MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.

October 22, 2021

In Open Session

Members of the Board of Directors of the University of Louisville Athletic Association, Inc. met in the Jefferson Room, Grawemeyer Hall, Belknap Campus, both in-person and virtually at 9:55 a.m. on October 22, 2021, with members present and absent as follows:

Present: Dr. Neeli Bendapudi, Chair
Prof. Claudia Angeli
Dr. Larry Benz
Prof. Eric Berson
Mr. Ryan Bridgeman
Prof. Jeremy Clark
Mr. Dan Durbin
Dr. Jasmine Farrier
Ms. Sydney Finley
Dr. Lori Gonzalez
Prof. Meg Hancock
Mr. Dennis Heishman
Prof. Carolyn Klinge
Mr. Tom Meeker
Prof. Eugene Mueller
Prof. Whitney Nash
Ms. Ugonna Okorie
Mr. Sam Rechter
Ms. Shannon Rickett
Mr. Jim Rogers
Ms. Gayle Saunders
Prof. Krista Wallace-Boaz
Mr. Mark Watkins
Dr. Ron Wright
Ms. Sherrill Zimmerman

Absent: Prof. Gerry Bradley
Mr. Andrew Grub
Mr. Steve Jones
Prof. Karen Turner

From the University: Mr. Vince Tyra
Ms. Angela Curry
Dr. Michael Wade Smith
Mr. Josh Heird
Ms. Amy Shoemaker
Ms. Meghan Edwards
Mr. John Karman
Mr. Kenny Klein
Ms. Beverly Santamouris
Mr. Douglas Craddock
Mr. Matt Banker
Mr. Jake Beamer

I. Call to Order

Chair Bendapudi read the roll. Having determined a quorum present, she called the meeting to order at 9:55 a.m.

Recognize New Members

The Chair introduced and recognized the newest members of the board of directors: Claudia Angeli, Sydney Finley, Meg Hancock, Carolyn Klinge, Ugonna Okorie, and Gayle Saunders.

Dr. Bendapudi stated that she and her fellow directors look forward to working with the new members during their terms.

Consent Agenda

Prof. Klinge made a motion, which Dr. Mueller seconded, to include the ULAA Audited Financial Statements for the period ending June 30, 2021, on the Consent Agenda.

The motion passed.

Dr. Bendapudi then read the new consent agenda as follows:

- **Approval of Minutes, 8-27-2021**
- **From the Finance Committee, 10-22-2021**
  - **Approval of Charitable Gaming Resolution**
  - **Approval of Denny Crum Hall Financing**
  - **Approval of Cardinal Stadium Club Renovation**
  - **Approval of Audited Financial Statements for the period ending June 30, 2021**

Dr. Wright made a motion, which Dr. Benz seconded, to approve the revised consent agenda.

The motion passed.

II. Action Item: Election of Officers, Committee Chairs

The Chair read the following slate of officers and Committee Chairs for 2021-2022:

Neeli Bendapudi	**Chair**
Eugene Mueller	**Vice Chair**
Andrew Grubb	**Treasurer**
Ugonna Okorie	**Secretary**
Dan Durbin	**Assistant Treasurer**
Jake Beamer	**Assistant Secretary**

Chairs of committees of the Board of Directors of the University of Louisville Athletic Association, Inc. for 2021-2022:

Neeli Bendapudi	**Personnel Committee**
Andrew Grubb	**Finance & Budget Committee**
Krista Wallace-Boaz	**Committee on Academic Performance**

Hearing no other nominations, Prof. Klinge made a motion, which Ms. Zimmerman seconded, to approve the slates as listed.

The motion passed.

III. Report of the Athletic Director

New Standard Women's Capital Campaign

AD Tyra discussed a new capital campaign by the Department of Athletics to advance its mission of equity and opportunity for women's sports, in advance of Title IX's 50th anniversary in 2022.

He then shared with the board a video announcing "The New Standard" Capital Campaign, and fielded questions from directors.

Name, Image, Likeness Update

Associate AD Banker provided an update regarding the new legislation which permits student-athletes to pursue certain activities related to their name, image, and likeness, such as: business endorsements, social media influencing, appearances, autograph signings, providing lessons/camps, and more. These activities may be compensable or non-profit initiatives.

Mr. Banker's presentation, **attached**, also included statistics related to the first 100 days of the new legislation and the educational outreach opportunities provided by the Department of Athletics to student-athletes.

ADs Tyra and Banker then fielded questions from the board.

IV. Report of the Chair

Chair Bendapudi reminded board members to complete, sign, and return to the Assistant Secretary the annual Conflict of Interest Statements.

V. Executive Session

Mr. Rechter made a motion, which Ms. Okorie seconded, to recess to executive session to discuss personnel matters pursuant to KRS 61.810(1)(f).

The motion passed, and the open meeting recessed at 11:04 a.m.

VI. Open Meeting Reconvenes

The open meeting reconvened at 11:16 a.m. Chair Bendapudi reported that the board discussed personnel matters. The board then took the following actions:

Softball Head Coach Contract Extension

Ms. Zimmerman made a motion, which Prof. Klinge seconded, to approve the

> **Chair's recommendation that the Board of Directors authorize the Athletic Director to execute an employment contract extension with Holly Aprile as Head Coach of Softball, effective July 1, 2022, and consistent with a term sheet as presented.**

The motion passed.

Field Hockey Head Coach Contract Extension

Dr. Benz made a motion, which Dr. Wright seconded, to approve the

> **Chair's recommendation that the Board of Directors authorize the Athletic Director to execute an employment contract extension with Justine Sowry as Head Coach of Field Hockey, effective November 1, 2021, and consistent with a term sheet as presented.**

The motion passed.

Women's Basketball Head Coach Contract Extension

Dr. Wright made a motion, which Mr. Watkins seconded to approve the

> **Chair's recommendation that the Board of Directors authorize the Athletic Director to execute an employment contract extension with Jeff Walz as Head Coach of Women's Basketball, effective November 1, 2021, and consistent with a term sheet as presented.**

The motion passed.

VII. Adjournment

Having no other business to come before the board, Mr. Watkins made a motion, which Prof. Berson seconded, to adjourn the meeting.

The motion passed and the meeting adjourned at 11:18 a.m.

Approved by:

Signature on file ___
Assistant Secretary

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.

October 22, 2021

In Executive Session

Present:

Dr. Neeli Bendapudi, Chair
Prof. Claudia Angeli
Dr. Larry Benz
Prof. Eric Berson
Mr. Ryan Bridgeman
Prof. Jeremy Clark
Mr. Dan Durbin
Dr. Jasmine Farrier
Ms. Sydney Finley
Dr. Lori Gonzalez
Prof. Meg Hancock
Mr. Dennis Heishman
Prof. Carolyn Klinge
Mr. Tom Meeker
Prof. Eugene Mueller
Prof. Whitney Nash
Ms. Ugonna Okorie
Mr. Sam Rechter
Ms. Shannon Rickett
Mr. Jim Rogers
Ms. Gayle Saunders
Prof. Krista Wallace-Boaz
Mr. Mark Watkins
Dr. Ron Wright
Ms. Sherrill Zimmerman

From the University:

Mr. Vince Tyra
Ms. Angela Curry
Dr. Michael Wade Smith
Mr. Josh Heird
Ms. Amy Shoemaker
Mr. Jake Beamer

I. Call to Order

Chair Bendapudi called the Executive Session to order at 11:04 a.m.

II. Personnel Matters

AD Tyra discussed with the board personnel matters regarding three head coaches.

III. Adjournment

Mr. Rogers made a motion, which Ms. Zimmerman seconded, to adjourn the executive session.
The motion passed the session adjourned at 11:15 a.m.

Approved by:

_Signature on file ___
Assistant Secretary

RECOMMENDATION TO THE UOFL ATHLETIC ASSOCIATION BOARD OF DIRECTORS

KENTUCKY CHARITABLE GAMING LICENSE

ULAA Board Meeting– October 22, 2021

RECOMMENDATION:

The Athletic Director recommends the Board of Directors approve the application for a Kentucky charitable gaming license for ULAA.

BACKGROUND:

Split the pot, or 50/50 drawings, have become a popular revenue generator in both college athletics and professional sports. Currently, several other ACC schools and Lou City FC have partnered with third party vendors to administer 50/50 contests for programs. ULAA staff have begun researching the legality and options for conducting our own program. The next step is the submission of an application for a Kentucky charitable gaming license which can take up to 3 months for approval. If approved, ULAA would seek a partnership with a third party administrator and possible launch during baseball season.

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COMMITTEE ACTION:	BOARD ACTION:
Passed _____X_____	Passed _____X_____
Did Not Pass __________	Did Not Pass __________
Other _______________	Other _______________
Signature on file	
Assistant Secretary	Assistant Secretary

RECOMMENDATION TO THE UOFL ATHLETIC ASSOCIATION BOARD OF DIRECTORS
DENNY CRUM HALL FINANCING

ULAA Board Meeting– October 22, 2021

RECOMMENDATION:

The Athletic Director recommends the Board of Directors of ULAA approve additional funding and financing agreements for Denny Crum Hall.

BACKGROUND:

At a November 6, 2020 meeting, the Executive Committee approved allocating $3.5M for the Denny Crum Hall project. These funds will be paid to the developer, IPA, to be applied toward construction cost to lower the annual bed rate charged to students. To enhance the branding of the facility, Athletics is requesting approval for an additional $2.5M for signage, graphics, common area furniture and other amenities. The total capital expense for the project is $6M which has been secured through private donations for the project.

In addition to the $2.5M increase in funding, the Athletic Director recommends the approval of the two promissory notes, totaling $6M, attached to this resolution.

COMMITTEE ACTION:	BOARD ACTION:
Passed X	Passed X
Did Not Pass ____________	Did Not Pass ___________
Other __________________	Other _________________
Signature on file	
Assistant Secretary	Assistant Secretary

COMMERCIAL NOTE

$4,012,000.00 Louisville, Kentucky
Dated as of September ___, 2021 (the "**Effective Date**")

FOR VALUE RECEIVED, **UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**, a Kentucky nonprofit corporation, with a principal place of business at University of Louisville Athletic Association,, 2100 South Floyd Street, Louisville, Kentucky 40208 ("**Borrower**"), promises to pay to the order of **320 EASTERN JV, LLC**, a Kentucky limited liability company, whose address is 666 East Main Street, Suite A-2, Centreville, Michigan 49032 ("**Lender**"), the principal sum of Three Million Ninety-Two Thousand and No/100 Dollars ($3,092,000.00) ("**Tranche A**") on or before December 31, 2023 (the "**Tranche A Maturity Date**") and the principal sum of Nine Hundred Twenty Thousand and No/100 Dollars ($920,000.00) ("**Tranche B**"; collectively, Tranche A and Tranche B are referred to herein as the "**Note**") on or December 31, 2025 (the "**Tranche B Maturity Date**"), or the aggregate unpaid balance of all Advances made by Lender from time to time hereunder, together with interest thereon, on or before the Tranche B Maturity Date. Principal of this Note and all accrued interest thereon shall be due and payable as follows:

1. **Interest Rate – Tranche A.** This Note shall bear interest from the date hereof until the outstanding principal balance of Tranche A, all accrued but unpaid interest thereon and all other charges, fees or expenses hereunder have been repaid to Lender in full as follows:

Fixed Rate. This Note shall bear interest at a fixed rate equal to three and three-quarters percent (3.75%) per annum.

2. **Interest Rate – Tranche B.** This Note shall bear interest from the date hereof until the outstanding principal balance of Tranche B, all accrued but unpaid interest thereon and all other charges, fees or expenses hereunder have been repaid to Lender in full as follows:

Fixed Rate. This Note shall bear interest at a fixed rate equal to three and three-quarters percent (3.75%) per annum.

All interest calculations under this Note will be made based on a year of 360 days for the actual number of days in each interest period.

3. **Payments.** The principal of, and all interest on, this Note shall be due and payable as follows:

(a) **Tranche A**. Principal and interest shall be due and payable on the December 31 of each year commencing on December 31, 2022, and continuing thereafter until the Tranche A Maturity Date. Interest shall be paid in arrears and in the amount of all interest accrued and unpaid through the December 31 of the year in which such payment is due (*i.e.*, interest accrued on December 31, 2022, shall be for all interest accrued from January 1, 2022, through, and including, December 31, 2022). If a payment is due on a day that is not a Business Day, such payment shall be deemed due on the next succeeding Business Day. All payments on account of the indebtedness evidenced by this Note shall be made to Lender not later than 2:00 p.m. EST/EDT, on the day when due in lawful money of the United States, and shall be first applied to late charges, costs of collection or enforcement, and other similar amounts due, if any, under this Note and any of the other Loan Documents, then to interest due and payable hereunder and the remainder to principal due and payable hereunder; provided, however, that all outstanding principal and accrued interest shall be due and payable in full on the Tranche A Maturity Date.

(b) **<u>Tranche B</u>**. Principal and interest shall be due and payable on the December 31 of each year commencing on December 31, 2024, and continuing thereafter until the Tranche B Maturity Date. Interest shall be paid in arrears and in the amount of all interest accrued and unpaid through the December 31 of the year in which such payment is due (*i.e.*, interest accrued on December 31, 2024, shall be for all interest accrued from January 1, 2024, through, and including, December 31, 2024). If a payment is due on a day that is not a Business Day, such payment shall be deemed due on the next succeeding Business Day. All payments on account of the indebtedness evidenced by this Note shall be made to Lender not later than 2:00 p.m. EST/EDT, on the day when due in lawful money of the United States, and shall be first applied to late charges, costs of collection or enforcement, and other similar amounts due, if any, under this Note and any of the other Loan Documents, then to interest due and payable hereunder and the remainder to principal due and payable hereunder; provided, however, that all outstanding principal and accrued interest shall be due and payable in full on the Tranche B Maturity Date.

4. **<u>Advances</u>**. The proceeds of this Note may be disbursed from Lender to Borrower in one or more advances (an "**Advance**") made from time to time prior to the Maturity Date; provided, however, that the aggregate outstanding principal balance of all unpaid Advances at any time shall not exceed the original principal balance of this Note. To obtain an Advance, Borrower shall submit a written, fully executed and completed "**Request for Advance**" at least ten (10) business day prior to the date Borrower desires the funds to be made available. Upon each Advance, Lender shall record the making and amount of such Advance on the books and records of Lender maintained for this Note. Lender shall also record on such books and records each payment of principal of this Note made by Borrower. The aggregate amount of all Advances made by Lender and shown on such books and records, less the principal paid by Borrower and shown on such books and records, shall be the outstanding principal of this Note. The books and records of Lender shall, at any time, be prima facie evidence of the outstanding principal of this Note. The obligation of Lender to honor any tendered Request for Advance and to make any Advance is subject to the following conditions: (a) each and every one of the representations, warranties and covenants of Borrower set forth herein, and in any other agreement, document or instrument delivered by Borrower to Lender or any of its affiliates, shall be true and correct on the date such Advance is made; (b) no Event of Default (as defined herein) shall have occurred and be continuing and no event of default shall exist or be continuing under any other agreement between Borrower and Lender or any of their affiliates; (c) after giving effect to the Advance requested in the Request for Advance, the aggregate outstanding principal amount of Advances hereunder shall not exceed the lesser of the Note, or the maximum amount, if applicable; and (d) such other conditions as Lender may reasonably impose. Each Request for Advance submitted by Borrower to Lender shall constitute Borrower's representation and warranty to Lender that (i) Borrower is then and will be entitled to the Advance under this Note; (ii) all representations, warranties and covenants made by Borrower to Lender in this Note, and in any other agreement, document or instrument delivered by Borrower to Lender, are true and correct; and (iii) no Event of Default under this Note has occurred and is continuing. Each Request for Advance under this Note will be subject to all of the terms and conditions of the Note. Without limiting the generality of the foregoing, Lender will have no duty to make any Advance if insufficient funds remain available pursuant to the Note or any other maximum amount limitations set forth herein or in any of the Security Documents. Lender hereby is authorized at any time and from time to time, in its discretion, to make an advance under this Note for the payment on behalf of Borrower of any interest, principal or other sums due under any of the obligations of Borrower to Lender, and each such advance will constitute an Advance hereunder and part of the obligations. Notwithstanding the foregoing, Lender is not obligated to take such action. Advances that are repaid shall not be available for future Advances or otherwise "reborrowed" by Borrower at any time, and the aggregate amount of all Advances made hereunder shall not exceed the face amount of this Note.

5. [Intentionally omitted.]

6. **Late Charge and Default Rate of Interest.** If Lender does not receive any payment due under this Note within ten (10) days of the date it is due, then Lender may charge a late charge of five percent (5.00%) of the amount of the overdue payment (the "**Late Charge**"). Upon maturity, whether by acceleration or otherwise, or upon the occurrence of an Event of Default hereunder, in addition to any and all other remedies to which Lender may be entitled, the applicable rate of interest on this Note shall be increased to five percent (5.00%) per annum in excess of the rate set forth in Section 1, above (the "**Default Rate**"), but not more than the highest rate permitted by law.

7. **Security.** To secure repayment of this Note, any extensions or renewals thereof and all other existing and future indebtedness of Borrower to Lender (whether direct, indirect, absolute or contingent), Borrower shall grant, and does hereby grant, to Lender a security interest in the property described in the Security Agreement by and between Borrower and Lender dated on or about the date hereof (the "**Security Agreement**"), as well as all money and other property held by Lender on deposit in safekeeping or otherwise for the account of or to the credit of Borrower, or in which Borrower has an interest; provided that Lender will have the right to call for additional security as necessary. All of the documents or instruments that provide a lien or security interest in the collateral described above (the "**Collateral**"), as well as any and all other documents or instruments now or hereafter executed in connection with this Note and the loan evidenced hereby, including but not limited to any Security Agreement by and between Lender and Borrower, are referred to herein collectively as the "**Security Documents**." All of the terms and conditions of the Security Documents are incorporated herein and made a part of this Note as if fully set forth at length herein. Any holder of this Note shall be entitled to the rights, privileges, benefits and remedies provided in the Security Documents and in the real and personal property secured thereby. Borrower represents and warrants to Lender that the Security Documents have been validly executed and delivered to Lender and that the Security Documents are legally valid, binding and enforceable against Borrower (or any other party which has executed any of the Security Documents) in accordance with their respective terms. As used herein, "**Loan Documents**" will mean all Security Documents and this Note. Upon the occurrence of an Event of Default and in the event that Borrower receives payment of or proceeds from any of the Collateral, including without limitation and to the extent that it is included as Collateral hereunder, accounts, monies, checks, notes, drafts, or any other items of payment, Borrower agrees that Borrower will deliver to Lender the same in the form received by Borrower without commingling with any funds belonging to Borrower, and promptly will deposit the same in a special collateral account with Lender. Upon the occurrence of an Event of Default, Borrower authorizes Lender at any time without notice to appropriate and apply any balances, credits, deposits or accounts or money of Borrower (held individually or with others) in its possession, custody, or control or the possession, custody, or control of any affiliate of Lender to the payment of any of Borrower's obligations to Lender, all of which may at all times be held and treated as additional Collateral.

8. **Proceeds.** Borrower represents that the proceeds of this Note will be used exclusively for business or commercial purposes, specifically to acquire and finance certain tenant improvements and equipment as described in the Security Agreement.

9. **Covenants.** Borrower agrees to provide financial information reasonably requested by Lender, in form and substance acceptable to Lender.

10. **Events of Default and Remedies.** The occurrence of any of the following shall be an "**Event of Default**" hereunder: (a) failure of Borrower to make any payment when due under this Note or under any other note or obligation of Borrower to Lender; (b) an Event of Default under the Security Documents, or any default under any of the following that does not have a defined set of "**Events of Default**" and the lapse of any notice or cure period provided therein: any other agreement, document or instrument between Borrower and Lender; (c) if Borrower or endorsers of this Note shall (i) make an assignment for the benefit of creditors, (ii) have a petition initiating any proceeding under the Bankruptcy Code filed by or against one or more of them, (iii) have a receiver, trustee, or custodian appointed for all or any material part of their respective assets, or (iv) seek to make an adjustment, settlement or extension of their respective debts with its creditors generally; (d) a default with respect to any other indebtedness of Borrower for borrowed money; (e) a proceeding being filed by or commenced against Borrower of this Note for dissolution or liquidation, or Borrower of this Note voluntarily or involuntarily terminating or dissolving or being terminated or dissolved; (f) in the event a judgment or writ or order of attachment or garnishment is made and issued against Borrower or Borrower's property; (g) [intentionally omitted]; (h) [intentionally omitted]; (i) any representation or warranty made by Borrower to Lender or its affiliates in any document, including but not limited to the Security Documents, or any other documents now or in the future securing the obligations of Borrower to Lender, is false or erroneous in any material respect; (j) the failure of Borrower to observe or perform any covenant or other agreement with Lender contained in any document executed in connection with the Loan(s), including but not limited to this Note or any of the Security Documents; (k) [intentionally omitted]; (l) [intentionally omitted], or (m) the failure of Borrower to observe or perform any covenant or other agreement with Lender or its affiliates contained in any document, including but not limited to the Security Documents or any documents now or in the future securing the obligations of Borrower to Lender or its affiliates. Upon the occurrence of an Event of Default: (i) the outstanding principal balance hereunder together with any additional amounts secured by the Security Documents, at the option of the holder and without demand or notice of any kind (which are hereby expressly waived), may be accelerated and become immediately due and payable, (ii) this Note, together with all arrearages of interest will from the date of the occurrence of the Event of Default bear interest at the Default Rate, (iii) Borrower will pay to Lender all reasonable attorneys' fees, court costs and expenses incurred by Lender in connection with Lender's efforts to collect the indebtedness evidenced by the Note, and (iv) Lender may exercise from time to time any of the rights and remedies available to the holder under the Security Documents or under applicable law.

11. **Prepayment**. The indebtedness may be prepaid in whole or in part without premium or penalty.

Payments received will be applied in the following order: (i) to charges, fees and expenses (including reasonable attorneys' fees), (ii) to accrued interest, and (iii) to principal. Any additional payments will be applied in the foregoing order and, to the extent applied to principal, will be applied to installments of principal payable hereunder in the inverse order of maturity.

12. **Cumulative Remedies.** All rights and remedies of the holder of this Note shall be cumulative to the fullest extent allowed by law. Time shall be of the essence for paying interest on the principal of this Note.

13. **Waiver.** All parties to this Note, whether a borrower, endorsers, sureties, guarantors or otherwise connected herein, waive presentment, demand, notice of dishonor, protest, notice of protest, notice of nonpayment or non-acceptance, any other notice and all due diligence or promptness that may otherwise be required by law, and all exemptions to which they may now or hereafter be entitled under the laws of the Commonwealth of Kentucky, the United States of America, or any state thereof. No delay or failure on the part of Lender to exercise any right, remedy or power hereunder, under any of the Loan Documents or under applicable law will impair or waive any such right, remedy or power (or any other right, remedy or power), be considered a waiver of or an acquiescence in any breach, default or Event of Default or affect any other or subsequent breach, default or Event of Default of the same or a different nature. No waiver of any breach, default or Event of Default, nor any modification, waiver, discharge or termination of any provision of this Note, nor consent to any departure by Borrower therefrom, will be established by conduct, custom or course of dealing; and no modification, waiver, discharge, termination nor consent will in any event be effective unless the same is in writing, signed by Lender and specifically refers to this Note, and then such modification, waiver, discharge or termination or consent will be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on Borrower in any case will entitle Borrower to any other or further notice or demand in the same or any similar or other circumstance.

14. **Expenses Incurred by Lender.** If Lender expends sums in defending or otherwise protecting its collateral under the Loan Documents prior to an Event of Default, or if any Event of Default occurs under this Note, and this Note is placed in the hands of an attorney for collection, or is collected through any court, including, without limitation, bankruptcy court, then Borrower promises to pay the holder of this Note the reasonable attorneys' fees and legal costs incurred in collecting or attempting to collect or securing or attempting to secure this Note or enforcing the rights of such holder with respect to any collateral securing this Note, including, without limitation, appraisal fees, costs of environmental audits, site assessments and/or remediation, to the fullest extent allowed by the laws of the Commonwealth of Kentucky or any state in which any collateral for this Note is situated.

15. **Rights of Lender.** Lender may, with or without notice to any party and without affecting the obligations of any Borrower, surety, endorser, accommodation party or any other party to this Note, (a) renew, extend or otherwise postpone the time for payment of either principal of this Note or interest thereon from time to time, (b) release or discharge any one or more parties liable on this Note, (c) change, exchange or release any property in which Lender possesses any interest securing this Note, (d) justifiably or otherwise, impair any collateral securing this Note or suspend the right to enforce against any such collateral, and (e) at any time it deems it necessary or proper, call for and should it be made available, accept, as additional security, the signature(s) of an additional party or a security interest in property of any kind or description or both.

16. **Complete Agreement.** This Note and the Security Documents are the entire and complete agreement of the parties hereto and supersede all previous understandings and agreements relating to the subject matter hereof. This Note and the Security Documents may be amended only by an instrument in writing that explicitly states that it amends this Note or such Security Documents and is signed by Borrower and acknowledged by Lender.

17. **Severability.** The provisions of this Note are intended to be severable. If any provision of this Note shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

18. [Intentionally left blank.]

19. **Late Charge and Default Rate.**

19.1 The Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying Lender’s expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, Lender’s exercise of any rights and remedies hereunder, under the other Security Documents or under applicable law, and any fees and expenses of any agents or any reasonable fees and expenses of any attorneys which Lender may employ. In addition, the Default Rate reflects the increased credit risk to Lender of carrying a loan that is in default. Borrower agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by Lender, and that the actual harm incurred by Lender cannot be estimated with certainty and without difficulty.

19.2 Nothing contained in this Note regarding late charges or the Default Rate will be construed in any way to extend the due date of any payment or waive any payment default, and each such right is in addition to, and not in lieu of, the other and any other rights and remedies of Lender hereunder, under any of the Security Documents or under applicable law (including, without limitation, the right to interest, reasonable attorneys' fees and other expenses).

20. **Usury.** Without limiting the generality of the foregoing, if from any circumstances whatsoever the fulfillment of any provision of this Note involves transcending the limit of validity prescribed by any applicable usury statute or any other applicable law with regard to obligations of like character and amount, then the obligation to be fulfilled will be reduced to the limit of such validity as provided in such statute or law, so that in no event will any exaction of interest be possible under this Note in excess of the limit of such validity and the right to demand any such excess is hereby expressly waived by Lender. As used in this Section, "applicable usury statute" and "applicable law" mean such statute and law in effect on the date hereof, subject to any change therein that result in a higher permissible rate of interest.

21. **Singular and Plural Terms.** Wherever used herein, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

22. **Binding Effect.** This Note will bind Borrower and the successors and assigns of Borrower, and the benefits hereof will inure to the benefit of Lender and its successors and assigns. All references herein to the "**Borrower**" and "**Lender**" will include the respective successors and assigns thereof; provided, however, that Borrower may not assign, delegate or transfer any of its obligations under this Note in whole or in part without the prior written consent of Lender and Lender at any time may assign this Note in whole or in part (but no assignment by Lender of less than all of this Note will operate to relieve Borrower from any duty to Lender with respect to the unassigned portion of this Note).

23. **Repayment by Lender.** If at any time all or any part of any payment or transfer of any kind received by Lender with respect to all or any part of this Note is repaid, set aside or invalidated by reason of any judgment, decree or order of any court or administrative body, or by reason of any agreement, settlement or compromise of any claim made at any time with respect to the repayment, recovery, setting aside or invalidation of all or any part of such payment or transfer, Borrower's obligations under this Note will continue (and/or be reinstated) and Borrower will be and remain liable, and, to the extent permitted by law, will indemnify, defend and hold harmless Lender for, the amount or amounts so repaid, recovered, set aside or invalidated and all other claims, demands, liabilities, judgments, losses, damages, costs and expenses incurred in connection therewith. The provisions of this Section will be and remain effective notwithstanding any contrary action which may have been taken by Borrower in reliance upon such payment or transfer, and any such contrary action so taken will be without prejudice to Lender's rights hereunder and will be deemed to have been conditioned upon such payment or transfer having become final and irrevocable. The provisions of this Section will survive any termination, cancellation or discharge of this Note.

24. **Notices**. All notices, demands, requests, consents or approvals and other communications required or permitted hereunder will be in writing, and, to the extent required by applicable law, will comply with the requirements of the Uniform Commercial Code then in effect, and will be addressed to such party at the address set forth below or to such other address as any party may give to the other in writing for such purpose:

To Lender:		320 Eastern JV, LLC 666 East Main Street, Suite A-2 Centreville, Michigan 49032
	Attn:	Lawrence N. Gough
To Borrower:		University of Louisville Athletic Association, Inc. 2100 South Floyed Street Louisville, Kentucky 40208
		With a copy to: Office of University Counsel University of Louisville 206 Grawemeyer Hall Louisville, Kentucky 40292
	Attn:	General Counsel

All such communications, if personally delivered, will be conclusively deemed to have been received by a party hereto and to be effective when so delivered; if given by mail, on the fourth business day after such communication is deposited in the mail with first-class postage prepaid, return receipt requested; or if sent by overnight courier service, on the day after deposit thereof with such service; or if sent by certified or registered mail, on the third business day after the day on which deposited in the mail.

25. **Governing Law**. This Note has been delivered and accepted at and will be deemed to have been made at Louisville, Kentucky and will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the Commonwealth of Kentucky, excluding its conflict of laws rules, and will include all matters arising out of or relating to this Agreement, including without limitation claims as to its validity, interpretation, construction, performance, and all claims sounding in tort.

26. ***Waiver of Jury Trial*****.** ***THE PARTIES HERETO EACH WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT, OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. BORROWER AND LENDER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.***

[Remainder of page intentionally blank; signature follows]

[Signature Page to Commercial Note]

IN WITNESS WHEREOF, Borrower has executed this Note as of the Effective Date.

BORROWER

UNIVERSITY OF LOUISVILLE
ATHLETIC ASSOCIATION, INC.,
a Kentucky nonprofit corporation

By: _________________________
Name: _______________________
Title: ________________________

COMMERCIAL NOTE

$1,370,000.00 Louisville, Kentucky
Dated as of September ___, 2021 (the "**Effective Date**")

FOR VALUE RECEIVED, **UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.**, a Kentucky nonprofit corporation, with a principal place of business at University of Louisville Athletic Association, 2100 South Floyd Street, Louisville, Kentucky 40208 ("**Borrower**"), promises to pay to the order of **INVESTMENT PROPERTY ADVISORS, LLC**, an Indiana limited liability company, whose address is 666 East Main Street, Suite A-2, Centreville, Michigan 49032 ("**Lender**") the maximum principal sum of One Million Three Hundred Seventy Thousand and No/100 Dollars ($1,370,000.00) (the "**Total Facility**"), or the aggregate unpaid balance of all Advances made by Lender from time to time hereunder, together with interest thereon, on or before the "**Maturity Date**" as that term is defined below. Principal of this Note and all accrued interest thereon shall be due and payable as follows:

1. **Interest Rate.** This Note shall bear interest from the date hereof until the outstanding principal balance of this Note, all accrued but unpaid interest thereon and all other charges, fees or expenses hereunder have been repaid to Lender in full as follows:

> **Fixed Rate.** This Note shall bear interest at a fixed rate equal to four and one-half percent (4.50%) per annum.

All interest calculations under this Note will be made based on a year of 360 days for the actual number of days in each interest period.

2. **Payments.** The principal of, and all interest on, this Note shall be due and payable as follows:

> Borrower shall make payments of principal and interest on this Note, in an amount sufficient to amortize fully the principal amount of this Note by December 31, 2030.
>
> Interest only shall be due and payable on December 31 of each year commencing on December 31, 2021, and continuing thereafter through, and including, December 31, 2025. Commencing on December 31, 2026, principal and interest shall be due and payable on December 31 of each year and continuing thereafter until the Maturity Date. Interest shall be paid in arrears and in the amount of all interest accrued and unpaid through the December 31 of the year in which such payment is due (*i.e.*, interest accrued on December 31, 2022, shall be for all interest accrued from January 1, 2022, through, and including, December 31, 2022). If a payment is due on a day that is not a Business Day, such payment shall be deemed due on the next succeeding Business Day. All payments on account of the indebtedness evidenced by this Note shall be made to Lender not later than 2:00 p.m. EST/EDT, on the day when due in lawful money of the United States, and shall be first applied to late charges, costs of collection or enforcement, and other similar amounts due, if any, under this Note and any of the other Loan Documents, then to interest due

and payable hereunder and the remainder to principal due and payable hereunder; provided, however, that all outstanding principal and accrued interest shall be due and payable in full on the Maturity Date.

3. **Maturity Date.** The outstanding principal of this Note, all accrued but unpaid interest thereon and all other charges, fees or expenses hereunder shall be due and payable in full on or before December 31, 2030 (the "**Maturity Date**"), or such later date as may be designated by Lender by written notice from Lender to Borrower (it being understood that in no event will Lender be under any obligation to extend or renew this Note beyond the initial or any extended Maturity Date).

4. **Advances**. The proceeds of this Note may be disbursed from Lender to Borrower in one or more advances (an "**Advance**") made from time to time prior to the Maturity Date; provided, however, that the aggregate outstanding principal balance of all unpaid Advances at any time shall not exceed the original principal balance of this Note. To obtain an Advance, Borrower shall submit a written, fully executed and completed "**Request for Advance**" at least ten (10) business day prior to the date Borrower desires the funds to be made available. Upon each Advance, Lender shall record the making and amount of such Advance on the books and records of Lender maintained for this Note. Lender shall also record on such books and records each payment of principal of this Note made by Borrower. The aggregate amount of all Advances made by Lender and shown on such books and records, less the principal paid by Borrower and shown on such books and records, shall be the outstanding principal of this Note. The books and records of Lender shall, at any time, be prima facie evidence of the outstanding principal of this Note. The obligation of Lender to honor any tendered Request for Advance and to make any Advance is subject to the following conditions: (a) each and every one of the representations, warranties and covenants of Borrower set forth herein, and in any other agreement, document or instrument delivered by Borrower to Lender or any of its affiliates, shall be true and correct on the date such Advance is made; (b) no Event of Default (as defined herein) shall have occurred and be continuing and no event of default shall exist or be continuing under any other agreement between Borrower and Lender or any of their affiliates; (c) after giving effect to the Advance requested in the Request for Advance, the aggregate outstanding principal amount of Advances hereunder shall not exceed the lesser of the Total Facility, or the maximum amount, if applicable; and (d) such other conditions as Lender may reasonably impose. Each Request for Advance submitted by Borrower to Lender shall constitute Borrower's representation and warranty to Lender that (i) Borrower is then and will be entitled to the Advance under this Note; (ii) all representations, warranties and covenants made by Borrower to Lender in this Note, and in any other agreement, document or instrument delivered by Borrower to Lender, are true and correct; and (iii) no Event of Default under this Note has occurred and is continuing. Each Request for Advance under this Note will be subject to all of the terms and conditions of the Note. Without limiting the generality of the foregoing, Lender will have no duty to make any Advance if insufficient funds remain available pursuant to the Total Facility or any other maximum amount limitations set forth herein or in any of the Security Documents. Lender hereby is authorized at any time and from time to time, in its discretion, to make an advance under this Note for the payment on behalf of Borrower of any interest, principal or other

sums due under any of the obligations of Borrower to Lender, and each such advance will constitute an Advance hereunder and part of the obligations. Notwithstanding the foregoing, Lender is not obligated to take such action. Advances that are repaid shall not be available for future Advances or otherwise "reborrowed" by Borrower at any time, and the aggregate amount of all Advances made hereunder shall not exceed the face amount of this Note.

5. [Intentionally omitted.]

6. **<u>Late Charge and Default Rate of Interest</u>.** If Lender does not receive any payment due under this Note within ten (10) days of the date it is due, then Lender may charge a late charge of five percent (5.00%) of the amount of the overdue payment (the "**Late Charge**"). Upon maturity, whether by acceleration or otherwise, or upon the occurrence of an Event of Default hereunder, in addition to any and all other remedies to which Lender may be entitled, the applicable rate of interest on this Note shall be increased to five percent (5.00%) per annum in excess of the rate set forth in <u>Section 1</u>, above (the "**Default Rate**"), but not more than the highest rate permitted by law.

7. **<u>Security</u>.** To secure repayment of this Note, any extensions or renewals thereof and all other existing and future indebtedness of Borrower to Lender (whether direct, indirect, absolute or contingent), Borrower shall grant, and does hereby grant, to Lender a security interest in the property described in the Security Agreement by and between Borrower and Lender dated on or about the date hereof (the "**Security Agreement**"), as well as all money and other property held by Lender on deposit in safekeeping or otherwise for the account of or to the credit of Borrower, or in which Borrower has an interest; provided that Lender will have the right to call for additional security as necessary. All of the documents or instruments that provide a lien or security interest in the collateral described above (the "**Collateral**"), as well as any and all other documents or instruments now or hereafter executed in connection with this Note and the loan evidenced hereby, including but not limited to any Security Agreement by and between Lender and Borrower, are referred to herein collectively as the "**Security Documents**." All of the terms and conditions of the Security Documents are incorporated herein and made a part of this Note as if fully set forth at length herein. Any holder of this Note shall be entitled to the rights, privileges, benefits and remedies provided in the Security Documents and in the real and personal property secured thereby. Borrower represents and warrants to Lender that the Security Documents have been validly executed and delivered to Lender and that the Security Documents are legally valid, binding and enforceable against Borrower (or any other party which has executed any of the Security Documents) in accordance with their respective terms. As used herein, "**Loan Documents**" will mean all Security Documents and this Note. Upon the occurrence of an Event of Default and in the event that Borrower receives payment of or proceeds from any of the Collateral, including without limitation and to the extent that it is included as Collateral hereunder, accounts, monies, checks, notes, drafts, or any other items of payment, Borrower agrees that Borrower will deliver to Lender the same in the form received by Borrower without commingling with any funds belonging to Borrower, and promptly will deposit the same in a special collateral account with Lender. Upon the occurrence of an Event of Default, Borrower authorizes Lender at any time without notice to appropriate and apply any balances, credits, deposits or accounts or money of Borrower (held individually or with others) in its possession, custody, or control or the possession, custody, or control of any affiliate of Lender to the payment of any of Borrower's obligations to Lender, all of which may at all times be held and treated as additional Collateral.

8. **Proceeds.** Borrower represents that the proceeds of this Note will be used exclusively for business or commercial purposes, specifically to acquire and finance certain tenant improvements and equipment as described in the Security Agreement.

9. **Covenants.** Borrower agrees to provide financial information reasonably requested by Lender, in form and substance acceptable to Lender.

10. **Events of Default and Remedies.** The occurrence of any of the following shall be an "**Event of Default**" hereunder: (a) failure of Borrower to make any payment when due under this Note or under any other note or obligation of Borrower to Lender; (b) an Event of Default under the Security Documents, or any default under any of the following that does not have a defined set of "**Events of Default**" and the lapse of any notice or cure period provided therein: any other agreement, document or instrument between Borrower and Lender; (c) if Borrower or endorsers of this Note shall (i) make an assignment for the benefit of creditors, (ii) have a petition initiating any proceeding under the Bankruptcy Code filed by or against one or more of them, (iii) have a receiver, trustee, or custodian appointed for all or any material part of their respective assets, or (iv) seek to make an adjustment, settlement or extension of their respective debts with its creditors generally; (d) a default with respect to any other indebtedness of Borrower for borrowed money; (e) a proceeding being filed by or commenced against Borrower of this Note for dissolution or liquidation, or Borrower of this Note voluntarily or involuntarily terminating or dissolving or being terminated or dissolved; (f) in the event a judgment or writ or order of attachment or garnishment is made and issued against Borrower or Borrower's property; (g) [intentionally omitted]; (h) [intentionally omitted]; (i) any representation or warranty made by Borrower to Lender or its affiliates in any document, including but not limited to the Security Documents, or any other documents now or in the future securing the obligations of Borrower to Lender, is false or erroneous in any material respect; (j) the failure of Borrower to observe or perform any covenant or other agreement with Lender contained in any document executed in connection with the Loan(s), including but not limited to this Note or any of the Security Documents; (k) [intentionally omitted]; (l) [intentionally omitted], or (m) the failure of Borrower to observe or perform any covenant or other agreement with Lender or its affiliates contained in any document, including but not limited to the Security Documents or any documents now or in the future securing the obligations of Borrower to Lender or its affiliates. Upon the occurrence of an Event of Default: (i) the outstanding principal balance hereunder together with any additional amounts secured by the Security Documents, at the option of the holder and without demand or notice of any kind (which are hereby expressly waived), may be accelerated and become immediately due and payable, (ii) this Note, together with all arrearages of interest will from the date of the occurrence of the Event of Default bear interest at the Default Rate, (iii) Borrower will pay to Lender all reasonable attorneys' fees, court costs and expenses incurred by Lender in connection with Lender's efforts to collect the indebtedness evidenced by the Note, and (iv) Lender may exercise from time to time any of the rights and remedies available to the holder under the Security Documents or under applicable law.

11. **Prepayment**. The indebtedness may be prepaid in whole or in part without premium or penalty.

Payments received will be applied in the following order: (i) to charges, fees and expenses (including reasonable attorneys' fees), (ii) to accrued interest, and (iii) to principal. Any additional payments will be applied in the foregoing order and, to the extent applied to principal, will be applied to installments of principal payable hereunder in the inverse order of maturity.

12. **Cumulative Remedies.** All rights and remedies of the holder of this Note shall be cumulative to the fullest extent allowed by law. Time shall be of the essence for paying interest on the principal of this Note.

13. **Waiver.** All parties to this Note, whether a borrower, endorsers, sureties, guarantors or otherwise connected herein, waive presentment, demand, notice of dishonor, protest, notice of protest, notice of nonpayment or non-acceptance, any other notice and all due diligence or promptness that may otherwise be required by law, and all exemptions to which they may now or hereafter be entitled under the laws of the Commonwealth of Kentucky, the United States of America, or any state thereof. No delay or failure on the part of Lender to exercise any right, remedy or power hereunder, under any of the Loan Documents or under applicable law will impair or waive any such right, remedy or power (or any other right, remedy or power), be considered a waiver of or an acquiescence in any breach, default or Event of Default or affect any other or subsequent breach, default or Event of Default of the same or a different nature. No waiver of any breach, default or Event of Default, nor any modification, waiver, discharge or termination of any provision of this Note, nor consent to any departure by Borrower therefrom, will be established by conduct, custom or course of dealing; and no modification, waiver, discharge, termination nor consent will in any event be effective unless the same is in writing, signed by Lender and specifically refers to this Note, and then such modification, waiver, discharge or termination or consent will be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on Borrower in any case will entitle Borrower to any other or further notice or demand in the same or any similar or other circumstance.

14. **Expenses Incurred by Lender.** If Lender expends sums in defending or otherwise protecting its collateral under the Loan Documents prior to an Event of Default, or if any Event of Default occurs under this Note, and this Note is placed in the hands of an attorney for collection, or is collected through any court, including, without limitation, bankruptcy court, then Borrower promises to pay the holder of this Note the reasonable attorneys' fees and legal costs incurred in collecting or attempting to collect or securing or attempting to secure this Note or enforcing the rights of such holder with respect to any collateral securing this Note, including, without limitation, appraisal fees, costs of environmental audits, site assessments and/or remediation, to the fullest extent allowed by the laws of the Commonwealth of Kentucky or any state in which any collateral for this Note is situated.

15. **Rights of Lender.** Lender may, with or without notice to any party and without affecting the obligations of any Borrower, surety, endorser, accommodation party or any other party to this Note, (a) renew, extend or otherwise postpone the time for payment of either principal of this Note or interest thereon from time to time, (b) release or discharge any one or more parties liable on this Note, (c) change, exchange or release any property in which Lender possesses any interest securing this Note, (d) justifiably or otherwise, impair any collateral securing this Note or suspend the right to enforce against any such collateral, and (e) at any time it deems it necessary or proper, call for and should it be made available, accept, as additional security, the signature(s) of an additional party or a security interest in property of any kind or description or both.

16. **Complete Agreement.** This Note and the Security Documents are the entire and complete agreement of the parties hereto and supersede all previous understandings and agreements relating to the subject matter hereof. This Note and the Security Documents may be amended only by an instrument in writing that explicitly states that it amends this Note or such Security Documents and is signed by Borrower and acknowledged by Lender.

17. **Severability.** The provisions of this Note are intended to be severable. If any provision of this Note shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

18. [Intentionally left blank.]

19. **Late Charge and Default Rate.**

19.1 The Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying Lender's expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, Lender's exercise of any rights and remedies hereunder, under the other Security Documents or under applicable law, and any fees and expenses of any agents or any reasonable fees and expenses of any attorneys which Lender may employ. In addition, the Default Rate reflects the increased credit risk to Lender of carrying a loan that is in default. Borrower agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by Lender, and that the actual harm incurred by Lender cannot be estimated with certainty and without difficulty.

19.2 Nothing contained in this Note regarding late charges or the Default Rate will be construed in any way to extend the due date of any payment or waive any payment default, and each such right is in addition to, and not in lieu of, the other and any other rights and remedies of Lender hereunder, under any of the Security

Documents or under applicable law (including, without limitation, the right to interest, reasonable attorneys' fees and other expenses).

20. **Usury.** Without limiting the generality of the foregoing, if from any circumstances whatsoever the fulfillment of any provision of this Note involves transcending the limit of validity prescribed by any applicable usury statute or any other applicable law with regard to obligations of like character and amount, then the obligation to be fulfilled will be reduced to the limit of such validity as provided in such statute or law, so that in no event will any exaction of interest be possible under this Note in excess of the limit of such validity and the right to demand any such excess is hereby expressly waived by Lender. As used in this Section, "applicable usury statute" and "applicable law" mean such statute and law in effect on the date hereof, subject to any change therein that result in a higher permissible rate of interest.

21. **Singular and Plural Terms.** Wherever used herein, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

22. **Binding Effect.** This Note will bind Borrower and the successors and assigns of Borrower, and the benefits hereof will inure to the benefit of Lender and its successors and assigns. All references herein to the "**Borrower**" and "**Lender**" will include the respective successors and assigns thereof; provided, however, that Borrower may not assign, delegate or transfer any of its obligations under this Note in whole or in part without the prior written consent of Lender and Lender at any time may assign this Note in whole or in part (but no assignment by Lender of less than all of this Note will operate to relieve Borrower from any duty to Lender with respect to the unassigned portion of this Note).

23. **Repayment by Lender.** If at any time all or any part of any payment or transfer of any kind received by Lender with respect to all or any part of this Note is repaid, set aside or invalidated by reason of any judgment, decree or order of any court or administrative body, or by reason of any agreement, settlement or compromise of any claim made at any time with respect to the repayment, recovery, setting aside or invalidation of all or any part of such payment or transfer, Borrower's obligations under this Note will continue (and/or be reinstated) and Borrower will be and remain liable, and, to the extent permitted by law, will indemnify, defend and hold harmless Lender for, the amount or amounts so repaid, recovered, set aside or invalidated and all other claims, demands, liabilities, judgments, losses, damages, costs and expenses incurred in connection therewith. The provisions of this Section will be and remain effective notwithstanding any contrary action which may have been taken by Borrower in reliance upon such payment or transfer, and any such contrary action so taken will be without prejudice to Lender's rights hereunder and will be deemed to have been conditioned upon such payment or transfer having become final and irrevocable. The provisions of this Section will survive any termination, cancellation or discharge of this Note.

24. **Notices**. All notices, demands, requests, consents or approvals and other communications required or permitted hereunder will be in writing, and, to the extent required by applicable law, will comply with the requirements of the Uniform Commercial Code then in effect, and will be addressed to such party at the address set forth below or to such other address as any party may give to the other in writing for such purpose:

To Lender:		Investment Property Advisors, LLC 666 East Main Street, Suite A-2 Centreville, Michigan 49032
	Attn:	Lawrence N. Gough
To Borrower:		University of Louisville Athletic Association, Inc 2100 South Floyd Street Louisville, Kentucky 40208 Attn: Jeff Spoelker With a copy to: Office of University Counsel University of Louisville 206 Grawemeyer Hall Louisville, Kentucky 40292
	Attn:	General Counsel

All such communications, if personally delivered, will be conclusively deemed to have been received by a party hereto and to be effective when so delivered; if given by mail, on the fourth business day after such communication is deposited in the mail with first-class postage prepaid, return receipt requested; or if sent by overnight courier service, on the day after deposit thereof with such service; or if sent by certified or registered mail, on the third business day after the day on which deposited in the mail.

25. **Governing Law**. This Note has been delivered and accepted at and will be deemed to have been made at Louisville, Kentucky and will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the Commonwealth of Kentucky, excluding its conflict of laws rules, and will include all matters arising out of or relating to this Agreement, including without limitation claims as to its validity, interpretation, construction, performance, and all claims sounding in tort.

26. ***Waiver of Jury Trial. THE PARTIES HERETO EACH WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT, OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. BORROWER AND LENDER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.***

[Remainder of page intentionally blank; signature follows]

[Signature Page to Commercial Note]

IN WITNESS WHEREOF, Borrower has executed this Note as of the Effective Date.

BORROWER

UNIVERSITY OF LOUISVILLE
ATHLETIC ASSOCIATION, INC.,
a Kentucky nonprofit corporation

By: _________________________
Name: _______________________
Title: ________________________

SECURITY AGREEMENT
(Tenant Improvements and Equipment – Purchase Money Security Interest)

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC., a Kentucky nonprofit corporation ("**Debtor**"), for valuable consideration, receipt of which hereby is acknowledged, hereby transfers, assigns and pledges to **320 EASTERN JV, LLC**, a Kentucky limited liability company ("**Secured Party**"), and grants to Secured Party as of September ___, 2021 (the "**Effective Date**") a security interest in, the following collateral, wherever located, now existing and hereafter arising or coming into existence (the "**Collateral**"):

1. The tenant improvements and equipment described on the attached **Exhibit A**;

2. Together with all attachments, additions and accessions thereto, and added and substituted parts, equipment and repairs now or hereafter placed upon such property, whether because of necessary repairs or otherwise; and

The proceeds (including insurance proceeds) and products of the foregoing in whatever form the same may be, for the purpose of securing the payment to Secured Party of all of the following ("**Obligations**"): all loans, advances, debts, liabilities, obligations, covenants and duties owing to Secured Party from Debtor arising under: (i) the Commercial Note given by Debtor to Secured Party dated September ___, 2021 (the "**Note**"), and all of the documents executed in connection therewith, and, as to all of the foregoing, including any amendments, modifications, or superseding documents to each of the foregoing; and all charges, expenses, fees, including but not limited to reasonable attorneys' fees, and any other sums chargeable to Debtor under any of the Obligations. This Agreement is in addition to any previous assignments or pledges, and such previous assignments and pledges remain in full force and effect.

Debtor further warrants to and agrees with Secured Party as follows:

1. **Location and Use of Collateral**.

1.1 Debtor now keeps and will continue to keep the Collateral at the facilities located on the real estate described in **Exhibit B**; and Debtor now keeps and will continue to keep its books and records concerning the Collateral at its principal place of business. Debtor has not had any other registered offices in the Commonwealth of Kentucky other than the following: 2100 South Floyd Street, Louisville Kentucky 40208.

1.2 The Collateral is being acquired with the proceeds of the loans by Secured Party to Debtor. Secured Party may disburse such proceeds directly to the seller of the Collateral. The security interest created under this Agreement is intended by the parties to be a purchase money security interest in the Collateral and in the proceeds of the sale of such Collateral.

1.3 If the Collateral has been or is to be attached to real estate, the name of the record ground lease holder of such real estate is **320 EASTERN JV, LLC**, a Kentucky limited liability company, and such real estate is described in **Exhibit B** attached hereto and if the Collateral is attached to real estate prior to the perfection of the security interest hereby granted, Debtor upon demand will furnish Secured Party with written consent to such security interest or a written disclaimer of any interest in the Equipment as fixtures, signed by all persons with an interest in the real estate at the time of the attachment of such security interest.

2. **Preservation of Collateral.** Debtor will keep the Collateral in good order and repair at all times, will use same with reasonable care and caution, will not part with possession or ownership thereof nor lease or hire out the Collateral without the written consent of Secured Party, and will exhibit the Collateral to Secured Party upon demand. Debtor will promptly notify Secured Party of any loss or damage to the Collateral. Debtor will not use, or permit the Collateral to be used, in violation of any federal, state, county or municipal law or regulation or for any unlawful purpose whatsoever.

3. **Execution of Appropriate Documentation with Respect to Collateral.** With respect to any and all of the Collateral, Debtor agrees to do and cause to be done all things necessary or appropriate to perfect, maintain the priority of and keep in full force and effect the security interest granted by Debtor to Secured Party, including, but not limited to, the prompt payment upon demand therefor by Secured Party of all fees and expenses (including documentary stamp, excise or intangibles taxes) incurred in connection with the preparation, delivery, or filing of any document or the taking of any action deemed necessary or appropriate by Secured Party to perfect, protect, or enforce a security interest in any of the Collateral for the benefit of Secured Party, subject only to the Permitted Liens, as such liens are set forth on the attached **Exhibit C**, which is incorporated by reference as if fully set forth herein and as such term is defined in any of the documents executed in connection with the Obligations. All amounts not so paid when due will be added to the Obligations and (in addition to other rights and remedies resulting from such non-payment) will bear interest from the date of demand until paid in full at the Default Rate. Debtor also authorizes Secured Party to file one or more financing statements, as deemed necessary or desirable by Secured Party (including but not limited to any correction statements as set forth more fully in UCC Section 9-518), which financing statements lists or otherwise describes the Collateral as consisting of all of Debtor's assets or words to that effect, regardless of the actual description of the Collateral set forth in this Agreement.

4. **Insurance.** Debtor will keep its insurable real and personal property insured with responsible insurance companies against loss or damage by fire, windstorm and other hazards which are commonly insured against in an extended coverage endorsement in an amount equal to not less than 90% of the insurable value thereof on a replacement cost basis and also maintain public liability insurance in a reasonable amount. In addition, Debtor will maintain extended liability insurance covering its operations of at least $1,000,000 and in a form and with companies reasonably satisfactory to Secured Party. Notwithstanding the foregoing, such property insurance will at all times be in an amount so that Debtor will not be deemed a "co-insurer" under any co-insurance provisions of such policies. All such insurance policies will name Secured Party as an additional insured and, where applicable, as lender's loss payee under a loss payable endorsement satisfactory to Secured Party. All such policies will be in form and substance satisfactory to Secured Party and will provide that ten (10) days' prior written notice must be given to Secured Party before such policy is altered or cancelled. Schedules of all insurance of Debtor will be submitted to Secured Party upon request. Such schedules will contain a description of the risks covered, the amounts of insurance carried on each risk, the name of the insurer and the cost of such insurance to Debtor. Debtor will provide new schedules to Secured Party promptly to reflect any change in insurance coverage. Debtor will deliver to Secured Party certificates representing such insurance policies upon the execution hereof. All amounts payable in settlement of insurance losses may be applied, at Secured Party's option, to the Obligations, or used to repair, replace or restore the Collateral.

5. **Payment of Expenses by Secured Party.** At its option, Secured Party may discharge taxes, liens, security interests or such other encumbrances as may attach to the Collateral, may pay for required insurance on the Collateral and may pay for the maintenance and preservation of the Collateral, as determined by Secured Party to be necessary, and such expenditures will become a part of the Obligations. Debtor will reimburse Secured Party on demand for any payment so made or any expense incurred by Secured Party pursuant to the foregoing authorization, and the Collateral also will secure any advances or payments so made or expenses so incurred by Secured Party.

6. **Information.** Debtor will furnish to Secured Party from time to time if and as requested current lists of the Collateral. Secured Party and its designated representatives and agents will have the right at all reasonable times to examine, inspect, and audit the Collateral wherever located.

7. **Representations and Covenants.** Debtor represents and covenants to Secured Party that, except for any Permitted Liens: (a) Debtor has not made any prior sale, pledge, encumbrance, assignment or other disposition of any of the Collateral and the same is free from all encumbrances and rights of set off of any kind; (b) Debtor will not hereafter without the prior written consent of Secured Party sell, pledge, encumber, assign or otherwise dispose of any of the Collateral or permit any right of set off, lien or security interest to exist thereon except to Secured Party; and (c) Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

8. **Receivers.** Upon or at any time after the occurrence of an Event of Default, Secured Party may request the appointment of a receiver of the Collateral, and Debtor expressly consents to the appointment of such a receiver, who will be entitled to a reasonable fee for so managing the Collateral. Such appointment may be made without notice, and without regard to (i) the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the Obligations; and (ii) the value of the Collateral at such time. Such receiver will have the power to take possession, control and care of the Collateral and to collect all accounts resulting therefrom. Notwithstanding the appointment of any receiver, trustee, or other custodian, Secured Party will be entitled to the possession and control of any cash, or other instruments at the time held by, or payable or deliverable under the terms of this Agreement to Secured Party.

9. **Place of Business.** Debtor's state of formation is Kentucky, and Debtor will not change its state of formation. Debtor's exact legal name is University of Louisville Athletic Association, Inc**.** Debtor (a) now keeps and will continue to keep the Collateral at the facilities located on the real estate described in **Exhibit B**; and Debtor now keeps and will continue to keep its books and records concerning the Collateral at its principal place of business shown above and (b) represents that it has no other place of business other than the following: 2100 South Floyd Street, Louisville, Kentucky 40208.

In the five years preceding the date hereof, Debtor has not conducted business under any name other than its current name nor maintained any place of business or any assets in any jurisdiction other than the following: Louisville, Kentucky.

10. **Default.**

10.1 Upon the occurrence of any of the following (herein referred to as an "**Event of Default**"): (i) any Event of Default (as defined in any of the documents evidencing the Obligations), (ii) or any default under any of such documents that do not have a defined set of "Events of Default," (iii) any representation made by Debtor to Secured Party in this Agreement is false or erroneous in any material respect, or (iv) the failure of Debtor to observe or perform any covenant or other agreement with Secured Party under this Agreement, Secured Party may exercise any one or more of the rights and remedies granted pursuant to this Agreement or given to a secured party under applicable law, as it may be amended from time to time, including but not limited to the right to take possession and sell, lease or otherwise dispose of the Collateral and, at its option, operate, use or exercise any rights of ownership pertaining to the Collateral as the Secured Party deems necessary to preserve the value and receive the benefits of the Collateral. Upon the occurrence of an Event of Default, Secured Party may, so far as Debtor can give authority therefor, enter upon any premises on which the Collateral or any part thereof may be situated and take possession of and remove the same therefrom and gives permission to Secured Party to conduct a sale of any or all of the Collateral, which sale may be conducted on any real property owned by Debtor without charge or interference by Debtor. Secured Party may require Debtor to make the Collateral available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. Debtor waives all claims for damages by reason of any seizure, repossession, retention, use, or sale of the Collateral under the terms of this Agreement.

10.2 The net proceeds arising from the disposition of the Collateral after deducting expenses incurred by Secured Party will be applied to the Obligations in the order determined by Secured Party. If any excess remains after the discharge of all of the Obligations, the same will be paid to Debtor. If after exhausting all of the Collateral, there should be a deficiency, Debtor will be liable therefor to Secured Party, provided, however, that nothing contained herein will obligate Secured Party to proceed against the Collateral prior to making a claim against Debtor or any other party obligated under the Obligations or prior to proceeding against any other collateral for the Obligations.

10.3 Whenever notice is required by law to be sent by Secured Party to Debtor of any sale or other disposition of the Collateral, ten days written notice sent in accordance with the requirements of the applicable section of the Uniform Commercial Code to Debtor at the address specified below, or at such other address as Debtor may furnish Secured Party in writing from time to time for this purpose, will be reasonable.

11. **Rights of Secured Party; Power of Attorney.** Debtor hereby irrevocably constitutes and appoints Secured Party and any officer thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor or in its name, from time to time in Secured Party's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, Debtor hereby gives Secured Party the power and right, on behalf of Debtor, after an Event of Default, and without notice to or assent by Debtor, to do the following:

11.1 to receive payment of, endorse, and receipt for, any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of the Collateral;

11.2 to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect any of the Collateral and to enforce any other right in respect of the Collateral;

11.3 to settle, compromise or adjust any suit, action or proceeding described above, and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate; and

11.4 generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option, at any time, or from time to time, all acts and things which Secured Party deems necessary to protect or preserve the Collateral and Secured Party's security interest and rights therein in order to effect the intent of this Agreement, all as fully and effectively as Debtor might do.

Debtor hereby ratifies all that such attorneys in fact may lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest, will be irrevocable and will terminate only upon payment in full of the Obligations and the termination of this Agreement. The powers conferred upon Secured Party hereunder are solely to protect Secured Party's interests in the Collateral and will not impose any duty upon it to exercise any such powers. Secured Party will have no obligation to preserve any rights of any third parties in the Collateral. Secured Party will be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents will be responsible to Debtor for any action taken or omitted to be taken in good faith or in reliance on the advice of counsel except for its own gross negligence or willful misconduct.

12. **General**.

12.1 **Waiver.** No delay or omission on the part of Secured Party to exercise any right or power arising from any Event of Default will impair any such right or power or be considered a waiver of any such right or power or a waiver of any such Event of Default or an acquiescence therein nor will the action or non-action of Secured Party in case of such Event of Default impair any right or power arising as a result thereof or affect any subsequent default or any other default of the same or a different nature.

12.2 **Notices.** All notices, demands, requests, consents or approvals and other communications required or permitted hereunder will be in writing, and, to the extent required by applicable law, will comply with the requirements of the Uniform Commercial Code then in effect, and will be addressed to such party at the address set forth below or to such other address as any party may give to the other in writing for such purpose:

To Secured Party: 320 Eastern JV, LLC
666 East Main Street, Suite A-2,
Centreville, Michigan 49032
Attn: Lawrence N. Gough

To Debtor: University of Louisville Athletic Association, Inc.
2100 South Floyd Street
Louisville, Kentucky 40208
Attn: Jeff Spoelker

With a copy to: Office of University Counsel
University of Louisville
206 Grawemeyer Hall
Louisville, Kentucky 40208
Attn: General Counsel

All such communications, if personally delivered, will be conclusively deemed to have been received by a party hereto and to be effective when so delivered; if given by mail, on the fourth business day after such communication is deposited in the mail with first-class postage prepaid, return receipt requested; or if sent by overnight courier service, on the day after deposit thereof with such service; or if sent by certified or registered mail, on the third business day after the day on which deposited in the mail.

12.3 **Successors and Assigns.** This Agreement will be binding upon and inure to the benefit of Debtor and Secured Party and their respective successors and assigns, provided, however, that Debtor may not assign, delegate, or transfer this Agreement in whole or in part without the prior written consent of Secured Party and Secured Party at any time may assign this Agreement in whole or in part. All references herein to the "Debtor" and "Secured Party" will be deemed to apply to Debtor and Secured Party and their respective heirs, administrators, successors and assigns.

12.4 **Modifications.** No modification or waiver of any provision of this Agreement nor consent to any departure by Debtor therefrom, will be established by conduct, custom or course of dealing; and no modification, waiver or consent will in any event be effective unless the same is in writing and specifically refers to this Agreement, and then such waiver or consent will be effective only in the specific instance and for the purpose for which given. No notice to or demand on Debtor in any case will entitle Debtor to any other or further notice or demand in the same, similar or other circumstance.

12.5 [Intentionally left blank.]

12.6 [Intentionally left blank.]

12.7 **Illegality.** If fulfillment of any provision hereof or any transaction related hereto or of any provision of this Agreement, at the time performance of such provision is due, involves transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled will be reduced to the limit of such validity; and if any clause or provisions herein contained other than the provisions hereof pertaining to repayment of the Obligations operates or would prospectively operate to invalidate this Agreement in whole or in part, then such clause or provision only will be void, as though not herein contained, and the remainder of this Agreement will remain operative and in full force and effect.

12.8 **Continuing Agreement.** This is a continuing Agreement and will continue in effect even though all or any part of the Obligations have been paid in full and even though for a period of time Debtor may not be indebted to Secured Party.

12.9 **Gender, etc.** Whenever used herein, the singular number will include the plural, the plural the singular and the use of the masculine, feminine or neuter gender will include all genders.

12.10 **Headings.** The headings in this Agreement are for convenience only and will not limit or otherwise affect any of the terms hereof.

12.11 [Intentionally left blank.]

12.12 **Counterparts.** This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same agreement. Any party so executing this Agreement by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

12.13 **Definitions.** Capitalized terms used herein and not otherwise defined will be given the definitions set forth in the Uniform Commercial Code in force and effect in the State indicated in the Governing Law section of this Agreement

12.14 **Governing Law.** This Agreement has been delivered and accepted at and will be deemed to have been made at Louisville, Kentucky and will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the Commonwealth of Kentucky, and will include all matters arising out of or relating to this Agreement, including without limitation claims as to its validity, interpretation, construction, performance, and all claims sounding in tort.

12.15 ***Waiver of Jury Trial. THE PARTIES HERETO EACH WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT, OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. DEBTOR AND SECURED PARTY ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.***

[Remainder of Page Left Blank]

[Signature Page to Security Agreement (Equipment – Purchase Money Security Interest)]

Dated as of the Effective Date, and Debtor hereby acknowledges and agrees that each of the exhibits attached hereto is incorporated by reference as if fully set forth herein.

DEBTOR:

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC., a Kentucky nonprofit corporation

By______________________________
Print Name: ______________________
Title: ____________________________

SECURED PARTY:

320 EASTERN JV, LLC, a Kentucky limited liability company

By:______________________________
Print Name: Lawrence N. Gough
Title: Manager

EXHIBIT A
DESCRIPTION OF EQUIPMENT

[*attached hereto*.]

EXHIBIT B
LEGAL DESCRIPTION OF REAL ESTATE

[insert]

EXHIBIT C
PERMITTED LIENS

"**Permitted Liens**" will mean:

(i) liens securing the payment of taxes, either not yet due or the validity of which is being contested in good faith by appropriate proceedings, and as to which it has set aside on its books adequate reserves to the extent required by generally accepted accounting principles;

(ii) liens imposed by law, such as carriers' warehousemen's or mechanics' liens, incurred by it in good faith in the ordinary course of business, and liens arising out of a judgment or award against it with respect to which it will currently be prosecuting an appeal, a stay of execution pending such appeal having been secured;

(iii) liens in favor of Secured Party; and

(iv) attachment, judgment, and similar liens provided that execution is effectively stayed pending a good faith contest.

SECURITY AGREEMENT
(Tenant Improvements and Equipment – Purchase Money Security Interest)

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC., a Kentucky nonprofit corporation ("**Debtor**"), for valuable consideration, receipt of which hereby is acknowledged, hereby transfers, assigns and pledges to **INVESTMENT PROPERTY ADVISORS, LLC**, an Indiana limited liability company ("**Secured Party**"), and grants to Secured Party as of September ___, 2021 (the "**Effective Date**") a security interest in, the following collateral, wherever located, now existing and hereafter arising or coming into existence (the "**Collateral**"):

1. The tenant improvements and equipment described on the attached **<u>Exhibit A</u>**;

2. Together with all attachments, additions and accessions thereto, and added and substituted parts, equipment and repairs now or hereafter placed upon such property, whether because of necessary repairs or otherwise; and

The proceeds (including insurance proceeds) and products of the foregoing in whatever form the same may be, for the purpose of securing the payment to Secured Party of all of the following ("**Obligations**"): all loans, advances, debts, liabilities, obligations, covenants and duties owing to Secured Party from Debtor arising under: (i) the Commercial Note given by Debtor to Secured Party dated September ___, 2021 (the "**Note**"), and all of the documents executed in connection therewith,; and, as to all of the foregoing, including any amendments, modifications, or superseding documents to each of the foregoing; and all charges, expenses, fees, including but not limited to reasonable attorneys' fees, and any other sums chargeable to Debtor under any of the Obligations. This Agreement is in addition to any previous assignments or pledges, and such previous assignments and pledges remain in full force and effect.

Debtor further warrants to and agrees with Secured Party as follows:

1. <u>Location and Use of Collateral</u>.

1.1 Debtor now keeps and will continue to keep the Collateral at the facilities located on the real estate described in **<u>Exhibit B</u>**; and Debtor now keeps and will continue to keep its books and records concerning the Collateral at its principal place of business. Debtor has not had any other registered offices in the Commonwealth of Kentucky other than the following: _2100 South Floyd Street, Louisville, Kentucky 40208.

1.2 The Collateral is being acquired with the proceeds of the loans by Secured Party to Debtor. Secured Party may disburse such proceeds directly to the seller of the Collateral. The security interest created under this Agreement is intended by the parties to be a purchase money security interest in the Collateral and in the proceeds of the sale of such Collateral.

1.3 If the Collateral has been or is to be attached to real estate, the name of the record ground lease holder of such real estate is **320 EASTERN JV, LLC**, a Kentucky limited liability company, and such real estate is described in **Exhibit B** attached hereto and if the Collateral is attached to real estate prior to the perfection of the security interest hereby granted, Debtor upon demand will furnish Secured Party with written consent to such security interest or a written disclaimer of any interest in the Equipment as fixtures, signed by all persons with an interest in the real estate at the time of the attachment of such security interest.

2. **Preservation of Collateral.** Debtor will keep the Collateral in good order and repair at all times, will use same with reasonable care and caution, will not part with possession or ownership thereof nor lease or hire out the Collateral without the written consent of Secured Party, and will exhibit the Collateral to Secured Party upon demand. Debtor will promptly notify Secured Party of any loss or damage to the Collateral. Debtor will not use, or permit the Collateral to be used, in violation of any federal, state, county or municipal law or regulation or for any unlawful purpose whatsoever.

3. **Execution of Appropriate Documentation with Respect to Collateral.** With respect to any and all of the Collateral, Debtor agrees to do and cause to be done all things necessary or appropriate to perfect, maintain the priority of and keep in full force and effect the security interest granted by Debtor to Secured Party, including, but not limited to, the prompt payment upon demand therefor by Secured Party of all fees and expenses (including documentary stamp, excise or intangibles taxes) incurred in connection with the preparation, delivery, or filing of any document or the taking of any action deemed necessary or appropriate by Secured Party to perfect, protect, or enforce a security interest in any of the Collateral for the benefit of Secured Party, subject only to the Permitted Liens, as such liens are set forth on the attached **Exhibit C**, which is incorporated by reference as if fully set forth herein and as such term is defined in any of the documents executed in connection with the Obligations. All amounts not so paid when due will be added to the Obligations and (in addition to other rights and remedies resulting from such non-payment) will bear interest from the date of demand until paid in full at the Default Rate. Debtor also authorizes Secured Party to file one or more financing statements, as deemed necessary or desirable by Secured Party (including but not limited to any correction statements as set forth more fully in UCC Section 9-518), which financing statements lists or otherwise describes the Collateral as consisting of all of Debtor's assets or words to that effect, regardless of the actual description of the Collateral set forth in this Agreement.

4. **Insurance.** Debtor will keep its insurable real and personal property insured with responsible insurance companies against loss or damage by fire, windstorm and other hazards which are commonly insured against in an extended coverage endorsement in an amount equal to not less than 90% of the insurable value thereof on a replacement cost basis and also maintain public liability insurance in a reasonable amount. In addition, Debtor will maintain extended liability insurance covering its operations of at least $1,000,000 and in a form and with companies reasonably satisfactory to Secured Party. Notwithstanding the foregoing, such property insurance will at all times be in an amount so that Debtor will not be deemed a "co-insurer" under any co-insurance provisions of such policies. All such insurance policies will name Secured Party as an additional insured and, where applicable, as lender's loss payee under a loss payable endorsement satisfactory to Secured Party. All such policies will be in form and substance satisfactory to Secured Party and will provide that ten (10) days' prior written notice must be given to Secured Party before such policy is altered or cancelled. Schedules of all insurance of Debtor will be submitted to Secured Party upon request. Such schedules will contain a description of the risks covered, the amounts of insurance carried on each risk, the name of the insurer and the cost of such insurance to Debtor. Debtor will provide new schedules to Secured Party promptly to reflect any change in insurance coverage. Debtor will deliver to Secured Party certificates representing such insurance policies upon the execution hereof. All amounts payable in settlement of insurance losses may be applied, at Secured Party's option, to the Obligations, or used to repair, replace or restore the Collateral.

5. **Payment of Expenses by Secured Party.** At its option, Secured Party may discharge taxes, liens, security interests or such other encumbrances as may attach to the Collateral, may pay for required insurance on the Collateral and may pay for the maintenance and preservation of the Collateral, as determined by Secured Party to be necessary, and such expenditures will become a part of the Obligations. Debtor will reimburse Secured Party on demand for any payment so made or any expense incurred by Secured Party pursuant to the foregoing authorization, and the Collateral also will secure any advances or payments so made or expenses so incurred by Secured Party.

6. **Information.** Debtor will furnish to Secured Party from time to time if and as requested current lists of the Collateral. Secured Party and its designated representatives and agents will have the right at all reasonable times to examine, inspect, and audit the Collateral wherever located.

7. **Representations and Covenants.** Debtor represents and covenants to Secured Party that, except for any Permitted Liens: (a) Debtor has not made any prior sale, pledge, encumbrance, assignment or other disposition of any of the Collateral and the same is free from all encumbrances and rights of set off of any kind; (b) Debtor will not hereafter without the prior written consent of Secured Party sell, pledge, encumber, assign or otherwise dispose of any of the Collateral or permit any right of set off, lien or security interest to exist thereon except to Secured Party; and (c) Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

8. **Receivers.** Upon or at any time after the occurrence of an Event of Default, Secured Party may request the appointment of a receiver of the Collateral, and Debtor expressly consents to the appointment of such a receiver, who will be entitled to a reasonable fee for so managing the Collateral. Such appointment may be made without notice, and without regard to (i) the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the Obligations; and (ii) the value of the Collateral at such time. Such receiver will have the power to take possession, control and care of the Collateral and to collect all accounts resulting therefrom. Notwithstanding the appointment of any receiver, trustee, or other custodian, Secured Party will be entitled to the possession and control of any cash, or other instruments at the time held by, or payable or deliverable under the terms of this Agreement to Secured Party.

9. **Place of Business.** Debtor's state of formation is Kentucky, and Debtor will not change its state of formation. Debtor's exact legal name is University of Louisville Athletic Association, Inc**.** Debtor (a) now keeps and will continue to keep the Collateral at the facilities located on the real estate described in **Exhibit B**; and Debtor now keeps and will continue to keep its books and records concerning the Collateral at its principal place of business shown above and (b) represents that it has no other place of business other than the following: 2100 South Floyd Street, Louisville, Kentucky 40208.

In the five years preceding the date hereof, Debtor has not conducted business under any name other than its current name nor maintained any place of business or any assets in any jurisdiction other than the following: Louisville, Kentucky.

10. **Default.**

10.1 Upon the occurrence of any of the following (herein referred to as an "**Event of Default**"): (i) any Event of Default (as defined in any of the documents evidencing the Obligations), (ii) or any default under any of such documents that do not have a defined set of "Events of Default," (iii) any representation made by Debtor to Secured Party in this Agreement is false or erroneous in any material respect, or (iv) the failure of Debtor to observe or perform any covenant or other agreement with Secured Party under this Agreement, Secured Party may exercise any one or more of the rights and remedies granted pursuant to this Agreement or given to a secured party under applicable law, as it may be amended from time to time, including but not limited to the right to take possession and sell, lease or otherwise dispose of the Collateral and, at its option, operate, use or exercise any rights of ownership pertaining to the Collateral as the Secured Party deems necessary to preserve the value and receive the benefits of the Collateral. Upon the occurrence of an Event of Default, Secured Party may, so far as Debtor can give authority therefor, enter upon any premises on which the Collateral or any part thereof may be situated and take possession of and remove the same therefrom and gives permission to Secured Party to conduct a sale of any or all of the Collateral, which sale may be conducted on any real property owned by Debtor without charge or interference by Debtor. Secured Party may require Debtor to make the Collateral available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. Debtor waives all claims for damages by reason of any seizure, repossession, retention, use, or sale of the Collateral under the terms of this Agreement.

10.2 The net proceeds arising from the disposition of the Collateral after deducting expenses incurred by Secured Party will be applied to the Obligations in the order determined by Secured Party. If any excess remains after the discharge of all of the Obligations, the same will be paid to Debtor. If after exhausting all of the Collateral, there should be a deficiency, Debtor will be liable therefor to Secured Party, provided, however, that nothing contained herein will obligate Secured Party to proceed against the Collateral prior to making a claim against Debtor or any other party obligated under the Obligations or prior to proceeding against any other collateral for the Obligations.

10.3 Whenever notice is required by law to be sent by Secured Party to Debtor of any sale or other disposition of the Collateral, ten days written notice sent in accordance with the requirements of the applicable section of the Uniform Commercial Code to Debtor at the address specified below, or at such other address as Debtor may furnish Secured Party in writing from time to time for this purpose, will be reasonable.

11. **Rights of Secured Party; Power of Attorney.** Debtor hereby irrevocably constitutes and appoints Secured Party and any officer thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor or in its name, from time to time in Secured Party's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, Debtor hereby gives Secured Party the power and right, on behalf of Debtor, after an Event of Default, and without notice to or assent by Debtor, to do the following:

11.1 to receive payment of, endorse, and receipt for, any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of the Collateral;

11.2 to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect any of the Collateral and to enforce any other right in respect of the Collateral;

11.3 to settle, compromise or adjust any suit, action or proceeding described above, and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate; and

11.4 generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option, at any time, or from time to time, all acts and things which Secured Party deems necessary to protect or preserve the Collateral and Secured Party's security interest and rights therein in order to effect the intent of this Agreement, all as fully and effectively as Debtor might do.

Debtor hereby ratifies all that such attorneys in fact may lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest, will be irrevocable and will terminate only upon payment in full of the Obligations and the termination of this Agreement. The powers conferred upon Secured Party hereunder are solely to protect Secured Party's interests in the Collateral and will not impose any duty upon it to exercise any such powers. Secured Party will have no obligation to preserve any rights of any third parties in the Collateral. Secured Party will be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents will be responsible to Debtor for any action taken or omitted to be taken in good faith or in reliance on the advice of counsel except for its own gross negligence or willful misconduct.

12. General.

12.1 Assignment. Debtor acknowledges that Secured Party is assigning its interest in this Security Agreement to L&N Federal Credit Union ("**L&N**") as security for the repayment of that certain Note from Secured Party in favor of L&N in the face principal amount of $1,400,000.00 and consents to such assignment and all of the provisions thereof.

12.2 Waiver. No delay or omission on the part of Secured Party to exercise any right or power arising from any Event of Default will impair any such right or power or be considered a waiver of any such right or power or a waiver of any such Event of Default or an acquiescence therein nor will the action or non-action of Secured Party in case of such Event of Default impair any right or power arising as a result thereof or affect any subsequent default or any other default of the same or a different nature.

12.3 Notices. All notices, demands, requests, consents or approvals and other communications required or permitted hereunder will be in writing, and, to the extent required by applicable law, will comply with the requirements of the Uniform Commercial Code then in effect, and will be addressed to such party at the address set forth below or to such other address as any party may give to the other in writing for such purpose:

To Secured Party: Investment Property Advisors, LLC
666 East Main Street, Suite A-2,
Centreville, Michigan 49032
Attn:________________________________

To Debtor: University of Louisville Athletic Association, Inc.
2100 South Floyd Street
Louisville, Kentucky 40208
Attn: Jeff Spoelker

With a copy to: Office of University Counsel

University of Louisville
206 Grawemeyer Hall
Louisville, Kentucky 40292
Attn: General Counsel

All such communications, if personally delivered, will be conclusively deemed to have been received by a party hereto and to be effective when so delivered; if given by mail, on the fourth business day after such communication is deposited in the mail with first-class postage prepaid, return receipt requested; or if sent by overnight courier service, on the day after deposit thereof with such service; or if sent by certified or registered mail, on the third business day after the day on which deposited in the mail.

12.4 **Successors and Assigns.** This Agreement will be binding upon and inure to the benefit of Debtor and Secured Party and their respective successors and assigns, provided, however, that Debtor may not assign, delegate, or transfer this Agreement in whole or in part without the prior written consent of Secured Party and Secured Party at any time may assign this Agreement in whole or in part. All references herein to the "Debtor" and "Secured Party" will be deemed to apply to Debtor and Secured Party and their respective heirs, administrators, successors and assigns.

12.5 **Modifications.** No modification or waiver of any provision of this Agreement nor consent to any departure by Debtor therefrom, will be established by conduct, custom or course of dealing; and no modification, waiver or consent will in any event be effective unless the same is in writing and specifically refers to this Agreement, and then such waiver or consent will be effective only in the specific instance and for the purpose for which given. No notice to or demand on Debtor in any case will entitle Debtor to any other or further notice or demand in the same, similar or other circumstance.

12.6 [Intentionally left blank.]

12.7 [Intentionally left blank.]

12.8 **Illegality.** If fulfillment of any provision hereof or any transaction related hereto or of any provision of this Agreement, at the time performance of such provision is due, involves transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled will be reduced to the limit of such validity; and if any clause or provisions herein contained other than the provisions hereof pertaining to repayment of the Obligations operates or would prospectively operate to invalidate this Agreement in whole or in part, then such clause or provision only will be void, as though not herein contained, and the remainder of this Agreement will remain operative and in full force and effect.

12.9 **Continuing Agreement.** This is a continuing Agreement and will continue in effect even though all or any part of the Obligations have been paid in full and even though for a period of time Debtor may not be indebted to Secured Party.

12.10 **Gender, etc.** Whenever used herein, the singular number will include the plural, the plural the singular and the use of the masculine, feminine or neuter gender will include all genders.

12.11 **Headings.** The headings in this Agreement are for convenience only and will not limit or otherwise affect any of the terms hereof.

12.12 [Intentionally left blank]

12.13 **Counterparts.** This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same agreement. Any party so executing this Agreement by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

12.14 **Definitions.** Capitalized terms used herein and not otherwise defined will be given the definitions set forth in the Uniform Commercial Code in force and effect in the State indicated in the Governing Law section of this Agreement

12.15 **Governing Law.** This Agreement has been delivered and accepted at and will be deemed to have been made at Louisville, Kentucky and will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the Commonwealth of Kentucky, and will include all matters arising out of or relating to this Agreement, including without limitation claims as to its validity, interpretation, construction, performance, and all claims sounding in tort.

12.16 ***Waiver of Jury Trial. THE PARTIES HERETO EACH WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT, OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. DEBTOR AND SECURED PARTY ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.***

[Remainder of Page Left Blank]

[Signature Page to Security Agreement (Equipment – Purchase Money Security Interest)]

Dated as of the Effective Date, and Debtor hereby acknowledges and agrees that each of the exhibits attached hereto is incorporated by reference as if fully set forth herein.

DEBTOR:

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC., a Kentucky nonprofit corporation

By______________________________
Print Name: ______________________
Title: ___________________________

SECURED PARTY:

INVESTMENT PROPERTY ADVISORS, LLC, an Indiana limited liability company

By:_____________________________
Print Name: Lawrence N. Gough
Title: Manager

EXHIBIT A
DESCRIPTION OF EQUIPMENT

[*attached hereto*.]

EXHIBIT B
LEGAL DESCRIPTION OF REAL ESTATE

[insert]

EXHIBIT C
PERMITTED LIENS

"**Permitted Liens**" will mean:

(i) liens securing the payment of taxes, either not yet due or the validity of which is being contested in good faith by appropriate proceedings, and as to which it has set aside on its books adequate reserves to the extent required by generally accepted accounting principles;

(ii) liens imposed by law, such as carriers' warehousemen's or mechanics' liens, incurred by it in good faith in the ordinary course of business, and liens arising out of a judgment or award against it with respect to which it will currently be prosecuting an appeal, a stay of execution pending such appeal having been secured;

(iii) liens in favor of Secured Party; and

(iv) attachment, judgment, and similar liens provided that execution is effectively stayed pending a good faith contest.

4813-7688-6512v4

RECOMMENDATION TO THE UOFL ATHLETIC ASSOCIATION BOARD OF DIRECTORS

CARDINAL STADIUM WEST-SIDE CLUB RENOVATION

ULAA Board Meeting– October 22, 2021

RECOMMENDATION:

The Athletic Director recommends the Board of Directors of ULAA authorize a project to renovate the west-side club area of Cardinal Stadium, at an estimated cost not to exceed $6,000,000.

BACKGROUND:

To further enhance the fan experience at Cardinal Stadium, Athletics will undertake a $6 million renovation to the west side club, formerly known as the Brown and Williamson Club. This space, which totals 18,000 square feet, has not been renovated since the stadium was built in 1998. This renovation will create a premium space emphasizing the influences of Louisville (the bourbon distillery + the horse culture the speakeasy + the forward-thinking character as a city). In addition to enhancing the fan experience, the renovated space should generate additional operating revenues through ticket sales, concessions and event rentals.

The estimated cost is between $4 and 6 million and construction will be funded using the Athletics line of credit with Republic Bank. Repayment will be made from a $4 million naming rights agreement (announcement forthcoming) and operating funds from incremental revenue generated from the new club space. A $4 million naming rights agreement has been signed and is pending final approval from the University Advisory Committee on Designations and Awards.

Construction is expected to begin immediately following the last home football game on November 27, 2021, and to be complete prior to the first home football game in 2022.

COMMITTEE ACTION:	BOARD ACTION:
Passed X	Passed X
Did Not Pass ____________	Did Not Pass ___________
Other __________________	Other _________________

Signature on file ____

Assistant Secretary

Assistant Secretary

RECOMMENDATION TO BOARD OF DIRECTORS OF THE UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC. CONCERNING THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR YEAR ENDING JUNE 30, 2021 AND INDEPENDENT AUDITOR'S REPORT

Finance and Budget Committee – October 22, 2021
Board of Directors – October 22, 2021

RECOMMENDATION:

The Chair recommends that the Board of Directors approve the finalized financial statements for the period ending June 30, 2021 and Independent Auditor's unqualified Report as presented under Governmental Accounting Standards Board (GASB) 34, as attached.

COMMITTEE ACTION:
Passed ______X__________
Did Not Pass ____________
Other __________________
Signature on file
Assistant Secretary

BOARD ACTION:
Passed _____X__________
Did Not Pass __________
Other _________________
Assistant Secretary

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.

A Component Unit of the University of Louisville

Auditor's Report and Financial Statements
June 30, 2021 and 2020

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
For the Years Ended June 30, 2021 and 2020

Table of Contents:

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
University of Louisville Athletic Association, Inc.
Louisville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Louisville Athletic Association, Inc. (Association), a component unit of the University of Louisville, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Association as of June 30, 2021 and 2020, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12, and the Schedule of Funding Progress on Page 42, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Signature on file

CliftonLarsonAllen LLP

St. Louis, Missouri
October 19, 2021

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2021 and 2020

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the University of Louisville Athletic Association, Inc. (Association) as of and for the years ended June 30, 2021 and 2020. Comparative information for the year ended June 30, 2019, has been provided where applicable. This discussion has been prepared by management and should be read in conjunction with the financial statements and related notes, which follow this section.

The Association is a Kentucky nonprofit corporation organized in 1984 for the purpose of promoting the intercollegiate athletic activities of the University of Louisville (University), a state-supported metropolitan research university located in Louisville, Kentucky. The Association is reported herein as a separate corporation and it is included in the consolidated financial statements of the University.

The Association's mission, to provide quality intercollegiate athletic programs through a comprehensive sports program, requires a major financial commitment of both operating and capital resources. In addition, the Association is committed to achieving athletic excellence for its student-athletes, maintaining National Collegiate Athletic Association (NCAA) compliance, ensuring full implementation of gender equality plans and offering a wide variety of sports and recreational outlets for the University community, alumni, and visitors.

The Association is committed to the academic achievement and community involvement of its student-athletes. During the 2020/2021 academic year, the overall student athlete GPA for the year was a combined 3.3 with 20 of the 23 sports teams having a collective GPA above 3.0.

The Association is also committed to community service and student-athlete involvement. UofL Athletics finished second in the 2020/2021 NCAA Team Works Award competition. In the competition, which ran from January through April 2021, UofL student-athletes amassed over 1,400 service hours and had 94 percent participation in a service opportunity during the time period.

During the 2020 academic year, the World Health Organization declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (referred to as the Pandemic). Response to this Pandemic has caused unprecedented changes in the delivery of education, research, healthcare, and administration. The University responded to the Pandemic by pivoting to a fully online delivery of educational instruction, continuing essential research with a hybrid remote/onsite approach, remote work plans for faculty, staff and administration, where possible, and immediate planning for the near-term needs and long-term strategy for continued educational, research, and community outreach. The Association faced significant revenue reductions from mandated restrictions on ticket sales to athletic events, namely football and basketball. The university enacted cost cutting measures including reducing salaries by 1%-10% for a brief period, reduction of employer matching contributions to the 403(b) retirement plan, furlough of employees in areas impacted by the reduction or elimination of campus activities, and budgeted reductions to curtail spending and eliminating unnecessary travel. In addition to the University wide operational changes, the Association initiated further spending cuts to offset the revenue losses.

The University took measures to make the campus environment safe for faculty, staff, and students by mandating the use of masks in close settings, providing on campus testing sites, and real time communications through emails and a dedicated website. The University, along with its affiliated hospital, offered COVID-19 vaccinations to the university population and the community at large.

The operations of the university and the Association have changed and evolved to meet the circumstances of our society. Further adaptive measures are anticipated to meet the needs of the students, faculty, staff, and community as the Pandemic unfolds in the future.

Using the Financial Statements

The Association's financial report includes the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. These financial statements are prepared in accordance with Government Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. The Association is presented here as a single entity and is also included in the consolidated financial statements of the University.

Statements of Net Position

The statements of net position present the financial position of the Association at the end of each fiscal year. Net position represents the difference between total assets, total deferred outflows of resources, total liabilities, and total deferred inflow of resources. The change in net position indicates whether the overall financial condition has accumulated or consumed resources during the year. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values. Pledges receivable with payment terms greater than one year are discounted. Capital assets are stated at historical cost less an allowance for accumulated depreciation.

The condensed version of the Association's assets, liabilities, and net position at June 30, 2021, 2020, and 2019 (in thousands) is summarized below:

	2021	2020	2019	2021-2020 Change	2020-2019 Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets	$ 44,683	$ 39,496	$ 59,071	$ 5,187	$ (19,575)
Long-term investments	755	954	1,155	(199)	(201)
Capital assets, net	211,676	218,364	223,134	(6,688)	(4,770)
Other	28,594	28,979	25,009	(385)	3,970
Deferred outflows of resources	1,585	1,499	1,340	86	159
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**287,293**	**289,292**	**309,709**	**(1,999)**	**(20,417)**
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities	53,269	42,393	65,362	10,876	(22,969)
Noncurrent liabilities	109,514	118,739	119,699	(9,225)	(960)

	2021	2020	2019	2021-2020 Change	2020-2019 Change
Deferred inflows of resources	1,799	1,827	2,645	(28)	(818)
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**164,582**	**162,959**	**187,706**	**1,623**	**(24,747)**
NET POSITION					
Net investment in capital assets	136,655	134,318	133,518	2,337	800
Restricted - nonexpendable	1,868	1,349	4,710	519	(3,361)
Restricted - expendable	18,033	17,485	17,371	548	114
Unrestricted	(33,845)	(26,819)	(33,596)	(7,026)	6,777
TOTAL NET POSITION	**122,711**	**126,333**	**122,003**	**(3,622)**	**4,330**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 287,293**	**$ 289,292**	**$ 309,709**	**$ (1,999)**	**$ (20,417)**

Assets

The primary components of current assets are cash and cash equivalents, pledges and accounts receivable, investments held with the Foundation, and inventory. The Association experienced an increase in current assets of $5.2 million when compared to June 30, 2020. Increases in cash of $4.4 million and investments held with the Foundation of $2.1 million comprise a majority the decrease.

The primary components of noncurrent assets are restricted cash, capital assets, and pledges and accounts receivable due in greater than a year.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets applicable to a future period. The balance of $1.6 million as of June 30, 2021, consist of a loss on bond refunding of $748 thousand and $837 thousand of future payments to be made for other postretirement employment benefits.

Liabilities

The primary components of current liabilities are accounts payable, deferred compensation, deferred ticket revenue, and the current portion of notes payable. The current liabilities increase of $10.9 million is accounted for with the addition of a line of credit for operational support. The Association had a balance of $9.0 million drawn on the line of credit as of June 30, 2021.

Noncurrent liabilities net decrease of $9.2 million as of June 30, 2021, when compared to June 30, 2020, is attributed to debt activities. The Association repaid and refinanced existing debt and borrowings from the University. The most significant noncurrent liabilities are interest-free and interest-bearing loans from the University and the Foundation. These balances were reduced by $15.5 million with a portion of the debt refinanced with a new note from a financial institution.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods. The balance of $1.8 million consists of $0.3 million of future receipts from a food service concession arrangement and $1.5 million related to the change in actuarial assumptions and differences between expected and actual experience in the other postemployment benefit liability.

Net Position

Net position represents the residual interest in the Association's assets after liabilities are deducted. Total net position of $122.7 million as of June 30, 2021, is reported in the following categories: net investment in capital assets of $136.7 million; restricted nonexpendable of $1.9 million; restricted expendable of $18.0 million; and unrestricted of $(33.9) million.

Fiscal Year 2020

Total assets at June 30, 2020, were $289.3 million, a decrease of $20.4 million from June 30, 2019. The decrease is attributable to usage of cash and liquidation of investments for the settlement of deferred compensation and reductions in ticket sales related to the Pandemic.

Deferred outflows of resources were $1.5 million as of June 30, 2020 representing a minor increase of $159 thousand from the balance as of June 30, 2019.

Liabilities at June 30, 2020, were $163.0 million, a decrease of $24.7 million compared to June 30, 2019. The significant decrease of $14.7 million in accounts payable was primarily related to planned reductions in spending in response to the Pandemic. The decrease of $7.6 million in advances was the result of lower deferred revenues from ticket sales and suite rentals, also related to the Pandemic.

Deferred inflows of resources experienced a net decrease of $0.8 million from June 30, 2019 to June 30, 2020 due to future benefits of a service concession amortization of $0.3 million and a decrease in changes in other postemployment benefits of $0.5 million.

Net position at June 30, 2020, was $126.3 million, an increase of $4.3 million, or 3.5%, when compared to the June 30, 2019 net position. The majority of the increase is captured in unrestricted net position and is due to the overall income from operations.

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position present the Association's results of operations. Revenues and expenses are categorized as operating or nonoperating revenues or expenses according to their source or purpose. Significant sources of revenues such as gifts, investment returns, and the supplemental income received from the University for gender equity purposes, as well as the student fees collected, are classified as nonoperating activities. Capitalized assets are being depreciated over their useful lives. Depreciation is recognized as an operating expense.

The Association's condensed statements of revenues, expenses and changes in net position for the years ended June 30, 2021, 2020, and 2019 (in thousands) are summarized below:

	2021	2020	2019	2021-2020 Change	2020-2019 Change
OPERATING REVENUES					
Sports	$ 39,716	$ 61,528	$ 64,310	$ (21,812)	$ (2,782)
Other operating revenues	22,668	25,031	22,516	(2,363)	2,515
TOTAL OPERATING REVENUES	**62,384**	**86,559**	**86,826**	**(24,175)**	**(267)**
OPERATING EXPENSES					
Sports	50,906	64,925	80,221	(14,019)	(15,296)
Other operating expenses	43,432	46,814	53,552	(3,382)	(6,738)
Depreciation	8,200	8,204	7,857	(4)	347
TOTAL OPERATING EXPENSES	**102,538**	**119,943**	**141,630**	**(17,405)**	**(21,687)**
OPERATING LOSS	**(40,154)**	**(33,384)**	**(54,804)**	**(6,770)**	**21,420**
NONOPERATING REVENUES (EXPENSES)					
Gifts	27,124	39,240	41,939	(12,116)	(2,699)
Net realized and unrealized (loss)/gain on investments	1,010	(5)	477	1,015	(482)
Investment returns	21	56	23	(35)	33
Other nonoperating expenses	(799)	(789)	(1,329)	(10)	540
Contributions (to)/from related entities	9,176	(788)	(1,393)	9,964	605
TOTAL NONOPERATING REVENUES (EXPENSES)	**36,532**	**37,714**	**39,717**	**(1,182)**	**(2,003)**
INCREASE/(DECREASE) IN NET POSITION	**(3,622)**	**4,330**	**(15,087)**	**(7,952)**	**19,417**
Net position - beginning of year	**126,333**	**122,003**	**137,090**	**4,330**	**(15,087)**
Net position - end of year	**$ 122,711**	**$ 126,333**	**$ 122,003**	**$ (3,622)**	**$ 4,330**

Operating Revenues

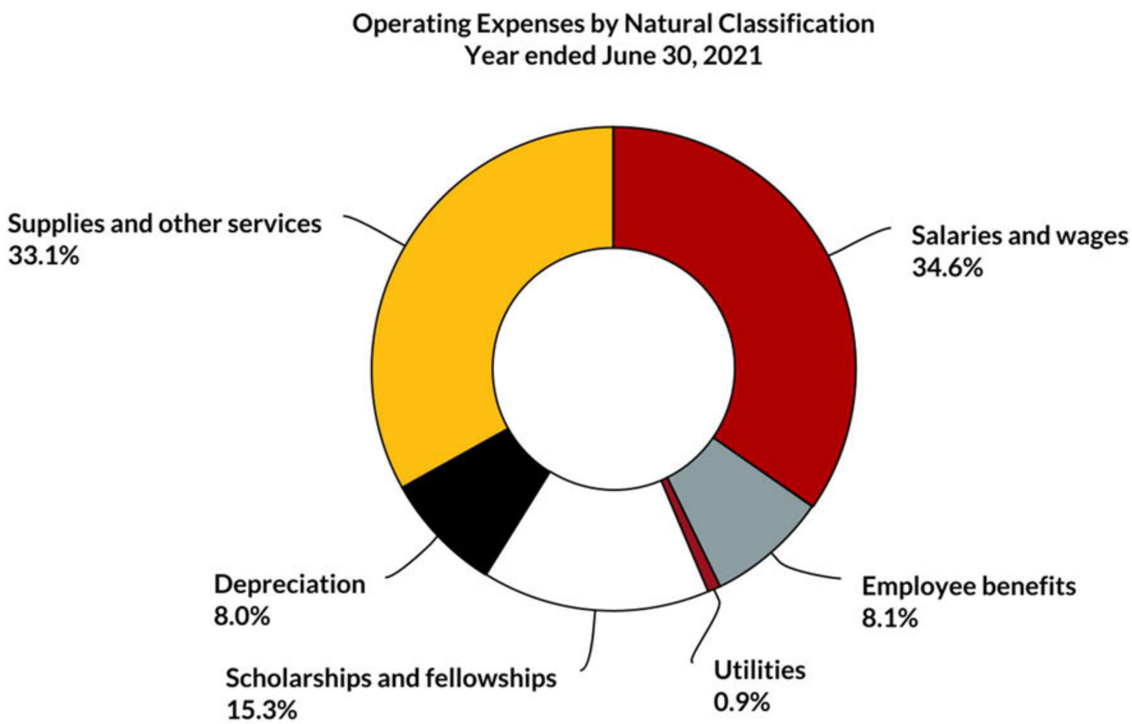
Total operating revenues were $62.4 million for the year ending June 30, 2021, a decrease of $24.2 million compared to $86.6 million for the year ended June 30, 2020. Income from sports programs, primarily from football and basketball ticket sales, comprised $39.7 million, or 63.7% of total operating revenues for the year compared to $61.5, or 71.1% of total operating revenues for June 30, 2020. Restrictions on capacity for large social events enacted in response to the Pandemic limited the number of tickets that could be sold for athletic events. This directly impacted revenues from sports and related ancillary activities related to sports. Other operating revenues amounting to $22.7 million for the year ended June 30, 2021, and include revenues from sources such as concession sales, parking, facilities rentals, sponsorships, and media contracts. The revenue reduction in these activities was not as severe as the reductions in ticket sales but are related to the lost opportunities from reduced athletic events.

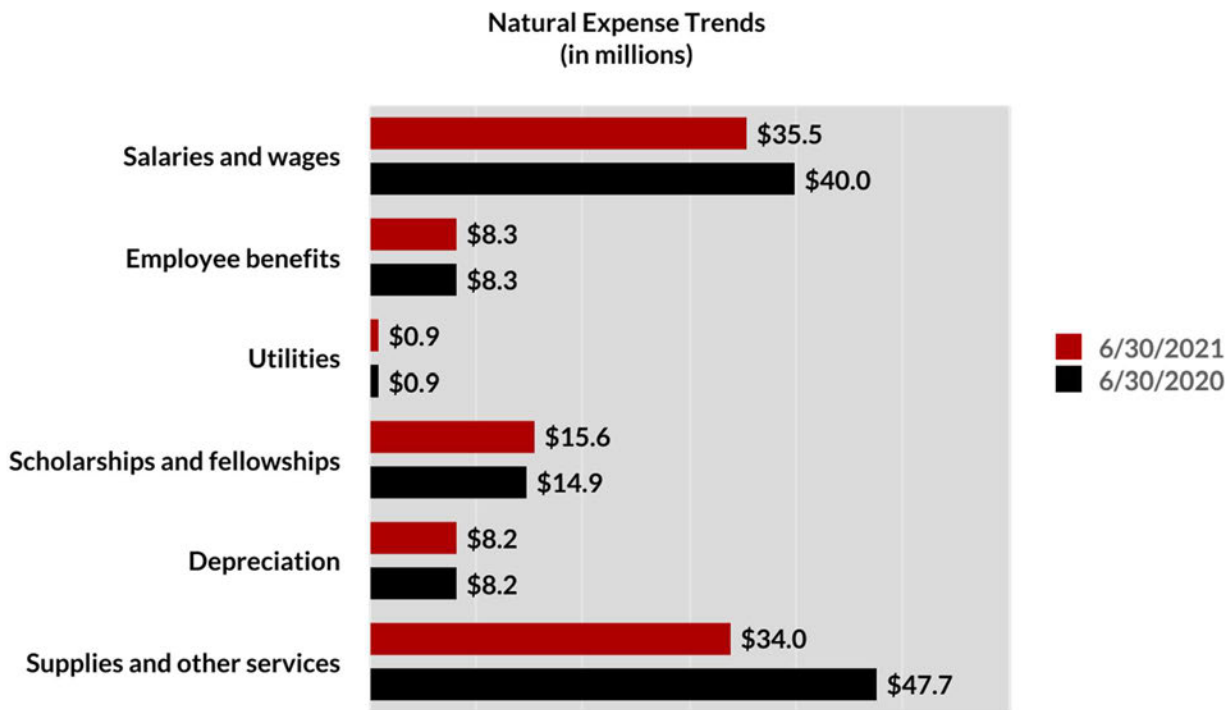
Operating Expenses

Total operating expenses were $102.5 million and $119.9 million for the years ended June 30, 2021 and 2020, respectively. For the year ended June 30, 2021, expenses consist mainly of $50.9 million, or 49.6%, in direct sports-related expenses, a reduction of $14.0 million, or 21.6%, compared to $64.9 million as of June 30, 2020. The remaining $51.6 million in operating expenses consist mainly of support and administrative services, marketing and development, and depreciation expense.

Total operating expenses decreased by $17.4 million, or 14.5%, in the current year. The decrease was predominately in salary expenses and supplies and other services and directly related to cost saving measures enacted in response to restrictions brought on by the Pandemic, including furloughs and pay reductions, reduced travel, and reduced spending across all sport and administrative activities. Salary expenses were reduced 11.2% while supplies and other services were reduced 28.8%.

The illustrations below show total expenses by natural classification for the years ended June 30, 2021 and 2020:





Operating Loss, Nonoperating Revenues, and Net Position

The Association's loss from operations amounted to $40.2 million and $33.4 million for the years ended June 30, 2021 and 2020, respectively. During the fiscal year ended June 30, 2021, the operating loss was offset by the $36.5 million in nonoperating revenues and gifts, leaving a decrease in net position of $3.6 million, compared to the $4.3 million decrease in net position realized during the fiscal year ended June 30, 2020.

Overall, nonoperating revenues decreased $1.2 million, or 3.1%. The most significant change being a decrease in gifts of $12.1 million offset by increased contributions from related entities of $10.0 million. The Association received $5.2 million in COVID-19 relief funds from the University to supplement some of the revenues lost from concession sales and event parking, expenses for quarantine, social distancing, and expanded cleaning of facilities. These funds are reflected in contributions from related entities.

Fiscal Year 2020

The Association's loss from operations amounted to $33.4 million and $54.8 million for the years ended June 30, 2020 and 2019, respectively. During the fiscal year ended June 30, 2020, the operating loss was offset by the $37.7 million in nonoperating revenues and capital gifts, leaving an increase in net position of $4.3 million compared to a loss of $15.1 million recognized during fiscal year ended June 30, 2019.

Total operating revenues were $86.6 million for the year ending June 30, 2020 and flat compared to $86.8 million for the year ended June 30, 2019.

Total operating expenses decreased by $21.7 million, or 15.3%, for the year ended June 30, 2020 as compared to the year ended June 30, 2019. The decrease is the result of substantial cuts in salaries and operational cost to mitigate the impact of revenue losses and additional expenditures needed to combat the Pandemic. The salary expense decrease is also attributed to expenses incurred during the year ending June 30, 2019 for contractual payments to a prior coach.

Overall, nonoperating revenues decreased $2.0 million, or 5.0% primarily from a reduction in gifts.

Statements of Cash Flows

The statements of cash flows provide information about the Association's sources and uses of cash during the year. Cash inflows and outflows are categorized as operating, noncapital financing, capital financing and investing activities.

The statements of cash flows provide additional information about the Association's financial results by reporting the major sources and uses of cash. The condensed statements of cash flows for the years ended June 30, 2021, 2020, and 2019 (in thousands) are summarized below:

	2021	2020	2019	2021-2020 Change	2020-2019 Change
CASH (USED)/PROVIDED BY:					
Operating activities	$ (33,803)	$ (47,230)	$ (25,255)	$ 13,427	$ (21,975)
Noncapital financing activities	21,968	29,642	11,329	(7,674)	18,313
Capital financing activities	12,517	899	(8,986)	11,618	9,885
Investing activities	3,081	5,829	848	(2,748)	4,981
NET (DECREASE)/INCREASE IN CASH EQUIVALENTS	3,763	(10,860)	(22,064)	14,623	11,204
Cash and cash equivalents, beginning of year	22,261	33,121	55,185	(10,860)	(22,064)
Cash and cash equivalents, end of year	$ 26,024	$ 22,261	$ 33,121	$ 3,763	$ (10,860)

Operating Activities

The Association's cash and cash equivalents increased by $3.8 million during the year, mostly due to the reduction in operations and a line of credit obtained to support operational activities. The Association experienced a net outflow of $33.8 million, which is a reduction in cash used for operations primarily related to restrictions on spending, travel, and salary and benefit reductions.

Other Activities

Cash provided by noncapital and related financing activities of $22.0 million offset the cash used by operating activities. These cash flows consist primarily of $20.7 million in gifts received to support the sports programs, draws on a line of credit of $9.0 million, and offset by $7.3 million of payments to affiliated entities. Cash provided by capital financing activities of $12.5 million relates mainly to capital activities for the receipt of capital gifts and purchases of capital assets or payment of debt for capital assets.

Fiscal Year 2020

The Association's cash and cash equivalents decreased by $10.9 million during the year, mostly due to the operating loss incurred by the Association for 2019. The Association experienced a net outflow of $47.2 million in cash paid for operations. Noncapital financing activities provided $29.6 million of revenues from gifts and investing activities provided $5.8 million in revenues.

Economic Factors that May Affect Future Periods

As a result of the Pandemic commerce across the globe was shut down, including all sporting events. At the same time, the Association was notified by the NCAA that all winter and spring sport activities were cancelled, therefore stopping all sport activities of the Association for the remainder of the fiscal year ending June 30, 2020.

Senior leadership of the University of Louisville and the Association were able to successfully manage the reductions in revenue and incremental costs related to the Pandemic by taking aggressive measures that included budget cuts, pay reductions, furloughs, and reductions in retirement contributions. Senior leadership continues to believe that it is financially well-positioned despite the impact of the Pandemic to educate and serve its community through:

- Teaching diverse undergraduate, graduate, and professional students in order to develop engaged citizens, leaders, and scholars.
- Practicing and applying research, scholarship, and creative activity, and
- Providing engaged service and outreach that improve the quality of life for local and global communities.

The Pandemic will continue to have a significant impact on the University and the Association moving into fiscal year 2021. Some of the significant disruptions to revenue streams or changes to the expense base that may be impacted by the Pandemic are as follows:

- The University may lose state appropriations from the Commonwealth of Kentucky as the state economy has been hit with extensive reductions in tax revenues related to the Pandemic which are expected to be substantially lower until the economy recovers. General Fund revenues are expected to decline for the first time in over a decade.
- The University may lose tuition revenue if it were required to cancel face-to-face classes and was not able to convert the classes to an online format.
- The University could suffer reductions in spend policy on endowed gifts and interest income due to significant deterioration in the financial markets.
- The Athletic Association could suffer reductions in revenue from reduced ticket sales and other related athletic revenue streams due to canceled games or reduced fan base allowed at events.
- The University expects COVID-19 testing, personal protective equipment, and other safety measures to be an incremental cost for 2021.
- The University has moved many classes into a hybrid delivery model for the 2020/2021 academic year which is expected to be an incremental cost for 2020.

The Association's Board of Directors approved a balanced operating budget for the 2021 fiscal year of $95.1 million. This represents a reduction of $9.25 million or 8.86% from the 2020 fiscal year budget. The Association budget was approved with the knowledge that future sport activities are uncertain and adjustments to the budget to compensate for the changing environment may be necessary.

The goals of the Association continue to include: 1) zero level 1 or 2 NCAA violations, 2) win ACC and NCAA Championships, 3) end each year with a surplus, 4) trust and collaboration become the norm, and 5) improve diversity, equity and inclusion. Progress towards these goals is not eroded by setbacks brought on by the Pandemic.

This financial report is designed to provide a general overview of the Association's finances and to show the Association's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Controller; University of Louisville; Louisville, KY 40292.

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Net Position
For Years Ended June 30, 2021 and 2020
(in thousands)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 19,500	$ 15,089
Accounts and contributions receivable, net	14,997	13,079
Inventories	5,418	4,434
Investments held with University of Louisville Foundation, Inc.	3,410	5,460
Other assets	1,358	1,434
Total current assets	44,683	39,496
Noncurrent Assets		
Restricted cash and cash equivalents	6,524	7,172
Accounts and contributions receivable, net	22,070	21,807
Other long-term investments	755	954
Capital assets, net	211,676	218,364
Total noncurrent assets	**241,025**	**248,297**
Total assets	**285,708**	**287,793**
DEFERRED OUTFLOWS OF RESOURCES	1,585	1,499
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**287,293**	**289,292**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	7,964	7,191
Unearned compensation and wages payable	1,537	2,699
Advances	30,536	24,918
Due to the University of Louisville	4,232	5,213
Notes payable	—	2,372
Line of credit	9,000	—
Total current liabilities	**53,269**	**42,393**
Noncurrent liabilities		
Due to University of Louisville	80,687	96,205
Note payable to University of Louisville Foundation, Inc.	1,000	1,000
Unearned compensation and wages payable	949	2,549
Advances	6,019	6,358
Other post-retirement benefits	4,814	3,712
Other long-term liabilities	5,045	6,131
Notes payable	11,000	2,784
Total noncurrent liabilities	**109,514**	**118,739**
Total liabilities	**162,783**	**161,132**
DEFERRED INFLOWS OF RESOURCES	**1,799**	**1,827**
NET POSITION		
Net investment in capital assets	136,655	134,318
Restricted - nonexpendable	1,868	1,349
Restricted - expendable	18,033	17,485
Unrestricted	(33,845)	(26,819)
Total net position	**122,711**	**126,333**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 287,293**	**$ 289,292**

See notes to financial statements

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Revenues, Expenses, and Changes in Net Position
For Years Ended June 30, 2021 and 2020
(in thousands)

	2021	2020
OPERATING REVENUES		
Sports:		
Basketball	$ 8,986	$ 19,342
Football	29,995	40,700
Other sports	735	1,486
Total sports	**39,716**	**61,528**
Cardinal Stadium	182	630
Marketing and development	7,445	7,967
Administration	736	3,031
Support services	1,604	1,111
Other operating revenues	12,701	12,292
Total operating revenue	**62,384**	**86,559**
OPERATING EXPENSES		
Sports:		
Basketball	8,739	13,962
Football	19,396	23,644
Other sports	22,771	27,319
Total sports	**50,906**	**64,925**
Cardinal Stadium	1,895	2,236
Marketing and development	6,873	9,814
Administration	3,644	5,204
Support services	12,284	12,709
Game management and facilities operations	2,981	3,819
Depreciation	8,200	8,204
Other operating expense	15,755	13,032
Total operating expense	102,538	119,943
Operating loss	(40,154)	(33,384)
NONOPERATING REVENUES (EXPENSES)		
Gifts	18,342	33,603
Investment returns	21	56
Net realized and unrealized gain on investments	1,010	(5)
Interest on capital asset-related debt	(298)	(256)
Other nonoperating revenue (expense)	(501)	(533)
Net nonoperating revenue	**18,574**	**32,865**
Capital gifts	8,782	5,637
Contributions (to)/from related entities	9,176	(788)
Total other revenue	**17,958**	**4,849**
Increase (decrease) in net position	**(3,622)**	**4,330**
NET POSITION		
Net position - beginning of year	126,333	122,003
Net position - end of year	**$ 122,711**	**$ 126,333**

See notes to financial statements

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Cash Flows
For Years Ended June 30, 2021 and 2020
(in thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Ticket sales	$ 7,909	$ 21,010
NCAA/Conference distributions	34,928	32,443
Marketing and development	7,445	7,967
Payments to suppliers, vendors and contractors	(34,959)	(63,379)
Payments for utilities	(895)	(869)
Payments to employees	(37,916)	(42,877)
Payments for benefits	(7,942)	(3,674)
Payments for scholarships and fellowships	(15,647)	(14,863)
Other athletic program receipts	13,274	17,012
Net cash used by operating activities	**(33,803)**	**(47,230)**
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Gifts	20,790	36,358
Contributions to/from related entities	(7,323)	(5,867)
Payments of affiliate debt	—	(316)
Draw on line of credit	9,000	—
Other noncapital financing activity	(499)	(533)
Net cash provided by noncapital financing activities	**21,968**	**29,642**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital gifts received	8,782	5,637
Proceeds from notes payable	11,000	1,750
Purchases of capital assets	(1,512)	(3,454)
Principal paid on bonds and notes payable	(5,156)	(3,207)
Interest paid on bonds and notes payable	(14)	(118)
Other capital financing activities	(583)	291
Net cash provided/(used) by capital and related financing activities	**12,517**	**899**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	2,124	5,918
Purchase of investments	(74)	(141)
Interest on investments	1,031	52
Net cash provided by investing activities	**3,081**	**5,829**
Net increase/(decrease) in cash and cash equivalents	3,763	(10,860)
Cash and cash equivalents - beginning of year	22,261	33,121
Cash and cash equivalents - end of year	**$ 26,024**	**$ 22,261**

See notes to financial statements

UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
A Component Unit of the University of Louisville
Statements of Cash Flows
For Years Ended June 30, 2021 and 2020
(in thousands)

RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating loss	$	(40,154)	$	(33,384)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation		8,200		8,204
Loss on disposal of equipment		—		20
Change in assets and liabilities:				
Accounts and contributions receivable, net		(1,677)		(232)
Inventories		(984)		(1,222)
Other assets		76		(692)
Other long term assets		199		201
Accounts payable and accrued liabilities		773		(14,718)
Advances		2,822		(7,242)
Unearned compensation and wages payable		(2,762)		(2,924)
Other long-term liabilities		101		5,874
Deferred outflows		(369)		(297)
Deferred inflows		(28)		(818)
Net cash used by operating activities	**$**	**(33,803)**	**$**	**(47,230)**
NON CASH TRANSACTIONS:				
Loss on disposal of assets	$	—	$	20

See notes to financial statements

1. Basis of Presentation and Summary of Significant Accounting Policies

The University of Louisville Athletic Association, Inc. (Association) (a Kentucky nonprofit corporation) is affiliated with the University of Louisville (University) and is included within the University's financial statements. The Association is a separate corporation organized for the purpose of promoting the intercollegiate athletic activities of the University. The Association has authorized the University to receive, hold and disburse funds on behalf of the Association.

a. Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board (GASB). The financial statements of the Association have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from nonexchange transactions are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used externally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific, investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The Association first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

The financial statements of the Association can be found at the following:

http://louisville.edu/finance/controller/univacct/finst-1

b. Cash and Cash Equivalents

The Association considers all investments (not held for long-term purposes) with original maturities of three months or less to be cash equivalents.

c. Accounts and Contributions Receivable

The Association records operating and capital pledges as revenue when all eligibility requirements have been met. Endowment pledges are not recognized as revenue until the gifts are received.

Accounts receivable consist of charges and reimbursements for services provided to students, faculty, staff and external entities. Accounts receivable are recorded net of uncollectible amounts.

d. Inventories

Inventories are valued at the lower of cost or market, under the first-in, first-out method. Inventories consist of equipment, clothing and supplies utilized in sporting activities.

e. Investments

Investments are stated at current fair value. Investments held with the University of Louisville Foundation, Inc. (Foundation) are invested under the policies and objectives established for the Foundation's general endowment pool. In an effort to mitigate market risk, the Foundation has adopted a policy of maintaining a diverse investment pool through the use of target asset allocation guidelines.

These guidelines require that the Foundation's investment pool be made up of a mix of publicly traded fixed income and equity securities, private equities and other nonmarketable securities.

The market risk inherent in certain of the Foundation's investments is primarily the potential loss arising from adverse changes in quoted market prices on equity securities and in interest rates on fixed income securities.

The Foundation invests in various corporate debt, equity, and mutual fund securities. Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the Foundation's consolidated statements of financial position and the Association's statements of net position.

The Association's permanent endowment funds, held by the Foundation and invested in the Foundation's general endowment pool, are administered under the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Commonwealth of Kentucky (Commonwealth). The Foundation's Board of Directors has interpreted UPMIFA as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The investment objectives of the Foundation are to preserve the principal of the endowment funds in both absolute and real terms while maximizing, over the long-term, the total rate of return (yield and appreciation) within reasonable risk parameters.

The Foundation has a standing policy (the spending policy) of appropriating for expenditure each year a percentage of certain endowment funds' average market values over the prior three years through the calendar year-end preceding the year in which expenditure is planned. The Foundation will adjust the spending policy for a given year to mitigate adverse market performance on the level of support provided to the University. The Board of the Foundation approved the spend policy rate of 3.00% for fiscal year ending June 30, 2021 for support of the academic units, including the Association.

The Association purchased insurance annuity policies to fund deferred compensation arrangements as stipulated by the arrangements. These are classified as other long-term investments in the summary of net position.

f. Capital Assets

Capital assets are stated principally at cost, if purchased, or at estimated acquisition value at date of receipt from donors. Capital assets are depreciated on the straight-line basis over the estimated useful lives of the assets as follows: buildings – 40 years; land improvements – 40 years; equipment – 3-15 years; and leasehold improvements – 20 years.

Prior to the period ending June 30, 2018, the Association capitalized interest cost as a component of construction in progress, based on the interest cost of borrowings, net of interest earned from proceeds of borrowings. The Association ceased capitalizing interest after this date in accordance with updated GASB guidance.

g. Deferred Outflows and Inflows of Resources

The Association reports deferred outflows of resources, deferred inflows of resources, and net position in its statements of net position and related disclosures.

Deferred outflows of resources of $1.6 million and $1.5 million for the years ended June 30, 2021 and 2020, respectively. Balances as of June 30, 2021, consist of loss on bond refinancing of $0.7 million and future payments of other postemployment benefits of $0.8 million. Balances as of June 30, 2020, consist of loss on bond refinancing of $0.9 million, other postemployment benefits of $0.5 million, and $85 thousand of fair value derivative. As the derivative is considered an effective hedging instrument, changes in the fair value of the derivative is recognized as deferred outflows of resources. Deferred outflows of resources related to the loss on bond refinancing will be amortized as a component of interest expense using the effective interest method over the remaining life of the refinanced debt. Deferred outflows of resources related to other post-employment benefits consist of payments to be made in future periods.

Deferred inflows of resources of $1.8 million as of June 30, 2021, consist of service concession arrangements of $0.3 million, and changes in actuarial assumptions and differences between expected and actual experience in the other postemployment benefits liability of $1.5 million. Deferred inflows of resources of $1.8 million as of June 30, 2020, consist of service concession arrangements of $0.4 million and changes in actuarial assumptions and differences between expected and active experience in the other postemployment benefits liability of $1.4 million. Changes in the other postemployment benefits deferred inflow will be recognized in future periods. Deferred inflows from service concession arrangements will be recognized into revenue over the life of the contract.

h. Unearned Compensation Expenses

Unearned compensation expenses are recognized as earned over the term of the related employment agreements.

i. Compensated Absences

Association policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation or sick benefits when earned, whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

j. Advances

Advances, which consist primarily of amounts received from individual and season ticket holders for subsequent year intercollegiate athletic activities, suite rentals, and parking revenue was approximately $36.6 million and $31.3 million at June 30, 2021 and 2020. Such advances are recognized over the term of the related athletic activities.

k. Net Position

The net position of the Association is summarized into four major categories as follows:

a. *Net investment in capital assets* primarily represents capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

b. *Restricted nonexpendable net position* consists of endowment gifts with specific restrictions. These endowments were made by donors to support scholarship expenses.

c. *Restricted expendable net position* consists of noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the Association. The Association's most significant components in this category are amounts restricted for capital projects, debt service and quasi-endowment gifts with donor stipulations.

d. *Unrestricted net position* represents those balances from operational activities that have not been restricted by parties external to the Association, such as donors. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the Association's unrestricted net position has been designated for various sport, academic programs, or capital projects.

The following table includes detail of the net position balances as of June 30, 2021 and 2020 (in thousands):

	2021	2020
Net investment in capital assets	$ 136,655	$ 134,318
Restricted - Nonexpendable		
Scholarships and fellowships	1,868	1,349
Restricted - Expendable		
Scholarships and fellowships	1,542	4,111
Institutional support	2,812	1,945
Capital projects	1,698	1,741
Debt Service	11,981	9,688
Unrestricted	(33,845)	(26,819)
Total net position	**$ 122,711**	**$ 126,333**

l. Revenue and Expense Classifications

The Association has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues include activities that have the characteristics of exchange transactions, meaning revenues are received in exchange for goods and services, such as: (1) tickets for athletic events, (2) concession sales, (3) parking and facilities rentals, and (4) media contracts. With the exception of interest expense, loss on investments and contributions to related entities, all expense transactions are classified as operating expenses.

Certain significant revenues relied on for fundamental operational support of the Association are mandated by GASB requirements to be recorded as nonoperating revenues. Nonoperating revenues, meaning revenues received and the Association provided no goods or services, include gifts and investment income.

m. Tax Status

As an affiliate of a state institution of higher education, the income of the Association is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the Association is subject to federal and state income tax on any unrelated business taxable income.

n. <u>Use of Estimates</u>

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenues, expenses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

o. <u>Reclassifications</u>

Certain 2020 amounts have been reclassified to conform to the 2021 presentation. The reclassifications more accurately represent revenue and expense activities in the categories presented on the statement of revenues, expense and changes in net position. These reclassifications had no effect on the change in net position.

p. <u>Recent Accounting Pronouncements and Restatement</u>

There were no new pronouncements adopted by the Association during the year ending June 30, 2021.

The Association evaluated the financial statement impact of GASB Statement No. 84, Fiduciary Activities for the years ending June 30, 2021 and June 30, 2020**.** This pronouncement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting. The Statement was not adopted by the Association as the potential impact was deemed immaterial to the financial statements.

The following statements will be implemented in future reporting periods:

GASB Statement No. 87, *Leases.* Requires recognition of certain lease assets and liabilities for leases that were previously classified as operating, and establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use. The Association has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

GASB Statement No. 90, *Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61.* This pronouncement will improve financial reporting by providing users of the financial statements with essential information related to the presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, requiring reporting of information about component units if the government acquires a 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The Association has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

GASB Statement No. 92 *Omnibus 2020*. This pronouncement addresses activities with derivative instruments, intra-entity transfers of assets, postemployment benefit arrangements and measurement of liabilities associated with asset retirement obligations. The Association has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. As a result of global reference rate reform, the most popular interbank offered rate (IBOR), London interbank offered rate (LIBOR), is expected to cease to exist in its current form prompting governments to amend or replace financial instruments. This pronouncement addresses the accounting and financial implications that result from the replacement of an IBOR. The Association has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and availability Payment Arrangements*. The objective of the pronouncement is to improve financial reporting related to public-private and public-public partnerships and availability payment arrangements. The Association has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. This pronouncement defines subscription-based information technology and provides guidance on accounting for the resulting capital and intangible assets and associated cost. The Association has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

q. <u>Risks and Uncertainties</u>

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the Pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Association, the Pandemic may negatively impact various components of its revenue stream due to cancelled games or games played with limited or no fans resulting in reductions in ticket sales, suite agreements revenues, and contractual revenues. Additionally, the Association expects to pay incremental costs to keep its players and fans safe during the Pandemic. Management believes the Association is taking appropriate actions to mitigate the negative impact of the Pandemic. The full impact of the Pandemic is unknown and cannot be reasonably estimated as these events are still developing.

2. Cash, Cash Equivalents, and Investments

a. Summary of Carrying Values

The carrying value of deposits and investments are included in the statements of net position as shown on the following page (in thousands):

		2021		2020
Deposits	$	26,024	$	22,261
Investments		4,165		6,414
Total	**$**	**30,189**	**$**	**28,675**
Included in the following statements of net position captions:				
Cash and cash equivalents		19,500		15,089
Restricted cash and cash equivalents		6,524		7,172
Investments held with University of Louisville Foundation, Inc.		3,410		5,460
Annuities		755		954
Total	**$**	**30,189**	**$**	**28,675**

b. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Association's deposits or collateral securities may not be returned. For administrative convenience, cash balances of the Association are included in bank accounts maintained by the University. Details of accounting transactions affecting cash are maintained in such a manner as to ensure an appropriate segregation of amounts maintained by each entity.

The University currently uses commercial banks and the Commonwealth as its depositories. Deposits with commercial banks are covered up to the limits of federal depository insurance or collateral held by the bank in the University's name. At the Commonwealth, the University's accounts are pooled with other agencies of the Commonwealth. These Commonwealth-pooled deposits are substantially covered by federal depository insurance or by collateral held by the Commonwealth in the Commonwealth's name.

Other long-term investments are insurance annuity policies at June 30, 2021. The Association's investment policy does not address the monitoring of the issuing party.

c. Interest Rate Risk

Interest rate risk is the risk the Association may face should interest rate variances affect the fair value of investments. The Association's policy is to invest in U.S. government and U.S. government agency securities, commercial paper, bankers' acceptances, and variable rate demand notes with a maturity not greater than one year.

As of June 30, 2021 and 2020, the Association had no investments subject to interest rate risk.

d. Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2021 and 2020, the $3.4 million and $5.5 million, respectively, in investments held by the Foundation are considered pooled investments and not rated as to credit risk.

e. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer, excluding investments issued or explicitly guaranteed by the U.S government and investments in mutual funds, external investment pools and other pooled investments.

The asset allocation for investments held with the Foundation as of June 30, 2021 and 2020, was as follows:

	2021	2020
Investment in partnerships	50 %	48 %
Marketable alternatives	15 %	19 %
Mutual funds	19 %	16 %
Fixed income	10 %	12 %
Preferred and common stock	6 %	5 %
Total	100 %	100 %

The Foundation's investments do not have a significant concentration of credit risk within any industry or specific institution.

f. Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Association had no investments denominated in foreign currency at June 30, 2021 and 2020.

3. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements as of June 30, 2021 and 2020 (in thousands):

	2021				
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Measured at NAV
Investments					
University of Louisville Foundation, Inc. investment fund	$ 3,410	$ –	$ –	$ –	$ 3,410
Total investments measured at fair value	**$ 3,410**	**$ –**	**$ –**	**$ –**	**$ 3,410**

	2020				
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Measured at NAV
Investments					
University of Louisville Foundation, Inc. investment fund	$ 5,460	$ –	$ –	$ –	$ 5,460
Investment derivative instruments					
Interest rate swap	(85)	–	(85)	–	–
Total investments measured at fair value	**$ 5,375**	**$ –**	**$ (85)**	**$ –**	**$ 5,460**

a. **Investments**

Investments within the University of Louisville Foundation, Inc. pooled investment fund consist of money market mutual funds, common and preferred stock, corporate bonds, mutual funds, investments in partnerships funds of funds, U.S. Government securities, and U.S. agency obligations. The Foundation has adopted a policy of maintaining a diverse investment pool through the use of targeted asset allocation guidelines. The fair value of the investments in the fund have been determined using the NAV per share (or its equivalent) of the investments.

Investments measured at net asset value (NAV) (in thousands):

			2021 Redemption Frequency	Redemption Notice Period
		Fair Value		
University of Louisville Foundation, Inc. investment fund	$	3,410	Various from any valuation day to quarterly	Various from 5 to 90 days

			2020 Redemption Frequency	Redemption Notice Period
		Fair Value		
University of Louisville Foundation, Inc. investment fund	$	5,460	Various from any valuation day to quarterly	Various from 5 to 90 days

4. Transactions with Related Organizations

a. University of Louisville

The Association has contracted with the University for certain administrative, operational, and maintenance services. During the years ended June 30, 2021 and 2020, the Association made no reimbursement per agreement with the University.

b. University of Louisville Foundation, Inc.

The Foundation is a separate corporation organized as a supporting organization of the University for the purpose of promoting the University's educational, scientific, literary, and cultural interests. The Foundation serves in a fiduciary capacity and invests funds on behalf of the Association based on a formal trust agreement. As of June 30, 2021 and 2020, the Foundation held funds of the Association of approximately $3.4 million and $5.5 million, respectively, for investment purposes.

c. Debt with Related Entities

In April 2016, the Association received a $15.0 million unsecured loan bearing interest at 2.5% from the University. The Association is obligated to repay the loan in equal semi-annual payments over 20 years. During the years ended June 30, 2021 and 2020, the Association repaid $0.7 million and $0.6 million in each respective year. The outstanding loan balance is $11.6 million and $12.2 million as of June 30, 2021 and 2020, respectively.

In December 2016, the University issued $27.6 million of University of Louisville, General Receipts Bonds, 2016 Series F, which the proceeds along with debt service reserve funds and existing University funds were used to complete the current refunding of the Association's Louisville/Jefferson County Metro Government Mortgage Revenue Refunding and Improvement Bonds, 2008 Series A and B (mortgage revenue bonds). Additionally, the University issued $50.7 million of University of Louisville, General Receipts Bonds, 2016 Series D and E to finance the expansion of Papa John's Cardinal Stadium and athletic training center. The proceeds of the Series D, E and F bonds were loaned to the Association. The Association entered into an agreement with the University for the Association to repay the bonds based on the bond repayment schedules. This liability is stated in current and noncurrent due to University of Louisville and deferred outflow of resources for related loss on refinancing. The outstanding loan balance and related cost due to the University is $64.8 million and $74.0 million as of June 30, 2021 and 2020, respectively.

Change in interest bearing debt from related entities as of June 30, 2021 and 2020, are summarized as shown below (in thousands):

	2021					
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Noncurrent Portion
Interest bearing debt due to University	$ 86,272	$ —	$ (9,916)	$ 76,356	$ 4,232	$ 72,124

	2020					
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Noncurrent Portion
Interest bearing debt due to University	$ 90,725	$ —	$ (4,453)	$ 86,272	$ 4,564	$ 81,708

Principal maturities and interest on interest bearing debt from related entities for the fiscal years ending June 30, are as follows (in thousands):

	Principal	Interest	Total
2022	4,232	3,334	7,566
2023	3,448	3,181	6,629
2024	4,056	3,019	7,075
2025	4,244	2,834	7,078
2026	4,432	2,640	7,072
2027-2031	25,191	10,174	35,365
2032-2036	30,752	4,131	34,883
Total	**76,356**	**29,312**	**105,668**

As of June 30, 2021 and 2020, the Association has noninterest bearing debt with no specific repayment terms of approximately $8.6 million with the University. The debt relates to $8.6 million of expenditures incurred in fiscal years 1999 and 2000 during the construction Cardinal Stadium.

In May 2018, the Association received $7.2 million from the University, which was borrowed under a master lease agreement with a financial institution. The funds were used to finance the construction of a television broadcast and production studio. The Association entered into an agreement with the University for the Association to repay the lease based on the lease repayment schedule. This liability is stated in current liabilities and noncurrent due to University of Louisville. The outstanding loan balance was $6.0 million as of June 30, 2020 and was paid off during April 2021 through a refinance with a financial institution.

In January 1999, the Association received an $8.5 million unsecured, noninterest bearing loan from the Foundation for the construction of Cardinal Park. The Association is obligated to repay the loan upon collection of contributions receivable. During the year ended June 30, 2021, the Association did not make a payment. The outstanding balance was approximately $1.0 million as of June 30, 2021 and 2020.

d. Contributions with Related Entities

The University, during its annual budgetary process, agrees to transfer funds to the Association to assist with expenses related to retention and gender equality. The University transferred $1.8 million and $1.7 million, respectively, for the years ended June 30, 2021 and 2020 for this purpose. Additionally, the University collects certain fees from students designated for use by the Association. The University transferred $0.9 million of student fees collected for the years ended June 30, 2021 and 2020.

The Association is the beneficiary of pledges related to certain capital projects, which are financed by the University, and as such, are recorded as assets of the University. The Association transfers cash received on these pledges, as well as other unrestricted funds to the University in order to fulfill the purpose of the gifts. The Association transferred $9.6 million and $3.4 million related to capital projects and debt service payments during each of the fiscal years ended June 30, 2021 and 2020, respectively.

Additionally, other transfers of support for projects or endeavors occur between the Association and the University. The University transferred $11.0 million to the Association for the year ended June 30, 2021 and the Association transferred $0.1 million to the University for the year ended and June 30, 2020.

The Federal Government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 on December 27, 2020, and the American Rescue Plan Act of 2021 on March 11, 2021, all of which included funding for the Higher Education Emergency Relief Fund (HEERF). The University transferred $5.2 million in CARES and HEERF funding to the Association during the year ended June 30, 2021. These funds were used to reimburse additional expenses the Association incurred related to the COVID-19 pandemic.

During the fiscal years ended June 30, 2021 and 2020, the Association transferred $0.2 million and $0.9 million respectively, to the Foundation to support the operations of the golf facility owned by the Foundation. This transfer is recorded in other nonoperating expenses and revenues.

5. Accounts and Contributions Receivable, Net

Accounts and contributions receivable as of June 30, 2021 and 2020, are as follows (in thousands):

		2021				
		Gross		Allowance		Net
Contributions receivable	$	34,982	$	(6,408)	$	28,574
Trade receivables		9,396		–		9,396
Total	**$**	**44,378**	**$**	**(6,408)**	**$**	**37,970**
Less discount						903
Current portion					$	14,997
Noncurrent portion					$	22,070

		2020				
		Gross		Allowance		Net
Contributions receivable	$	34,462	$	(5,896)		28,566
Trade receivables		7,719		–		7,719
Total	**$**	**42,181**	**$**	**(5,896)**	**$**	**36,285**
Less discount						1,399
Current portion					$	13,079
Noncurrent portion					$	21,807

Contributions receivable consist primarily of charitable gifts from individual and corporate donors that are associated with the construction projects of the Association. Contributions receivable with payment schedules in excess of one year are stated at their discounted present value. The discount rates ranged from 0.0% to 2.25%.

Contributions receivable as of June 30, 2021 and 2020, are due to be received as follows (in thousands):

	2021	2020
Less than one year	$ 10,893	$ 10,731
One to three years	10,009	9,070
Greater than three years	14,080	14,661
Subtotal	**34,982**	**34,462**
Less discount	(903)	(1,399)
Less allowance	(6,408)	(5,896)
Net contributions receivable	**$ 27,671**	**$ 27,167**

6. Capital Assets, Net

Capital assets as of June 30, 2021 and 2020, are shown below and on the following page (in thousands):

	2021				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Cost - Nondepreciable					
Land	$ 5,151	$ –	$ –	$ –	$ 5,151
Construction in progress	902	401	–	–	1,303
Subtotal	**6,053**	**401**	**–**	**–**	**6,454**
Cost - Depreciable					
Buildings	277,179	152	–	756	278,087
Land improvements	4,977	–	–	–	4,977
Equipment	7,140	203	(30)	–	7,313
Leasehold improvements	1,299	–	–	–	1,299
Subtotal	**290,595**	**355**	**(30)**	**756**	**291,676**
Total capital assets-cost	**296,648**	**756**	**(30)**	**756**	**298,130**
Accumulated depreciation					
Buildings	72,167	7,147	–	–	79,314
Land improvements	1,069	155	–	–	1,224
Equipment	4,031	842	(30)	–	4,843
Leasehold improvements	1,017	56	–	–	1,073
Total accumulated depreciation	**78,284**	**8,200**	**(30)**	**–**	**86,454**
Capital assets, net	**$ 218,364**	**$ (7,444)**	**$ –**	**$ 756**	**$ 211,676**

	2020				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Cost - Nondepreciable					
Land	$ 5,151	$ –	$ –	$ –	$ 5,151
Construction in progress	–	2,153	–	(1,251)	902
Subtotal	**5,151**	**2,153**	**–**	**(1,251)**	**6,053**
Cost - Depreciable					
Buildings	275,389	539	–	1,251	277,179
Land improvements	4,797	180	–	–	4,977
Equipment	6,639	582	(81)	–	7,140
Leasehold improvements	1,299	–	–	–	1,299
Subtotal	**288,124**	**1,301**	**(81)**	**1,251**	**290,595**
Total capital assets-cost	**293,275**	**3,454**	**(81)**	**–**	**296,648**
Accumulated depreciation					
Buildings	65,053	7,114	–	–	72,167
Land improvements	912	157	–	–	1,069
Equipment	3,217	875	(61)	–	4,031
Leasehold improvements	959	58	–	–	1,017
Total accumulated depreciation	**70,141**	**8,204**	**(61)**	**–**	**78,284**
Capital assets, net	**$ 223,134**	**$ (4,750)**	**$ (20)**	**$ –**	**$ 218,364**

7. Line of Credit

In April 2021, the Association entered into a $20.0 million line of credit with a financial institution to fund the Association's working capital expenses. The line of credit is secured by collateral, including funding and revenues of the Association and third-party pledges to the Association. The line of credit converts to a 20-year note May 31, 2023 with principal and interest payments through April 30, 2043. The interest rate on the new loan is fixed at 2.93% . The balance of the line of credit is $9.0 million as of June 30, 2021.

8. Debt

Debt payable as of June 30, 2021 and 2020, are summarized as shown below (in thousands):

	Interest Rate	Fiscal Year of Maturity	2021	2020
Notes payable	2.9%	2043	$ 11,000	$ 5,156

The change in notes payable is summarized as follows (in thousands):

	2021					
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Noncurrent Portion
Notes payable	$ 5,156	$ 11,000	$ (5,156)	$ 11,000	$ –	$ 11,000

	2020					
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Noncurrent Portion
Notes payable	6,613	$ 1,750	$ (3,207)	$ 5,156	$ 2,372	$ 2,784

Principal and interest payments on notes payable due in the next five years and thereafter are as follows (in thousands):

For the year ended June 30,	Principal	Interest	Total
2022	$ –	$ 322	$ 322
2023	67	55	122
2024	410	320	730
2025	423	307	730
2026	436	294	730
2027-2031	9,664	1,230	10,894
Total	**$ 11,000**	**$ 2,528**	**$ 13,528**

Association revenue is pledged for the payment of the term loan. For the current year, principal and interest paid by the Association and the total pledged revenue recognized were $5.5 million and $75.5 million, respectively.

Term Loan

In June 2014, the Association entered into a $15.0 million Term Loan with a national banking association. The proceeds were used to partially finance renovation of the baseball and softball stadiums and construction of a soccer stadium (the Project). The loan is secured by collateral, including funds and revenues of the Association from the Project and third-party pledges to the Association for the Project. The variable interest rate on the Term Loan is the Daily One Month LIBOR rate plus 1.14%, reset on the last day of each month. This term loan was refinanced in June 2018 and replaced with a $9.6 million term loan with substantially the same terms. The interest rate on the new note is the daily one month LIBOR rate plus 100 basis points. The balance of the term loan was $3.7 million as of June 30, 2020.

In July 2019, the Association entered into a $1.75 million note with a bank. The proceeds will be used to finance the renovation of the seats at the baseball and football stadiums. The loan is secured by the pledge and transfer to the bank of a security interest in the Association's deposits, monies, securities and other property now or hereafter in the possession of or on deposit with the bank. Principal will be repaid in seven annual installments of $250 thousand commencing on June 30, 2020. The fixed interest rate on the term note is 3.6%. The balance of the term loan was $1.75 million as of June 30, 2020.

In April 2021, the Association refinanced the aforementioned term loans and the intercompany lease payable (see footnote 4 for additional discussion) for an $11.0 million term loan with a financial institution. The loan is secured by collateral, including funds and revenues of the Association and third-party pledges to the Association. Principal repayments will begin May 31, 2023 as the note carries an interest only period ending on April 30, 2023. The interest rate on the new loan is fixed at 2.93% . The balance of the term loan is $11.0 million as of June 30, 2021.

9. Other Liabilities

Other liabilities as of June 30, 2021 and 2020, are summarized as shown below (in thousands):

	2021					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Unearned compensation and wages payable	$ 5,248	$ 2,203	$ (4,965)	$ 2,486	$ 1,537	$ 949
Advances	31,276	60,292	(55,013)	36,555	30,536	6,019
Other long-term liabilities	6,131	–	(1,086)	5,045	–	5,045
Total	**$ 42,655**	**$ 62,495**	**$ (61,064)**	**$ 44,086**	**$ 32,073**	**$ 12,013**

	2020					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Unearned compensation and wages payable	$ 8,170	$ 6,978	$ (9,900)	$ 5,248	$ 2,699	$ 2,549
Advances	36,670	$ 36,327	$ (41,721)	31,276	24,918	6,358
Other long-term liabilities	4	$ 8,231	$ (2,105)	6,131	–	6,131
Total	**$ 44,844**	**$ 51,537**	**$ (53,726)**	**$ 42,655**	**$ 27,617**	**$ 15,038**

Other long-term liabilities as of June 30, 2021 and 2020, consist of future expenses required by certain pledge agreements.

10. Natural Classification

Operating expenses by natural classification for the years ended June 30, 2021 and 2020, were approximately (in thousands):

		2021		2020
Salaries and wages	$	35,527	$	40,004
Employee benefits		8,306		8,279
Utilities		895		869
Scholarships and fellowships		15,647		14,862
Depreciation		8,200		8,204
Supplies and other services		33,963		47,725
Total	**$**	**102,538**	**$**	**119,943**

11. Retirement Plan

Association and University personnel participate in a contributory retirement plan administered by the University. The University of Louisville 403(b) Retirement Plan (Retirement Plan) was established by the University and approved by the Board of Trustees. Permanent, full-time employees become eligible to participate in a defined contribution plan upon completion of one year's service and attainment of age 21. The Retirement Plan requires three years of continuous service for employees to vest in employer contributions.

From plan inception through April 30, 2020, eligible employees not contributing to the Retirement Plan were entitled to a 7.5% of base salary contribution on their behalf from the University and an additional match of 2.5% employee contributions. The University amended the Retirement Plan during the year and discontinued base salary and matching contributions from May 1, 2020 through July 30, 2020. Beginning August 1, 2020, base salary and matching contributions were reinstated with an amendment to the plan where eligible employees not contributing to the Retirement Plan are entitled to a 2.5% match of base salary and an additional contribution of 2.5%. Beginning February 1, 2021, the additional contribution was increased to 6.0%.

The Association recorded expenses related to the defined contribution plan of approximately $1.3 million and $2.0 million for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, the Association had no outstanding liability related to the Retirement Plan.

12. Postemployment Healthcare Benefits

a. Plan Description

University and Association personnel are eligible for postemployment healthcare benefits as described in The University of Louisville Group Health Plan (Plan), administered by the University. The Plan is a single-employer plan and the University's Board of Trustees determines the eligibility requirements related to the Plan. The Plan does not issue stand-alone financial reports and is not included in the report of any entity.

To be eligible for the Plan, a retired employee must be the earlier of the attainment of age 60 with seven years of service in eligible faculty or staff status, or the date that the sum of the employee's age and years of regular service of not less than 80% full-time equivalent at the University equals or exceeds 75.

At July 1, 2020, the following employees were covered by the benefit terms.

Inactive plan members	1,586
Active plan members	5,354
Total	**6,940**

b. Funding Policy

The Plan is funded on a pay-as-you-go basis. The contribution requirements of the contributing members are determined by the University's management on an annual basis. During the years ended June 30, 2021 and 2020, the University contributed approximately $2.1 million and $1.9 million to the Plan, approximately 59% and 67% of total premiums, respectively. Retired Plan members under age 65 receiving benefits contributed approximately $956 thousand and $914 thousand, approximately 27% and 33% of total premiums for the years ended June 30, 2021 and 2020, respectively. Health plan rates remained unchanged for the year ended June 30, 2021. Retired Plan members made monthly contributions according to the rate schedule below.

	PPO	EPO	PCA High	PCA Low
Employee	$ 364	$ 385	$ 306	$ 257
Employee and Spouse	$ 874	$ 924	$ 734	$ 617

Medicare-eligible retirees receive a monthly benefit of $108 per individual covered. For the years ended June 30, 2021 and 2020, the University contributed $1.9 million and $2.0 million for Medicare-eligible retirees, respectively.

c. Annual Other Postemployment Benefit (OPEB) Cost and Net OPEB Obligation

The University's total OPEB liability was measured by an actuarial valuation as of June 30, 2020. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.25%
Salary Increases	5.00%, average
Investment rate of return	NA
Healthcare cost trend rates	6.4% for 2020, decreasing 0.10%-0.25% per year to an ultimate rate of 4.15% for 2033 and later years

The investment rate of return is shown as not applicable (NA) since the University contributes only the amount necessary to pay current benefits. The discount rate is 2.45% as of the Measurement Date, 3.13% as of the beginning of the Measurement Period.

The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation (in thousands):

		Total OPEB Liability
Balances at 6/30/2020	**$**	**74,239**
Changes for the year:		
Service cost		2,538
Interest		2,318
Differences between expected and actual experience		(1,687)
Changes of assumptions		5,757
Benefit payments		(2,927)
Net Changes		5,999
Balances at 6/30/2021	**$**	**80,238**

The following reflects the sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rate. The schedule below presents the University's OPEB liability, as well as what the University's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate (in thousands):

	1% Decrease (1.45)%	Discount Rate (2.45)%	1% Increase (3.45)%
Net OPEB liability	$ 90,227	$ 80,238	$ 71,885

The schedule below presents the University's OPEB liability, as well as what the University's OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (5.4% for 2020, decreasing 0.10%-0.25% per year to an ultimate rate of 3.25% for 2033) or 1 percentage point higher (7.4% for 2020, decreasing 0.10%-0.25% per year to an ultimate rate of 5.25% for 2033) than the current healthcare cost trend rate (in thousands):

	1% Decrease (5.4)%	Healthcare Cost Trend Rates (6.4)%	1% Increase (7.4)%
Net OPEB liability	$ 77,001	$ 80,238	$ 84,031

For the year ended June 30, 2021, the University recognized OPEB expense of $2.2 million. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,408	$ 3,986
Changes of assumptions	8,977	21,233
Contributions made in fiscal year ending 6/30/2021 after the measurement date of 6/30/2020	3,558	–
Total	**$ 13,943**	**$ 25,219**

The amount reported as contributions after the measurement date included in deferred outflows will be recognized as benefit payments during the following fiscal year.

Amounts reported as differences between expected and actual experience and changes in assumptions included under deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows on the following page (in thousands):

Year ended June 30:	
2022	$ (2,648)
2023	(2,648)
2024	(2,648)
2025	(2,648)
2026	(2,231)
Thereafter	(2,013)
Total	**$ (14,836)**

d. Funded Status and Funding Progress

As of June 30, 2020, the most recent actuarial valuation date, the plan was 0% funded. The unfunded OPEB liability for benefits was $80.2 million and $74.2 million and there were no assets, resulting in an unfunded net OPEB liability of $80.2 million and $74.2 million as of June 30, 2021 and 2020, respectively. The covered payroll (annual payroll of active employees covered by the plan) was $490.2 million and $493.9 million, and the ratio of the unfunded net OPEB liability to the covered payroll was 16% and 15%, for the years ended June 30, 2021 and 2020, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

e. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2020, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 6.4% initially, reduced by increments to an ultimate rate of 4.15% after 13 years. The increase in the benefit obligation recognized during the fiscal year ending June 30, 2020 was due to a change in the discount rate from 3.13% as of the beginning of the reporting year to 2.45% as of the measurement date, and updates to the retirement rates, participation rates and health care trend rates. The gains on the benefit obligation recognized during the fiscal year ended June 30, 2020 was due to updates made on expected future health claims and an increase in the discount rate from 2.45% as of the beginning of the reporting year to 2.85% as of the measurement date, and changes in the assumed per capita cost.

13. Leases

a. Central Station, LLC

The Association has entered into a lease agreement with AAF-Louisville, LLC (d/b/a Central Station, LLC), a related party, for use of the Central Station Office Building. The lease has an initial term of 21 years, ending September 30, 2026. Annual lease payments started at approximately $47,000, and are subject to increases based on increases in the CPI. Additional space was added, for a period of 10 years, ending December 31, 2024 with annual payments starting at approximately $80,000, subject to increase each year. Total lease expenses during the years ended June 30, 2021 and 2020, amounted to approximately $174 thousand and $171 thousand, respectively.

b. Louisville Arena Authority, Inc.

In July 2008, the Association entered into a lease agreement with the Arena Authority. The lease has an initial term of 36 years.

In July 2017, an amendment of the lease was signed extending the term through 2054 and amending the annual rents due to $2.4 million along with the calculated annual net payment as described below. Annual lease payments are equal to the greater of 10% of gross ticket sales or a minimum lease amount of $10,000 per game for men's basketball games; the greater of 5% of gross ticket sales or a minimum of $5,000 for any other Association sponsored event; and, as payment for private suites, 12% of net private suite revenue. The lease also stipulates that Association will purchase parking spaces. Total lease expense were approximately $3.5 million and $6.9 million during the years ended June 30, 2021 and 2020, respectively.

Under the terms of the lease, the Association will receive payments from the Arena Authority as follows: (a) 50% of all payments received from third-party concessionaire and catering sales at all University-sponsored events or 25% of the gross proceeds of any Arena Authority owned concessions or catering sales; (b) 50% of all rental/commission payments received in connection with the gift shop and its operations, and 50% of any additional merchandise revenue received from any source other than the gift shop; (c) 50% of all revenue received from the sale of inventory of the permanent signage inside and outside the Arena structure, excluding any signage that is part of the 10% of permanent signage reserved for the Association; and (d) 33.3% of all revenue from the sale of inventory on all video boards outside the Arena structure, excluding any video board inventory that is part of the Association's signage. Total lease revenue during the years ended June 30, 2021 and 2020, amounted to approximately $0.5 million and $1.2 million, respectively.

c. Christ Church Cathedral

In July 2017, the Association executed an Agreement with Louisville Metro Government for a ground lease of Churchill Park athletic fields for an initial term of 50 years with annual payments of $15 thousand per year begin on July 31, 2018 for the term of the agreement. The Association also executed an agreement to acquire reversionary interest in the properties for an initial payment of $0.3 million and payments of $50 thousand over 10 years beginning July 31, 2018. Lease expense is recognized evenly over the life of the lease at $17 thousand annually.

d. 1904 S. Floyd Street

In September 2018, the Association executed an Agreement with University of Louisville Foundation, Inc. for a building of approximately 19,500 square feet at 1904 S. Floyd Street for a television broadcast studio, with an initial term of 10 years with annual payments of $83 thousand for the first five years and $93 thousand for the following five years. There are two five-year extensions available at approximately $102 thousand and $112 thousand annually.

e. 1670 S. Floyd Street

In May 2019, the Association executed an Agreement with University of Louisville Real Estate Foundation, Inc. for a building of approximately 21,018 square feet at 1670 S. Floyd Street for office and warehouse use, with an initial term of five years with annual payments of $113 thousand per year begin on June 1, 2019 for the term of the agreement. There are two five-year options at approximately $63 thousand and $66 thousand annually.

f. Future Minimum Lease Payments

Future minimum lease payments are as follows (in thousands), subject to change with the new leases (in thousands):

For the year ending June 30,		Lease Payment Due
2022	$	2,656
2023		2,686
2024		2,584
2025		2,578
2026		2,578
2027-2031		12,595
2032-2036		12,175
2037-2041		12,175
2042-2046		12,175
2047-2051		75
2052-2056		75
2057-2061		75
2062-2066		75
2067-2071		45
Future minimum lease payments	**$**	**62,547**

14. Commitments

At June 30, 2021 and 2020, the Association had approximately $0.2 million and $1.2 million, respectively, in encumbrances for future expenditures.

a. Litigation

While the Association is a party to various legal actions and other claims in the normal course of business, there are no legal actions against the Association at this time.

b. NCAA Investigation

The University received a Notice of Allegation from the NCAA on May 4, 2020 as a result of information obtained during the federal criminal charges against former Adidas representatives, and the subsequent investigation. A number of other university athletic programs with Adidas contracts similarly received a Notice of Allegation from the NCAA. The outcome of the NCAA's allegations against the University and the future impact on the financial position of the Association cannot be estimated at the time of issuance of the audited financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Fiscal Year Ending
(in thousands)

	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB liability				
Service Cost	$ 2,538	$ 2,437	$ 4,630	$ 5,203
Interest	2,318	2,497	3,296	2,728
Difference between expected and actual experience	(1,687)	1,923	(1,718)	(2,608)
Changes of assumption	5,757	5,488	(27,504)	(5,495)
Benefit payments	(2,927)	(2,836)	(2,817)	(3,007)
Net change in OPEB Liability	**5,999**	**9,509**	**(24,113)**	**(3,179)**
OPEB liability - beginning of year	74,239	64,730	88,843	92,022
OPEB liability - end of year	80,238	74,239	64,730	88,843
Covered employee payroll	490,221	493,893	450,332	445,356
Total OPEB liability as a percentage of covered employee payroll	16.37 %	15.03 %	14.37 %	19.95 %

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

RECOMMENDATION TO THE BOARD OF DIRECTORS OF THE
UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
REGARDING THE ELECTION OF OFFICERS AND
APPOINTMENT OF COMMITTEE CHAIRS FOR 2021-2022

Board of Directors – October 22, 2021

RECOMMENDATION:

The following proposed slate is recommended for election as officers of the Board of Directors of the University of Louisville Athletic Association, Inc. for 2021-2022:

Neeli Bendapudi	Chair
Eugene Mueller	Vice Chair
Andrew Grubb	Treasurer
Ugonna Okorie	Secretary
Dan Durbin	Assistant Treasurer
Jake Beamer	Assistant Secretary

The following proposed chairs of committees of the Board of Directors of the University of Louisville Athletic Association, Inc. for 2021-2022:

Neeli Bendapudi	Personnel Committee
Andrew Grubb	Finance & Budget Committee
Krista Wallace-Boaz	Committee on Academic Performance

BACKGROUND:

Per Section 3.3 of the board's bylaws, the Finance and Budget Committee is chaired by the Treasurer of the corporation.

Per Section 3.5 of the board's bylaws, the Committee on Academic Performance is chaired by the FAR.

Board Action:
Passed: _____X_______
Did not pass: _________
Other: ______________

Signature on file _
Assistant Secretary

NAME IMAGE LIKENESS

University of Louisville

ULAA Board Presentation

October 29, 2021

NIL Background

- State and NCAA laws changed on July 1, 2021, to permit student-athletes to pursue NIL activities for compensation
- Permissible NIL activities: business endorsements, social media influencing, appearances, autograph signings, providing lessons/camps, and more.
- NIL activities may be for compensation (cash of trade) or non-profit initiatives.
- Breadth of NIL Stakeholders: student-athletes; parents & guardians; agents and marketing firms; coaches and staff; donors and fans; university staff and boards; state and congressional representatives; and NCAA.

First 100+ Days of NIL

- 150 unique NIL deals with 97 different companies
- Average NIL Deal Value = $837.50
- Range of Individual NIL Deal Values = $0 to $30,000
- Total Dollars Earned for all Student-Athletes: $129,266
- Top NIL Income By Sport: FB (79%); MBB (7%); MS&D (6%); WBB (4%); WVB (1.5%)
- Two football student-athletes have $88,000+ in NIL income
- NIL Income by Gender: Male 92% / Female 8%

First 100+ Days of NIL

- Popular NIL Categories: Endorsements; Social Media Influencing; Appearances
- Specific NIL Examples: electrolyte/protein products; gym; restaurant; car dealership; equipment/apparel; autographs; trading cards; clothing/boutiques
- Over 1,000 NIL and Life Skills Education Modules Completed on GamePlan
- Over 450 NIL Modules Completed on Compass
- Data above reflects July 1, 2021 through October 14, 2021 time period.

Outreach & Support

- NIL Educational Outreach to Student-Athletes:
    - ✓ In-person instruction
    - ✓ GamePlan On-Line Modules
    - ✓ Weekly NIL Text Tips
    - ✓ NIL Office Hours @ TACE
    - ✓ University Law Clinic
    - ✓ Faculty led workshops
- Monitoring & Reporting of NIL Activities via Compass
- NIL Resource & News Landing Page = www.gocards.com/NIL
- Dedicated NIL Email for Inbound Inquiries = NIL@gocards.com
- NIL Advisory Board

Louisville Athletics to Prepare Student-Athletes for NIL with Opendorse

MORE NEWS

QUICK LINKS

- University of Louisville NIL Advisory Board (PDF)
- University of Louisville NIL Policies (PDF)
- Agents & Professional Service Providers - NIL Guidelines & Registration (PDF)
- Beyond the Buzzer
- Boosters & Fans Guidance (PDF)
- Kentucky's NIL Executive Order (PDF)
- FAQ to NCAA Interim NIL Policy (PDF)
- Guide to NCAA's Interim NIL Policy (PDF)
- Key Takeaways to NCAA Interim NIL Policy (PDF)
- NCAA "Taking Action" NIL Resource Hub
- NIL Activities, Supplement & Food Companies and Banned Substances (PDF)

SCHEDULE PRESENTED BY NISS

COMPOSITE CALENDAR

Looking Ahead

- Kentucky Executive Order may be superseded by future State NIL bill
- Recent Congressional Hearing
- ACC Student-Athlete Advisory Committee Letter to Congress
- Hot Topics: Recruiting Inducements, Level of Institutional Involvement, Group Licensing, Potential for Federal Solution
- NIL Landscape Continues to Evolve

RECOMMENDATION TO THE UofL ATHLETIC ASSOCIATION
BOARD OF DIRECTORS REGARDINGTHE EMPLOYMENT OF THE
HEAD SOFTBALL COACH

Board of Directors – October 22, 2021

RECOMMENDATION:

The Chair of the Board recommends that the Board of Directors authorize the Athletic Director to execute an employment contract extension with Holly Aprile as Head Coach of Softball, effective July 1, 2022, and consistent with a term sheet as presented.

BACKGROUND:

Holly Aprile; Initial appointment as Head Coach of Softball, effective July 16, 2018.

Education: M.S. Eastern Illinois University
B.A. University of Massachusetts

Other Relevant Experience:
2018 - Present: Head Softball Coach, University of Louisville
2008 - 2018: Head Softball Coach, University of Pittsburgh
2004 – 2008: Assistant Softball Coach, University of Pittsburg
1995 – 2004: Assistant Softball Coach, University of South Carolina

On July 16, 2018, Aprile was named the head softball coach at the University of Louisville, becoming just the second head coach in the history of UofL softball following the 2018 retirement of Sandy Pearsall who started the program in 2000.

Aprile came to Louisville from the University of Pittsburgh, where she spent 10 seasons (2009-18) as the Panthers' head coach and five years (2004-08) as an assistant. While at Pitt, she earned ACC Coach of the Year honors after leading Pitt to the 2018 ACC Coastal Division title and a runner-up finish in the conference tournament where it fell in the championship game to eventual national champion Florida State.

Following a disrupted season in Spring of 2020, where the Season ended mid-March due to COVID, 23 of the games played 10 were against Top 25 Programs (Beating #10 Oregon and #25 Ole Miss.) Aprile then lead the Softball team through the 2021 season to a sixth place finish in the ACC, and an overall record of 21-28-1. Her team maintained a 3.408 GPA with two players receiving All ACC academic honors.

Salary data:

Current salary:	$140,000 + performance bonuses
Proposed salary:	$150,000 (July 1, 2022) + performance bonuses
	$160,000 (July 1, 2024) Term Sheet Attached

Budget impact FY 22: $10,000 to ULAA budget

Comparables: ACC avg: $145,150;
SEC avg: $256,900;
Big 10 avg: $188,200

BOARD ACTION:
Passed _______X_______
Did Not Pass ____________
Other ___________________

_Signature on file___
Assistant Secretary

Term Sheet for Holly Aprile

Head Softball Coach for University of Louisville

Revised 9.18.21

	Current	Proposed
Base Salary	$140,000	$150,000 (7/1/22-6/30/24)
		$160,000 (7/1/24-6/30/26)
Car Stipend	$500/month	$500/month
Start Date	July 11, 2018	July 1, 2022
Term	Four years	Four years
End Date	June 30, 2022	June 30, 2026

Other Clauses:

1. Termination without Cause – University will owe to Head Coach 75% of the remaining contract value with offset and mitigation clause related to future employment elsewhere.

Performance Bonuses:

1.	ACC Tournament Champion, plus	$7,500	$7,500
2.	ACC Regular Season Champion, plus	$7,500	$7,500
3.	ACC Regular Season Top 3 finish	None	1-year contract extension
4.	NCAA Regionals participant, plus	$10,000	$10,000
5.	NCAA Super Regionals participant, plus	$15,000	$15,000
6.	Women's College World Series Participant, plus	$20,000	$20,000
7.	NCAA National Champion	$25,000	$25,000
8.	ACC Coach of the Year, plus	$5,000	$5,000
9.	NFCA National Coach of the Year	$10,000	$10,000
10.	APR of 950 or higher	$7,000	$7,000
11.	Team GPA 3.0 or higher	$7,000	$7,000

Staff Bonuses (Assistant Coaches, Director of Operations):

NCAA Regionals Appearance	5% Salary Pool
NCAA Super Regionals Appearance	7% Salary Pool
NCAA Women's College World Series Appearance	10% Salary Pool

Salary pool consists of the salaries of the Head Coach, both Assistant Coaches and Director of Operations. It will be at the discretion of the Head Coach, will approval from the Sport Administrator, as to the distribution of the bonus pool and dollar amount per staff member. The coach may designate a bonus for a support staff (i.e. sports performance coach, nutritionists, etc) member from the bonus pool.

Other

One Family Membership to University of Louisville Golf Club

This term sheet is a memorandum of terms to be agreed on by Head Coach and Director of Athletics as approved below with signatures. Final terms will be outlined in employment contract as mutually agreed on by both parties.

______________________________ ___________

Approved by: Holly Aprile — Date
Head Softball Coach

______________________________ ___________

Approved by: Vince Tyra — Date
Director of Athletics

RECOMMENDATION TO THE UofL ATHLETIC ASSOCIATION
BOARD OF DIRECTORS REGARDING THE EMPLOYMENT OF THE
HEAD FIELD HOCKEY COACH

Board of Directors – October 22, 2021

RECOMMENDATION:

The Chair of the Board recommends that the Board of Directors authorize the Athletic Director to execute an employment contract extension with Justine Sowry as Head Coach of Field Hockey, effective November 1, 2021, and consistent with a term sheet as presented.

BACKGROUND:

Justine Sowry; Initial appointment as Head Coach of Field Hockey, July 1, 2010.

Education: B.A. University of South Australia

Other Relevant Experience:
2010 - Present: Head Field Hockey Coach, University of Louisville
2006 - 2010: Head Field Hockey Coach, University of Massachusetts
2003 – 2007: USA High Performance Coach, U.S. Field Hockey Association
1998 – 2002: Assistant Field Hockey Coach, University of Louisville

Justine Sowry is in her 11th season as Head Coach for the Cardinal Field Hockey team. During her time at Louisville, she has guided the Cardinals to 148 wins, six NCAA tournament appearances reaching the quarterfinals twice and advancing to the semifinals for the first time in program history in the 2020-21 season. Additionally, Louisville earned its first-ever national seed (fourth) in the NCAA Field Hockey Championship in 2019, followed with another national seed (third) in the 2020-21 campaign. Under Sowry's tenure, Louisville has tallied a pair of conference titles, including the 2020 ACC Fall Regular Season crown, and a pair of runner-up finishes in the ACC Championships. In the 10 ½ seasons that Sowry has been at the helm, UofL has produced 18 NFHCA All-America selections, including four straight years with a trio of All-Americans, and 45 All-Region team members.

Additionally, despite the challenges of Covid-19, in 2020-21 the UofL field hockey team led the ACC with seven student-athletes on the 2020-21 ACC Academic Team. Additionally, Louisville led all schools with 12 NFHCA Scholars of Distinction, 25 National Academic Squad members and stood fifth in the nation with a 3.809 team GPA in the fall semester. The Cardinals surpassed that mark in the spring with a program-best 3.814 GPA. ACC Field Hockey Scholar Athlete of the Year Meghan Schneider was also named the NFHCA Scholar Athlete of the Year and was the 2020-21 NCAA Elite 90 Award Winner –becoming the first Louisville player to win the awards. She was also a Honda Award Finalist for Field Hockey, marking UofL's second consecutive Honda Award Finalist. Finally, Mercedes Pastor, a Honda Award finalist in 2020 was also a 2020-21 ACC Postgraduate Scholarship recipient.

Salary data:

Current salary: $150,000 + performance bonuses
Proposed salary: $160,000 (January 1, 2024) + performance bonuses
$170,000 (January 1, 2026) *Term Sheet Attached*

Budget impact FY 22: No change to ULAA budget

Comparables: ACC Public Universities: (range $148,658 - $200,000)(median $161,000)
Big Ten Public Universities: (range $98,000 - $211,404)(median $187,000)
All Division 1 Publics: (range $60,000-$211,404)(median $98,233)

BOARD ACTION:
Passed ______X______
Did Not Pass ____________
Other _
_Signature on file _
Assistant Secretary

Term Sheet for Justine Sowry

Head Field Hockey Coach for University of Louisville

10.11.21

	Current	Proposed
Base Salary	$150,000	Current Base as of 11/1/21
		Base plus $10,000 (1/1/24 – 12/31/25)
		Base plus $10,000 (1/1/26-12/31/28)
Car Stipend	$500/month	$500/month
Start Date	February 1, 2019	November 1, 2021
Term	Five Years	Seven Years
End Date	December 31, 2023	December 31, 2028

Performance Bonuses:	Current	Proposed
1. ACC Tournament Champion, plus	$5,000	$5,000
2. ACC Regular Season Champion or Co-Champion, plus	$5,000	$5,000
3. NCAA 1st Round participant, plus	$10,000	$10,000
4. NCAA 2nd Round participant, plus 2021, 2022 & 2023 seasons only	$5,000	$5,000
5. NCAA Final Four participant, plus	$10,000	$10,000
6. NCAA Championship game participant, plus	$10,000	$10,000
7. NCAA National Champion	$20,000	$20,000
8. ACC Coach of the Year or NFHCA Regional Coach of the Year, plus	$5,000	$5,000
9. NFHCA National Coach of the Year	$10,000	$10,000
10. APR of 950 or higher	$5,000	$5,000
11. Team GPA 3.0 or higher	$5,000	$5,000

Other Clauses:

1. Termination without Cause – University will owe the head coach the following amounts:

$500,000	Jan. 1, 2022 – Dec. 31, 2023
$425,000	Jan. 1, 2024 - Dec. 31, 2024
$350,000	Jan. 1, 2025 – Dec. 31, 2025
$275,000	Jan. 1, 2026 – Dec. 31, 2026
Lesser of $200,000 or remaining balance of contract	Jan. 1, 2027 – Dec. 31, 2028

2. Head Coach Contract Completion Bonus – Completion bonus of $100,000 to be paid on December 31, 2028.

3. Buyout by Head Coach-

Current	**Proposed**
None	$150,000

4. Head Coach Base Salary Increase Incentive

   Current
   ACC Regular Season Champion (outright or tie), ACC Tournament Champion, or appearance in the NCAA Final Four will trigger a $5,000 base increase for the Head Coach. (Maximum of one base increase of $5,000 per year, performance triggers are non-cumulative.) Head Coach is eligible for base increase during each year of contract if any of the three aforementioned criteria are achieved.

   Proposed
   None

Staff Bonuses (Associate Head Coach, Assistant Coach, Director of Operations):

	Current	**Proposed**
NCAA Round of 16 Participant	3% Salary Pool	4% Salary Pool
NCAA Round of 8 Participant	None	6% Salary Pool
NCAA Final Four Participant	7% Salary Pool	8% Salary Pool
NCAA National Champion	None	10% Salary Pool

Salary pool consists of the salaries of the Head Coach, Associate Head Coach, Assistant Coach and Director of Operations. It will be at the discretion of the Head Coach, will approval from the Sport Administrator, as to the distribution of the bonus pool and dollar amount per staff member. The coach may designate a bonus for a support staff (i.e. sports performance coach, nutritionists, etc) member from the bonus pool.

Other

One Family Membership to University of Louisville Golf Club

This term sheet is a memorandum of terms to be agreed on by Head Coach and Director of Athletics as approved below with signatures. Final terms will be outlined in employment contract as mutually agreed on by both parties.

______________________________ ___________

Approved by: Justine Sowry Date

Head Field Hockey Coach

______________________________ ___________

Approved by: Vince Tyra Date

Director of Athletics

RECOMMENDATION TO THE UofL ATHLETIC ASSOCIATION
BOARD OF DIRECTORS REGARDINGTHE EMPLOYMENT OF THE
HEAD WOMEN'S BASKETBALL COACH

Board of Directors – October 22, 2021

RECOMMENDATION:

The Chair of the Board recommends that the Board of Directors authorize the Athletic Director to execute an employment contract extension with Jeff Walz as Head Coach of Women's Basketball, effective November 1, 2021, and consistent with a term sheet as presented.

BACKGROUND:

Jeff Walz; Initial appointment as Head Coach of Women's Basketball, March 27, 2007.

Education: M.A. Western Kentucky University (1997)
B.A. Northern Kentucky University (1995)

Other Relevant Experience:
2007-Present: Head Coach, University of Louisville
2006-07: Associate Head Coach, University of Maryland
2002-06: Assistant Coach, University of Maryland
2001-02: Assistant Coach, University of Minnesota
1997-01: Assistant Coach, University of Nebraska
1996-97: Assistant Coach, Western Kentucky

In head coach Jeff Walz's 14 seasons, the women's basketball program boasts ten trips to the NCAA Sweet 16, six trips to the Elite Eight, three trips to the final four and two trips to the national title game, along with five highly decorated All-Americans and 12 WNBA Draft picks. During the 2020-21 season, he helped UofL reach No. 1 in the Associated Press and USA Today polls following a 16-0 start, which marked the first time in program history being ranked No. 1 in the country.

Additionally, Louisville's record under Walz is 385-108 - or an average of 27.5 victories per season. Walz has led the Cardinals to four consecutive Atlantic Coast Conference regular season titles in 2018, 2019, 2020 and 2021, which is the longest stretch of conference titles in program history. He also coached the ACC Player of the Year in five of six seasons as Myisha Hines-Allen won the award in 2016, Asia Durr in 2018 and 2019, and Dana Evans in 2020 and 2021. He also coached Angel McCoughtry to Big East Player of the Year honors in 2007.

The Cardinals achieved a collective 3.069 grade-point average for the 2021 spring semester and a 3.133 for the 2020-21 academic year. This marked the 14th straight semester that women's basketball has earned better than a 3.0 cumulative GPA. Asia Durr was named 2019 ACC Kay Yow Scholar Athlete of the Year and Dana Evans was named 2021 ACC Kay Yow Scholar Athlete of the Year.

Five Cardinals were named to the All-ACC academic team (Elizabeth Dixon, Dana Evans, Mykasa Robinson, Kianna Smith and Hailey Van Lith) in 2021, which tied NC State for the most in the league. Since joining the ACC, a Louisville player has been named to the All-ACC academic team twenty-one times (an average of three per season).
Dana Evans was named to the 2020-21 Academic All-America Division I women's basketball team selected by the College Sports Information Directors of America (CoSIDA). She is the first Louisville player to be named an Academic All-American.

<u>Salary data:</u>

Current salary: $1,525,000 + performance bonuses
Proposed salary: $1,575,000 (April 1, 2023) + performance bonuses
$1,625,000 (April 1, 2025) + performance bonuses *Term Sheet Attached*

Budget impact FY 22: No change to ULAA budget

Comparables: Top 20 Ranked Public Universities: (range $300,000 - $2.8 million)

BOARD ACTION:
Passed ______X_________
Did Not Pass ____________
Other _
_Signature on file _
Assistant Secretary

Draft

Term Sheet for Jeff Walz

Head Women's Basketball Coach for University of Louisville

Revised 10.6.21

	Current	**Proposed**
Base Salary	1,525,000 (April 1, 2021-March 31, 2024)	1,525,000(April 1, 2021-March 31, 2023)
	1,575,000 (April 1, 2024-March 31, 2025)	1,575,000 (April 1, 2023-March 31, 2025)
		1,625,000 (April 1, 2025-April 1, 2028)
Car Stipend	$500/month	$500/month
Start Date	April 1, 2018	November 1, 2021
Term	Seven years	Seven Years
End Date	March 31, 2025	April 1, 2028

Performance Bonuses:	**Current**	**Proposed**
1. ACC Tournament Champion, plus	$40,000	$40,000
2. ACC Regular Season Champion, plus	$40,000	$40,000
3. Final 16 participant, plus	$50,000	$50,000
4. Final 8 participant, plus	$20,000	$20,000
5. Final 4 participant, plus	$100,000	$100,000
6. NCAA National Champion	$200,000	$200,000
7. ACC Coach of the Year, plus	$25,000	$25,000
8. AP or WBCA Coach of the Year	$50,000	$50,000
9. APR of 950 or higher	$25,000	$25,000
10. Team GPA 3.0 or higher	$25,000	$25,000

Other Clauses:

1. Termination without Cause

Current	Proposed	
$4,500,000 (April 1, 2021-March 31, 2022)	$4,500,000	(April 1, 2021-March 31, 2022)
$4,000,000 (April 1, 2022-March 31, 2023)	$4,250,000	(April 1, 2022-March 31, 2023)
Remainder of Contract (April 1, 2023-April 1, 2025)	$4,000,000	(April 1, 2023-March 31, 2024)
	$3,750,000	(April 1, 2024-March 31, 2025)
	$3,500,000	(April 1, 2025-March 31, 2026)
	Remainder of Contract	(April 1, 2026-April 1, 2028)

2. Buyout by Head Coach-

Current	Proposed	
$1,475,000	$1,500,000	(April 1, 2021-March 31, 2027)
	Remainder of Contract	(April 1, 2027-April 1, 2028)

Other

This term sheet is a memorandum of terms to be agreed on by Head Coach and Director of Athletics as approved below with signatures. Final terms will be outlined in employment contract as mutually agreed on by both parties.

______________________________ ____________

Approved by: Jeff Walz   Date
Head Women’s Basketball Coach

______________________________ ____________

Approved by: Vince Tyra   Date
Director of Athletics