

MINUTES OF THE MEETING OF THE UNIVERSITY OF LOUISVILLE
FOUNDATION, INC. FINANCE COMMITTEE

In Open Session

Members of the Finance Committee of the University of Louisville Foundation Board of Directors met at 11:00 a.m., September 8, 2005, in the Mary Bingham Room, Chancey Center, Belknap Campus, with members present and absent as follows:

Present: Mr. Burt Deutsch, Chairman
Mr. H. Scott Davis
Mr. Nathaniel E. Green
Mr. Robert W. Rounsavall, III

Absent: Mr. William Wilcox

Other Directors

Present: Mr. Frank Hower

From the

University: Dr. James R. Ramsey, President (arrived at 11:25 a.m.)
Dr. Shirley Willihnganz, Executive Vice President and Provost
Mr. Mike Curtin, Vice President for Finance
Mr. Joe Beyel, Vice President for University Advancement
Ms. Susan Magness, Assistant Controller
Mr. Joe Gahlinger, Controller's Office
Mrs. Kathleen Smith, Assistant Secretary (arrived at 11:25 a.m.)
Mrs. Debbie Dougherty, Board Liaison

Others

Present: Mr. John Tyler, Cambridge Associates

I. Convene Meeting

Having determined a quorum present, Chairman Deutsch called the meeting to order at 11:00 a.m.

Action to Approve Minutes, May 31, 2005

Mr. Green made a motion, which Mr. Davis seconded, to approve the minutes of May 31, 2005. The motion passed unanimously.

II. Presentation of Money Manager: Silchester

Messrs. Christopher Cowie and Ronald Darnau briefed the Committee regarding investment information.

III. Report of the President

President Ramsey expressed his appreciation to Committee members for their dedicated work to the University. He reported the University was off to a great start. The University has recruited a phenomenal freshman class in terms of diversity, ACT test scores, average GPA, etc. Dr. Ramsey referenced the award of federal grant funds to the University for a regional Biosafety 3 laboratory on the Shelby Campus. The facility will be a \$35 million research building funded primarily with NIH funds (approximately \$22 million) from the National Institute of Allergy and Infectious Diseases. UofL will have one of two laboratories in Kentucky. This facility has substantial potential to become the centerpiece of the University's strategy to develop the Shelby Campus into a premier research park. Additionally, the laboratory will complement the University's vision for homeland security issues and future funding in this research. President Ramsey said the University competes extremely well for research funding nationally. University administration is upbeat about the prospects and the support for transforming Shelby Campus into a revenue-generating asset that can significantly help the University achieve its goals. Dr. Ramsey thanked Chairman Deutsch and Mr. Hower for their leadership of the Shelby Campus Ad Hoc Committee.

Dr. Ramsey stated current year-to-date fundraising is at \$15 million; last year the Foundation raised a total of \$65 million. Dr. Ramsey reported Provost Willihnganz has recruited an outstanding person to further complement the University's fundraising commitments to diversity; this new hire will start October 1. Provost Willihnganz discussed the person hired, noting the new recruit will help the University raise funds to meet diversity initiatives. Dr. Ramsey departed at 11:45 a.m.

IV. Information Updates

Endowment Performance

Mr. Gahlinger reviewed the Investment Performance Summary, Alternative Investments Summary, and Quarterly Investment Performance Report. Since 1995, the Foundation's diversified portfolio has added \$118.3 million of wealth compared to the Cambridge Associates' College and University Median and \$116.6 million compared to the Dynamic Benchmark.

Vice President Curtin noted the Foundation was currently managing \$8 million for Jewish Hospital Healthcare Services (JHHS). JHHS was very pleased with the performance of its investment. Mr. Curtin also noted requests have been received from faculty and staff about private investment in the foundation.

The Committee took a brief break. Chair Deutsch reconvened the meeting at 12:15 p.m.

Report on Investment Performance

Mr. Tyler provided a summary of asset allocations. The Foundation's total assets returned 2.7% for the quarter, outperforming CA Preliminary Endowment Median return of 2.1%. The portfolio is up 2.6% for the year, ranking in the 29th percentile of all reporting endowments (290 reporting to date).

Manager Update

Mr. Tyler noted Kent Meyers will provide an update on the MALT program at the December meeting.

Mr. Tyler provided manager updates on EII and Deutsche Bank.

Investment Policy Statement

Mr. Tyler provided a preliminary Investment Policy Statement that reflects inclusion of the Short Term Cash Guidelines. Chair Deutsch asked that legal counsel review and compare the proposal with existing policy and bylaws. Chair Deutsch recommended the Committee discuss the Investment Policy at the December meeting with advanced notice of the proposal along with legal counsel review. Mr. Davis thanked Mr. Gahlinger for his work with the managers.

V. Portfolio and Asset Allocation Discussions

The Committee discussed asset allocations. No action was required at this time.

VI. MALT Review

Mr. Tyler reviewed the MALT materials and noted Mr. Meyers will attend the next Committee meeting to provide a thorough presentation. Chair Deutsch also asked that Mr. Meyers designate which quarterly meeting of the Committee was most appropriate for his annual review.

VII. Manager Updates

Mr. Tyler reviewed the summary of tactical asset allocation, noting the portfolio was well positioned. Mr. Tyler stated Cambridge will provide 2-3 potential managers (with a recommendation) in each sector for the Committee to consider.

VIII. Adjournment

The meeting adjourned at 1:30 p.m.

BOARD ACTION:

Passed X

Did not pass

Other

Asst. Secretary *Katalin M. Smith*