

Minutes of the Regular Meeting of the Board of Directors of the University
of Louisville Foundation, Inc.

In Open Session

Members of the Board of Directors of the University of Louisville Foundation, Inc., met on December 1, 2009 in the Board Room of the Chancey Center on Belknap Campus with members present and absent as follows:

Present: Mr. J. Chester Porter, Chairman
Ms. Marie Abrams
Mr. Kevin Cogan
Mr. Owsley B. Frazier
Dr. Salem George
Ms. Joyce Hagen
Mr. D. Harry Jones
Dr. James Ramsey
Mr. Sam Rechter
Mr. Eddy Roberts
Mr. Robert W Rounsavall, III
Dr. William Selvidge
Mr. Frank Weisberg

Absent: Mr. Burt Deutsch
Mr. William G. Wilcox

Foundation Legal

Counsel: Mr. David Saffer, Stites & Harbison

Guests: Mr. Steve Downey, ApoImmune
Ms. Vickie Yates Brown, Nucleus
Mr. Bob Gunnell, Peritus Publications

From the

University: Dr. Shirley Willihnganz, EVP and Provost
Dr. Larry Cook, EVP Health Affairs
Dr. William Pierce, Interim EVP for Research
Mr. Mike Curtin, Vice President for Finance
Mr. Keith Inman, VP University Advancement
Mr. Larry Owsley, VP BA
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 12:05 p.m. Chair Porter welcomed new members Ms. Marie Abrams and Dr. William Selvidge.

II. Consent Agenda

- Approval of Minutes of Regular Meeting, September 1, 2009

From the Finance Committee:

- Action Item: Approval of FY 2009 Financial Statements
- Action Item: Approval of PNCCM Custody Account Resolution
- Action Item: Approval to Incrementally Redeem Loomis
- Action Item: Approval of Revised Target Allocation
- Information Item: Quarterly Investment Performance Report

Chair Porter read the roll of consent agenda items. Hearing no objection, Mr. Jones made a motion, which Mr. Rounsavall seconded, to approve the consent agenda. The motion passed. Chair Porter noted the quarter investment report was for information purposes.

III. Action Item: Approval of Refinancing of Student Housing Bonds

President Ramsey noted the Foundation guaranteed bonds for Kurz and Bettie Johnson Halls, ULH, Inc., issued variable rate demand student housing industrial building revenue bonds to finance the buildings (Bettie Johnson Hall (\$24,195,000) and Herman & Heddy Kurz Hall (\$14,460,000) in 2001 and 2002 respectively. Allen & O'Hare Educational Services, LLC manages both facilities, collects rents, pays expenses and makes debt service payments. Both facilities have operated at 98% or better occupancy since becoming operational and have been financially sound honoring all bond covenants and indentures.

The President asked staff to investigate refinancing these variable rate bonds as fixed rate issues to remove the risk and uncertainty of re-marketing failures. The current historically low interest rate environment provides a good opportunity to refinance at attractive fixed interest rates. Furthermore, one of the features of the Stimulus package is to increase Bank Qualified (BQ) Bonds limits from \$10 million to \$30 million per year. BQ Bonds offer advantages of competitive interest rates and simplified procedures.

Staff worked with the bond advisor and underwriter and Stites & Harbison served as bond counsel to enable the refunding of existing bond balances (\$21,760,000 for Series 2001 and (\$13,635,000 for Series 2002) and issuance two new fixed rate BQ bonds. We need to issue two bonds to remain under the annual BQ bond limit of \$30 million. The Series 2002 bonds will be refunded and re-issued in December 2009 and the Series 2001 bonds will be refunded/re-issued in January 2010. We ask that you approve the resolution to provide credit enhancement for the refinancing of the bonds. Mr. Jones made a motion, which Mr. Frazier seconded, to approve the

IV. Action Item: Approval of Policy to Require a Competitive Procedure for All Foundation Expenditures

V. Report of the President

- Steve Downey, ApoImmune
- Vickie Yates Brown, Nucleus

VI. Report of the Chairman

The President retired from the meeting.

VII. Adjournment

The meeting adjourned at 1:30 p.m.

BOARD ACTION:

Passed _____ X _____

Did not pass _____

Other _____

Asst. Secretary *Katalin M. Smith*