

Minutes of the Regular Meeting of the University of Louisville Board of Trustees

In Open Session

Members of the University of Louisville Board of Trustees met on November 12, 2009
In the Jefferson Room, Grawemeyer Hall, Belknap Campus, with members present and absent as follows:

Present: Mr. Owsley B. Frazier, Chair
Mr. Ron Butt
Dr. Salem George
Ms. Brucie Moore
Mr. O J Oleka
Mr. Steve Poe
Ms. Debbie Scoppechio
Dr. William Selvidge
Mr. Bill Stone
Ms. Phoebe Wood
Ms. Rebecca Jackson
Mr. Chester Porter
Mr. Brent Fryrear
Dr. Kevin Cosby
Dr. Robert Curtis Hughes
Prof. Melissa Laning
Dr. Mark Lynn
Mr. Frank Minnifield

Absent: Mr. Jonathan Blue
One Vacancy

From the University: Dr. James R. Ramsey, President
Dr. Shirley Willihnganz, Executive Vice President and Provost
Dr. William Pierce, Interim Executive Vice President for Research
Ms. Angela D. Koshewa, University Counsel
Mr. Mike Curtin, Vice President for Finance
Mr. Keith Inman, Vice President for Advancement
Mr. Larry Owsley, Vice President for Business Affairs
Dr. Tom Jackson, Vice President for Student Affairs
Mr. Dan Hall, Vice President for Community Engagement
Dr. Priscilla Hancock, Vice President for Information Technology
Ms. Kimberly Maffet, Interim Vice President for Human Resources
Mr. Mark Hebert, Director of Media Relations
Ms. Susan Ingram, Director of Budgets
Mr. John Drees, Associate VP for Marketing

Ms. Terri Rutledge, Associate VP for Business Affairs
Mr. David Barker, Director of Audit Services
Mr. Jason Tomlinson, Assistant VP for Finance
Ms. Kathleen M. Smith, Assistant Secretary
Ms. Debbie Dougherty, Board Liaison
Ms. Trisha Smith, Assistant to the Executive Director
Mr. Larry Zink, Controller, Controller's Office
Ms. Susan Magness, Asst. Controller, Controller's Office
Ms. Anne Rademaker, Manager, General Accounting and Reporting
Ms. Cheri Jones, Associate Director, Audit Services

Guest: Mr. Ed Glasscock
Ms. Mary McKinley, BKD, LLP
Ms. Jennifer Williams, BKD, LLP
Dr. Roland Valdes, President, PGXL Laboratories
Dr. Mark Linder, Vice President of Operations, PGXL Laboratories
Dr. Kristen Reynolds, Director of Lab Services, PGXL Laboratories
Dr. Cedric Francois, CEO/President, Potentia Pharmaceuticals
Ms. Nancy Rodriguez, Courier Journal

I. Call to Order

Having determined a quorum present, Chair Frazier called the meeting to order at 2:10 p.m.

II. Consent Agenda

Chair Frazier read the roll of consent agenda items, hearing no objection, Ms. Jackson made a motion, which Mr. Stone seconded, to approve the

A. Approval of Minutes

- Minutes from Annual Board Meeting, 9/17/09

B. From the Personnel Committee

- Approval of Monthly Personnel Recommendations (Oct, Nov)
- Approval of the School of Nursing Bylaws (Nov)
- Approval of Namings and Dedications (Nov)

C. From the Audit Committee

- Approval of Audited Financial Statements for Period Ending June 30, 2009 and Independent Auditor's Report
- Action Item: Approval of Audit Services Plan

E. From the Academic & Student Affairs Committee

- Approval of Policies Relating to Values Statement, Code of Conduct, and Conflict of Interest

F. Approval of Candidates for Degrees, December 2009

The motion passed. Chair Frazier provided an informal update Mr. Porter, chair of the ad hoc committee on president's contract extension. The committee has secured President Ramsey's agreement to continue as president through 2013 and the President is

considering the committee's offer to extend his service through 2014 with annual extensions thereafter. The committee will continue its work with the hope of completion in Spring 2010.

III. Action Item: Approval of 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. Scoppechio made a motion, which Dr. George seconded, to approve the

President's recommendation that the Board of Trustees adopt the attached Resolution revising the Managerial Group of the University of Louisville 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 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.

IV. Action Item: Approval of Banking Resolution

President Ramsey reported this action was routine in nature required by the merger of National City Bank and PNC. Mr. Stone made a motion, which Mr. Minnifield seconded, to approve the

President's recommendation that the University of Louisville Board of Trustees adopts the attached resolution relating to investment custodial and safekeeping accounts at PNC Capital Markets, LLC Pittsburg, Pennsylvania.

The motion passed.

V. Action Item: Authorization of Executive Committee to Act on Grawemeyer Awards, Pending Faculty Grievances, and Routine Personnel Matters

President Ramsey noted according to its bylaws, the Board of Trustees does not routinely meet in the month of December. Because of scheduling changes, the Trustees Personnel Committee will not meet between November 12 and January 14, 2010. This action will authorize the Executive Committee to act for the Board during this timeframe. Dr. George made a motion, which Ms. Scoppechio seconded, to approve the

Chair's recommendation that the Board authorize the Executive Committee to take action on the following:

- **Adopt Grawemeyer Awards for 2010;**
- **Monthly personnel actions and routine personnel policy revisions;**
- **Pending Faculty Grievances;**
- **Other matters of housekeeping nature.**

The motion passed.

VI. Action Item: Approval of Identity Theft Prevention Program

President Ramsey reported under an amendment to the Fair and Accurate Credit Transaction Act (FACTA) and regulations promulgated under FACTA, any entity that qualifies as a creditor must have an Identity Theft Prevention Program that has been approved by its board of directors. This policy is recommended for adoption to satisfy the regulatory requirements. Dr. Hughes made a motion, which Mr. Stone seconded, to approve the

President's recommendation that the Board of Trustees adopt the attached policy regarding the University of Louisville Identity Theft Prevention Program.

The motion passed.

VII. Action Item: Approval of Revisions to 403b Plan Document

President Ramsey reported this action was routine in nature to revise the plan document reflecting updates to conform to current "best practices." Mr. Oleka made a motion, which Mr. Fryrear seconded, to approve the

President's recommendation that the Board of Trustees adopt the attached revised 403(b) Retirement Plan Document, which reflects updates to the plan document.

The motion passed.

VIII. Action Item: Approval of the Endowment Match Annual Report

President Ramsey noted this recommendation approves the annual report submitted to the Council on Postsecondary Education to update the Council about philanthropic matches for the Bucks for Brains program. Mr. Stone made a motion, which Dr. Hughes seconded, to approve the

President's recommendation that the Board of Trustees approve the Endowment Matching Program 2008-2009 Annual Report as requested by the Council on Postsecondary Education.

The motion passed.

IX. Action Item: Approval of Endowment Match Requests

President Ramsey reported this recommendation requests endowment match funding from Kentucky's Research Challenge Trust Fund, commonly referred to as "Bucks for Brains" for use or establishment of several programs and endowed chairs. The University has secured private funding for these matches. Approval of this request allows the University to obtain matching funds from the Council on Postsecondary Education. Ms. Jackson made a motion, which Ms. Scoppechio seconded, to approve the

President's recommendation that the Board of Trustees approve the use or establishment of:

- **the Calvin and Helen Lang Endowed Fund in Asian Studies in the College of Arts and Sciences;**
- **the Dr. Renato LaRocca Endowed Fund in Oncology Social Work in the Kent School of Social Work;**
- **the George A. Bush, Jr., Clinical Trials Cancer Research Fund in the School of Medicine;**
- **the Margaret Brinkley Endowed Fund in Lung Cancer at the James Graham Brown Cancer Center;**
- **the Gradie R. Rowntree, M.D. and Mary D. Rowntree Chair in Educational Administration Fund in the College of Education and Human Development;**
- **the Conn Center for Renewable Energy Research and Environmental Stewardship Fellowship Fund at the J.B. Speed School of Engineering;**
- **the KHC Real Estate Research Professorship Fund in the College of Business;**
- **the Chair in Translational Research at the James Graham Brown Cancer Center;**
- **the Forcht Center for Entrepreneurship Fund in the College of Business;**
- **the Conn Center for Renewable Energy Research and Environmental Stewardship Director's Chair at the J.B. Speed School of Engineering;**

- **the Professorship for Clinical and Translational Research Fund in the School of Medicine;**
- **the Auerbach Family Fund in the School of Medicine;**
- **the Center for Preventive Medicine Director’s Chair in the School of Medicine;**
- **the Hiram C. Polk, M.D. Surgery Endowment Fund in the School of Medicine;**
- **the Visiting Jazz Artist Endowed Chair in the School of Music;**
- **the BB&T Distinguished Professorship in Free Enterprise in the College of Business;**
- **the Rebecca F. Hammond Spinal Research Fund in the School of Medicine;**
- **the Kosair Charities Pediatric Cancer Research Fund in the School of Medicine;**
- **the Paul Weber Endowed Chair in Politics, Science and Religion in the College of Arts and Sciences;**
- **The Owsley Brown Frazier Endowed Chair in Physical Medicine and Rehabilitation in the School of Medicine; and**
- **the Helmsey Chair in Plant-based Pharmaceutical Research in the School of Medicine.**

and authorize the President or his designee to execute any documents required to complete the creation of these new endowed funds.

The motion passed.

- X Action Item: Approval to Authorize ULF to Proceed with Area-Wide Rezoning of ShelbyHurst

President Ramsey reported as a state entity, the land on Shelby Campus has never needed to be zoned. With help from NTS and the UofL Foundation, which is the master lease holder, the University has pursued the development of Shelby Campus. To proceed, the land needs to be rezoned. The University is requesting rezoning as OR-3, residential and office. A neighborhood meeting is planned on November 18, with a request to the Planning Commission on November 19. The University is working with the neighboring mayors and elected leadership to prepare for this request. A case study was provided to

board members and will be presented to the Planning Commission as required for zoning approval. Mr. Minnifield made a motion, which Dr. George seconded, to approve the

President's recommendation that the Board of Trustees authorize the University of Louisville Foundation, Inc., the leaseholder and master developer of Shelby Campus, to take appropriate action to proceed with area-wide OR3 zoning for ShelbyHurst.

The motion passed.

XI. Action Item: Approval of the Belknap Master/Business Plan

President Ramsey called on Provost Willihnganz to presented the Belknap Campus Master/Business plan. Provost Willihnganz reported the plan provides a future twenty year plus view of the campus. In addition to providing a framework for building expansion in the core campus, it includes off campus opportunities identified as north campus, east campus, west campus, south campus, and athletics and recreation. It also includes increasing core campus efficiencies. The plan will help the University achieve its vision for building placement, pedestrian patterns, open space, sustainability, utilities, transportation and parking.

Over the last 16 months the University community, with input from the city and surrounding neighbors, has been working with Campus Studio, a nationally recognized campus planning specialist, to develop new ideas related to how the University can prepare to meet its future needs.

Seven major review cycles involving eight (8) committees including faculty, students, staff, administrators, and city and neighborhood representatives were conducted. Updates and work sessions were held on a regular basis. More than 70 people participated in discussions, provided input and shared ideas throughout the planning process. One-on-one interviews and small group discussions were also utilized. Ms. Jackson made a motion, which Dr. Hughes seconded, to approve the

President's recommendation that the Board of Trustees approve the master plan for the Belknap Campus as conceptually presented on November 12, 2009.

The motion passed.

XII. Report of the President

Potentia

President Ramsey called upon Mr. Ed Glasscock, economic development consultant, to introduce Dr. Cedric Francois. Mr. Glasscock said Dr. Francois is the CEO and President of Potentia. Potentia is a tenant at MedCenter 3 and may move to the Haymarket

Research Park, when construction is complete. Dr. Francois' primary areas of expertise are immunology and immune system-mediated disease. He was a member of the research team that performed the first successful hand transplantation, as well as the Louisville Face Transplant Team, whose work supported the first human face transplantation in Lyon, France in 2005. He published numerous publications and was the principal author on the clinical report of the first four human hand transplantations. Dr. Francois is an inventor on many biotechnology patent applications, including all of Potentia's proprietary patent applications. Under his leadership, Potentia became the first group to test complement-inhibiting drug candidates for age-related macular degeneration, more than a year before the landmark reports in Science magazine. Potentia Pharmaceuticals recently entered into Licensing and Purchase Option Agreements with Alco.

Dr. Francois reported that Potentia Pharmaceuticals aims to bring new classes of anti-inflammatory drugs to market to address chronic inflammatory diseases in areas of significant unmet need such as age-related macular degeneration, atherosclerosis, rheumatoid arthritis, multiple sclerosis, and Alzheimer's disease. To support this vision, Potentia explores novel mechanisms to inhibit inflammation, such as inhibition of complement activation, and assembles an innovative and multi-faceted drug pipeline through a combination of selective in-licensing and internal research and development. As an important component of its long-term strategy, the Company also engages in and catalyses the development of broad-ranging and complementary technologies such as drug delivery systems and diagnostic tools through collaborations and grant-funded programs. Dr. Francois said Potentia Pharmaceuticals is developing a portfolio of drugs that interferes with age-related macular degeneration (AMD) at different stages of its progression. Potentia has licensed its first compound to launch its pipeline of drugs aimed at AMD: POT-4. POT-4 successfully completed a Phase I clinical trial in advanced wet AMD patients in March 2009. Phase II clinical trials will focus on geographic atrophy and wet AMD patients and are expected to be launched toward the end of 2009.

Potentia Pharmaceuticals believes that ongoing access to appropriate academic and industry expertise will contribute significantly to the success of its research and development efforts. Thus, Potentia has established collaborations and consultations with experts in various fields to support the development of its core technologies and to explore new areas of opportunity. Potentia complements the expertise of its own team with that of leading researchers and institutions in both basic science and clinical research. Potentia is actively seeking new collaborations and partnerships to further support its technology and the development of its portfolio of therapeutic candidates. Some of Potentia's current ongoing collaborations include Kentucky Lions Eye Center, University of Louisville, and Surmodics. President Ramsey thanked Dr. Francois for an excellent presentation.

PGxL

President Ramsey introduced Dr. Roland Valdes. A graduate of UofL, Dr. Valdes is vice president of PGxL. Dr. Valdes recognized the assistance from Metacyte, University of Louisville and some board members.

PGxL is comprised of excellent scientists and business people. Dr. Valdes said the promise of pharmacogenetic testing is that people get the right dose of the right drug. Dr. Valdes explained intelligent use of pharmacogenetics can significantly improve patient care when administering warfarin. PerMIT:Warfarin now provides a simple and accurate way to guide therapeutic decisions and eliminate trial and error. Dr. Valdes explained genetic testing is PGxL's first priority, with a three to five day turnaround. PGxL Labs provides caregivers the most accurate and timely pharmacogenetic tests and information possible. Adverse drug reactions (ADR) are one of the leading causes of death in the United States. Warfarin is the most commonly prescribed anticoagulant for the treatment and prevention of thromboembolic events. Warfarin is the third most common cause of ADRs, accounting for 10.5% of ADR hospital admissions. Pharmacogenetic testing can significantly reduce the chances of an ADR by providing physicians with a roadmap for treating each patient as an individual.

In business for three years, PGxL employs eight full time and five contract workers. PGxL has generated over \$4 million in grants. PGxL has achieved national presence while working in consultation with ARUP Laboratories, based out of the University of Utah. ARUP has 2700 employees and has been in business for 20 years; the CEOs are pathologists.

PGxL is developing INR management software. The software will help with testing in the areas of

- Cardiovascular
- Oncology
- Respiratory
- Behavioral health
- Pain management

PGxL's path to growth:

- expand PGxL molecular into a referral lab for high end molecular diagnostics
- Leverage local and regional markets
- Target high use medical specialties as they adopt molecular diagnostics
- Provide the tools to enable the transition of molecular diagnostic information to actionable therapies

Dr. Valdes noted that in 2008 PGxL was the fastest growing lab service – up 35%; in 2010 it nationally marketed \$8 billion. The Kentucky market received \$100-\$120 million approximately \$20-\$30 million annually leaves Kentucky.

Projected revenue and employment shows tremendous growth potential. PGxL plans to move into the new Haymarket research building. It's mission is to provide solutions for

personalized medicine based on the intelligent use of clinical lab information. Mr. Glasscock inquired if PGxL Laboratories needed any investment capital. Dr. Valdes responded approximately \$1 million would be needed over the next year. In response to Ms. Snowden's inquiry, Dr. Vales advised the new health care bill out of Washington would be a tremendous benefit to the company's mission. The bill seeks to reduce costs of duplicative testing. Testing will have to be done just once. Currently, some insurances pay for the testing. In response to Ms. Clayton's question concerning valuation of the company, Dr. Vales suggested they discuss further after the meeting.

Dr. Valdes recognized his company has very few competitors. It is critical to be the first to the market with this testing. ARUP is one of the most respected labs in country and has invested in PGxL. President Ramsey thanked Dr. Valdes for an excellent report and noted Drs. Valdes and Francois represented the type of intellectual activity that will populate the research parks of the University.

XIII. Report of the Chair

Chair Frazier congratulated Dr. Salem George for recently receiving the Lifetime of Achievement Award from Health Kentucky. Although absent, Chair Frazier also recognized Jonathan Blue's achievement as #2 in the Fast 50, Greater Louisville's Fastest Growing Privately Held Companies.

XIV. Adjournment

Mr. Oleka made a motion, which Ms. Jackson seconded, to adjourn the meeting at 4:00 p.m.

BOARD ACTION:

Passed X
Did not pass
Other

Asst. Secretary *Katalin M. Smith*