



Office of the President

Dec. 9, 2016

Honorable Mike Harmon
Auditor of Public Accounts
209 St. Clair Street
Frankfort, Ky. 40601

RE: Preliminary Response to Examination of the Governance of the University of Louisville Foundation and its Relationship to the University of Louisville

Dear Auditor Harmon:

We appreciate the Auditor's Office responding to our request for an examination of the University of Louisville Foundation and agree overall with your findings. We also thank you for the considerable time and effort expended by the Auditor of Public Accounts team in reviewing information.

The University of Louisville Foundation has a critical mission to support the University of Louisville in its efforts to maintain its distinction as a premier, nationally recognized metropolitan research university. The foundation fulfills that mission in many ways, including through the funding and support of the university's education, research and service goals through such things as student scholarships, research chairs, endowed professorships, faculty grants and salaries and other academic initiatives. It is an invaluable asset.

We recognize and appreciate that many in the community—including UofL faculty and staff, students, alumni, supporters, donors and other stakeholders—have concerns about whether the foundation has adhered to best practices in its governance, accounting and financial record keeping. We can assure you that considerable time and energy have been and will continue to be spent addressing the issues that you have identified.

More specifically, we believe it is important to note that needed changes to the leadership of the foundation and some of its policies and procedures have occurred in recent months. We have pledged to operate in a spirit of transparency and openness while maintaining our commitment to advance the intellectual, social and economic development of our community.

We can report that substantial change and corrective action are already underway to address many of the findings in your governance review. These measures include:

- Hiring outside counsel through a University of Louisville Foundation Board resolution to help establish processes that have ensured we are now in compliance with our legal obligation to fulfill Open Records Requests in a timely manner.
- Creating a vastly improved working relationship between the University of Louisville Board of Trustees and University of Louisville Foundation Board. As one example, the two entities are

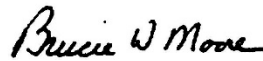
working cooperatively on a Joint Audit Oversight Committee that recently selected Alvarez & Marsal Disputes and Investigations LLC to conduct a forensic audit of the foundation.

- Establishing a new foundation committee to oversee the foundation's governance and organizational structure and to suggest any needed modifications.
- Joining the Association of Governing Boards of Universities and Colleges (AGB), a premier organization focused on governance in higher education and assisting institutions with instilling best practices. Both the University of Louisville and the University of Louisville Foundation are now members.
- Hiring Keith Sherman as interim executive director/chief operating officer of the foundation to improve operations of the foundation and to implement best practices.
- Establishing a board orientation program. The first session will be held at the Dec. 21 board meeting focusing on foundation By-Laws, Open Record Request procedures and Conflict of Interest statements.
- Determining that the current interim president of the university would not serve as president of the foundation during this transition period.
- Ensuring that the university's senior vice president of finance and chief operating officer will serve on the foundation's Finance Committee.

Again, we thank you for the invaluable work by your team. This audit provides a roadmap for further improvements in the oversight and daily operations of the foundation, and we look forward to continuing the work necessary to ensure that public confidence and trust in this important resource is fully restored. We will provide a more detailed Corrective Action Plan to your office within the next 60 days. While much of that work remains, as we've stated above a tremendous amount has been accomplished in a short amount of time. It is truly a new day for the University of Louisville and the University of Louisville Foundation.



Neville Pinto, Interim President
University of Louisville



Bruce Moore, Chair
University of Louisville Foundation