

MIUTES 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 10, 2005, in the Jefferson Room, Grawemeyer Hall, with members present and absent as follows:

Present: Mr. Kevin Cogan, Chairman
Ms. Marie Abrams
Mr. William Brammell, Jr.
Mr. Michael Curtin
Ms. Donna Tinsley Denny
Mr. Bill Forman
Dr. Salem George
Mr. Nathaniel Green
Ms. Margaret Handmaker
Mr. Grant Helman
Dr. Robert Curtis Hughes
Mr. Larry Owsley
Prof. William Pierce
Mr. J. Chester Porter
Mr. Steve Poe
Dr. James R. Ramsey
Ms. Sandra Metts Snowden
Mr. Bill Stone
Dr. Shirley Willihnganz
Ms. Beth Worland

Absent: Mr. Ulysses L. Bridgeman, Jr.
Mr. Tommie Burns
Mr. Owsley Frazier
Ms. Jessica S. Loving

From the
University: Dr. Larry Cook, Executive Vice President for Health Affairs
Ms. Angela D. Koshewa, University Counsel
Mr. Ron Moore, Vice President for Information Technology
Mr. Dan Hall, Vice President for External Affairs
Dr. David Howarth, Associate University Provost
Ms. Susan I. Howarth, Director of Budgets
Dr. Ralph Fitzpatrick, Special Assistant to the President
Ms. Terri Rutledge, Asst. VP for Business Affairs
Mr. John Drees, Interim Assoc. VP for Communications and Marketing
Mr. Larry Zink, Controller

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

Guests: Mr. Keith Messmer, BKD
Ms. Mary McKinley, BKD

I. Call to Order

Having determined a quorum present, Chair Cogan called the meeting to order at 1:10 p.m.

II. Action Item: Approval of Minutes, September 1, 2005

Ms. Denny made a motion, which Mr. Forman seconded, to approve the minutes of September 1, 2005. The motion passed unanimously.

III. 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. Mr. Forman 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.

IV. Action Item: Approval of Audited Financial Statements For Year Ended June 30, 2005 and 2004 and Independent Auditor's Report

Chair Cogan asked Vice President Curtin to review the audited financial statements. Vice President Curtin reported the UofL Research Foundation is in

strong financial position. Mr. Curtin noted BKD has issued a clean, unqualified report with no exceptions. Mr. Curtin further reported during fiscal year ended June 30, 2005, total awards increased by \$10.7 million, or 8%, from the fiscal year ended June 30, 2004. The major increase was attributed to awards from Other Sponsored Activities, which increased by \$15 million, or 98% as compared to the prior year. Mr. Curtin introduced Mr. Messmer and Ms. McKinley. Ms. McKinley shared the following highlights:

- \$2.0 million for the Economic Development Program in Novel Cancer Therapies;
- \$2.9 million for Pediatric Clinical Proteomics Center;
- \$1.7 million from the NSF EPSCoR program to support two areas of research, the Center for Regulatory Metabolomics and the Kentucky Partnership in Nanoscale Electronics and Biotechnology;
- \$1.3 million to study intervention strategies to improve the educational process and student learning;
- \$0.8 million from NSF to determine the genetic makeup of marine organisms;
- \$0.9 million as the first installment of a contract with the U.S. Air Force for National Security Research on Signature Exploitation.

Ms. McKinley reported the Research Foundation's net assets, which represent the residual interest in the Research Foundation's assets after liabilities are deducted, were \$76.5 million and \$54.3 million at June 30, 2005 and 2004, respectively. The Research Foundation's total liabilities of \$16.7 million consist primarily of deferred revenue. Deferred revenue represents the unearned portion of grants and sponsored programs and comprises \$11.2 million, or 67% of total liabilities. Operating revenues amounted to \$283 million and \$242.1 million and operating expenditures were \$258 million and \$241.1 million, resulting in a net operating income of \$25 million and \$0.7 million, for the years ended June 30, 2005 and 2004, respectively. She noted when adjusted for net nonoperating expenses of \$2.8 million and \$0.3 million, net assets of the Research Foundation increased by \$22.2 million and \$0.4 million for the years ended June 30, 2005 and 2004, respectively.

Chair Cogan thanked Vice President Curtin and Ms. McKinley for an excellent report. The meeting adjourned briefly. The meeting reconvened. Ms. Metts made a motion, which Ms. Handmaker 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, 2005 and 2004 and Independent Auditor's Report as prepared by BKD.

The motion passed unanimously.

V. Report of the President

Due to time constraints, the President had no report.

VI. Adjournment

Ms. Metts made a motion, which Mr. Porter seconded, to adjourn the meeting at 1:20 p.m. The motion passed unanimously.