

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

In Open Session

Members of the Finance Committee of the University of Louisville Foundation, Inc., Board of Directors met at 12 Noon on March 7, 2008, in the Alumni Board Room of the Chancey Center, with members present and absent as follows:

Present: Mr. Burt Deutsch, Chairman
Ms. Joyce Hagen
Ms. Sandy Metts Snowden
Mr. Frank Weisberg

Absent: Mr. Harry Jones
Mr. Robert Rounsavall, III
Mr. William Wilcox

From the
University: Mr. Mike Curtin, Vice President for Finance
Ms. Susan Ingram, Director of Budgets
Ms. Anne Rademaker, Manager, General Accounting & Reporting
Mrs. Kathleen Smith, Assistant Secretary
Mrs. Debbie Dougherty, Board Liaison

Others
Present: Mr. George Hasiotis, Cambridge Associates

Participating
By Phone: Mr. John Tyler, Cambridge Associates

I. Convene Meeting

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

Approval of Minutes

Ms. Snowden made a motion, which Mr. Weisberg seconded, to approve the minutes of November 20, 2007. The motion passed unanimously.

II. Information Items

Interim Financial Statements

Vice President Curtin introduced Anne Rademaker. Ms. Rademaker reviewed the financial statements and noted a stable position. During the first six months, the Foundation's net assets decreased by \$2.4 million to a total of \$850.8 million. This represents a 0.2% decrease compared to total net assets as of June 30, 2006 and a 5.8% increase over total net assets at December 30, 2006. The market value of Foundation custody investments increased approximately \$72.5 million over December 31, 2006. This 9.7% increase reflects the investment policy of the Foundation. The market value of the Foundation's endowment fund rose to \$815.9 million at December 31, 2007. This represents a 2.4% increase over the June 30, 2007 market value of \$796.8 million. Total revenues of the Foundation were approximately \$33.9 million for the period ended December 31, 2007. New gifts to the Foundation account for 50% (\$17.1 million), while gain on investments account for 12% (\$4.0 million). Chair Deutsch thanked Ms. Rademaker for an excellent report.

Endowment Performance

Vice President Curtin reviewed the Investment Performance Summary, Alternative Investments Summary, and Quarterly Investment Performance Report. Since 1995, the Foundation's portfolio has added \$184.3 million more wealth compared to the Cambridge Associates College and University Median and \$195.6 million compared to the Asset Allocation Benchmark. Vice President Curtin referenced the commingling of Grawemeyer Funds with the endowment account. Chair Deutsch reminded committee members of the court action authorizing the merger of these funds.

Investment Performance and Manager Update

By phone, Mr. Tyler summarized asset allocations.

MALT Update: Strategic Increase and Implementation

Mr. Hasiotis provided an update on the MALT portfolio and reviewed Cambridge's recommendation.

NMAA Update: Update and Recommendations

Mr. Hasiotis provided an update on the current status of the NMAA portfolio. The Committee discussed Cambridge Associate's recommendations. Chair Deutsch shared his continuing dialogue and email communications with Mr. Tyler and expressed his confidence in the following recommendation. Ms. Hagen made a motion, which Mr. Weisberg seconded, to authorize rebalancing the portfolio to

- **Reduce the current target from 32.0% to 26.5% in U.S. Equity**
- **Increase the current target from 10% to 15% in Marketable Alternatives**

- **Increase the current target from 7.5% to 10% in Non Marketable Alternative Assets %**
- **Decrease the current target from 13% to 7% in U.S. Bonds and**
- **Add 4% in Global Bonds**

The Committee took a brief break. Chair Deutsch reconvened the meeting at 1:20 p.m.

III. Presentation by Money Managers

The Committee heard a presentation by phone from Lou Paletta, Executive Vice President of Lone Star.

The Committee heard a presentation by phone from Melissa Ma, Co-Founder and Managing Director of Asian Alternatives.

IV. Discussion

Mr. Tyler discussed emerging markets.

V. Adjournment

The meeting adjourned at 3:00 p.m.

BOARD ACTION:

Passed _____ X _____
 Did not pass _____
 Other _____

Asst. Secretary *Katalin M. Smith*