will assign and transfer (the 'Assignment') all of the Assets and Liabilities to Nucleus: Kentucky's Life Sciences and Innovation Center, LLC, a Kentucky limited liability company wholly-owned by the Foundation ('Nucleus'), and Nucleus will accept such Assets and assume such Liabilities.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby authorizes, approves and consents to the Transfer and subsequent Assignment.

FURTHER RESOLVED, that, in order to effectuate the Transfer and Assignment, Dr. James R. Ramsey is hereby authorized to negotiate the terms of, and execute and deliver, for and on behalf of the Foundation, (i) an asset purchase agreement, (ii) bills of sale, (iii) an assignment and assumption agreement, (iv) deeds, and (v) such other agreements, documents, instruments or certificates as Dr. Ramsey in his sole discretion deems necessary or appropriate to consummate the Transfer and subsequent Assignment, each of which shall be in such form and on such terms as approved by counsel to the Foundation and as Dr. Ramsey may deem to be in the best interest of the Foundation, in each case such approval and authority to be conclusively evidenced by Dr. Ramsey's execution thereof.

FURTHER RESOLVED, that Dr. Ramsey be authorized and directed to take all steps and do all things that he deems necessary, desirable or appropriate to carry out the aforesaid resolutions, to obtain any necessary regulatory approvals, to incur such expenses and to take such other action to fully effectuate the Transfer and subsequent Assignment; and

FURTHER RESOLVED, that all acts and deeds heretofore done by Dr. Ramsey for and on behalf of the Foundation with respect to the subject matter of the foregoing resolutions be and they hereby are, in all respects, approved, ratified, reaffirmed and confirmed.

The motion passed.

XVI. Action to Approve Renovation of 1259 Ray Avenue

President Ramsey explained that thanks to a generous donor, the Foundation purchased the 1259 Ray Avenue property. The renovation will be funded by donations from the same donor, along with matching donations to fund the total project at \$643,389. Dr. Ramsey said that through a competitive bid process, the Foundation staff selected Bittners, Inc. as the contractor of choice for the renovation of the 1259 Ray Avenue property. Bittners, Inc. and Rateau Construction will collaborate on the project to achieve reconstruction/renovation of the facility by the Ryder Cup in mid-September. The Ray House will be used primarily for fundraising to support the University of Louisville Foundation and the capital campaign. This facility will complement Amelia Place and will create a new dimension in fundraising capabilities. No academic-use funds or state-appropriated funds will be used for this project. Ms. Hagen made a motion, which Mr. Roberts seconded, to approve the

President's recommendation that the Foundation authorize the President or his designee to approve an agreement with Bittners, Inc. to renovate the 1259 Ray Avenue property at a cost of \$643,389 and to execute a deposit of \$321,694.50, or 50% of the total cost, to initiate the project immediately.

The motion passed.

XVII. Action to Approve Guarantee Loan for Greek Housing on Unity Place

President Ramsey reported that in conjunction with the completion of the Community Park development along Fourth Street, the University undertook a program to upgrade the seven (7) university-owned fraternity and sorority houses along Unity Place. The University has entered into long-term leases with the Greek organizations (Chi Omega, Phi Kappa Tau, and Delta Pi) that are renovating and upgrading the facilities. Other fraternities and sororities have expressed preliminary interest. Financing for these projects will come from fundraising, loans from housing corporations and commercial lenders. Mr. Jones made a motion, which Mr. Rechter seconded, to approve the

President's recommendation that the Foundation be authorized to guarantee commercial loans which shall be used to renovate university-owned Greek housing on Unity Place, and that the President or his designee(s) be authorized to negotiate, execute and deliver any agreements, documents, instruments or certificates necessary to effectuate such guarantees and to take all necessary action related thereto; and to ratify the President's actions to negotiate, execute and deliver previous guarantees for commercial loans related to the renovation of the Phi Kappa Tau and Delta Pi fraternities.

The motion passed.

XVIII. Action to Transform the Stoddard Johnston School

President Ramsey recognized the significant efforts to turn non-performing assets into revenue-producing assets. He noted the Reynolds Lofts as one example and the great potential of Shelby Campus. He reported the University of Louisville Foundation has been working with potential developers to renovate the Stoddard Johnston School as housing for married students and/or to lease as an income generating property. Several investors are interested in the facility, and one consideration is to sell the property for subsequent development. The facility is on the Register of Historic Places and a prominent architectural building in the St. Joseph's neighborhood. Mr. Weisberg made a motion, which Dr. George seconded, to approve the

President's recommendation that the Board of Directors authorize the President or his designee to execute all actions necessary to transform Stoddard Johnston School into a revenue-producing asset.

The motion passed.

XIX. Information Update on Draft Strategic Plan

President Ramsey said in 2006 the University successfully celebrated of the Challenge for Excellence, and at that time, the University's Board of Trustees adopted a process for developing a strategic/business plan, a comprehensive university branding concept, and a capital campaign strategy that builds upon the achievements of the Challenge for Excellence but launches new directions through 2020. The University celebrated achievement of the Challenge goals in September 2006. President Ramsey asked Provost Willihnganz to update the board on the strategic planning process. She reported the Board of Trustees established a strategic planning task force in November 2006. The task force produced a draft conceptual plan in July 2007. In November 2007, the University adopted the Business Plan 2020-A Financial Roadmap and launched a new branding strategy in January 2008.

Provost Willihnganz recognized representatives from all units on campus aided in the development of the proposed plan. All constituencies have had opportunity for input. Dr. Willihnganz said that on May 19, 2008, the Trustees Strategic Planning Committee endorsed in concept the proposed plan.

Executive Vice President and Provost Willihnganz then provided an overview of the new Strategic Plan 2020. Highlights of the presentation included: the University's mission, the five key areas of implementation in the 'Strategic Plan,' community engagement, educational excellence, diversity opportunity and social justice, and research, scholarship and creative activity. She distributed a draft scorecard for the Strategic Plan. Chair Porter thanked President Ramsey and Provost Willihnganz for an excellent update.

XX. Update on Fundraising and Capital Campaign

President Ramsey asked Vice President Inman to update the board on fundraising efforts and the capital campaign. Vice President Inman reported the organizational and quiet phase of the campaign began on July 1, 2007. Mr. Inman highlighted campaign progress:

- Owsley B. Frazier and J. Chester Porter named as honorary cochairs
- Development leadership recruited for the Health Sciences and Belknap Campuses
- Created regional development office

- Recruited and employed 15 new development officers with 30 fundraisers currently on staff
- Identified potential campaign guidelines and counting procedures
- Established campaign structure
- Drafted campaign case and needs statement
- Identified feasibility study participants
- Focused on donor-centered model

Noting this was the best year for fundraising, Vice President Inman reported that, to date, the Foundation raised \$81,469,468.57 in new gifts and pledges.

Mr. Inman said next steps included completing the feasibility study, naming the campaign steering committee, recruiting and employing the remainder of development staff, and raising more private funding support for the University. Chair Porter congratulated President Ramsey and Vice President Inman on an excellent year.

XXI. Report of the President

President Ramsey provided the following updates:

- o The University's 2008-09 operating budget
- o Seven (7) University of Louisville students received Fullbright scholarship
- o The clinical space in the James Graham Brown Cancer Center is finished ,and expressed appreciation to the Foundation for helping make this possible
- o The University hired Dr. Colleen Jonsson as the director of the BSL-3 laboratory. She has excellent qualifications for the position. At a future meeting of the board, he will invite Dr. Jonsson to attend.

XII Report of the Chair

Chair Porter had no report.

XIII. Adjournment