

Benefits to University of Louisville of Loans Made to the University of Louisville Foundation (ULF) and the University of Louisville Real Estate Foundation (ULREF) (as outlined in the Memoranda of Agreement)

Date	Benefit to the University of Louisville
2014	1. Interest payments received on investment from the Foundation (1% return) are \$1,377,500 greater than if money remains invested at the current sweep rate (.25%).
	2. Net return on \$36,000,000 of University short term investments in fiscal year 2013 were only \$34,000.
	3. Total interest paid to the University is \$1,450,000 over the life of the five year loan, assuming no change in bank sweep rates. University is beneficiary of all interest revenues over the life of the loan rather than payments to an unrelated financial institution
	4. Interest rate will be allowed to float with current bank sweep rates. The scenario assumes bank sweep rate (.25%) plus .75% margin (total 1% return). If sweep rate increases, the University will still return 75 basis points above the sweep rate covering any interest rate risk associated with the loan.
	5. Projects financed internally allow for significant cost savings. Interest payment savings are more than \$3,700,000. Additionally, the University will avoid indirect financing charges such as bank fees. Compliance fees, and other legal and professional fees.
2015	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 the 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 of the proposed agreement.