

**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 12:00p.m. on December 16, 2013, in the Jefferson Room, Grawemeyer Hall, with members present and absent as follows:

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

Absent:         Ms. Joyce Hagen

Guests:        Mr. Jeff Meade, Cambridge Associates, LLC

From the  
Foundation:    Mr. Michael Curtin, Assistant Treasurer

From the  
University:    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  
                  Ms. Trisha W. Smith, Director of Special Projects

I.    Call to Order

Having determined a quorum present, Chair Deutsch called the meeting to order at 12:37 p.m.

Approval of Minutes,

Mr. Weisberg made a motion, which Dr. Lynn seconded, to approve the minutes of February 25, 2013.

II.   Action Item: Approval of FY 2014 Budget

As part of a PowerPoint presentation, Ms. Howarth gave an overview of the operating budget. She highlighted Fundraising, Foundation Business Operations, and Other Restricted Funds including Gift Funds and Restricted Endowment Funds.

Chair Deutsch added that the board had taken actions to protect some of its accounts from the poor performance of the market, and that as it improves, the board would return to previous methodologies. Specifically, Chair Deutsch stated that a great majority of funding no longer comes from the general fund but from the Foundation, and the Foundation has contributed more to the University's budget than net state appropriations. .

Dr. Lynn made a motion, which Mr. Weisberg seconded, to approve the University of Louisville Foundation Inc., Budget for FY 2013-4.

The motion passed.

III. Action Item: Approval of a Resolution Regarding the Spending Policy

Vice President Curtin stated the current spending policy calculation for endowments was based on appropriating 5.5% of the three-year rolling average of endowment market values as of December 31st for the three most recent calendar years. For FY14 spending calculations for the years 2010, 2011 and 2012 were used. Since 2011, the spending policy has been modified so that only the two highest market values of the past three years were used in the calculation. This was achieved by eliminating 2012 from the FY14 calculations and averaging the remaining two years (2010 and 2011.) Cambridge Associates recommended the Foundation no longer include the unspent portion of spending policy from previous years in the current spending policy calculation. The administration agrees and will administratively implement this change according to existing policy authorization.

Dr. Lynn made a motion, which Mr. Weisberg seconded, to approve the:

**Recommendation of the Finance Committee to the Board of Directors that it approve a one-time change to the current spending policy calculation methodology for Fiscal Year 2014 (FY14). Specifically, the standing three-year rolling average of endowment market values will be replaced by dropping the year with the lowest market value between 2010 and 2012 and averaging over the remaining two years. Underwater Research Challenge Trust Endowments will not receive spending policy distribution for FY2014. This is a one-time modification applicable to the FY14 budget year only.**

Action Item: Approval of a Resolution Regarding Signature Authority

Vice President Curtin explained the routine (housekeeping) resolution to allow individuals to be signatories for the Foundation.

Mr. Weisberg made a motion, which Dr. Lynn seconded, to approve the:

**RECOMMENDATION TO THE FINANCE COMMITTEE OF THE  
UNIVERSITY OF LOUISVILLE FOUNDATION, INC.**

**RESOLUTION  
RESOLVED THAT:**

(1) PNC 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 University of Louisville Foundation, Inc., name.

(3) The following officers of the Foundation, listed below, are authorized to open and/or close Accounts, delegate and delete check signers, obtain Treasury Management services, 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:

James R. Ramsey \_\_\_\_\_  
President

Shirley C. Willihnganz \_\_\_\_\_  
Executive Vice President

R. Jason Tomlinson \_\_\_\_\_  
Assistant Vice President of Finance

(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

Michael D. Kramer \_\_\_\_\_  
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 signature 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.

Action Item: Changes in Asset Allocation

Chair Deutsch moved this item to Information to follow the break under Item V.

IV. Information Items:

Interim Financial Statements

Ms. Rademaker reviewed the interim financial statements. She noted the Foundation's net assets increased by \$65 million

Endowment Performance

Mr. Kramer reviewed the endowment performance reports and discussed the value changes in endowment performance noting that the Foundation continued to add value as compared to its benchmarks and peers.

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 1:40 p.m.

V. Strategic Asset Allocation Review

Mr. Meade discussed the strategic asset allocation review for the Foundation to provide for the units within the University that were not performing.

Dr. Lynn made a motion, which Mr. Weisberg seconded, to approve the:

**Recommendation That The Board Of Directors Of The University Of Louisville Foundation, Inc. Approve The Attached Revised Asset Allocation Plan**

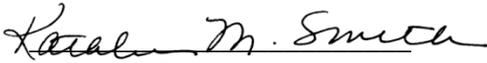
The motion passed.

VII. Questions/Discussion

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

VIII. Adjourn

The meeting adjourned at 2:41 p.m.

  
Assistant Secretary