

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

September 17, 2012

In Open Session

Members of the Finance Committee of the University of Louisville Foundation, Inc., met at 12:20 p.m. on September 17, 2012, in the Board Room of the University Club, with members present and absent as follows:

Present: Mr. Burt Deutsch, Chair  
Ms. Joyce Hagen  
Dr. William Selvidge

Absent: Mr. Frank Weisberg

Guests: Mr. Kyle Blackburn, Cambridge Associates, LLC  
Mr. Jeff Meade, Cambridge Associates, LLC

By Phone: Ms. Letitia Johnson, Cambridge Associates

From the  
Foundation: Mr. Mike Curtin, Assistant Treasurer

From the  
University: Mr. Keith Inman, VP for University Advancement  
Ms. Anne Rademaker, Director of Financial Reporting and Univ. Accounting  
Mr. Michael Kramer, Dir., Investments & Fin. Management  
Ms. Becky Simpson, Senior Assoc. VP, University Advancement

I. Call to Order

Having determined a quorum present, Chair Deutsch called the meeting to order at 12:20 p.m.

Approval of Minutes,

Dr. Selvidge made a motion, which Ms. Hagen seconded, to approve the minutes of , June 4, 2012.

II. Information Updates

Endowment Performance

Mr. Kramer reported reviewed the endowment performance. He noted the market value as of June 30, 2012, was \$685,752. Mr. Kramer discussed the total return analysis, the

endowment performance by composite, and marketable alternative and non-marketable performance. Chair Deutsch thanked Mr. Kramer for an excellent report.

#### Market Update/Review

Mr. Meade from Cambridge Associates briefed the Committee on the economy and the overall state of the financial markets.

#### Foundation Related Entity Review and Foundation Debt/Financing Review

Chair Deutsch discussed these two items together. He referred to President Ramsey's State of the University presentation the week before where the President noted the diminished funding from the state but the need and the commitment of the University to continue moving its programs forward. Chair Deutsch reaffirmed the greater dependence of the University of Louisville Foundation resources and the corresponding enhanced need of the Foundation to monitor those resources.

Chair Deutsch noted that the President and his leadership team are essential to the Foundation's first focus area – raising funds. He noted the current \$1 Billion capital campaign, and the fact that this year University programs were utilizing more Foundation funds than state funds. Under the President's leadership, the Foundation is funding advancement services and other fundraising efforts, freeing up General Fund dollars to support other University programs. The Foundation has also taken steps to mitigate the impact of the down economy on the amount of funds distributed to University programs by the Foundation. Under the President's leadership, the Foundation is taking action to secure other sources of revenue for University programs by investing in various real estate initiatives at Cardinal Station, Shelby Campus, Nucleus, and the Belknap Applied Sciences Park. In addition, the Foundation is also investing directly in University-related companies to secure future revenues. All of those revenue-enhancing ventures also serve direct programmatic initiatives of the University.

Chair Deutsch advised that Vice President Curtin is reviewing the loan guaranties and the debt of the Foundation.

In addition, the Foundation is also directing a review of the funding of direct-report entities, such as Metacyte and Nucleus, as well as other entities receiving Foundation funding or financial support.

### III. Action Item: Approval of Changes to Mary B. Craik Scholarship Fund

Vice Presidents Curtin and Inman noted Ms. Craik amended her gift agreement in 2009 to require the recipient to be female. She is concerned that federal laws may prohibit UofL from enforcing this change. Therefore, she established a nonprofit scholarship trust which would not be subject to federal restrictions and requested UofL resign. This would allow the Scholarship Trust to assume the role of administrator. The Scholarship Trust designates UofL as the sole recipient of the scholarship funds. The Scholarship Trust

selected J.J.B. Hilliard Lyons Investments, LLC, to manage the funds. Ms. Hagen made a motion, which Dr. Selvidge seconded, to approve the

**President's recommendation that the Board of Directors approve the Foundation voluntarily resign as the administrator under the Gift Agreement for the Mary B. Craik Scholarship Fund (E0294).**

The motion passed.

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

IV. Portfolio Positioning

Mr. Meade briefed the Committee on the performance of the ULF portfolio.

V. Private Investments Annual Review

Mr. Blackburn reviewed these investments and fielded questions from committee members.

VI. Westwood Emerging Markets Smaller Companies Fund

Based on the strategic asset allocation plan that was approved at the June 2012 Board of Directors meeting, the emerging markets equity allocation was increased by 5%. Westwood Global Investments is currently an existing manager in the Endowment pool with its large-cap emerging markets strategy. Cambridge Associates representatives recommend the review of replacement manager options. Ms. Hagen made a motion, which Dr. Selvidge seconded, to approve the

**Finance Committee's recommendation that the Board of Directors approve the hiring of Westwood Global Investments, LLC as core small-cap emerging markets manager. The investment will be funded from various liquidations related to the asset allocation rebalancing that was approved at the June 2012 Board of Directors meeting.**

The motion passed.

VII. Questions/Discussion

Cambridge Associates fielded questions from the Finance Committee.

VIII. Adjourn

The meeting adjourned at 2:30 p.m.

Approved by:

Katalin M. Smith

Asst. Secretary