

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

In Open Session

Members of the Finance Committee of the University of Louisville Foundation, Inc., met at 12:05 p.m. on February 25, 2013, in the Jefferson Room, Grawemeyer Hall, with members present and absent as follows:

Present: Mr. Burt Deutsch, Chair  
Dr. Mark Lynn  
Mr. Frank Weisberg

Absent: Ms. Joyce Hagen  
Dr. William Selvidge

Guests: Mr. Jeff Meade, Cambridge Associates, LLC  
Ms. Letitia Johnson, Cambridge Associates, LLC

By Phone: Mr. George Hasiotis, Cambridge Associates, LLC

From the  
Foundation: Mr. Mike Curtin, Assistant Treasurer

From the  
University: Dr. William Pierce, Executive Vice President for Research and Innovation  
Mr. Keith Inman, VP for University Advancement  
Mr. Michael Kramer, Dir., Investments & Financial Management  
Ms. Anne Rademaker, Director of Financial Reporting & Univ. Accounting  
Ms. Becky Simpson, Senior Assoc. VP, University Advancement  
Mr. Jason Tomlinson, Asst. Vice President for Finance  
Ms. Susan Howarth, Director of Budgets  
Mr. Mark Hebert, Director of Media  
Ms. 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 welcomed Dr. Lynn to the Committee.

Approval of Minutes.

Mr. Weisberg made a motion, which Dr. Lynn seconded, to approve the minutes of December 5, 2012.

II. Information Updates

### Interim Financial Statements

Ms. Rademaker reported the financial statements as of December 31, 2012 reflect the stable position of the Foundation. The Foundation has \$989 Million in total assets, with liabilities of \$182 Million. Overall, assets increased 9% as compared to prior year. She noted the most significant increase was the \$61 Million in investments, as the Foundation's overall investments had net gains for the six months of the fiscal year, compared to net losses in the prior year.

Ms. Rademaker stated the market value of the endowment fund was at \$754 Million as of December 31, 2012, which represented a 4% increase over the June, 2012, value of \$721 Million. She further noted that net realized and unrealized gains were \$47 Million for the first six months. She concluded by reporting the expenses increased \$5 Million, or 14%, compared to the prior fiscal year. The most significant increase was an additional \$3 Million in payments related to research expenses. Chair Deutsch thanked Ms. Rademaker for an excellent update.

### Endowment Performance

Mr. Kramer reviewed the endowment performance. He discussed the market value as of December 30, 2012, 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.

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

Chair Deutsch noted these items were discussed more fully at previous committee meetings. The main reason for reference today was to keep attention on the fact that there are two areas Vice President Curtin and his staff are looking at: 1) loan guarantees/debt of UL Foundation, and 2) budget for Nucleus and Metacyte. Chair Deutsch noted Vice President Curtin and his staff plan to provide a full budget review of these two entities during the next budget review cycle. Chair Deutsch noted both entities do a good job, reporting directly to the UL Foundation and Executive Vice President Pierce. Dr. Pierce conducts reviews from a programmatic standpoint; however, the UL Foundation would like to incorporate a budget review of these two entities in the same manner it conducts an annual operating budget review. Chair Deutsch further noted Metacyte provides due diligence regarding companies for direct investments. Vice President Curtin shared an update on New Market Tax Credit status and the savings involved with the building downtown overseen by Nucleus.

### Policy Updates

Vice President Curtin presented the proposed changes to the following two policies: Endowment Fund Statement on Investment Objectives and Guidelines and the Investment Guidelines for Internationally Managed Short-Term Funds. Dr. Lynn made a motion, which Mr. Weisberg seconded, to approve the

**Revisions to the Endowment Fund Statement of Investment Objectives and Guidelines (copy attached).**

**Revisions to the Investment Guidelines for Internationally Managed Short-Term Funds (copy attached).**

The motion passed.

Market Update/Review

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

The Committee took a short break at 1:00 p.m.

IV. Hedge Fund Annual Review

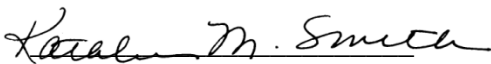
By conference call, Mr. Hasiotis reviewed the hedge fund.

VII. Questions/Discussion

A discussion ensued and Cambridge Associates fielded questions from the Finance Committee.

VIII. Adjourn

The meeting adjourned at 2:30 p.m.

  
Assistant Secretary