

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

In Open Session

The University of Louisville Research Foundation, Inc., Board of Directors met on November 21, 2006, in the Jefferson Room, Grawemeyer Hall, with members present and absent as follows:

Present: Dr. Salem George, Chair Pro Tem
Ms. Marie Abrams
Prof. Beth Boehm
Mr. Ulysses L. Bridgeman, Jr.
Mr. Ron Butt
Mr. Michael Curtin
Ms. Beverly Daly
Ms. Donna Tinsley Denny
Mr. Nathaniel Green
Ms. Margaret Handmaker
Dr. Robert Curtis Hughes
Ms. Rebecca Jackson
Ms. Jessica Loving
Dr. Nancy C. Martin
Mr. Steve Poe
Dr. James R. Ramsey
Ms. Sandra Metts Snowden
Mr. Bill Stone
Dr. Shirley Willihnganz

Absent: Mr. Jonathan Blue
Mr. Owsley Frazier
Mr. Grant Helman
Mr. J. Chester Porter

From the
University: Dr. Larry Cook, Executive Vice President for Health Affairs
Ms. Angela D. Koshewa, University Counsel
Mr. Dan Hall, Vice President for External Affairs
Dr. Ed Halperin, Dean, School of Medicine
Dr. Blane Hudson, Dean, College of Arts & Sciences
Dr. Richard Redinger, School of Medicine
Dr. David Howarth, Associate University Provost
Ms. Susan I. Howarth, Director of Budgets
Ms. Terri Rutledge, Asst. VP for Business Affairs
Mr. John Drees, Interim Assoc. VP for Communications and Marketing
Ms. Anne Rademaker, Manager, General Accounting & Reporting

Ms. Carolyn Cochran, Office of the Provost
Mrs. Kathleen M. Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison

Guests: Ms. Mary McKinley, BKD

I. Call to Order

Having determined a quorum present, Chair Pro Tem George called the meeting to order at 1:00 p.m.

II. Action Item: Approval of Minutes, May 11, 2006

Ms. Jackson made a motion, which Ms. Abrams seconded, to approve the minutes of May 11, 2006. The motion passed with Mr. Messer abstaining.

III. Report of the Nominating Committee

Chair Bridgeman reported the Nominating Committee met to consider the vacant chair position. The Committee recommended filling the vacancy with Sandy Metts Snowden. Prior to May 2006, Ms. Snowden has served as vice chair of the Research Foundation Board until May. On behalf of the Nominating Committee, Mr. Bridgeman made a motion, which Ms. Daly seconded, to approve the

Nominating Committee's recommendation that Sandy Metts Snowden fill the vacant chair position

The motion passed unanimously. Ms. Snowden chaired the remainder of the meeting.

IV. Action Item: Approval of Recommendation Regarding Security Clearance and Managerial Group

President Ramsey noted this action amends the security clearance action the board took last month. It was routine in nature and requested by Federal regulations. Ms. Denny made a motion, which Ms. Handmaker seconded, to approve the

The President's recommendation that the Board of Directors adopt the attached Resolution revising the Managerial Group of the Board of Directors of the University of Louisville Research Foundation, Inc. and waiving of security clearance for officers, Directors, and directors not a part of the managerial group; and

that the President be authorized to take any other steps necessary with regard to agreements or assurances to the Defense Security Service to effect the facility security clearance of the University of

Louisville Research Foundation, Inc. and clearance of its personnel including compliance with the provisions of the National Industrial Security Program Operating Manual or other Federal government policy relating to safeguarding of classified information.

The motion passed unanimously.

V. Action Item: Approval of Audited Financial Statements For Year Ended June 30, 2006 and Independent Auditor's Report

Chair Snowden asked Vice President Curtin to review the audited financial statements. Vice President Curtin reported the UofL Research Foundation is in strong financial position. BKD has issued a clean, unqualified report with no exceptions. Mr. Curtin asked Ms. McKinley, BKD, to review highlights of the audit. Highlights were:

- \$2.0 million for Space Flight Exploration and the study of the Impact on Perception, Cognition, Sleep and Brain Physiology;
- \$2.0 million for the study of the Kentucky Rural Energy Supply;
- \$1.9 million from the US Department of Energy for study of Advanced Materials;
- \$1.8 million to study the Mechanisms of Plasticity and Repair after Spinal Cord Injury;
- \$1.3 million from NSF to study Directed Self-Assembly of Suspended Polymer Fibers in the Fabrication of Three-Dimensional Nanodevices; and
- 1.0 million for the study of Digit Regeneration in Mammals.

Ms. McKinley compared the Research Foundation's total assets of \$113.3 million and liabilities of \$24.6 million to last year's \$93.2 million in total assets and \$16.7 million in liabilities. ULRF net assets, which represent the residual interest in assets less liabilities, were \$88.7 million and \$76.5 million at June 30, 2006 and 2005, respectively. She noted the Research Foundation's total liabilities of \$24.6 million consist primarily of deferred revenue. Deferred revenue represents the unearned portion of grants and sponsored programs and comprises \$16.8 million of 68% of total liabilities.

Chair Snowden thanked Vice President Curtin and Ms. McKinley for an excellent report. Ms. Abrams made a motion, which Mr. Butt seconded to approve the

President's recommendation that the Board of Directors accept the audited financial statements for the University of Louisville Research Foundation, Inc. for the year ended June 30, 2006 and Independent Auditor's Report as prepared by BKD.

The motion passed unanimously.

VI. Action Item: Approval of the Consolidated Schedule of Expenditures of Federal Awards and Other Reports Required by OMB Circular A-133 for the Year Ended June 30, 2006

Vice President Curtin reviewed the Schedule of Expenditures of Federal Awards for Year Ended June 30, 2006. He noted a clean, unqualified audit, and asked Ms. McKinley to summarize BKD's findings. Ms. McKinley stated the purpose of the Schedule is to present a consolidated summary of those expenditures of the University for the year ended June 30, 2006, which has been federally financed. She reported the University has complied, in all material respects, with federal requirements; however, the results of the audit disclosed an instance of noncompliance with federal requirements that is required to be reported in accordance with OMB Circular A-133. A time lag existed between the National Clearinghouse reporting to the National Student Loan Data System (NSLDS). BKD recommended the University should ask the National Clearinghouse to adjust its reporting schedule to meet NSLDS deadlines. University management concurred with the finding and recommendation. Ms. McKinley noted the University has added its analysis of the NSLDS Enrollment Reporting Schedule to the annual documentation reviewed each calendar year. Ms. Jackson made a motion, which Ms. Daly seconded, to approve the

President's recommendation that the Board of Directors accept the Consolidated Schedule of Expenditures of Federal Awards and Other Reports Required by OMB Circular A-133 for the Year Ended June 30, 2006.

The motion passed unanimously.

VII. Information Item: Research and Technology Transfer Report

Vice President Martin presented the Annual Report for the Office of Technology Transfer (OTT). The University reaffirmed its commitment to OTT by investing almost \$600,000 in patent filings during Fiscal Year 2006 (FY 06) and more than \$1 million in the technology transfer operation. The University received a total of 72 research disclosures on innovations developed in FY 06, which represented a 14% increase. These innovations involved 128 discoveries in 37 departments, which reflect an increased participation in the technology transfer process.

The School of Medicine innovators contributed 58% of the research disclosures. J. B. Speed School of Engineering realized a significant increase, contributing 25% of the research disclosures, while the College of Arts & Sciences increased its contribution to 8%, and the School of Dentistry 5%. Dr. Martin noted additional contributions came from the School of Public Health & Information Sciences, the College of Business, the College of Education and Human Development and the Office of the Senior Vice President for Research. Chair Snowden thanked Vice President Martin for her informative report.

VIII. Report of the President

Due to time constraints, the President had no report.

IX. Adjournment

Ms. Handmaker made a motion, which Mr. Porter seconded, to adjourn the meeting at 1:40 p.m. The motion passed unanimously.