

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

In Open Session

Members of the Finance Committee of the University of Louisville Foundation, Inc., met at 12 Noon, on December 4, 2008, in the Board Room of the Chancey Center, with members present and absent as follows:

Present: Mr. Burt Deutsch, Chairman
Ms. Joyce Hagen
Mr. Robert W. Rounsavall, III
Ms. Sandy Metts Snowden
Mr. Frank Weisberg
Mr. William Wilcox

Absent: Mr. Harry Jones

From Legal
Counsel: Ms. Chandra Napora, Stites & Harbison

From
Cambridge: Mr. John Tyler
Mrs. Letitia Johnson
Mr. George Hasiotis

From BKD: Ms. Mary McKinley
Ms. Jennifer Williams
Mr. Matt Daniels

From the
University: Dr. James R. Ramsey, President
Mr. Mike Curtin, Vice President for Finance
Mr. Joe Gahlinger, Director of Treasury Management
Mrs. Kathleen Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison

I. Call to Order

Having determined a quorum present, Chair Deutsch called the meeting to order at 12:05 p.m.

Approval of Minutes, August 28, 2008

Mr. Weisberg made a motion, which Ms. Hagen seconded, to approve the minutes of August 28, 2008. The motion passed.

II. Report of the President

President Ramsey thanked the Finance Committee for their commitment to the University and its mission and recognized the Foundation as a critical component in the University's success. Through the Foundation, projects and academic programs have been funded. The President distributed a brochure detailing the solid results of a decade of progress. Included in the brochure was a graph outlining the cumulative impact of the budget cuts implemented since the higher education reform of 1998. One graph

outlined significant grants received to date in the current year, specifically noting the James Graham Brown Cancer Center \$20 million donation. Dr. Ramsey recognized Mr. Inman and his staff for their excellent work. He also acknowledged the outstanding service Ms. Snowden has given to autism fundraising. Ms. Snowden reported that 1 in 144 children, and 1 in 94 boys, develop autism. The condition makes teaching a difficult situation. The Autism Center needs a director and hopefully an endowed chair. UofL basketball star Darrell Griffith has served as spokesperson for a raffle program to benefit autism -Go Cards! Big East Basketball Tournament Raffle prize including four tournament tickets, four seats on UofL's charter flight to New York, two rooms at the Marriott Marquis on Times Square and \$1,000. Chances are \$20. Proceeds support UofL's new Autism Center and the Families for Effective Autism Treatment (FEAT of Louisville) scholarship fund. Ms. Snowden encouraged everyone to go to the website www.gocardsraffle.com to buy tickets. President Ramsey thanked Ms. Snowden for hosting past fundraisers at her home and said this year; the Autism Center fundraiser will be held at Amelia Place.

Dr. Ramsey reiterated his appreciation to the Foundation and the Finance Committee members – their support has been invaluable in achieving the University's academic mission in a very difficult fiscal environment. Dr. Ramsey thanked Chair Deutsch for his excellent leadership and the expertise he provides.

Dr. Ramsey said the Governor will lobby for a significant increase in the cigarette tax as an additional revenue. The anticipated minimum budget cut could be 4%, but if there is no new revenue the cut could be as high as 7%. The universities submitted to the CPE an outline of consequences if these cuts become real.

Chair Deutsch thanked President Ramsey for the update. Dr. Ramsey departed at 12:30 p.m.

III. Action Item: Approval of FY 2008 Audited Financial Statements

Chair Deutsch noted the external auditors conducted a separate meeting with the committee for a review of the audited financial statements and there were no concerns. Chair Deutsch asked Vice President Curtin and Ms. McKinley to update the Committee regarding the audited financial statements. Mr. Curtin reported the financial condition of the Foundation remained strong. Mr. Curtin reviewed the financial statements and introduced Ms. Mary McKinley, account manager/partner for BKD, LLP, Auditors. Ms. McKinley thanked Mr. Curtin for the overview, and concurred with his report. She noted a clean and unqualified audit and complimented the accounting staff for their assistance throughout the audit process. Mr. Rounsavall made a motion, which Ms. Snowden seconded to approve the

The President's recommendation that the Finance Committee approve the attached financial statements for the period ending June 30, 2008 and Independent Auditor's Report as presented by BKD.

The motion passed.

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 \$128.8 million of wealth compared to the Cambridge Associates' College and University Median and \$161.1 million compared to the Actual Allocation Benchmark. Chair Deutsch thanked Mr. Gahlinger for an excellent report.

Marketable Control Performance Update

Messrs. Tyler and Hasiotis provided a summary of asset allocations.

Market Update

Mr. Tyler and Ms. Johnson provided an update.

V. Review of Policies and Practices on Investment Endowment Gifts in Equity, Property, etc.

Chair Deutsch noted the Policy on Investment Endowment Gifts and the draft document related to practices. He asked committee members to review for future discussion.

VI. Action Item: Approval of the Special Conditions of the Mohr Bequest

Chair Deutsch reported that Bernard A. Mohr bequeathed 10% of the residue of his estate, approximately \$140,000.00, to the Foundation restricted for a scholarship fund at the University of Louisville School of Music. The executor of the estate has requested a letter accepting the terms of the bequest establishing the "Gertrude and Bernard Mohr Scholarship Fund." Because this bequest represents a departure from the Foundation's investment policy, the Finance Committee needed to act on the recommendation. Ms. Hagen made a motion, which Mr. Wilcox seconded, to approve the

President's recommendation that the Board of Directors accept the terms and conditions of Bernard A. Mohr's bequest to the University of Louisville Foundation, Inc.

The motion passed.

The Committee took a break at 1:15 p.m.

VII. MALT Update

Mr. Meyers updated the Committee on the MALT investment.

VIII. Presentation of Money Managers

The Committee heard a presentation from Dennis Costello, Managing Partner, Carrie Bates, Managing Partner, and George Emont, Managing Partner of Triathlon Medical Ventures.

By conference call, the Committee heard a presentation from Kirsten Voss, VP Marketing of Varde Partners.

IX. Adjournment

The meeting adjourned at 3:30 p.m.

BOARD ACTION:

Passed _____ X _____

Did not pass _____

Other _____

Asst. Secretary *Katalin M. Smith*

