

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

July 29, 2009

Members of the University of Louisville Board of Trustees met at 1:30 p.m. in the Willow Room of the Galt House Hotel, Louisville, Kentucky, with members present and absent as follows:

Present: Mr. Owsley B. Frazier, Chairman
Mr. Jonathan Blue
Mr. Ron Butt
Dr. Kevin Cosby
Mr. Brent Fryrear
Dr. Salem George
Ms. Margaret Handmaker
Ms. Rebecca Jackson
Prof. Melissa Laning
Dr. Mark Lynn
Mr. Frank Minnifield
Ms. Brucie Moore
Mr. OJ Oleka
Mr. Steve Poe
Mr. J. Chester Porter (arrived at 2:55 p.m.)
Ms. Debbie Scoppechio
Dr. William Selvidge
Mr. William Stone
Ms. Phoebe Wood

Absent: Dr. Robert Curtis Hughes

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
Dr. Manuel Martinez-Maldonado, 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
Ms. Kathleen M. Smith, Assistant Secretary
Ms. Debbie Dougherty, Board Liaison

I. Call to Order

Having determined a quorum present, Chair Frazier called the meeting to order at 1:30 p.m.

II. Consent Agenda

Mr. Butt made a motion, which Ms. Jackson seconded, to approve the following items on the consent agenda

- Approval of Meeting Minutes, June 11, 2009
- Approval of Goals, 2009-10
- Approval of August Graduates and Candidates
- Approval of Special Meeting Minutes, July 29, 2009

The motion passed.

III. Action Item: Approval of New Degrees and Programs

Certificate in Asian Studies

Executive Vice President and Provost explained this certificate in Asian Studies will require the completion of 15 hours of approved coursework, some of which could be incorporated into existing graduate programs. It may be completed as a stand-alone program or in conjunction with other graduate programs. For many years, the College of Arts and Sciences has offered undergraduate and graduate courses on such topics as the history of China, the religions of India, and the politics of East Asia, as well as occasional courses in the Chinese and Japanese languages. This situation began to change with the formation of the Chinese Studies Program in 2002, followed in 2006 by the establishment of the Center for Asian Democracy and a minor in Asian Studies, starting in the fall of 2008. Dr. Willihnganz observed that UofL is ideally placed to offer programs in Asian Studies because Louisville is the home of Crane House (the Asia Institute, Inc.), one of the country's principal agencies for Asian-American inter-cultural relationships. In 2009, UofL and Crane House signed a collaborative agreement to make Crane House part of UofL's Arts and Culture Partnership Initiative. The certificate will provide the University of Louisville with a unique opportunity to meet the needs of students within the Commonwealth by giving them tools they can use in the community, the workplace, and the global marketplace throughout Asian countries.

Doctoral Degree in Applied Sociology

Executive Vice President and Provost Willihnganz reported the University would like to offer beginning in Fall 2010, a Doctor of Philosophy (Ph.D.) in Applied Sociology. Sociology has been a part of the University's curriculum for a century and is currently one of the largest departments in the College of Arts and Sciences. The Department of Sociology, with expertise in urban sociology, diversity and inequality, social problems, theory, and research methods, is a highly active research and teaching unit and is well-positioned to offer the Ph.D. degree in applied sociology. This program, which would be one of only two in the United States, will train professional researchers at the highest level to follow the discipline's focus on bringing scientific understandings to the study of social issues and problems. Currently Baylor University in Texas is the only post-

secondary institution to offer a doctoral program in applied sociology in the United States.

The primary goal of this program is to offer a nationally recognized degree in applied sociology with which graduates are prepared to assume the responsibility for leadership on research projects dealing with social policy. The absence of professional training in applied sociology, combined with a growing market demand for professional applied sociologists, presents the University of Louisville with a unique opportunity to fill a market need and to attain regional and national recognition.

Admission to the Ph.D. program will require demonstration of basic competency in research skills as evidenced by completion of a Master's thesis or another independent research project. Completion of 34 hours of graduate credit at the M.A. level (beyond the baccalaureate degree) and 64 hours beyond the Master's degree is required. Additionally, the department has entered into an agreement with Western Kentucky University to create a joint admissions program to allow graduates of WKU's master's program easier and near seamless admission to UofL's proposed doctoral program.

Certificate in Public History

Executive Vice President and Provost Willihnganz reported the University would like to offer a graduate certificate in Public History, effective fall 2009. The graduate certificate in Public History will require the completion of 18 hours of approved coursework, some of which could be incorporated into existing graduate programs. It may be completed as a stand-alone program or in conjunction with other graduate programs.

Dr. Willihnganz stated that for many years, the Department of History has offered graduate-level independent studies in public history and for-credit internships at local public historical institutions, and the Department of Fine Arts has offered a specialization in Critical and Curatorial Studies as one of the three tracks in its M.A. program. At the same time, the directors and staff of historical institutions in the Louisville and Jefferson County have expressed the need for more personnel trained in public history. In 2007, UofL began the process of establishing permanent connections with area institutions as part of the Arts and Culture Partnership. The partnership provides a framework through which local public history professionals can share their expertise as part-time instructors in the new program. Ms. Jackson made a motion, which Ms. Scoppechio seconded, to approve the

President's recommendation that the Board of Trustees approve the creation of the graduate certificate in Asian Studies;

President's recommendation that the Board of Trustees approve the creation of the Doctor of Philosophy (Ph.D.) in Applied Sociology.; and

President's recommendation that the Board of Trustees approve the creation of the graduate certificate in Public History.

The motion passed.

IV. Action Item: Approval of Allocation for the Endowment Match Program

President Ramsey reported that with passage of the 2008-10 Biennial Budget of the Commonwealth (HB 406), the 2008 General Assembly authorized \$50 million in General Fund supported bonds in 2008-09 for the Research Challenge Trust Fund (Bucks for Brains) to support the Endowment Match Program and a newly created Research Capital Match Program. In accordance with KRS 164.7917, these funds will be allocated two-thirds to the University of Kentucky (\$33.3 million) and one-third to the University of Louisville (\$16.7 million). The Council on Postsecondary Education requires the Board to approve the University's institutional match for these Bucks for Brains funds. Mr. Stone made a motion, which Ms. Handmaker seconded, to approve the

President's recommendation that the Board of Trustees approve allocating the full \$16,667,000 of the University of Louisville's 2008-10 Research Challenge Trust Fund authorization to support the Endowment Match Program; and

authorize the President or his designee to execute any documents required to complete the expansion of this endowed fund.

The motion passed.

V. Action Item: Authorization to Proceed with Energy Contract

President Ramsey explained this recommendation would authorize the University to enter into a contract with the Siemens Corporation. The contract will be funded through the savings achieved from implementation of the program. Mr. Fryrear made a motion, which Ms. Scoppechio seconded, to approve the

President's recommendation that he or his designee be authorized to negotiate and execute, for and on behalf of the University of Louisville, an Energy Savings Performance Contracting Agreement, by and between the University of Louisville and Siemens Building Technologies, Inc., in an amount not to exceed \$20,000,000; and

President's recommendation that he or his designee be authorized to execute a financing arrangement, whereby the principal amount would not exceed \$20,000,000, to fund an Energy Savings Performance Contracting Agreement, by and between the University of Louisville and Siemens Building Technologies, Inc.

The motion passed.

VI. Action Item: Approval of Security Clearance and Managerial Group

President Ramsey explained this was a routine update of the personnel authorized to interact on federal grants. Ms. Jackson made a motion, which Dr. Selvidge 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.

VII. Report of the President

Student Government Association

President Ramsey recognized the outstanding job Student Government President Oleka is doing and called upon him for an update on activities.

Trustee Oleka reported the Student Government Association's (SGA) focus is to create an effective organization by innovative engagement, diverse perspectives, competent leadership, and a unified Cardinal experience. Mr. Oleka discussed ways SGA utilizes the internet with media websites, weekly video addresses, and polls/blogging. He stated SGA uses grassroots communication through town halls, blue books, commuter breakfast events, and its new office in Davidson. He discussed new senate committees and partnerships utilizing Blackboard and working on civic engagement with the city of Louisville. He hoped to strengthen the student senate with a retreat and through the development of an information handbook. Within higher education, he discussed a speaker series, statewide year long lobbying campaign and rally. Tangible student services included dining, health care, green initiatives, addressing safety issues and concerns, collegiate readership program and parking. The university student experience should offer academically sound, civic-focused and socially engaging opportunities. He shared events underway, including the tenth anniversary of Cardinal Park event. President Ramsey thanked Mr. Oleka for an excellent presentation.

Outstanding Faculty

President Ramsey recognized the recent heart treatment announcement with Jewish Healthcare as historic. Dr. Roberto Bolli has been with the University for 14 years and has created an incredible research program, which is research is internationally recognized. Dr. Mark Slaughter was recruited to the University approximately one year ago and heads up the cardiovascular surgery department. Both Drs. Slaughter and Bolli are part of the Cardiovascular Innovation Institute and leaders in treatment for heart health.

Dr. Bolli explained his Phase I cardiac stem cell research and provided an overview of his program. He is conducting the first clinical trial in the world involving adult cardiac stem cells. Dr. Bolli thanked the University, President Ramsey, Drs. Cook, Halperin and Martinez, and thanked Jewish Hospital for sponsoring the study. Jewish Hospital waived all clinical fees. He also recognized colleagues Dr. Mark Slaughter, chief of the Division of Cardiothoracic Surgery at UofL, and Piero Anversa of Harvard University and Brigham and Women's Hospital. Dr. Bolli received a round of applause.

Dr. Bolli then introduced Dr. Mark S. Slaughter. Dr. Slaughter joined Jewish Hospital and the University of Louisville as Director of the Division of Thoracic and Cardiovascular Surgery. Dr. Slaughter was director of the heart transplantation and mechanical assist device program at Advocate Christ Medical Center in Oak Lawn, Illinois and held appointments in the Department of Surgery and Department of Physiology and Biophysics at the University of Illinois, Chicago. He is a world-renowned expert in heart transplantation, ventricular assist devices and surgical management of heart failure. Dr. Slaughter's research focuses on vascular assist devices and heart failure, with a strong track record of research funding over the last decade. He has participated in more than 35 clinical trials focused on innovations in cardiac surgery, vascular assist devices, treatments for congestive heart failure and related disease. He has given more than 65 invited lectures, published more than 50 peer-reviewed papers and book chapters and presented more than 85 papers and abstracts at national and international conferences.

Dr. Slaughter said that one of the reasons he chose Louisville was because of the people. Not only does the University of Louisville possess the Bucks for Brains program, but also has the intellectual capacity and the drive to do things. Dr. Slaughter embraced the challenge presented to him by President Ramsey and Vice President Inman to help make Louisville a medical destination for heart health. He has helped patients from Los Angeles, Chicago and Boston with mechanical heart therapy and now stem cell treatment. He recognized Louisville as one of the few places in the country where this work is being done. He further acknowledged the Cardiovascular Innovation Institute (CII) as one of the very few places in the country like it. The CII will continue to grow and develop. The medical research work in progress is phenomenal. Mechanical assist devices will always be around, but there is strong need for therapy before this avenue is pursued. His team collaborates with Dr. Bolli and assists in any way possible. He recognized the outstanding facilities the University of Louisville offers the community and appreciated the opportunity to be a part of it. He anticipates great things to be accomplished under the leadership of President Ramsey. The board gave Dr. Slaughter a round of applause.

Choral Group

President Ramsey introduced Dr. Kent Hatteberg. Dr. Hatteberg is director of Choral Activities at UofL and teaches graduate and undergraduate Choral students. Through his work as overseer of the Margaret Comstock Choral Endowment Fund in the School of Music, Dr. Hatteberg has commissioned new music, hosted international choral ensembles in the Margaret Comstock Concert Series, recorded compact discs with the Cardinal Singers, and afforded students in the choral program the opportunity to attend and participate in choral events nationally and internationally. Dr. Ramsey noted the Cardinal Singers, under Dr. Hatteberg's leadership, traveled to South Korea to participate in the World Choir Championship. Dr. Ramsey also recognized the great leadership of Dr. Chris Doan, Dean, School of Music.

At the World Choir Championship, Dr. Hatteberg reported the Cardinal Singers competed in two areas — sacred music and mixed chorus — winning first place in both. They were also one of three choirs invited to sing in the gala performance. Dr. Hatteberg thanked the administration for its support.

Dean Doane said the ensemble in the School of Music is representative of the university in many ways. Its success symbolizes the level of excellence all of the School's experiences command for the students. To achieve the level of success of the Cardinal Singers, the School must have:

- 1) Talented students - students need talent and the ability to earn scholarships – Louisville excels in the environment of the arts;
- 2) Great faculty – everyone in School of Music is dedicated;
- 3) Create opportunity. The capability to showcase success is essential, including not only the School of Music but through the endowment support of the singers. The University administration is always willing to help the School of Music – the University helped with the South Korea trip as well as consistently assisting other competitions. Dean Doane recognized President Ramsey and Provost Willihnganz for their commitment to the School.

President Ramsey thanked Dean Doane and Dr. Hatteberg.

Update

President Ramsey gave an update on progress of the University. He discussed the makeup of the 2008 Freshman Class and strategies to reach goals of the 2020 Plan. He further discussed community engagement through the signature partnership, a partnership for a green city, and new cities solution. He discussed goals related to fundraising and endowment. He noted the 2020 Plan is an aggressive strategic agenda surrounded by many challenges, including the state economy/fiscal environment, investment environment, earmarks, and real estate market/ development. He discussed additional challenges which include reducing costs through efficiency, leveraging assets, increasing

clinical revenues, increasing research expenditures and commercialization, creating private sector partnerships, enhancing fundraising investments, and creating and managing TIFs to generate revenue. He compared the state appropriation and total university budget from 1998-99 to the current fiscal year. He reiterated the sense of urgency to achieve the biggest dividends, keep the momentum at this critical time, make hard decisions, and achieve success.

Provost Willihnganz then discussed implementation of the 2020 Plan. She reviewed the Scorecard and credited Dr. David Hein and Mr. Bob Goldstein for their exceptional role in planning for and devising these documents. In response to Ms. Moore's inquiry regarding undergraduate enrollment, Dr. Willihnganz reported the University created a home assessment unit. This unit began contacting students who had not enrolled in subsequent semesters to determine the reasons. They found most reasons dealt with money and personal relationships. Mr. Butt congratulated the administrative team for their creation and implementation of a business plan.

President Ramsey called upon Mr. Shanker to present information on the economic outlook for Kentucky. Mr. Shanker reported Kentucky has lost 95,000 jobs since January 2008. Nonfarm employment has dropped rapidly in Kentucky as well as in the United States. The weakening economy has sharply curbed inflationary pressures. He noted that Kentucky's unemployment rate was 10.9% in June compared to 6.4% one year ago. That was the highest unemployment rate in twenty-six years. Nonfarm employment was down 4.4% in June compared to one year ago. Kentucky's manufacturing employment declined by 16.1% in June; construction was down 19.3%. He observed the only glimmer of hope was in mining, which was up 9.4% and education and health services, which was up 1.6%. Mr. Shanker reported the ISM manufacturing index was at 44.8 in June, lower than in the 1982 recession, and the weakest since 1980. Exports have essentially collapsed. The Conference Board's Consumer Confidence Index is at a 42-year low.

Mr. Shanker made the following assumptions for the economic forecast:

- A fiscal stimulus of \$787 billion over ten years will be implemented this year, and \$561 billion of that will come into play in 2009 and 2010.
- The top banks will repay about \$50 billion by late summer
- Oil prices are assumed to average \$56/barrel in 2009 and \$64/barrel in 2010
- The federal government is expected to keep the federal funds rate in the 0% to 0.25% range until the end of 2010
- The dollar has strengthened because of the risk to the global economy and the strong dollar is expected to last into 2010
- Foreign economies are expected to weaken further as the recession spreads

Mr. Shaker then displayed graphs of per capita income in all 50 states for adults with bachelor's degree or higher, as well as unemployment data, a range of median earnings in 2008 for adults with less than a high school diploma through adults holding doctoral degrees.

President Ramsey thanked Mr. Shanker and called upon Vice President Curtin.

Vice President Curtin discussed the financial standing of the University and its affiliated corporations, referencing twenty financial indicators and key financial ratios. He discussed general fund reserves as well as year-end fund balance and unit carryover. He provided a comparative review of the University's net assets since 2004. He shared the University's seven strategies for moving forward:

- Reengineering processes and expense management
- Improving balance sheet management, with an emphasis on converting underperforming assets
- Increasing clinical income to support education and research
- Increasing contract research and commercialization income
- Creating private sector partnerships
- Enhancing fundraising
- Being creative in expanding the research mission through innovative financing tools like the tax increment financing

He reiterated the University's challenges in moving forward as well as the opportunities for dealing with them. He shared the 2009-10 and the 2010-2014 tactical plans. President Ramsey thanked Vice President Curtin for an excellent report.

President Ramsey expressed his deep appreciation to the board members for their participation in the retreat and encouraged them to enjoy the books provided, Devil's Highway, a book all freshmen are encouraged to read, German Woman, and Civil Rights in the Gateway to the South (the latter two were written by UofL faculty)

Ms. Smith has arranged for a tour for any trustee who would like to take an on-site hard-hat tour of the new arena on July 30 at 3:00 p.m.

VIII. Report of the Chairman

Chair Frazier requested that Ms. Smith include a summary of the trustees' evaluation of the President in the minutes. The summary follows:

Summary of the Trustees Evaluation of
President James R. Ramsey
July 29, 2009

The Board of Trustees evaluated President Jim Ramsey on July 29, 2009, and all the board members praised Dr. Ramsey and his leadership team for their outstanding performance in 2008-09. Dr. Ramsey and his team achieved 30 of the 35 goals the Board established.

The Trustees acknowledged the President addressed forcefully many difficult issues during an extremely challenging time. The full report the President submitted on the

progress of the Board's goals is a summary of a remarkable year of successes. Here are noted examples:

- The University continues to recruit its best ever Freshman class, its graduation rate reached 46%--a major milestone for our pursuit of Phi Beta Kappa, and baccalaureate degree production reached 2,452, approximately 75% of the 2020 goal.
- The University's annual philanthropy was a record, exceeding \$96M.
- Significant metrics were achieved toward the goals for The 2020 Plan, which further defined the foundation for excellence at the University.
- 2010 remains the opening date for the new arena and the expanded football stadium. Nineteen of our 23 sports teams represented the University in post-season tournament play with Women's Basketball ranked number 2 in the nation. Our student-athletes achieved the highest participation on the Athletic Director's Honor Role, requiring a GPA of 3.0 or higher.
- For 4 decades, Shelby Campus has remained an underperforming asset. A roadway was opened with two entrances off Hurstbourne Lane and a new intersection at Whittington Parkway and Shelbyville Road. RFQ's elicited more than 20 proposals for development of the Shelby Campus and the Haymarket. Two outstanding developers have proposed to joint venture with the University of Louisville Foundation on the ShelbyHurst project with terms that generate revenue for the University.
- The Boards of Directors of University Hospital and the Louisville Medical Center Development Corporation have focused on the future needs of the University; the Office of Technology Transfer, Metacyte, and Nucleus are collaborating to create a seamless continuum of support for the faculty.
- The President developed Seven Strategies to guide the University's leadership toward increasing revenues, constraining expenses, managing assets effectively, reducing costs and using resources efficiently.
- Dr. Ramsey and his team installed stable leadership in three key academic and administrative units in the University—Education, Graduate Studies, and Human Resources.
- The Office of the President aligned clinical services with clinical programs to enhance the University Hospital's strategic direction.
- He also employed the required professional staff to open the Center for Predictive Medicine in September, as well as to open the Center for Translational Research Building in the fall, 2009.

There are many more accomplishments the Board reviewed with Dr. Ramsey, and these will be posted on the Board's website following this meeting. The Trustees expressed pride and confidence in having Jim Ramsey at the helm of the University. It was another remarkable year for his team.

Chair Frazier also recognized the wonderful support provided by Mrs. Ramsey. Her dedication and support are especially evident by her work with the Beautification Task Force. Mrs. Ramsey received a round of applause.

IX. Adjournment

Mr. Stone made a motion, which Mr. Butt seconded, to adjourn the meeting at 4:00 p.m.
The motion passed.

BOARD ACTION:

Passed _____ X _____

Did not pass _____

Other _____

Asst. Secretary_ *Katalin M. Smith*