

MINUTES OF THE ANNUAL MEETING OF THE
BOARD OF TRUSTEES OF THE UNIVERSITY OF LOUISVILLE

September 27, 2006

In Open Session

The Board of Trustees of the University of Louisville met on September 27, 2006, at 1:20 p.m. in the Jefferson Room of Grawemeyer Hall, Belknap Campus, with members present and absent as follows:

Present: Mr. J. Chester Porter, Chairman
Ms. Marie Abrams
Prof. Beth Boehm
Mr. Ron Butt
Ms. Bev Daly
Ms. Donna Tinsley Denny
Dr. Salem George
Mr. Grant Helman
Dr. Robert Curtis Hughes
Ms. Rebecca Jackson
Ms. Jessica Loving
Mr. Darrell Messer
Mr. Steve Poe
Mr. William Stone

Absent: Mr. Jonathan Blue
Mr. Ulysses L. Bridgeman, Jr.
Mr. Owsley B. Frazier
Mr. Nathaniel Green
Ms. Margaret Handmaker
Ms. Sandy Metts Snowden

From the
University: Dr. James R. Ramsey, President
Dr. Shirley Willihnganz, Executive Vice President and Provost
Dr. Larry Cook, Executive Vice President for Health Affairs
Ms. Angela D. Koshewa, University Counsel
Dr. Nancy Martin, Senior Vice President for Research
Mr. Mike Curtin, Vice President for Finance
Mr. Larry Owlsey, Vice President for Business Affairs
Mr. Tom Jurich, Vice President for Athletics
Mr. Tom Sawyer, Acting VP of Information Technology
Ms. Dana Mayton, Associate VP for Government Relations
Dr. Connie Shumake, SACS Coordinator

Dr. Dan Mahony, Assistant University Provost
Ms. Susan Howarth, Director of Budget
Mr. John Drees, Assoc. VP for Communications & Marketing
Ms. Anne Rademaker, Controller's Office
Ms. Carolyn Cochran, Provost's Office
Ms. Terri Rutledge, Asst. VP for Business Affairs
Mrs. Kathleen M. Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison

I. Call to Order

Chair Porter called the meeting to order at 1:17 p.m. Chair Porter welcomed new trustees: Ms. Beverly Daly, Mr. Ron Butt and Dr. Beth Boehm.

II. Consent Agenda

A. Approval of Minutes

- Special Board Meeting, 8/22/06

B. From the Personnel Committee

- Action Item: Monthly Personnel Recommendations
- Action Item: Approval of Alumni Fellow – Speed School of Engineering

Chair Porter read the consent agenda. Hearing no objections, Ms. Abrams made a motion, which Mr. Poe seconded, to approve the agenda. The motion passed unanimously.

III. Report of the Nominating Committee

Ms. Denny reported the Nominating Committee met on August 22 and September 18. The Committee discussed procedures and subsequently the nominees for the board's officers. After polling the members of the Board about possible nominees, the Nominating Committee voted unanimously to introduce the following proposal for nominations for officers. Ms. Denny referenced a brief summary of the nominees' credentials, as follows.

J. Chester Porter, appointment as Chair

Mr. Porter received his baccalaureate degree and an honorary doctorate from Campbellsville University and his law degree from the University of Louisville. He was named as Alumni Fellow by the UofL Brandeis School of Law and Alumnus of the Year in 1998 by Campbellsville University and in 2003 by the UofL Alumni Association. As senior partner in Porter & Associates, he specializes in legal representation for corporate and bank acquisitions, business and bank management, and real estate development. He also serves as Chairman of the Board of the following banks and related bank holding companies—with total assets exceeding \$1 billion: Porter Bancorp, The Central Bank USA, Inc.

(which includes Greensburg, Pleasureville, Eminence, Green River, Morgantown, Pioneer, Munfordsville, Horse Cave, Canmer, Glasgow and Burkesville Banks); The Peoples Bank of Taylorsville and Elk Creek; Crossroads Bancorp-The Peoples Bank of Mt. Washington, The Bullitt County Bank at Shepherdsville and at Hillview; the Brownsville Deposit Bank in Brownsville, and Ascencia Bank in Louisville. Additionally, Mr. Porter serves as an officer, director, and general counsel for numerous corporations.

Nathaniel E. Green, appointment as Vice Chair

Mr. Green has master degrees from UofL A&S and Southern Baptist Theological Seminary in Religious Education and Social Work and is licensed in the state of Kentucky in social work. He was a campus civil rights leader in Mississippi in the 1960s and now participates actively in local civic and social affairs. Before retiring from the Internal Revenue Service, he was recognized by IRS as their National Quality Professional of the year (he was solely honored in 1992 by the entire IRS). He began teaching at the University of Louisville as an Executive in Residence following his IRS retirement and assumed leadership of the Ford Motor Company's Quality Initiative program in the College of Business and Public Administration. After studying as an invited participant in the Career Realities Seminar at the University of London Business School in the United Kingdom, he began N E Green & Associates, Inc.—a consulting firm specializing in the application of Total Quality Management in the development of international ventures in African countries and nonprofit U.S. organizations. He is principal partner and CEO of The EconVillage Group, LLC, which has focused on delivering quality management consulting expertise in the commercial development of Ghana and the Economic Communities of West African States.

Sandra Metts Snowden, appointment as Treasurer

Ms. Snowden is owner and president of Realty World-Sandy Metts & Associates. She is the only woman in the state of Kentucky to hold both the Certified Commercial Investment Member (CCIM) and the Certified Property Manager (CPM) designations. She is an active member of the Louisville Board of Realtors, the Kentucky Association of Realtors, and the National Association of Realtors. She chaired the Metropolitan Sewer District board from 1991 through 1997, chaired the Jefferson Club Board of Governors, served as Democratic National Committee Woman for Kentucky from 1980 to 1984, was vice president and treasurer of Save the Mansion Committee—raising more than \$1 million during Governor John Y. Brown's administration, and served in numerous other leadership positions for community organizations. In 1997, she was recognized for her professional leadership and civic involvement by the River City Business and Professional Women's Association with the "Woman of Achievement" award.

Owsley Brown Frazier, appointment as Secretary

Mr. Frazier received his baccalaureate and law degrees and an honorary doctorate from the University of Louisville. He was named Alumni Fellow by the UofL

Brandeis School of Law and the 2005 Alumnus of the Year by the UofL Alumni Association. He currently serves as Chairman of the Board of the Frazier Historical Arms Museum and as a member of the Board of Directors of Papa John's Corporation. Although he is the retired Vice Chairman of the Brown-Forman Corporation, he also continues to serve on the Brown-Forman Corporation Board of Directors. Mr. Frazier is a philanthropist who is devoted to civic and public involvement, especially in education. He has helped to raise more than \$200 million for Kentucky educational institutions. He spearheaded the Brown-Forman Adopt-a-Neighborhood program, which invested more than \$6 million in re-building affordable housing in the City's California neighborhood. Mr. Frazier has served in leadership on numerous boards, including the Louisville Housing Authority, the Cathedral Heritage Foundation, Jewish Hospital Healthcare Services, Frazier Rehab Center, Greater Louisville, Inc. and Bellarmine College. He also served as Chair of UofL's Board of Overseers.

Ulysses L. Bridgeman, Jr. as the At-Large representative

Mr. Bridgeman is the Owner and President of Bridgefood, Inc., which oversees 175 Wendy's and other Restaurants in Wisconsin, Kentucky, Tennessee, and Florida. He received his Bachelor of Arts degree in Psychology from the University of Louisville in 1975 and was named Alumnus of the Year in 2002 by the UofL Alumni Association. From 1975-1987 he played professional basketball with the Milwaukee Bucks and the Los Angeles Clippers. His eleven years with the NBA Players Association included 4 years as President and three years as Treasurer. Mr. Bridgeman served as chairman of UofL's Board of Trustees from 2003-2005.

Mr. Stone made a motion, which Mr. Helman seconded, to approve the

Nominating Committee's recommendation of the following officers for 2006-07:

CHAIR	J. Chester Porter
VICE CHAIR	Nathaniel E. Green
TREASURER	Sandra Metts Snowden
SECRETARY	Owsley B. Frazier
AT LARGE	Ulysses L. Bridgeman, Jr.
CONSTITUENCY	Darrell Messer, Student Trustee
COUNSEL	Angela Koshewa
ASSISTANT SECRETARY	Kathleen Smith
ASSISTANT TREASURER	Michael Curtin

The motion passed unanimously. Chair Porter thanked the Board for its confidence in the leadership to continue as the Board's officers.

IV. Recognition of Michael Bush

Chair Porter rearranged the agenda to recognize special guests at the meeting. President Ramsey introduced Michael Bush, his parents and Coach Bobby Petrino. Dr. Ramsey recognized Mr. Bush's performance on the football field and his many contributions to the program. The University has been very proud of him on and off the field. President Ramsey, on behalf of the board, read the following resolution into the record. Dr. Hughes made a motion, which Ms. Abrams seconded, to approve the following resolution.

Cardinal No. 19, Michael Bush

WHEREAS, Michael Bush, an outstanding athlete at Louisville Male High School and Kentucky's Mr. Football, joined the Cardinal Football team in 2003 as No. 19;

WHEREAS, his leadership on the field, beginning with his first practice, has been extraordinary and his records have earned him the deep respect and admiration of his coaches and Cardinal Fans alike;

WHEREAS, his remarkable records in rushing, 2,508 yards, and touchdown carries, 39 times crossing the goal line, rank him 7th in Cardinal Football history in rushing with an average of 5.7 yards per carry and 2nd in touchdowns;

WHEREAS, his appearance in 36 games and 16 starts has thrilled and excited Cardinal Fans like no other player before him;

WHEREAS, his 2005 record in the Big East Conference bestowed pride on his university as he achieved All Big East distinction, set a school record for 23 rushing touchdowns in one season while leading the nation in scoring for an average of 14.4 points per game;

WHEREAS, his attention to preparation and determination has set an excellent example for his colleague players and all student-athletes participating in Cardinal Athletics, as well as all individuals in athletic programs in our community and nation;

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of the University of Louisville hereby expresses its deep appreciation to Michael Bush for his extraordinary courage, his outstanding performance, his devoted commitment to Cardinal Athletics, and his continuing loyalty to the University of Louisville; and

BE IT ALSO RESOLVED that a copy of this Resolution appropriately signed, be presented to Mr. Bush with our deepest and continuing appreciation.

The motion passed unanimously. Mr. Bush received a standing ovation. Vice President Jurich concurred, stating Mr. Bush has made his parents and the University community very proud. Coach Petrino recognized the profound impact Mr. Bush has had on the program and expressed his sadness for Mr. Bush's injury. Mr. Bush thanked the Board for its support, and his parents and coaches for giving him this excellent opportunity.

V. Action Item: Approval of Faculty Office Building

President Ramsey reported the University is committed to finishing the Challenge for Excellence. 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. Dr. Ramsey asked Executive Vice President Cook to present the proposal on the faculty office building. Highlights of Dr. Cook's presentation follow:

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.

And 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 the following about the developer, 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.

Sources of financing were identified as follows:

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

Dr. Cook explained the University would be asking the University of Louisville Foundation 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 will begin in the Fall of 2006, with construction in December 2006/Early 2007. The building will be fully operational by Early 2008.

Mr. Poe expressed a note of caution about the risks, operating control and tax exemptions with this structure. Dr. Cook explained the structure is not tax exempt. President Ramsey noted; however, that there will be a component of this building used for charitable purposes. Chair Porter encouraged trustees with specific questions about the business plan for the building to follow up privately with Dr. Cook. Ms. Loving made a motion, which Ms. Abrams seconded, to approve the

President's recommendation that the Board of Trustees authorize the President or his designee to execute plans to develop and construct a new Faculty Office Building for UofL Health Care and to designate up to \$10 million in health science resources to this project.

Further, the Board of Trustees authorizes the President or his designee to execute any and all documents pertaining to the development, construction, and operation of this project.

The motion passed unanimously. Dr. Hughes remarked this was an excellent business strategy for UofL Healthcare. This strategy will improve the quality of patient care by providing one central location and efficiency. Dr. George concurred that this initiative would generate revenue for the physician practices and medical center.

VI. Information Item: Report from UofL Foundation

Mr. Green was unable to attend the meeting. Chair Porter referenced Mr. Green's written report, which follows.

More detailed information may be obtained about the activities of the UofL Foundation, www.louisvillefoundation.org. Under Dr. Ramsey's leadership, the Foundation voluntarily made all board meetings open to the public and has posted agendas, minutes, attachments, annual reports, financial statements, and other meeting materials on the Foundation's web site.

The recommendations submitted by the Trustees to the UofL Foundation Board were approved as follows:

- Approval of Discretionary Compensation for Leadership Team of the Office of the President as recommended by the Trustees on June 6, 2006
- Bonus Payment for President Ramsey as recommended by the Trustees on June 6th

The Board also stated its strong support for student financial aid and agreed to establish a Scholarship Committee to monitor the distribution of scholarship funds held in the Foundation. Although a recent dip in the investment performance of the Foundation has occurred, the overall performance during the past five year period has been extremely good as compared to the higher education universe managed by Cambridge Associates.

The Finance Committee, on behalf of the Board of Directors, accepted the audit report for the year ending June 30, 2005, and noted that BKD had issued a clean, unqualified audit.

This is very much a summary of the work of the Foundation. Please feel free to contact Mr. Green about anything in this report if you would like more detail or review the Foundation web site where this information is presented in greater depth along with charts and reports to describe the Foundation's investment performance.

VII. Information Item: Report from the Alumni Association

Mr. Ford summarized the Alumni Association's activities the past year. The Alumni Association continued to focus considerable effort on the enhancement and development of its advocates program. This key program has proved invaluable in the continued support of the base funding provided to the University at the State, local and Federal levels. Through the utilization of our Commonwealth Alumni Club Networks, athletic programming, alumni and presidential outreach efforts, cultural and social events and aggressive recruitment efforts, we experienced a 33 % (from 315 to 470) increase in our number of volunteers.

The Alumni Association continued to initiate open dialogue with constituents throughout the University, as well as key alumni and donors to develop a more structured system introducing new traditions and recognizing the accomplishments of the University and its alumni. Programs and events are evaluated prior to and immediately following the event to make certain they have a strategic focus and purpose supporting the overall vision and goals of the University.

The Alumni Association awarded more than \$65,000 in scholarships this past year. This total does not include funds totaling more than \$136,000 given to the Hallmark Scholars program from the Commonwealth's license plate program to support the best and brightest students. For the second time in the history of the alumni association, over 50% of our alumni clubs have active endowed accounts.

The main areas of improvement related to communications and marketing revolved around the completion of the print and on – line alumni directory projects with Harris Publishing; partnership with the Louisville Sports Report; Enhancement of Broadcast messaging system and strategic updates within the University Magazine.

Primary focus remained on promoting consistent message of one university.
Highlights of the communications included:

- Increased electronic database from 10,000 to over 23,000 (130% increase)
- Produced an updated print version of alumni directory over 6,000 copies sold
- Produced award winning magazine – *Sankofa* – for African American Constituents
- Produce monthly html formatted e - newsletter to over 25,000 alumni/donors
- Partnered with Louisville Sports Report for full page ad in each publication
- Produced special homecoming poster as calendar of events
- Coordinated weekly advocates email regarding general assembly and call to action
- Developed and utilized events committee to promote via magazine special events

In response to Mr. Stone’s inquiry, Mr. Ford advised membership is free. President Ramsey noted the University was very close to selecting a vice president for university advancement. At that time, the University will consider things such as a membership fee. Chair Porter thanked Mr. Ford for an excellent report.

VII. Report of the President

Resolution of Appreciation: Kevin Cogan

President Ramsey reported Kevin Cogan’s term ended June 30, 2006. Mr. Stone made a motion, and Dr. George seconded, to approve the following resolution.

KEVIN COGAN

WHEREAS, Kevin Cogan has served the University with distinction as a member of the Board of Trustees since his appointment by Governor Patton in 2000;

WHEREAS, in his capacity as a member of the Board, he served faithfully and well on various standing committees of the Board, including the Finance Committee; the Nominating Committee; Intellectual Property Committee, the ad hoc Committee on Bylaws and Policies, and serving as Chair of the Audit Committee;

WHEREAS, he willingly served on the Board of Directors of University affiliated corporations, including serving as chair of the University of Louisville Research Foundation, Inc.;

WHEREAS, he has given his full and loyal support to the University, thereby winning the admiration, affection, and respect of his fellow Trustees.

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of the University of Louisville hereby expresses its sincere admiration and deep appreciation to Kevin Cogan for his hard work and outstanding performance as a member of the Board of Trustees from July 2000 through June 2006; and

BE IT FURTHER RESOLVED, that a copy of this Resolution, appropriately signed, be presented to Mr. Cogan.

The motion passed unanimously.

Resolution of Appreciation: Dr. William Pierce

President Ramsey recognized Dr. Pierce for his service on the Board. Mr. Helman made a motion, which Ms. Denny seconded, to approve the following resolution:

DR. WILLIAM PIERCE

WHEREAS, Dr. William Pierce has served the University with distinction as the faculty representative on the Board of Trustees for the past two years and as Chair of the Faculty Senate from 2004-2006;

WHEREAS, in his capacity as a member of the Board, he served faithfully and well on various standing committees of the Board, including the Executive Committee (Constituency Representative 2005-06); the Trustees Award Committee (Vice Chair 2004-2006), Finance Committee (Chair 2004-05); the Academic and Student Affairs Committee (Chair 2005-06); and the Compensation Committee (2005-06).

WHEREAS, because of his many talents, he also served on various special University and Board Committees, including serving as a member of the 2004-2005 Executive Vice President for Health Affairs Search Committee, and various other groups that benefited greatly from his leadership;

WHEREAS, he willingly served on the Board of Directors of University affiliated corporations, including the University of Louisville Research Foundation, Inc., serving as treasurer; and

WHEREAS, he has demonstrated his full and loyal support to the University, thereby winning the admiration, affection, and respect of his fellow Trustees.

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees of the University of Louisville hereby expresses its sincere admiration and deep appreciation to Dr. Pierce for his distinguished contributions and outstanding performance as a member of the Board of Trustees from September 2004 through August 2006; and

BE IT FURTHER RESOLVED, that a copy of this Resolution, appropriately signed, be presented to Dr. William Pierce.

The motion passed unanimously.

Challenge for Excellence

President Ramsey reported the University community has celebrated its successes with the Challenge for Excellence. The celebrations brought to closure the plan that has guided the University for the past eight years, and the University looked forward to crafting a new vision that will shape its destiny, a plan that will help meet the state's mandate of preeminence as a metropolitan research university by 2020. President Ramsey asked Provost Willihnganz to lead this planning effort and invited her to update the Board on its progress.

Provost Willihnganz acknowledged a team effort involved in improving the graduation rate. 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%. Chair Porter thanked Dr. Willihnganz for her report.

Update on SACS Accreditation

Provost Willihnganz introduced Dr. Dan Mahoney and Ms. Connie Shumake. She acknowledged this was a huge amount of work and involved almost everyone at the University. SACS requires all documents online in addition to receiving a hard copy, too. Dr. Mahoney and Ms. Shumake demonstrated the SACS accreditation website.

VIII. Report of the Chair

Chair Porter noted the dedication of Owsley B. Frazier Cardinal Park and recognized Mr. Frazier for his leadership and support of the University.

IX. Adjournment

The meeting adjourned at 3:00 p.m.