

MINUTES OF THE REGULAR MEETING OF THE UNIVERSITY OF LOUISVILLE
FOUNDATION FINANCE COMMITTEE

In Open Session

Members of the University of Louisville Foundation Finance Committee met on Thursday, March 15, 2007, at 12 Noon, in the Alumni Board Room of the Chancey Center, with members present and absent as follows:

Present: Mr. Burt Deutsch, Chairman
Ms. Joyce Hagen
Mr. Harry Jones
Mr. Robert W. Rounsavall, III

Absent: Mr. Nathaniel Green
Mr. Frank Weisberg
Mr. William Wilcox

From the University: Mr. Mike Curtin, Vice President for Finance
Ms. Susan Magness, Controller's Office
Mr. Joe Gahlinger, Controller's Office
Mr. Rex Davidson, Controller's Office
Mrs. Debbie Dougherty, Board Liaison

Others Present: Mr. John Tyler, Cambridge Associates
Ms. Letitia Hall, Cambridge Associates

I. Convene Meeting

Having determined a quorum present, Chair Deutsch called the meeting to order at 12:15 p.m.

Action to approve minutes, December 12, 2006

Ms. Hagen made a motion, which Mr. Jones seconded, to approve the minutes of December 12, 2006. The motion passed unanimously.

Introduction of Letitia Hall, Cambridge Associates

Chair Deutsch welcomed Ms. Hall. Mr. Tyler noted that prior to working with Cambridge, Ms. Hall graduated from Yale Business School and attended Brown.

II. Information Updates

Interim Financial Statements through December 31, 2006

Vice President Curtin reported the University will issue \$41,090,000 in General Receipts Bonds, to retire short term financing for all or part of the following projects: the property acquisition for and construction of the Jim Patterson Stadium and the construction of Trager Center; and to fund the construction of the Yum! Center (Basketball/Volleyball Practice Facility); and the renovation of the Home of the Innocents, and the new construction of the Center for Predictive Medicine. The University received favorable comments from the bond agencies.

Mr. Davidson reported the financial position of the Foundation was stable. During the first six months, the Foundation had increased net assets over June 30, 2006 by \$59.1 million for a total of \$803.8 million. This represented a 7.9% increase over total net assets at June 30, 2006, and an 11.7% increase over total net assets at December 31, 2005. Total revenues of the Foundation were approximately \$90.7 million for the period ended December 31, 2006. Gain on investments account for 71% (\$64.6 million) of total revenues, while new gifts to the Foundation account for 18% (\$16.6 million).

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 \$165.1 million of wealth compared to the Cambridge Associates' College and University Median and \$129.4 million compared to the Actual Allocation Benchmark. Chair Deutsch observed the investments have reinvested 5.5% of the endowment into wealth.

2006 NACUBO Endowment Study Comparison

Mr. Gahlinger reviewed the NACUBO Endowment Study and Asset Allocations reports. The Foundation's market value ranked 91st out of 765 benchmark institutions. The Foundation has ranked in the top 100 for the past 12 years. The Foundation's nominal returns ranked 21st out of 477 benchmark institutions.

Investment Performance & Manager Update

Ms. Hall and Mr. Tyler discussed investment performance.

III. Discussion Regarding Rebalancing Suggestions

Mr. Tyler discussed proposed changes for rebalancing allocations.

The Committee took a brief break at 1:25 p.m.

IV. Presentation of Money Managers

Sands Capital Management: Michael Hotchkiss

The Committee heard a presentation by Mr. Michael Hotchkiss.

V. Best Investment Practices of Leading Endowments

The Committee discussed best investment practices of leading endowments.

VI. Introduction to Investing in Asia

The Committee discussed investment options in Asia.

VII. Proposed Topics for 2007 Meetings

Mr. Tyler discussed proposed topics for Finance Committee meetings in 2007.

VIII. Adjournment

The meeting adjourned at 3:30 p.m.

BOARD ACTION:

Passed X

Did not pass

Other

Asst. Secretary *Katalin M. Smith*