

**MEMORANDUM
OF AGREEMENT**

University of Louisville Receivable from
the UofL Real Estate Foundation, Inc.

This Receivable Agreement (Receivable) is dated the 1ST day of July, 2015, by and between the UNIVERSITY OF LOUISVILLE (University) and the UNIVERSITY OF LOUISVILLE REAL ESTATE FOUNDATION, INC. (Foundation) as a source of funding for the Foundation activities detailed in Exhibit 1, attached. The Foundation agrees to repay the Receivable according to the terms outline within this document.

This Receivable shall be repaid in full or satisfied through other financial instruments within 3 year(s) ("Term") of the Effective Date of this agreement. The Effective Date shall be defined as the date on which the University transfers \$38,000,000 to the Foundation.


The unpaid balance on the Receivable shall bear simple interest equal to 75 basis points greater than the University's cash Sweep Rate (25 basis points as of the Effective Date of this agreement) per annum, compounded semi-annually, with interest-only payments twice a year (December and June), with a balloon repayment of any unpaid receivable and interest at the end of the Term of the agreement. The Foundation shall reserve the right to make additional payments at any time during the Term of the Receivable thereby reducing future principal and interest payments. All additional payments will be first applied to unpaid interest and then to outstanding principal. Exhibit 2, Payment Schedule, represents the annual financial obligations of the Foundation in the event no Receivable pre-payments are made toward the outstanding balance.

Payment Schedule Exhibit 2 will be revised should the Foundation make additional payments towards the Receivable during the Term outlined above.

The Foundation will use income generated from the activities detailed in Exhibit 1, among others, as the source of funds to make the required payments on the Receivable.

Payments from the Foundation to the University will be wired to the University on, or before, the payment dates described above.

University of Louisville

BY: 
NAME: James R. Ramsey
TITLE: President

University of Louisville
Real Estate Foundation, Inc.

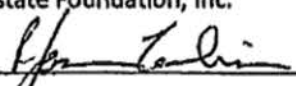
BY: 
NAME: R. Jason Tomlinson
TITLE: Assistant Treasurer

Exhibit 1

Use of Funds: \$6,200,000 to cover matching funding of the Belknap Research & Technology Park Connector project
 \$4,500,000 in matching funds for the Floyd & Warnock Streetscapes project
 \$3,200,000 estimated purchase price for K&I Lumber
 \$500,000 to pay UofL Counseling's Cardinal Station lease fit-out expenditures
 \$1,400,000 estimated construction costs for the Speed/UL AMCC space
 \$22,000,000 ULREF line of credit principal payment to ULF

The chart below illustrates the savings ULREF will achieve along with interest revenue the University is expected to receive over the life of the loan compared to financing from an unrelated financial institution.

	UofL Line of Credit Pymt	Belknap Connector	Floyd/Warnock Streetscapes	K&I Lumber Purchase	Counseling Lease Fit-Out	AMCC Capital & Construction	Total
<u>If funded through the University</u>							
Intercompany Loan Total	22,000,000	6,200,000	4,500,000	3,200,000	500,000	1,600,000	38,000,000
Interest Rate*	1%	1%	1%	1%	1%	1%	1%
Annual Interest Paid to the University	220,000	62,000	45,000	32,000	5,000	16,000	380,000
<u>If funded through a Financial Institution</u>							
Bank Loan Total	22,000,000	6,200,000	4,500,000	3,200,000	500,000	1,600,000	38,000,000
ULREF's Estimated Borrowing rate**	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Annual Interest Paid to Financing Institution	495,000	139,500	101,250	72,000	11,250	36,000	855,000
Annual Interest Savings	275,000	77,500	56,250	40,000	6,250	20,000	475,000

*Assumes no change in interest rates. However, if interest rates increase, ULREF payments to the University increase proportionately.

**Based on 220 Preston, LLC financing (only closed ULREF financing project to date). LIBOR plus 150 basis points

Intercompany Financing Benefits

1. Interest payments received annually from ULREF will be \$285,000 greater than if the funds remain invested at the current sweep rate (.25%).
2. Annual interest payments, estimated at \$380,000, will be made to the University rather than to an unrelated financial institution.
3. The stated interest rate in the agreement will float with current market rates. If interest rates increase, the University will still earn 75 basis points above their current bank sweep rate mitigating any interest rate risk associated with the funding.
4. Projects financed internally allow for significant cost savings. Interest payment savings achieved by ULREF will be approx. \$2.4 million over the term (5 yrs.) of the proposed agreement.

Exhibit 2

Payment Schedule

Period	Funds		Principal Pymt	Period Interest	Pymt Totals	Total O/S
	Drawn/(Paid)	Interest				
6/30/2015	38,000,000	1%	-	-	-	38,000,000
12/31/2015	-	1%	-	190,000	(190,000)	38,000,000
6/30/2016	-	1%	-	190,000	(190,000)	38,000,000
12/31/2016	-	1%	-	190,000	(190,000)	38,000,000
6/30/2017	-	1%	-	190,000	(190,000)	38,000,000
12/31/2017	-	1%	-	190,000	(190,000)	38,000,000
6/30/2018	-	1%	-	190,000	(190,000)	38,000,000
12/31/2018	-	1%	-	190,000	(190,000)	38,000,000
6/30/2019	-	1%	-	190,000	(190,000)	38,000,000
12/31/2019	-	1%	-	190,000	(190,000)	38,000,000
6/30/2020	<u>(38,000,000)</u>	1%	-	<u>190,000</u>	<u>(190,000)</u>	-
	<u>-</u>		-	<u>1,900,000</u>	<u>(1,900,000)</u>	