

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 March 9, 2009, 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
Ms. Sandy Metts Snowden
Mr. Frank Weisberg

Absent: Mr. William Wilcox

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

Via Teleconference: Mr. George Hasiotis

From
Cambridge: Mr. John Tyler
Mrs. Letitia Johnson
Mr. Kyle Blackburn

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

From the
University: Dr. Manuel Martinez, Executive Vice President for Research
Mr. Mike Curtin, Vice President for Finance
Mr. Larry Owsley, Vice President for Business Affairs
Mr. Joe Gahlinger, Director of Treasury Management
Ms. Anne Rademaker, Manager, General Accounting and Reporting
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. Chair Deutsch introduced Mr. Blackburn, Cambridge Associates. Mr. Blackburn's work is in the area of marketable alternatives.

Approval of Minutes, December 4, 2008

Mr. Weisberg made a motion, which Ms. Hagen seconded, to approve the minutes of December 4, 2008. The motion passed.

II. Information Updates
Interim Financial Statements

Ms. Rademaker reported on the Foundation's financial status as of December 31, 2008. She noted the statements reflect a stable position. During the first six months, the Foundation's net assets decreased \$235 million to a total of \$615 million. This represents a 24% decrease compared to total net assets as of June 30, 2008, and a 28% decrease over total net assets at December 31, 2007. The market value of Foundation custody investments decreased approximately \$231 million, or 28%, compared to December 31, 2007.

Ms. Rademaker further reported the market value of the Foundation's endowment fund is \$571 million at December 31, 2008. This represents a 27% decrease compared to June 30, 2008 market value of \$783 million. Ms. Rademaker reported new gifts to the Foundation totaled \$27 million, an increase of \$10 million, or 56%, over the first six months of fiscal year 2008. Ms. Rademaker stated that overall, expenses have remained consistent, increasing \$5 million over the same time period in the prior year. Chair Deutsch thanked Ms. Rademaker for her report.

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 \$105.2 million of wealth compared to the Cambridge Associates' College and University Median and \$164.9 million compared to the Actual Allocation Benchmark. Chair Deutsch thanked Mr. Gahlinger for his report.

Investment Performance and Manager Update

Mr. Tyler and Ms. Johnson provided an update.

III. Action Item: Approval of Updated Banking Signature Authority

Chair Deutsch noted the banking resolution was routine in nature to add David Woods, assistant treasurer as authorized for banking accounts. Ms. Hagen made a motion, which Mr. Weisberg seconded, to approve the following

RESOLUTION

RESOLVED THAT:

- (1) National City Bank ("Bank") is designated a depository of funds of the University of Louisville Foundation, Inc. ("Foundation").**
- (2) This resolution applies to all accounts opened by the University's Controller's Office at the Bank under the University of Louisville Foundation, Inc., name.**
- (3) The following officers of the Foundation, listed below, are authorized to sign checks on, or withdraw funds from, the Accounts and the Bank is authorized to pay and charge the Accounts for checks or withdrawal requests subject to the conditions of paragraph (5) of this Resolution:**

James R. Ramsey, President

Shirley C. Willinhnganz, Executive Vice President

Michael J. Curtin, Assistant Treasurer

- (4) **The following employees of the University of Louisville, listed below are authorized to sign checks on or withdraw funds from the Accounts as agents of the Foundation and the Bank is authorized to pay and charge the Accounts for checks or withdrawal requests subject to the conditions of paragraph (5) of this Resolution:**

**Larry W. Zink, Controller and Treasurer
Susan D. Magness, Associate Controller
Joseph R. Gahlinger, Dir, Investment & Financial Mgmt
David M. Woods, Assistant Treasurer**

- (5) **The following limitations shall apply to the signature authority of the above named Foundation officers and University of Louisville employees acting as agents of the Foundation: (a) for amounts less than \$100,000 – one signature which may be mechanical; (b) for amounts equal to, or greater than, \$100,000 – two signatures, one of which may be mechanical.**
- (6) **The officers and employees named above have provided specimen signatures herein and are authorized to sign signature cards and Accounts agreements.**
- (7) **The Assistant Secretary of the Foundation Board of Directors is authorized and directed to deliver for and on behalf of the University, a certificate of this resolution to the bank.**
- (8) **The Bank is authorized to rely upon this Resolution until the bank has received written notice of any amendment or recession of the resolution.**

The motion passed.

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

IV. Portfolio Positioning Discussion

The Committee discussed aspects of the Foundation's portfolio.

VII. Tactical Opportunities

The Committee discussed tactical opportunities. Upon conclusion of the discussion, the Committee voted to approve the following recommendation

That the Board of Directors approve opening a Short Term Treasuries Fund account with Vanguard. This account will provide a defensive strategy for holding cash during equity market turmoil and for short term investment of cash awaiting re-deployment to other asset classes. This account will provide a highly liquid, risk-free option for holding cash as well as affording access to the short term fixed income market not currently available in the portfolio.

The motion passed.

VIII. Presentation of Money Managers

The Committee heard a presentation from Kevin Kearns, Portfolio Manager, and Jeff Seaver, Vice President Institutional Sales, Loomis Sayles Credit Presentation. Upon conclusion of the presentation, the Committee voted to approve the following recommendation

That the Board of Directors approve a \$20 million investment in the Loomis Sayles & Company, L.P. Credit Asset Fund, a high quality senior debt fund. The \$20 million will be invested in installments over a three (3) month period. The funding will come from partial redemptions from multiple equity managers as recommended by Cambridge Associates to tactically reduce holdings across several equity asset classes.

The motion passed.

VIII. Non Marketable Alternative

Via conference call, Mr. Hasiotis updated the committee on non MALT opportunities.

IX. Adjournment

The meeting adjourned at 3:30 p.m.

BOARD ACTION:

Passed _____ X _____

Did not pass _____

Other _____

Asst. Secretary *Katalin M. Smith*