

MINUTES OF THE MEETING OF THE
FINANCE COMMITTEE OF THE
BOARD OF TRUSTEES OF THE UNIVERSITY OF LOUISVILLE

June 24, 2021

In Open Session

Members of the Finance Committee of the University of Louisville Board of Trustees met at the Student Activities Center Ballroom, Belknap Campus, both in-person and virtually at 3:09 p.m. on June 24, 2021, with members present and absent as follows:

Present: Ms. Diane Medley, Chair
Mr. Scott Brinkman
Dr. Raymond Burse
Ms. Sabrina Collins
Prof. David Schultz

Other Trustees

Present: Mr. John Chilton
Mr. Al Cornish
Ms. Mary Nixon
Ms. Diane Porter
Mr. James Rogers
Mr. John Smith
Ms. Sherrill Zimmerman

From the

University: Dr. Neeli Bendapudi, President
Dr. Lori Gonzalez, Executive Vice President and University Provost
Mr. Dan Durbin, Vice President for Finance and CFO
Ms. Angela Curry, General Counsel and Vice President for Legal Affairs
Dr. Michael Wade Smith, Vice President for External Affairs and Chief of Staff
Dr. Jasmine Farrier, Vice President for University Advancement
Mr. Vince Tyra, Vice President for Athletics and Athletic Director
Dr. Toni Ganzel, Vice President for Academic Medical Affairs
Ms. Mary Elizabeth Miles, Vice President for Human Resources
Mr. Rehan Khan, Vice President for Information Technology Services
Mr. Mark Watkins, Sr. Associate Vice President for Operations
Ms. Sandy Russell, Assistant Vice President for Enterprise Risk and Compliance
Ms. Shannon Rickett, Assistant Vice President for Government Relations
Ms. Beverly Santamouris, Treasurer/Controller
Dr. Tracy Eells, Vice Provost for Faculty Affairs
Ms. Jessica Murnock, Deputy Chief of Staff, President's Office
Ms. Amy Shoemaker, University Counsel and Associate Athletic Director
Mr. Jeff Spoelker, Associate Athletic Director

Mr. John Carns, Associate Athletic Director
Dr. Thomas Hardy, Director of Campus Housing
Ms. Kim Adams, Chief Information Security Officer
Ms. Jennifer Mudd, Director of Integrity and Compliance
Ms. Stacie McCutcheon, Privacy Officer
Ms. Cheri Jones, Director of Audit Services
Prof. Richard Germain, Challenge for Excellence Chair, Supply Chain Mgmt.
Prof. Avery Kohlers, Interim Chair, Philosophy Department
Prof. Isabel Botero, Director of Family Business Center
Prof. Lauren Freeman, Philosophy Department
Mr. Michael Marquette, Director of Financial Analysis
Mr. Jake Beamer, Dir. of Governance & Strategic Initiatives & Asst. Secretary

From the UofL

Foundation: Mr. Keith Sherman, Executive Director

Guests: Mr. Chris Suda, Clifton Larson Allen
Ms. Kyla Greenhoe, Clifton Larson Allen
Mr. Ethan Lay, Clifton Larson Allen

I. Call to Order

Chair Medley called the roll and having determined a quorum present, called the meeting to order at 3:09 p.m.

Approval of Minutes, 3-18-2021

Dr. Burse made a motion, which Mr. Brinkman seconded, to approve the minutes of the March 18, 2021 meeting.

The motion passed.

II. Action Items: Approval of 2021-2022 Operating Budget

Mr. Durbin briefed the committee on the recommendation to approve an operating budget for 2021-2022, noting that the proposed general fund budget is \$538,650,852 and the proposed all funds operating budget is \$1,335,253,382.

The FY 2021-22 budget is structurally balanced and provides a connection to the university's strategic plan. It establishes the following priorities: investing in people; improving the academic experience and student success; keeping college affordable; and improving the efficiency of operations and the delivery of services.

He then fielded questions from committee members.

Dr. Burse made a motion, which Prof. Schultz seconded, to approve the

President's recommendation that the Board of Trustees approve the proposed University operating budget for Fiscal Year 2021-2022, as attached.

The motion passed, with Ms. Collins voting in the negative.

III. Action Item: Approval of Financing Research Laboratory Equipment

The CFO explained to the committee the recommendation to approve the financing of research laboratory equipment in the J.B. Speed School of Engineering's Core laboratory facilities, which are open for and used by the university's research community. The equipment to be purchased replaces an aging tool that is cost prohibitive to maintain, and plays an important role in the research activities, approximately \$20 million annually, conducted in the facilities.

Mr. Durbin fielded questions from the committee before Dr. Burse made a motion, which Mr. Brinkman seconded to approve the

President's recommendation that the Board of Trustees approve financing of \$560,000 for research laboratory equipment over a three (3) year lease arrangement, at a rate of 1.77%, as described in the form attached.

The motion passed.

IV. Action Item: Approval of Amendment to Retirement Plan

Mr. Durbin explained that the recommendation to approve an amendment to the university's retirement plan will reinstate the employee retirement contributions to the pre-COVID level: 7.5% base with a 2.5% optional match.

Dr. Burse made a motion, which Mr. Brinkman seconded, to approve the

President's recommendation that the Board of Trustees approve an amendment to the university's 403(b) retirement plan, as described in the attached resolution.

The motion passed.

V. Action Item: Approval of Renew Line of Credit

CFO Durbin briefed the committee on a recommendation to renew the line of credit that the Board originally approved on April 18, 2019.

Dr. Burse made a motion, which Prof. Schultz seconded, to approve the

President's recommendation that the Board of Trustees approve a resolution concerning the renewal of a line of credit, as attached.

The motion passed.

VI. Action Item: Approval of Letter of Intent for Third Street and Cardinal Boulevard Project

Mr. Watkins briefed the committee on the recommendation, explaining that the letter of intent is a non-binding agreement with an investor to construct a hotel, restaurant, and retail/grocery store on property at Third Street and Cardinal Boulevard. The project, in the center of the university's academic core, will benefit both the campus community and surrounding Louisville communities while expanding educational programs at the university.

Messrs. Durbin and Watkins then fielded questions from committee members.

Mr. Brinkman made a motion, which Dr. Burse seconded, to approve the

President's recommendation that the Board of Trustees approve a non-binding letter of intent to proceed with a project at Third Street and Cardinal Boulevard, as attached.

The motion passed.

VII. Action Item: Approval of Replacement Video/Score Boards at the Lacrosse and Field Hockey Fields

CFO Durbin stated that the UofL Athletic Association Board of Directors approved this replacement project on April 16, 2021, and that per the Financial Transactions Policy of the Board of Trustees, it also requires trustee approval.

Dr. Burse made a motion, which Prof. Schultz seconded to approve the

President's recommendation that the Board of Trustees approve a video/scoreboards replacement project at the Lacrosse and Field Hockey fields at a cost not to exceed \$1.5M, from two fund sources: a reserve fund; and savings from the refinancing of debt.

The motion passed.

VIII. Action Item: Approval of Contract to Restructure Debt and Finance Working Capital for Athletic Association

Mr. Durbin provided an overview of the recommendation to award a contract with a financial institution to restructure existing debt and issue a new debt facility for the working capital needs of the UofL Athletic Association. He noted that this recommendation was approved by the ULAA Board of Directors on April 16, 2021, and also requires approval by the UofL Board of Trustees.

Mr. Brinkman made a motion, which Prof. Schultz seconded to approve the

President's recommendation that the Board of Trustees approve the awarding of a contract to Republic Bank for the restructuring of existing debt and issuance of a new debt facility for working capital needs.


The motion passed.

IX. Adjournment

Having no other business to come before the committee, Ms. Collins made a motion, which Dr. Burse seconded, to adjourn.

The motion passed and the meeting adjourned at 3:52 p.m.

Approved by:


Signature on file
Assistant Secretary

RECOMMENDATION TO THE BOARD OF TRUSTEES
CONCERNING THE PROPOSED OPERATING BUDGET FOR FISCAL YEAR 2021-2022

Finance Committee – June 24, 2021
Executive and Compensation Committee – June 24, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees approve the proposed University operating budget for Fiscal Year 2021-2022, as [attached](#).

BACKGROUND:

The proposed Fiscal Year 2021-22 general fund operating budget for the University of Louisville is \$538,650,852. The proposed all funds operating budget is \$1,335,253,382.

The FY 2021-22 budget is structurally balanced and provides a connection to the university’s strategic plan. It establishes the following priorities:

1. Investing in people;
2. Improving the academic experience and student success;
3. Keeping college affordable; and
4. Improving the efficiency of operations and the delivery of services.

The proposed general tuition rates for undergraduate, graduate, and professional degree programs are listed in the following table.

(amounts in dollars)	AY 2021	AY 2022	\$ Change	% Change
Semester Rates (\$)				
Undergraduate				
Resident	5,983	6,087	104	1.75%
Nonresident	14,156	14,260	104	0.7%
Active Duty Military*	250	250	0	0.0%
Graduate				
Resident	6,630	6,762	132	2.0%
Nonresident	13,687	13,819	132	1.0%
Active Duty Military*	250	250	0	0.0%
Law				
Resident	11,553	11,899	346	3.0%
Nonresident (new students)	14,053	14,474	421	3.0%
Nonresident (3L)	21,258	21,258	0	0.0%
Medicine				
Resident	20,889	21,305	416	2.0%
Nonresident	31,765	32,399	634	2.0%
Dentistry				
Resident	17,766	18,121	355	2.0%
Nonresident	37,064	37,804	740	2.0%

* per credit hour

Special program tuition rates are provided in the ensuing table.

(Amounts in dollars)	AY	AY	Change	
	2021	2022	Amount	Percent
Semester Rates (\$)				
Urban Planning and Public Administration Programs				
Resident	7,530	7,662	132	1.75%
Nonresident	14,587	14,719	132	0.9%
Advanced Education Preparation Graduate Programs				
Resident	4,972	5,071	99	2.0%
Nonresident	10,265	10,364	99	1.0%
Credit Hour Rates (\$)				
Doctor of Nursing Practice	1,521	875	-646	-42.5%
Online Education				
Undergraduate	499	508	9	2.0%
RN to Bachelor of Science in Nursing	375	375	0	0.0%
Graduate	737	752	15	2.0%
Graduate – Advanced Educator Preparation	552	564	12	2.0%
Graduate - MS in Health Administration	735	465	-270	-36.7%
Graduate - Urban Planning & Public Administration	905	923	18	2.0%
Franchise Management Certificate	800	800	0	0%
Equine Graduate Certificate	800	800	0	0%
Law, part-time	914	941	27	3.0%
Law, full-time	1,098	1,131	33	3.0%
Active Duty Military*	250	250	0	0%
-Masters of Engineering in Engineering Management	690	690	0	0%
-College of Business Graduate Certificates **	600	600	0	0%
-Franchise Management, Distilled Spirits, Equine, Horse Racing Industry, Managerial Analytics				
Fixed Price, Multi-Year				
Full-Time MBA	32,000	32,000	0	0%
Professional MBA	32,000	32,000	0	0%
Full-time MBA Cohort	32,000	32,000	0	0%
Global MBA	37,000	37,000	0	0%
Dual MBA	26,600	26,600	0	0%
IMBA Cohort	32,000	32,000	0	0%
Masters of Accountancy	25,000	25,000	0	0%
Masters of Science in Business Analytics	30,000	30,000	0	0%
Ed.D. Practitioner	16,200	16,200	0	0%
M.S. in Human Resources and Organization Development	16,500	16,500	0	0%

* Except for Masters of Engineering in Engineering Management, Business Graduate Certificates and online fixed price programs.

COMMITTEE ACTION:

Passed X

Did Not Pass _____

Other _____

ls
Signature on file

Assistant Secretary

BOARD ACTION:

Passed X

Did Not Pass _____

Other _____

ls
Signature on file

Assistant Secretary



Operating FY 2022 Budget

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TRANSMITTAL LETTER

To the Board of Trustees:

On behalf of the University of Louisville community, I am pleased to submit the university's operating budget for Fiscal Year 2022. Nearly one year ago we faced the challenge of our lifetime that touched all corners of UofL. But as one community of care, we managed those difficulties with purpose, planning, and perseverance. Now, our outlook has never been brighter. Our operations are financially solid; our enrollment and research expenditures hit historic highs; and external credit rating agencies enhanced their outlook for UofL. While the pandemic may have temporarily slowed us, it has not diminished or deterred us from making progress toward fulfilling our mission of educating a diverse population of students, practicing and applying research, and providing engaged service and outreach.

The FY 2022 budget demonstrates that UofL is on the right track financially and remains committed to its strategic plan. First, the budget is financially stable and structurally balanced. Revenues and expenses are aligned. One-time funds, including federal relief funds, are included in the budget but are associated with one-time expenses.

Second, the budget shows the university's commitment to its students. The FY 2022 budget includes \$16 million in new, one-time federal funding that will be used to award up to \$1,500 per student; holds housing, dining, and student parking rates flat; funds the purchase of 700 new laptops for incoming students; begins funding for our second new residence hall; and commits almost \$10 million in additional funding to academic units.

Third, the budget displays its commitment to employees by including funding for up to a 2% compensation increase at an anticipated cost of about \$7 million, including up to \$5.1 million from the university's general fund. The FY 2022 budget also includes funding to restore the university's retirement contribution rates to their pre-pandemic levels and allocates funding for a faculty and staff compensation study. For the second consecutive year, employee health insurance premium increases will be paid by the university and employee parking rates will remain unchanged. In addition, the budget increases funding for the university's Early Learning Center, creates and funds a dual career program to help attract minority faculty, and funds the Employee Success Center.

The FY 2022 budget is a great example of shared governance at its best. The proposed budget and planning parameters and strategies were shared with numerous constituent groups throughout the budget development process. These groups included: deans (via individual meetings); staff and faculty senate leadership; university vice presidents and vice provosts; my

leadership team; a budget committee appointed by the provost that included student representation; faculty who participated in budget planning and budget model workgroups; lead fiscal officers from each unit; and you, the Board of Trustees. The depth and breadth of interaction with representatives from across the university community helped mold the FY 2022 budget including the budget priorities listed above.

I am incredibly proud of how the UofL community pulled together over the past year. Evidence of their dedication to keeping the university open and focused on its mission in a time of extreme difficulty is clearly demonstrated in this budget. The Cardinal family is tremendous!

Go Cards!


Signature on file

Neeli

SUMMARY OF FY 2022 BUDGET

The FY 2022 operating budget for the University of Louisville is \$1,335,253,382. The university's budget consists of two primary fund groups: general funds and non-general funds. The general fund budget encompasses routine activities of the university including instruction and operation and is primarily funded by unrestricted revenues such as tuition and state appropriations. The university's non-general fund budget includes activities tied to specific purposes such as grants, gifts and endowments, clinical operations, and athletics. Most non-general fund revenues flow through the university's two affiliated corporations: University of Louisville Research Foundation, Inc. (ULRF) and the University of Louisville Athletic Association, Inc. (ULAA).

The FY 2022 operating budget does not include University of Louisville Health (i.e., University of Louisville Physician practice and University Medical Center) or the University of Louisville Foundation (including the Real Estate Foundation). Both entities are discretely presented component units of the university with separate governing boards who review and approve those operating budgets. However, the funds that these entities transmit to the university are included in the budget displayed herein.

Table 1 shows the university's all funds operating budget for FY 2022. General Funds for FY 2022 are presented in the second column to the right of the category descriptions. Non-general funds are shown in the subsequent four columns.

Anticipated revenues and resources needed for FY 2022 total \$1,335,253,382. Tuition and fee revenues of \$339.5 million and clinical/hospital revenues of \$342.5 million are the two largest revenue sources representing 51 percent of the total. The FY 2022 budget also includes \$28 million in one-time federal coronavirus relief funds. The University has been awarded \$76.9 million in federal and state relief funds since FY 2020. One-time revenues will be connected to one-time expenses.

Budgeted expenses match available resources. Salaries and fringe benefits are the largest expense categories and total \$730.2 million or 54.7 percent of the total expense budget. Scholarship expenses—including federal and state pass-through aid such as Pell and Kentucky Educational Excellence Scholarship (KEES)—total \$157.4 million, a \$22 million increase from FY 2021.

Table 1: FY 2022 Operating Budget by General and Non-general Fund Revenues and Expenses

	FY 2021	FY 2022 Budget					All Funds
	General Fund Adopted Budget	General Funds	Research Foundation	Athletics	Gifts and Endowments	Internally Designated	
Revenues							
Tuition and Fees	325,927,672	339,524,920					339,524,920
State Funds	127,056,800	130,129,300					130,129,300
Transfers to General Fund	23,967,589	30,779,202					30,779,202
Auxiliaries	13,132,518	13,620,308					13,620,308
Clinical (including Hospital)	9,308,327	1,133,097	341,438,891				342,571,988
CARES / Federal Relief Funds	0	6,000,000	22,000,000				28,000,000
Sponsored Agreements			151,000,000				151,000,000
Pass Through Financial Aid			46,790,000				46,790,000
Other Revenue	14,206,997	13,882,080	30,129,260	107,700,000	56,376,651	18,726,327	226,814,318
Total Fiscal Year Revenues	513,599,903	535,068,907	591,358,151	107,700,000	56,376,651	18,726,327	1,309,230,036
Funds Received in Prior Periods	3,000,000	3,581,945	9,817,255			12,624,145	26,023,346
Total Funding Available	516,599,903	538,650,852	601,175,406	107,700,000	56,376,651	31,350,472	1,335,253,382
Expenditures							
Salary	256,583,186	264,361,559	256,092,408	37,921,932	19,375,125	4,286,161	582,037,186
Fringe Benefits	75,708,778	78,818,957	57,646,573	7,095,355	3,507,077	1,105,887	148,173,849
Operating	88,933,726	83,270,083	199,378,797	37,676,595	25,275,109	16,797,343	362,397,927
Scholarships	65,771,365	66,260,272	65,593,273	15,889,072	8,219,340	1,446,800	157,408,757
Capital Asset plus Debt Service	26,700,413	24,048,129				7,714,281	31,762,410
Transfers to General Fund			22,464,356	8,314,846			30,779,202
Utilities	23,164,110	21,891,852		802,200			22,694,052
Total Expenditures	536,861,578	538,650,852	601,175,406	107,700,000	56,376,651	31,350,472	1,335,253,382
Budget Surplus/(Deficit)	(20,261,675)	0	0	0	0	0	0

- FY 2022 general fund budget includes \$13.8 million in contingency funds. Unit-by-unit detail of contingency funds is provided on page 27.

Connection to the Strategic Plan

The University of Louisville is committed to being a great place to learn, to work and in which to invest by celebrating diversity, fostering equity, and striving to achieve inclusion. This reality is embedded in our strategic plan, underlies the Grand Challenges and the Cardinal Anti-Racism Agenda (CARA), and is embodied in our interactions in line with our values, the Cardinal Principles. The university continues to make measurable progress towards achieving its bold goals.

Following a successful FY 2021 in which the university, through prudent financial decision-making and a campus-wide commitment to tightening our belts, operated under a balanced budget, preparation of the FY 2022 budget presented unique problems, including unpredictable costs associated with the COVID-19 pandemic and concerns about student enrollment.

Meanwhile, the university continued to push forward in its effort to become a premier anti-racist metropolitan research university while dealing with both the pandemic and the political, economic, and social justice issues impacting Louisville and the nation.

These factors posed specific challenges not only to maintaining a balanced budget in 2020-21, but also to developing a budget that addressed the current needs of and prepared a brighter future for our students, faculty and staff and our community for the coming year.

Strategic Planning

Fortunately, for planning purposes the university has a well-established strategic plan to guide it in setting priorities and maintaining momentum toward achieving and strengthening its state-mandated status as a premier metropolitan research university.

The strategic plan provides a roadmap toward excellence, directing the university to become a great place to learn, to work and in which to invest. While this budget ensures appropriate and necessary support for fixed costs needed to maintain standard university operations, it is laser-focused on the strategic plan, reflecting the commitment to those three goals and directing funding to specific efforts that will enable the university to meet its lofty ambitions.

More specifically, each goal area – Learn, Work and Invest – will be achieved through three strategies. The university is taking significant steps, and this budget reflects significant investments, in each of those areas.

While not all-inclusive, the following pages provide some specific examples of how we are directing funding in 2021-22 to the strategic plan goals.

Investments in the plan
A Great Place to Learn

Goal: The University of Louisville is a great place to LEARN because it prepares students for success now, next and beyond. We accomplish this by supporting the whole student through transformative, purpose-driven and engaged learning.

Strategy 1: Attract and graduate the most talented, diverse student body through meaningful and structured commitment to student success, guided by the Strategic Enrollment Management Plan, to raise the university's national prominence.

Strategy 2: Engage every undergraduate student in required, meaningful experiential learning opportunities.

Strategy 3: Engage students in research that will bolster our prominence among Carnegie-classified Research 1 universities.

Strategy 1 focuses the institution on the importance of recruiting and retaining a talented student body. This strategy supports the CPE Strategic Plan and strategically aligns with the state performance funding model. To achieve this strategy, the university has strategically invested in the following items:

- The university is supporting its students, particularly underrepresented students and those from low socio-economic backgrounds, by more than doubling the amount of need-based financial aid, from \$8 million to \$16 million. Using CARES Act funding, the university will emphasize providing aid based on need.
- The university also will provide 700 laptop computers for high-need students at the cost of more than \$500,000.
- The university implemented a new budget model, which contains approximately \$9.4 million of funding increases for academic areas throughout the institution.
- The University Libraries system budget is being increased by about \$600,000 to help offset increases in reference material subscription and library operating costs.
- The budget includes funding for opening and operating a new residence hall on Belknap Campus, including a Cultural Center that will provide space for consolidating offices for a variety of student-focused support programs, including the Office of Diversity Education and Inclusive Excellence, Women's Center, Muhammad Ali Institute for Peace and Social Justice, LGBT Center, etc.).

Strategies 2 and 3 focus institutional effort on creating a distinctive student experience that highlights the importance of being and doing as much as knowing as key to learning. To achieve this strategy, the university has strategically invested in the following items:

- Under new Provost Lori Gonzalez, UofL will launch a Center for Engaged Learning this fall that will include the offices of Undergraduate Research and Experiential Learning, and the Career Center. The effort will grow student success by combining classroom learning into real-world experience, teaching students how to make an impact on society once they leave the university. Joining multiple services under one umbrella, this center will be particularly helpful for underrepresented minority and underestimated students, who often need additional support in transitioning from college to career. The budget includes funding to support the Center.
- UofL is equipping 120 classrooms with the latest technology at a cost of more than \$1.9 million, including \$875,000 in FY 2022.
- In addition, the university continues to develop and fund the Center for Digital Transformation, which will provide additional training and certifications that will set our students apart upon graduation. Through the Center, UofL students have access to the Adobe Creative Cloud, LinkedIn Learning, and for-credit micro-certifications and badges in a variety of technical areas, providing a leg up on their competition after graduation.
- The Center for Engaged Learning also will provide formal undergraduate research programming, involving our students in meaningful projects with top research faculty that will prepare them for careers or for further research opportunities in or outside higher education.

A Great Place to Work

Goal: The University of Louisville is a great place to WORK because it is a workplace dedicated to personal growth and professional development. We accomplish this by fostering a culture where faculty, staff and administration live our institutional values.

Strategy 1: Become an employer of choice that intentionally attracts and retains the most talented, diverse faculty and staff through meaningful and structured commitment to employee success.

Strategy 2: Inspire a culture of care, trust, accountability, equity and transparency by embedding the Cardinal Principles in the fabric of the university.

Strategy 3: Provide all faculty and staff fair and equitable compensation, recognizing that our employees are critical to attaining institutional success.

We know that outstanding faculty and staff contribute significantly to the success of our students and our community. **Strategy 1** focuses on finding and attracting outstanding faculty and staff and providing the tools to help them progress professionally, perform at the highest level and achieve work-life balance. To do this, the university has:

Budget Overview

FY 2022 Operating Budget

-
- Established the Employee Success Center, which focuses specifically on programming and professional development opportunities for staff and faculty. More than \$315,000 has been directed to the Employee Success Center's Cardinal Leadership Institute, which grooms current employees for leadership positions.
 - Invested \$250,000 in a dual career program, with an emphasis on minority faculty recruitment.
 - Allocated up to \$5.1 million of general funds for a compensation improvement program.
 - Fully restored the employee retirement contributions to their pre-COVID levels.
 - Stabilized the employee cost for health insurance by not increasing the employee premium (funding all increases from institutional funds)

Together, we can do great things. The Cardinal Principles set the standard for how the university will establish a sense of community that will enable our individuals to shine and our community to grow into an even stronger Cardinal Family. The budget reflects **Strategy 2**, embedding the Cardinal Principles, by:

- Allocating an additional \$200,000 to the Early Learning Center, a childcare and development program primarily for children of university employees.
- Providing for a Campus Climate Survey to help determine and address employee concerns and needs.
- Through the Employee Success Center, annual awards for faculty and staff who exemplify the principles and publicly recognizing their accomplishments to inspire pride among the community.

While the university has invested heavily in our employees' professional development and climate, **Strategy 3** emphasizes the need to provide fair compensation, as well as necessary administrative processes and good customer service, to our faculty and staff. The budget addresses this strategy by:

- Allocating about \$400,000 toward completing a compensation study to ensure that our faculty and staff receive fair and equitable compensation. Total cost of the project is \$850,000 which will be spread across fiscal years 2021, 2022, and 2023.
- Annualizing the university's investment to \$5 million for implementation of the Workday human capital management system, an on-demand, enterprise-level, cloud-based software that will provide enhanced services and exceptional customer experiences to our applicants, faculty, staff, and students. Workday will streamline numerous administrative processes to improve workflows, reduce redundancies and improve the ways in which UofL utilizes data. The standardized auditable business process workflows will increase transparency and accountability.

A Great Place in which to Invest

Goal: The University of Louisville is a great place in which to INVEST because of its demonstrated and potential impact on individual and community health and the economic, social and cultural health and well-being of Louisville, the commonwealth and beyond. We accomplish this through innovative teaching, research, scholarship and creative activity, principled leadership, responsible stewardship and engaged partnerships.

Strategy 1: Increase productivity and innovation in research, scholarship and creative activities addressing the Grand Challenges to bolster our prominence among Carnegie-classified Research 1 universities.

Strategy 2: Improve the ease and impact of partnering with the university by building and stewarding mutually beneficial relationships that support student success, faculty productivity and staff development.

Strategy 3: Create social, cultural and learning opportunities that bring people to campus or bring the campus to people through virtual and external partnerships that improve quality of life by leveraging faculty, staff and student expertise and talent.

Of course, UofL could not exist without the significant relationships and partnerships it has developed and will continue to grow. Those partnerships and the research they support benefit our community and beyond. **Strategy 1** focuses on increasing and enhancing research and activities that address the Grand Challenges, or areas in which UofL has the unique ability to make immediate and dramatic impact. The budget supports this effort in several ways:

- UofL recently selected and is now beginning implementation of a new Electronic Research Administration (ERA) system called Cayuse. Researchers currently spend more than 44 percent of their research time on administrative tasks, which will be streamlined by this program. The system comes with a suite of tools that will allow researchers to more easily find and secure funding, complete required approvals, manage awards and more. The university also has secured an institutional license for another tool, called Open Researcher and Contributor ID (ORCID), which will allow researchers to more easily track and manage their publications and other research and scholarship outputs.
- The Executive Vice President for Research and Innovation will provide more than \$1 million for staffing at the Regional Biocontainment Laboratory, one of only 12 such NIH-funded facilities in the nation, which is currently developing vaccines and therapies for preventing and treating COVID-19. Many of these vaccines and therapies are in the clinic or clinical trials.
- In addition, EVPRI has hired a director for research development, who will work with faculty to improve their grant writing and help UofL with securing large federal awards.

Strategy 2 emphasizes the need to build partnerships for the benefit of our students, faculty and staff and the community.

- The Office of Research and Innovation has partnered with the Louisville Healthcare CEO Council, appointing an associate vice president for research development and partnerships to build stronger ties between the university and local healthcare organizations.
- Research and Innovation also has created a position, director of industry partnerships, and hired a local community leader to develop and steward those partnerships.
- The university is rebuilding its web presence through a three-year project that will improve productivity, accountability and ease of use among faculty, staff, and students, and provide easier access and navigation to the community.

Despite the COVID pandemic, which limited the university's ability and efforts to bring people to campus, the university made strides in reaching out to the community, as proposed in **Strategy 3**. That includes:

- Expansion of the Center for Digital Transformation has enabled the University to provide community-focused classes on topics vital to Louisville's future. These classes, many of which are free of charge, range from cybersecurity to Google Analytics.
- The university, in partnership with a national branding agency, is defining its brand position and will launch in early 2022 a new multi-million dollar brand campaign that will enhance awareness of the university's distinctive offerings, improve institutional reputation locally and in key markets, and consolidate a fractured brand into a single, focused brand identity.

Budget Goals

The need for a solid financial foundation—including a sufficient number of days of cash on hand—was never more evident than during FY 2021. The university withstood the test imposed by the pandemic because it had the financial resources—the direct result of three years of deliberate improvement—to avoid making reactionary decisions that imperiled the long-term stability of the institution. The importance of maintaining a strong financial position is evident in the budget goals for FY 2022. These goals include:

1. Develop and deploy a structurally balanced operating budget based on carefully considered revenue and expense projections;
2. Address financial uncertainty by outlining a mitigation strategy should one be needed;
3. Connect the budget to the university’s strategic plan; and
4. Establish a budget framework that helps the university achieve improved credit ratings and meets all financial and operational standards of our accrediting bodies.

Budget Priorities

There are four budget priorities for FY 2022 and the top one is people, specifically our students and employees. The university is not simply a collection of individuals. It is a community that supports one another. That is evidenced in the first Cardinal Principle as a “community of care” and is manifest throughout the FY 2022 budget in ways that directly benefit employees and students. A list of all four budget priorities, along with a few examples of items included in the budget, follows (and noted in more detail in the “Connection to the Strategic Plan” section).

- 1. Invest in people.**
 - Includes funding for a 2 percent compensation increase;
 - Funds the Employee Success Center;
 - Establishes and funds a dual career program;
 - Funds a faculty and staff compensation study; and
 - Maintains 100 percent tuition remission for employees and dependents;
- 2. Improve the academic experience and student success**
 - Invests almost \$10 million in academic units, including additional support for Libraries; and
 - Opens and funds the operation of a new residence hall;

3. Keep college affordable

- Allocates at least \$16 million in financial support to students from federal relief dollars;
- No increase in housing rates;
- No increase in meal plan rates;
- No increase in student parking rates for the second consecutive year; and
- No mandatory student fee increases.

4. Improve the efficiency of operations and delivery of support services

- Annualizes funding for a new Enterprise Resource Planning system;
- Funds a new grants management system; and
- Allocates funding for HVAC replacements.

Assessment of Financial Risks and Mitigation Plans

Although a diminished concern relative to one year ago, enrollment remains the top financial risk. The University is coming off its best enrollment year ever and is working hard to maintain and, where possible, grow enrollment, but concerns still exist. Declining enrollment in the upcoming academic year could negatively impact tuition revenues as well as housing, dining, and parking revenues. The university is engaged in proactively addressing these concerns. The Office of Enrollment Management, for example, is working collaboratively with every dean to interact with students who have not registered for the upcoming semester, and the university continues to establish connections with local corporations to promote UofL for both their employees and dependents.

A reoccurrence or variant of the coronavirus is another risk. In addition to potential enrollment and auxiliary financial impacts, athletics could be affected.

The FY 2022 budget takes the following approaches to mitigate financial risks:

- Links a portion of the compensation increase to enrollment stability;
- Ties one-time revenues to one-time expenses to avoid long-term expense commitments that lack recurring funding streams;
- Active and significant monitoring activities that constantly evaluates key performance indicators including liquidity, enrollment, tuition billings, collections and receivables. This allows the university to identify adverse trends and take actions before they manifest into problems; and
- A built-in mechanism, via the tuition allocation model, to reset unit expense budgets should tuition revenues fall short of expectations.

GENERAL FUND BUDGET

The FY 2022 General Fund budget is balanced: available resources equal expenses. To arrive at that point, the FY 2021 budget imbalance, as shown in Table 2, had to be addressed first. The imbalance was the result of several changes, many tied to the pandemic, which negatively impacted the FY 2021 general fund budget. The largest fiscal impact was repricing the university's online tuition structure, which saved students \$8.4 million but also meant a similar loss of tuition revenue to the university. Decreases in investment income and increases in financial aid, utility, and health insurance costs were also contributing factors to the FY 2021 imbalance.

To resolve the starting imbalance in the FY 2022 budget, new revenue growth was applied toward the imbalance first. That is evident by general fund revenues increasing by 4.1 percent in FY 2022 compared with FY 2021, while expenses only increase by 0.3 percent. Table 2 displays the progression of FY 2021 to the proposed FY 2022 general fund budget, and highlights of the changes are identified on the next page.

Table 2: Operating Budget by General and Non-general Fund Revenues and Expenses

	FY 2021	Changes in FY 2022 Sources and Uses			FY 2022
	Adopted Budget	Sources (to fund enhancements / investments)	Uses for Enhancements / Investments	All Other Changes	Proposed Budget
Revenues					
Tuition and Fees	325,927,672	13,591,848		5,400 A	339,524,920
State Funds	127,056,800	3,072,500		- B	130,129,300
Transfers to General Fund	23,967,589	5,000,000		1,811,613 C	30,779,202
Auxiliaries	13,132,518			487,790	13,620,308
Clinical (including Hospital)	9,308,327			(8,175,230) D	1,133,097
Cares/Federal Relief Funds	-	6,000,000			6,000,000
Sponsored Agreements	-			-	-
Pass Through Financial Aid	-			-	-
Other Revenue	14,206,997			(324,917)	13,882,080
Total Fiscal Year Revenues	513,599,903	27,664,348		(6,195,344)	535,068,907
Funds Received in Prior Periods	3,000,000	3,250,000		331,945	3,581,945
Total Funding Available	516,599,903	30,914,348		(5,863,399)	538,650,852
Expenditures					
Salary	256,583,186		5,100,000	2,678,373 E	264,361,559
Fringe Benefits	75,708,778		1,550,000	1,560,179 F	78,818,957
Operating	88,933,726	(10,600,000)	14,800,000	(9,863,643) G	83,270,083
Scholarships	65,771,365			488,907 H	66,260,272
Capital Assets plus Debt Service	26,700,413			(2,652,284) I	24,048,129
Transfers to General Fund	-			-	-
Utilities	23,164,110			(1,272,258) J	21,891,852
Total Expenses	536,861,578	(10,600,000)	21,450,000	(9,060,726)	538,650,852
Budget Surplus/(Deficit)	(20,261,675)	41,514,348	(21,450,000)	3,197,327	(0)
Retirement Plan reductions	7,175,000				-
Unit Contingency Application	13,086,675				-
Ending Position	-				-

Highlights from Table 2 for FY 2022 include:

- A. Tuition and fee revenues increase by \$13.6 million due to improving enrollment, increases in the number of non-resident students, and a tuition rate increase. (See page 15 for more details.)
- B. State appropriations increase by \$3.1 million primarily due to the allocation of performance funding dollars. (See page 19 for more details.)
- C. Includes \$5 million in ULH mission support revenue as well as additional Facilities and Administrative recovery funds.
- D. Clinical revenues recognized in the general fund decrease primarily due to shifting \$7.5 million in hospital rent revenue to the non-general fund. (See page 46 for more details.)
- E. Salary expense increase largely a result of a planned compensation improvement program. (See page 26 for more details.)
- F. Fringe benefit increase is primarily due to an increase in health insurance premiums; the university is funding both the employer and employee share of the increase. (See page 26 for more details.)
- G. Operating expense change is multi-faceted.
 - \$10.8 million reallocation from budgeted contingency accounts to help pay for the salary increase, health insurance premium increase, and other costs;
 - \$14.9 million increase to fund various expenses that include, for example, the full annualized funding for the new Enterprise Resource Planning (ERP) system;
 - \$9.7 million decrease primarily tied to lower expenses connected to the shift of hospital rent (see “D” above).
- H. Increase in institutional financial aid. (See page 28 for more details.)
- I. Capital asset expenses decrease by \$2.7 million primarily due to refinancing existing debt on the Student Recreation Center and the ACC production studio for Athletics. (See page 29 for more details.)
- J. Utility expense decrease based on lower-than-anticipated FY 2021 expenses. (See page 29 for more details.)

Revenues

General fund revenues are unrestricted dollars used to primarily support the day-to-day operations of the university. The three largest sources of general funds are: tuition and fees, state appropriations, and auxiliaries. Transfers into the general fund are another significant revenue source and includes overhead recovery dollars tied to sponsored research and funding for affiliated entity debt service.

Growth in tuition revenues, state appropriations, and administrative overhead recovery contribute to an overall \$22.7 million increase in general fund revenues in FY 2022. One-time federal relief funding also contributes to the increase.

Tuition and Fees

In FY 2022, tuition and fee revenues are projected to increase by \$13.6 million, or 4.2%, from the FY 2021 budget. The combination of better-than-expected undergraduate and graduate enrollment in FY 2021, along with a tuition rate increase, improving average tuition revenue per student, and continued growth in graduate enrollment in FY 2022 contributed to the overall budget improvement. Table 3 shows budgeted tuition and fee revenue by degree type. Table 4 presents the proposed tuition rates for AY 2021-2022 by degree type. Table 5 presents proposed tuition rates for special academic programs.

For reference:

- FY 2021 tuition and fee revenues are projected to exceed budget by about \$8 million which provides a higher starting point for the FY 2022 budget.
- “Fees & Other” revenues decrease by \$1.3 million from FY 2021 due, in large part, to anticipated reductions in international program and continuing education revenues.
- Mandatory student fees total \$201 per semester (for full-time students and pro-rated for part-time students) and are included in the “Fees and Other” category. No changes to mandatory student fee rates in FY 2022.

Table 3: Tuition and Fee Revenues

Category	FY 2021 Budget	FY 2021 Estimate	FY 2022 Budget	\$ Change	% Change
Undergraduate	179,180,290	183,050,000	186,177,861	6,997,571	3.9%
Graduate	51,569,609	58,440,000	56,301,085	4,731,476	9.2%
Professional	66,547,002	66,260,000	69,746,659	3,199,657	4.8%
Fees & Other	28,630,771	24,630,000	27,299,315	(1,331,456)	-4.7%
Total	325,927,672	332,380,000	339,524,920	13,597,248	4.2%

Of the anticipated \$13.6 million increase in tuition and fee revenues, approximately \$5 million is attributable to tuition rate increases. Enrollment growth, increases in the number of full-time students, as well as increases in the number of non-resident students are other factors.

Budgeted tuition revenues for FY 2022 were based on enrollment and credit hour projections submitted by each academic unit and in consultation with the Office of Enrollment Management and the Budget Office.

Undergraduate tuition revenues increase by \$7 million from the FY 2021 budget. Growth in non-resident enrollment and the number of full-time students contribute to modest improvements in average tuition revenue per student. That, in turn, is helping push up undergraduate tuition revenue. A tuition rate increase (see Table 4 for more detail) is also a factor.

Graduate tuition revenue increases by \$4.7 million in FY 2022. The overall market for graduate degrees and certificates has shown significant improvement since the onset of the pandemic. Graduate enrollment in nearly every academic unit has grown. The FY 2022 budget anticipates continued strong demand for graduate programs, particularly for MBA degrees, public health, and nursing.

Professional degree tuition revenue—medicine, dentistry, and law—increases by \$3.2 million. Demand for MD and DMD degree programs remains strong, with the number of applicants exceeding available spots by as much as 9 to 1. Limited tuition rate increases for both programs (see Table 4) also contribute to the revenue improvement. Demand for a law degree is improving, but competition for students is driving up student tuition discounts and limiting enrollment growth.

Table 4: Proposed Tuition Rates by Degree Type

(amounts in dollars)	AY 2021	AY 2022	\$ Change	% Change
Semester Rates (\$)				
Undergraduate				
Resident	5,983	6,087	104	1.75%
Nonresident	14,156	14,260	104	0.7%
Active Duty Military*	250	250	0	0.0%
Graduate				
Resident	6,630	6,762	132	2.0%
Nonresident	13,687	13,819	132	1.0%
Active Duty Military*	250	250	0	0.0%
Law				
Resident	11,553	11,899	346	3.0%
Nonresident (new students)	14,053	14,474	421	3.0%
Nonresident (3L)	21,258	21,258	0	0.0%
Medicine				
Resident	20,889	21,305	416	2.0%
Nonresident	31,765	32,399	634	2.0%
Dentistry				
Resident	17,766	18,121	355	2.0%
Nonresident	37,064	37,804	740	2.0%

* per credit hour

Table 5: Proposed Tuition Rates for Special Programs

(Amounts in dollars)	AY	AY	Change	
	2021	2022	Amount	Percent
	Semester Rates (\$)			
Urban Planning and Public Administration Programs				
Resident	7,530	7,662	132	1.75%
Nonresident	14,587	14,719	132	0.9%
Advanced Education Preparation Graduate Programs				
Resident	4,972	5,071	99	2.0%
Nonresident	10,265	10,364	99	1.0%
	Credit Hour Rates (\$)			
Doctor of Nursing Practice	1,521	875	-646	-42.5%
Online Education				
Undergraduate	499	508	9	2.0%
RN to Bachelor of Science in Nursing	375	375	0	0.0%
Graduate	737	752	15	2.0%
Graduate – Advanced Educator Preparation	552	564	12	2.0%
Graduate - MS in Health Administration	735	465	-270	-36.7%
Graduate - Urban Planning & Public Administration	905	923	18	2.0%
Franchise Management Certificate	800	800	0	0%
Equine Graduate Certificate	800	800	0	0%
Law, part-time	914	941	27	3.0%
Law, full-time	1,098	1,131	33	3.0%
Active Duty Military*	250	250	0	0%
-Masters of Engineering in Engineering Management	690	690	0	0%
-College of Business Graduate Certificates **	600	600	0	0%
-Franchise Management, Distilled Spirits, Equine, Horse Racing Industry, Managerial Analytics				
	Fixed Price, Multi-Year			
Full-Time MBA	32,000	32,000	0	0%
Professional MBA	32,000	32,000	0	0%
Full-time MBA Cohort	32,000	32,000	0	0%
Global MBA	37,000	37,000	0	0%
Dual MBA	26,600	26,600	0	0%
IMBA Cohort	32,000	32,000	0	0%
Masters of Accountancy	25,000	25,000	0	0%
Masters of Science in Business Analytics	30,000	30,000	0	0%
Ed.D. Practitioner	16,200	16,200	0	0%
M.S. in Human Resources and Organization Development	16,500	16,500	0	0%

* Except for Masters of Engineering in Engineering Management, Business Graduate Certificates and online fixed price programs.

State Appropriations

State appropriations in FY 2022 total \$130,129,300 an increase of 2.4% from FY 2021, but still remain well below historic levels. For the past 15 fiscal years, state appropriations to all public higher education institutions in Kentucky, including UofL, have significantly diminished. Figure 1 shows this trend for UofL from FY 2008 through FY 2022.

Figure 1: State Appropriations to UofL from FY 2008 through FY 2022



Note: Amounts shown do not include appropriations for state funded debt service (which ended in FY 2016) and Quality Charitable Care Trust funding (which ended in FY 2014).

The \$3 million increase in FY 2022 state appropriations is primarily due to the university’s performance in the state funding model. The adopted state budget also included \$100,000 in new funding for support of a rural dental clinic operated by UofL’s School of Dentistry.

A portion of each public university’s state appropriation in Kentucky is based upon a legislatively mandated performance funding model. Funds are allocated based on 11 different metrics. Universities are scored relative to each other and receive a corresponding dollar allocation based upon those results. For the most recent period, UofL performed better than the average on 7 of 11 metrics. As a result, performance funding to UofL will increase by almost \$3 million in FY 2022.

The state performance funding metrics, and an indication of UofL’s performance on each, is provided next.

Performance Metrics

1. Bachelor's Degree
2. **STEM+H Bachelor's Degrees**
3. URM Bachelor's Degrees
4. **Low Income Bachelor's Degree**
5. **Student Progression @ 30 Hours**
6. Student Progression @ 60 Hours
7. **Student Progression @ 90 Hours**
8. **Earned Credit Hours**

Operational Support Metrics

9. **Instructional Square Feet**
10. Direct Cost of Instruction
11. **FTE Students**

*Green text denotes the seven metrics in which UofL performed better than the sector average

Federal Relief Funding

The FY 2022 budget includes one-time funding from federal coronavirus relief packages made available through CARES Act. Through May 2021, the university has received notice of federal and state awards totaling \$78 million and anticipates spending \$50 million by the end of FY 2021. That will leave an approximate \$28 million balance to be spent in FY 2022. Student grants to be awarded in fall and spring semesters will account for \$16 million of spending. Returning students will receive at least \$400 and, based on financial need, could receive as much as \$1,500. The balance of federal relief funding will be applied to ongoing institutional expenses and revenue losses attributable to the pandemic.

Table 6 presents a summary of the federal and state relief funds that have been awarded to UofL. Although these funds are significant and important, the total value of lost revenues and the imposition of expenses related to the pandemic (e.g., cleaning, technology enhancements, testing, etc.) are expected to exceed \$120 million, including Athletics.

Table 6: Summary of Federal and State Coronavirus Relief Funds

	Award Amounts			Expended thru March 2021	FY 2022 Budget
	Pass-through Student Aid	Institutional	Total		Est. Amount Available in FY 22*
CARES-related Funding					
Higher Education Emergency Relief Funds, Round 1 (HEERF1)	6,239,395	6,239,395	12,478,790	12,389,597	-
Higher Education Emergency Relief Funds, Round 2 (HEERF2)	6,239,395	14,194,890	20,434,285	6,328,588	-
Higher Education Emergency Relief Funds, Round 3 (HEERF3)	18,854,679	18,714,729	37,569,408	-	28,000,000
Coronavirus Relief Fund (CRF) - State Pass-through	-	5,873,000	5,873,000	5,873,000	-
Governor's Emergency Education Relief Fund - State Pass through	-	1,695,900	1,695,900	1,320,714	-
Total	\$31,333,469	\$46,717,914	\$78,051,383	\$25,911,899	\$28,000,000

* \$16M student aid
& \$12M institutional

Housing

The first new residence hall in more than a decade, which will house about 450 students, is set to open on schedule and within budget in fall 2021 and replaces approximate 50-year-old Threlkheld Hall. Students in the new residence hall will have an opportunity to live in the heart of the Belknap campus with easy access to the Student Activity Center, library, bookstore, and most academic classrooms. A bond was issued last spring to fund the project with the principal and interest payments capitalized and first payment due in FY 2023. The FY 2022 budget reflects approximately \$500,000 in revenue from the new residence hall.

Ground was broken in spring 2021 for a second residence hall adjacent to the first. The second hall is scheduled to open in fall 2022. A bond was issued in spring 2021 for that project and, due, in part, to favorable rates, interest payments will begin in FY 2022 at a cost of approximately \$1 million.

All housing rates remain unchanged in FY 2022. Table 7 shows university operated housing halls and the associated cost by room type. The university also has affiliation agreements and master leases with several other properties, but those housing rates are not set by the university.

Table 7: Proposed Housing Rates

(amounts in dollars)	AY 2021	AY 2022	Change	
			Amount	Percent
Traditional Halls (Miller & Unitas)	<u>Semester Rates</u>			
Double	2,690	2,690	0	0.0%
Triple (Unitas only)	2,035	2,035	0	0.0%
Belknap Residence Hall (New 2021)				
Double	0	3,295	3,295	0.0%
Single	0	4,120	4,120	0.0%
Louisville Hall suites				
Double	2,800	2,800	0	0.0%
Three Bedroom Suite	3,160	3,160	0	0.0%
Two Bedroom Suite	3,265	3,265	0	0.0%
Deluxe Double	3,410	3,410	0	0.0%
Single	3,580	3,580	0	0.0%
Billy Minardi Hall				
2 Bed, 2 Bath	4,315	4,315	0	0.0%
University Tower Apartments (UTA)				
Standard studio, double	2,945	2,945	0	0.0%
Large studio, double	3,100	3,100	0	0.0%
2 Bedroom, double	3,100	3,100	0	0.0%
1 Bedroom, double	3,300	3,300	0	0.0%
2 Bedroom, single	3,565	3,565	0	0.0%
UTA Family Apts and Medical-Dental Apts	<u>Per 4 Month Semester &</u>			
Standard studio	3,240	3,240	0	0.0%
Large studio	3,240	3,240	0	0.0%
1 Bedroom	3,750	3,750	0	0.0%

Source: Office of Housing and Residence Life

Foundation Housing				
(amounts in dollars)	AY	AY	Change	
	2021	2022	Amount	Percent
Community Park	<u>Semester Rates</u>			
Double	3,395	3,395	0	0.0%
Deluxe Double	4,075	4,075	0	0.0%
Deluxe Single	5,370	5,370	0	0.0%
Kurz Hall				
Double	3,395	3,395	0	0.0%
Deluxe Double	4,075	4,075	0	0.0%
Deluxe Single	5,370	5,370	0	0.0%
Single	4,740	4,740	0	0.0%
Bettie Johnson Hall				
4 Bed, 2 Bath	3,720	3,720	0	0.0%
2 Bed, 1 Bath	3,825	3,825	0	0.0%
2 Bed, 2 Bath	4,185	4,185	0	0.0%
3 Bed, 2 Bath	4,030	4,030	0	0.0%
1 Bed, 1 Bath	4,790	4,790	0	0.0%
Deluxe 1 Bed, 1 Bath	5,535	5,535	0	0.0%

Source: Office of Housing and Residence Life

Expenditures

The FY 2022 general fund expense budget totals \$538.6 million, a slight \$1.8 million increase from FY 2021. Successful efforts to monitor and control operating costs, particularly in the post-pandemic environment, are coupled with reductions in anticipated utility costs to constrain growth in the general fund expense budget. Also, \$7.5 million in revenues and expenses associated with hospital rent were moved from the general fund to the non-general fund portion of the budget.

Even with limited total expense growth, the university is making financial commitments to several important areas. Table 8 shows the notable general fund expense changes in the FY 2022 budget.

Table 8: Notable FY 2022 General Fund Expense Increases

Expense Item	Amount
Academic unit allocations	9,400,000
Compensation increase program	5,100,000
Enterprise Resource Planning (ERP) system (to annualize)	2,500,000
Office of Advancement bridge funding	1,500,000
Health insurance cost increase	1,500,000
Total	\$20,000,000

Funding for the compensation, health insurance, and ERP system will come from each unit's general fund contingency. More details about the contingency program are found on page 27.

Notable General Fund Expense Changes

To help fulfill the top budget priority of investing in people, the FY 2022 budget includes \$5.1 million for a compensation improvement program and funds 100 percent of the health insurance premium increase—including the employee’s share—at an approximate cost of \$1 million. Non-general funds will have similar cost increases for both of these areas.

The FY 2022 budget also continues the new enrollment allocation model that was implemented in FY 2021. Academic unit expense budgets are now tied to enrollment and credit hours instructed. This establishes a clear link between student retention (a key component of the university’s mission and the state performance funding model) and the allocation of financial resources. The success of the model is evident by the \$9.4 million growth in academic unit general fund expense budgets—it’s a direct result of increased graduate enrollment and, for certain schools such as nursing and public health, an increase in undergraduate credit hours instructed.

An additional \$2.5 million (for a total of \$5 million) is budgeted to fully fund the annual cost for implementation of a new Enterprise Resource Planning software platform for the university’s human resources and payroll operations. The existing platform is outdated and has a limited lifespan before software support ends. The university’s commitment to this new platform began in mid-year FY 2021.

The Office of Advancement is the fundraising arm of the university. Historically it has been funded primarily by the University of Louisville Foundation along with university general funds. In reviewing its budget, the Foundation Board determined that total administrative expenses charged to the endowment could not exceed 1 percent. Of that amount, 70 percent is allocated to the Office of Advancement. To stay within this one percent limit, financial support to the Office of Advancement will decrease by \$1.5 million in FY 2022. To ensure financial continuity, the FY 2022 budget includes a similar increase in one-time university support to the Office of Advancement. Over the next year, the university will explore options for permanently replacing this funding.

Salaries and Wages

Salary and wage expenses for FY 2022 increase from \$256.6 million to \$264.3 million, or 3 percent, exclusive of the proposed compensation improvement program since eligibility and other guidelines of the increase are pending. Increases in faculty and professional staff expense budgets account for nearly all of the \$7.7 million increase, with academic units directly attributable for \$5.3 million of that amount.

Table 9: General Fund Salary and Wage Budgets

Position Type	FY 2021 Budget	FY 2022 Budget	\$ Change	% Change
Faculty	121,158,673	125,062,015	3,903,343	3.2%
Professional staff	61,286,804	64,371,952	3,085,148	5.0%
Classified staff	43,500,715	44,504,066	1,003,351	2.3%
Administrators	10,592,677	10,186,287	(406,390)	-3.8%
Students	17,845,630	18,010,938	165,308	0.9%
Temporary	1,583,583	1,891,267	307,684	19.4%
All other	615,105	335,035	(280,070)	-45.5%
Total	256,583,186	264,361,559	7,778,373	3.0%

The budget for the proposed compensation improvement program is contained within each unit’s Contingency program.

Fringe benefits

University-funded fringe benefits include health insurance, retirement, disability, life, accidental death, and tuition remission. The university also incurs expenses for workers’ compensation and unemployment insurance.

For FY 2022, the general fund fringe benefit expense budget totals \$78.8 million, which is a 5.3 percent increase from FY 2021. Rising health insurance premiums, coupled with the university paying the employee share of the premium increase for the second consecutive year, accounts for three-fifths of the overall increase. The university is self-insured for health insurance. The FY 2022 budget also reflects the reset of the employer-funded retirement contributions to their pre-pandemic levels: base contribution rate of 7.5 percent of an eligible employee’s salary/wage plus 2.5 percent match for a similar employee contribution.

Contingency

Beginning with the FY 2020 budget, the university required every academic and support unit to reserve a portion of its annual general fund expense budget. The purpose of this contingency account was to carve out a reserve that could be used to offset an unanticipated revenue shock, expense increase, or to meet a strategic priority of the unit/university during the course of the fiscal year. In FY 2020, the contingency minimum was 1 percent of each unit's general fund expense budget. For FY 2021, the floor was raised to 5 percent due to heightened financial uncertainty caused by the pandemic. An improved financial outlook for FY 2022 allows the minimum contingency to drop to 3 percent. Table 10 shows the budgeted contingency amounts for FY 2021 and FY 2022 which, in some cases, exceeded the minimum set aside amounts.

Table 10: Academic and Support Unit General Fund Contingency Budgets

VP Name	FY 2021	FY 2022		
	Budget	Initial	Insurance Increase	As Budgeted
Advancement	39,795	23,401	(2,784)	20,617
Audit Services	72,925	58,481	(4,428)	54,053
College of Arts & Sciences	2,767,791	2,880,328	(117,537)	2,762,791
College of Business	1,234,715	1,238,037	(30,081)	1,207,956
College of Education	1,002,532	531,737	(44,392)	487,345
Community Engagement	40,728	19,128	(2,098)	17,030
Graduate School	65,554	55,790	(4,452)	51,338
Human Resources	105,163	64,448	(1,176)	63,272
Kent School	346,119	348,642	(19,150)	329,492
Law School	471,611	291,628	(18,037)	273,591
Libraries	768,610	514,558	(23,041)	491,517
Music School	384,863	195,487	(15,796)	179,691
Office of EVPRI	461,561	267,163	(24,731)	242,432
Office of Health Affairs	620,268	214,385	0	214,385
Office of the CFO	216,667	202,228	(15,179)	187,049
Office of the COO	1,693,676	1,321,571	(149,745)	1,171,826
Office of the President	395,690	383,832	(24,950)	358,882
Office of the Provost	1,980,389	1,814,701	(60,853)	1,753,848
School of Dentistry	1,323,296	692,953	(51,796)	641,157
School of Medicine	1,829,159	1,171,076	(60,453)	1,110,623
School of Nursing	980,534	191,908	(14,804)	177,104
School of Public Health	207,411	850,199	(10,207)	839,992
Speed School	1,204,660	726,475	(53,897)	672,578
Student Affairs	753,765	464,356	(22,043)	442,313
Total	\$18,967,482	\$14,522,512	(\$771,630)	\$13,750,882
Contingency Minimum	\$17,516,469	\$10,624,521		
Contingency Surplus	\$1,451,013	\$3,897,991		

These dollars are partitioned in each unit’s operating budget and must remain uncommitted until approved by the CFO for use.

To enable the university to accomplish several of its budget priorities, every unit’s 3 percent contingency will be applied to its share of the compensation, health insurance, and ERP system cost increases (see “Notable Expenses” section for additional detail). The mechanics of reallocating each unit’s 3 percent contingency to fund specific expenses within the unit’s budget will be finalized in the first quarter of FY 2022.

Institutional Financial Aid/Scholarships

Tuition discounting, which is another name for institutional scholarships or financial aid, increases from \$65.8 million in FY 2021 to \$66.3 million in FY 2022, which is slightly less than 1 percent. These amounts reflect institutional financial aid support to students and are funded from the university’s unrestricted, or general fund, budget.

The university also distributes restricted student financial aid through its non-general fund. This includes pass-through aid from Pell and Kentucky Educational Excellence Scholarship (KEES) programs as well as awards made to students through university gifts and endowments and Athletics. Table 11 presents a summary of all financial aid—general and non-general fund—expected to be awarded to students in FY 2022. Total aid increases by \$22.4 million largely due to \$16 million in one-time federal relief dollars.

Table 11: Financial Aid Expense Budget by General and Non-general Funding Sources

Funding Source	FY 2021 Budget	FY 2022 Budget	\$ Change	% Change
General Funds	65,771,365	66,260,272	488,907	0.7%
Research Foundation	45,425,605	65,593,273	20,167,668	44.4%
Athletics	15,070,302	15,889,072	818,770	5.4%
Gifts and Endowments	8,092,279	8,219,340	127,061	1.6%
Internally Designated	611,800	1,446,800	835,000	136.5%
Total	\$134,971,351	\$157,408,757	\$22,437,406	16.6%

Operating and Utilities

For FY 2022, operating and utility expenses in the general fund budget decrease by \$6.4 million from FY 2021. Ongoing energy savings efforts such as adjusting temperatures at night and weekends contribute to a \$1.3 million year-over-year decrease in utility expense expectations. In addition, \$7.5 million in expenses (and revenues) associated with hospital rent were moved from the general fund to the non-general fund to more properly recognize this activity within the budget.

Capital Assets and Debt service

The FY 2022 budget includes expenses for central debt service, capital leases, and capital purchases of less than \$1 million. (Capital purchases greater than \$1 million must be approved by the state legislature if not included in the university’s 6-year capital plan.) Table 12 lists each outstanding bond issue along with its general purpose, debt service amount (principal and interest), and final maturity date. Capital leases and other capital expenses are also summarized.

Table 12: Summary of FY 2022 Capital Asset Expenses and Debt Service Amounts: General Fund

Bond Issue	Summary of Bond Uses	FY22 Budget	Maturity
2010 - Series B	Energy conservation projects	2,351,810	2028
2011 - Series A	Student Rec Center	662,756	2032
2012 - Series A	HSC parking garage, Shumaker Building, natatorium	1,714,500	2023
2016 - Series A	Primarily Student Activity Center renovations	1,236,119	2036
2016 - Series B	Center for Predictive Medicine, various Athletics	2,810,425	2028
2016 - Series C	Dental School renovation, parking, Ctr for Translational Res.	6,285,000	2029
2016 - Series D	Football stadium expansion - Tax Exempt	2,108,050	2036
2016 - Series E	Football stadium expansion - Taxable	1,184,550	2037
2016 - Series F	Football stadium - Metro bonds	3,060,750	2024
2020 - Series A	New Residence Hall #1	see note	2050
2021 - Series B	New Residence Hall #2	1,033,270	2051
Subtotal: debt service		\$ 22,447,230	
less 2021 Series B (funded from prior year cash)		\$ 21,413,960	
Subtotal: capital leases		2,634,169	
Total debt service, capital leases (General Fund)		24,048,129	

Note: Principal and interest for 2020 - Series A was capitalized; payments will not begin until FY 2023.

Prior Year Funds

Revenues received in previous fiscal years for which a corresponding expense was not incurred are recognized as “Prior Year Funds” in the FY 2022 budget if an expense is anticipated. Revenues can only be counted once, which is why these funds are separately identified in the budget. All expenses associated with Prior Year Funds are one-time in nature, corresponding to the one-time nature of the funds. Requests to budget Prior Year Funds are carefully examined, and their use is monitored on a regular basis throughout the fiscal year.

The FY 2022 general fund expense budget includes \$3.25 million in Prior Year Funds. These dollars will be used to fund one-time expenses including, for example, \$1.5 million in bridge funding to the Office of Advancement.

Non-general funds include \$22.4 million in Prior Year Funds. Table 13 shows, by activity, how those dollars are expected to be deployed in FY 2022. Most expenses represent improvements to physical plant (e.g., lab, classroom, or office renovations). In many cases, units spend years accumulating dollars to complete these projects. These are one-time expenses. Prior Year Funds will also be used for faculty start-up packages (which can frequently cost \$100,000 or more per faculty member), spending residual grant dollars, and funding, for example, the debt service on the second residence hall.

Table 13: Use of Prior Year Funds (Non-general Funds)

Activity	FY 2022
Grant-related	(3,603,332)
Plant funds	(6,681,011)
Clinical/Hospital	(3,970,356)
Faculty Start-up	(1,735,154)
Gain-share	(1,503,521)
Special Purpose	(4,948,027)
Total	(\$22,441,401)

SUPPLEMENTAL INFORMATION: GENERAL FUND EXPENDITURES BY UNIT

The following tables summarize each academic and support unit's general fund expenditures. Actual expenses for FY 2019 and FY 2020 are presented first, followed by each unit's expense budget for FY 2021 and FY 2022. Two elements affect every unit's budget and a third relates just to academic units.

1. Health insurance premiums increase in FY 2022 by 3.1 percent from FY 2021. This will have a corresponding impact on year-over-year budget comparisons. The increase includes funding to cover what would have been an employee premium increase.
2. Every unit was required to budget a minimum 3 percent contingency. The 3 percent contingency will be reallocated within each unit to fund unit expenses such as the compensation supplement, the increase in the employer-funded portion of health insurance, and the Enterprise Resource Planning (ERP) platform upgrade. In the following unit tables contingency dollars earmarked for these purposes are labeled, "University designated".

Health insurance premium increases were already reallocated from each unit's contingency account to the unit's fringe benefit budget. Table 10 itemizes each unit's contingency for FY 2022 and displays the original contingency requirement, the amount of contingency reallocated to fund the health insurance premium increase, and the amount of contingency remaining in the FY 2022 budget.

Some units elected to budget more than the required 3 percent minimum contingency and this is labeled, "Unit designated" in the following tables.

3. General fund expense budgets for academic units are based upon three components:
 - a. share of tuition revenues generated by the unit;
 - b. unrestricted university support; and
 - c. revenues generated from fees and other activities specific to the unit.

The university implemented an enrollment revenue allocation model in the FY 2021 budget. It functions as a mechanism to encourage and reward academic units for increasing enrollment and/or generating incrementally new tuition revenues. Academic units utilized the same allocation model to build their FY 2022 general fund budgets.

General Fund Expenditures by Unit

FY 2022 Operating Budget

Tuition revenues are allocated to each academic unit based upon the number of undergraduate credit hours instructed and a portion of their graduate and professional tuition revenues. Academic units also retain 100 percent of fees and other general fund revenues they generate. In the following sections, year-over-year changes to each of those three revenue streams are highlighted for every academic unit. The sum of those amounts equals the change in an academic unit's FY 2022 general fund expense budget.

Advancement

Table 14: Advancement General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	696,198	748,626	756,096	746,842	(9,254)	-1.2%
Fringe benefits	161,133	177,401	215,394	243,826	28,432	13.2%
Financial aid	-	-	-	-	-	
Operating	34,000	-	-	-	-	
Contingency	-	21,075	39,795	20,617	(19,178)	-48.2%
<i>University designated</i>			36,362	20,323		
<i>Unit designated</i>			3,433	294		
Total Expenses	891,330	947,102	1,011,285	1,011,285	-	0.0%

Notable general fund budget changes:

- Although the general fund budget for Advancement remains unchanged in FY 2022, the university will increase funding in the office’s non-general fund budget by about \$1.5 million to offset a decrease in support from the University Foundation. (See page 25 for more details.).

Athletics

Table 15: Athletics General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	-	-	-	-	-	-
Fringe benefits	-	-	-	-	-	-
Financial aid	50,700	46,040	50,700	50,700	-	0.0%
Operating	2,092,852	1,712,819	2,092,819	1,931,360	(161,459)	-7.7%
Contingency	-	-	-	-	-	-
<i>University designated</i>						
<i>Unit designated</i>						
Total Expenses	2,143,552	1,758,859	2,143,519	1,982,060	(161,459)	-7.5%

Notable general fund budget changes:

- Funding is used to support gender equity, retention, and cheerleader scholarships.
- Reduction is removal of a short-term university funding support agreement that is now complete.

Audit Services

Table 16: Audit Services General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	1,015,872	2,251,094	1,258,547	1,258,547	-	0.0%
Fringe benefits	274,397	616,217	353,578	387,354	33,776	9.6%
Financial aid	-	-	-	-	-	-
Operating	79,658	421,056	127,018	127,018	-	0.0%
Contingency	-	-	72,925	54,053	(18,872)	-25.9%
<i>University designated</i>			66,633	38,893		
<i>Unit designated</i>			6,292	15,160		
Total Expenses	1,369,928	3,288,367	1,812,068	1,826,972	14,904	0.8%

Notable general fund budget changes:

- Increase in fringe benefits due to changes in full-time staffing and number of staff eligible for retirement benefits.

College of Arts and Sciences

Table 17: College of Arts and Sciences General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	45,472,237	45,751,463	45,710,616	45,078,784	(631,832)	-1.4%
Fringe benefits	12,660,328	12,452,272	13,455,125	13,559,085	103,960	0.8%
Financial aid	1,068,089	1,060,354	990,776	861,599	(129,177)	-13.0%
Operating	6,939,869	4,262,835	4,249,516	3,284,030	(965,486)	-22.7%
Contingency	-	-	2,767,791	2,762,791	(5,000)	-0.2%
<i>University designated</i>			2,201,838	1,444,821		
<i>Unit designated</i>			565,953	1,317,970		
Total Expenses	66,140,524	63,526,924	67,173,824	65,546,289	(1,627,535)	-2.4%

The College of Arts and Sciences’ general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: - \$2.6 million
- General university support: +\$1.0 million
- Self-generated revenues: +\$0.0 million

Notable general fund budget changes:

- The college’s general fund expense budget decreases by \$1.6 million relative to FY 2021. The primary driver is an anticipated \$2.6 million decrease in allocated tuition revenue due to a multi-year trend of declining undergraduate credit hours instructed by the college. To partially offset that decrease in allocated resources, the FY 2022 budget includes a one-time \$900,000 increase in the college’s budget subsidy. An additional \$100,000 in university support is primarily associated with funding for faculty promotions.
- The college also expects to more fully utilize available gift and endowment funds as well as access a portion of available one-time savings to fund one-time expenses in FY 2022 (these are non-general fund budget activities and are not shown in the table above)
- When considering both general and non-general fund budgets, the College of Arts and Sciences FY 2022 is relatively flat compared with FY 2021.
- University and college leadership have initiated discussions to develop a mutually beneficial long-term financial stabilization plan for the college.

College of Business

Table 18: College of Business General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	15,141,118	15,527,602	18,301,838	20,838,025	2,536,187	13.9%
Fringe benefits	3,480,174	3,381,769	4,069,745	4,632,638	562,893	13.8%
Financial aid	401,231	454,981	512,000	1,170,151	658,151	128.5%
Operating	2,906,485	3,092,801	4,443,168	3,853,473	(589,695)	-13.3%
Contingency	-	-	1,234,715	1,207,956	(26,759)	-2.2%
<i>University designated</i>			1,128,184	788,595		
<i>Unit designated</i>			106,531	419,361		
Total Expenses	21,929,008	22,457,152	28,561,466	31,702,243	3,140,777	11.0%

The college’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: +\$3.6 million
- General university support: +\$0.0 million
- Self-generated revenues: - \$0.5 million

Notable general fund budget changes:

- Salary and fringe benefit increases due to hiring additional faculty and staff associated with enrollment growth in their MBA and MSBA graduate programs. The college is also investing in advising, public relations, and development programs by hiring new staff. College anticipates new revenue to offset the expense increases.
- Scholarship expense increases correspond to anticipated enrollment growth in the graduate programs.
- Unit is holding additional funds in contingency to until fall enrollment aligns with budget.

College of Education and Human Development

Table 19: College of Education and Human Development General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	14,170,782	13,955,333	14,324,281	14,855,584	531,303	3.7%
Fringe benefits	4,046,706	3,965,571	4,343,889	4,631,055	287,166	6.6%
Financial aid	344,841	125,582	-	-	-	
Operating	1,399,788	1,079,550	1,115,384	1,342,659	227,275	20.4%
Contingency	-	-	1,002,532	487,345	(515,187)	-51.4%
<i>University designated</i>			782,267	475,558		
<i>Unit designated</i>			220,265	11,787		
Total Expenses	19,962,117	19,126,036	20,786,086	21,316,643	530,557	2.6%

The college’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: + \$609,000
- General university support: + \$325,000
- Self-generated revenues: - \$403,000

Notable general fund budget changes:

- Salary and fringe benefit increases due to hiring additional faculty in the Educational Leadership, Evaluation and Organizational Development (LEAD), Health & Sport Sciences (HSS), and Counseling and Human Development (ECPY) programs.
- Includes \$200,000 in general university support of the Early Learning Campus to offset losses due to lower enrollment and rising costs of maintaining the program.

Community Engagement

Table 20: Community Engagement General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	537,732	517,706	567,634	566,565	(1,069)	-0.2%
Fringe benefits	161,194	147,977	178,024	180,114	2,090	1.2%
Financial aid	-	-	-	-	-	
Operating	34,665	37,732	28,171	50,848	22,677	80.5%
Contingency	-	-	40,728	17,030	(23,698)	-58.2%
<i>University designated</i>			29,081	16,998		
<i>Unit designated</i>			11,647	32		
Total Expenses	733,590	703,416	814,557	814,557	-	0.0%

Notable general fund budget changes:

- Overall, Community Engagement’s general fund expense budget does not change. The increase in operating expenses is due to shifting funds from contingency since the minimum contingency level was reduced from 5 percent in FY 2021 to 3 percent in FY 2022.

Finance and Administration

Table 21: Finance and Administration General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	2,730,176	3,411,351	3,683,475	3,676,387	(7,088)	-0.2%
Fringe benefits	882,182	1,032,378	1,181,234	1,230,220	48,986	4.1%
Financial aid	-	-	-	-	-	
Operating	307,379	443,233	297,635	213,355	(84,280)	-28.3%
Contingency	-	-	216,667	187,049	(29,618)	-13.7%
<i>University designated</i>			197,973	107,848		
<i>Unit designated</i>			18,694	79,201		
Total Expenses	3,919,737	4,886,962	5,379,011	5,307,011	(72,000)	-1.3%

Notable general fund budget change:

- Slight decrease in the overall expense budget primarily due to a drop in self-generated revenue.

Graduate School

Table 22: Graduate School General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	3,263,933	3,395,856	3,540,373	3,579,823	39,450	1.1%
Fringe benefits	610,859	657,366	726,671	740,887	14,216	2.0%
Financial aid	7,006,729	7,004,250	7,736,500	7,737,000	500	0.0%
Operating	189,480	181,617	139,540	113,352	(26,188)	-18.8%
Contingency	-	-	65,554	51,338	(14,216)	-21.7%
<i>University designated</i>			59,898	37,081		
<i>Unit designated</i>			5,656	14,257		
Total Expenses	11,071,001	11,239,089	12,208,638	12,222,400	13,762	0.1%

Notable general fund budget changes:

- In FY 2022, the Graduate School is reported separately from the Office of the Provost. Prior year expense and budget data is provided here for reference, but also shown under the Office of Provost for historic consistency.

Human Resources

Table 23: Human Resources General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	1,345,500	1,900,766	1,811,422	1,897,137	85,715	4.7%
Fringe benefits	383,904	557,035	575,382	589,401	14,019	2.4%
Financial aid	-	-	-	-	-	
Operating	254,101	215,370	186,680	186,680	-	0.0%
Contingency	-	-	105,163	63,272	(41,891)	-39.8%
<i>University designated</i>			96,089	63,272		
<i>Unit designated</i>			9,074	0		
Total Expenses	1,983,505	2,673,171	2,678,647	2,736,490	57,843	2.2%

Notable general fund budget changes:

- Salary and fringe benefit increase primarily represents internal staffing changes.

Kent School of Social Work

Table 24: Kent School General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	5,044,734	5,299,691	5,627,999	6,054,443	426,444	7.6%
Fringe benefits	1,236,831	1,291,707	1,476,306	1,624,533	148,227	10.0%
Financial aid	215,429	206,111	212,000	212,000	-	0.0%
Operating	413,777	477,459	389,486	531,452	141,966	36.4%
Contingency	-	-	346,119	329,492	(16,627)	-4.8%
<i>University designated</i>			301,316	197,303		
<i>Unit designated</i>			44,803	132,189		
Total Expenses	6,910,771	7,274,968	8,051,910	8,751,920	700,010	8.7%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: - \$1.7 million
- General university support: +\$2.2 million
- Self-generated revenues: +\$0.2 million

Notable general fund budget changes:

- Salary and fringe benefit increases are related to the following:
 - Hired new faculty and staff for the new Doctor of Social Work degree.
 - The Dean of Kent School of Social Work changed the compensation structure for Program Directors to 12-month appointments instead of supplemental payments to better represent year-round effort for program management.
- Increase in operating expense budget is tied to increased revenue and will be used for one-time expenses as needed to support the unit’s growth.
- “Tuition revenue allocations” decrease to correct an error in the FY 2021 budget; a corresponding increase is identified as an increase in “General university support”.

Law School

Table 25: Law School General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	5,398,911	5,583,039	5,707,625	5,530,025	(177,600)	-3.1%
Fringe benefits	1,476,907	1,442,372	1,593,271	1,625,644	32,373	2.0%
Financial aid	2,067,779	2,244,661	2,271,400	2,274,400	3,000	0.1%
Operating	1,924,928	1,830,001	1,602,732	1,624,876	22,144	1.4%
Contingency	-	-	471,611	273,591	(198,020)	-42.0%
<i>University designated</i>			430,920	273,591		
<i>Unit designated</i>			40,691	0		
Total Expenses	10,868,525	11,100,073	11,646,639	11,328,536	(318,103)	-2.7%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: - \$395,000
- General university support: + \$100,000
- Self-generated revenues: - \$ 23,000

Notable general fund budget changes:

- Expense budget decreases by \$318,000 primarily due to declining tuition revenue generated by the law school. The school will not fill a vacant position as a result.
- FY 2022 budget includes \$700,000 in university support—which is \$100,000 more than in FY 2021—to partially offset a projected tuition revenue decline.
- The law school plans to more fully utilize available gift and endowment funds in FY 2022 (which are non-general funds) to achieve an overall steady-state operating budget.

Libraries

Table 26: Libraries' General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	4,878,879	4,868,785	5,242,412	5,259,889	17,477	0.3%
Fringe benefits	1,721,195	1,692,530	1,861,914	1,906,724	44,810	2.4%
Financial aid	-	-	-	-	-	
Operating	10,229,965	10,294,709	9,252,767	10,015,794	763,027	8.2%
Contingency	-	-	768,610	491,517	(277,093)	-36.1%
<i>University designated</i>			702,294	450,666		
<i>Unit designated</i>			66,316	40,851		
Total Expenses	16,830,039	16,856,024	17,125,703	17,673,924	548,221	3.2%

Notable general fund budget changes:

- Most of the budget change is attributable to a \$522,000 increase in university support to help pay for rising journal subscription costs and other operational activities within University Libraries which was a priority item in the FY 2022 budget.
- University Libraries include: Archives & Special Collections, Art Library, Ekstrom Library, Kornhauser Health Sciences Library and Music Library.

Office for Health Affairs

Table 27: Office for Health Affairs General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	2,909,273	2,584,829	3,434,773	3,336,434	(98,339)	-2.9%
Fringe benefits	960,885	851,173	971,425	1,094,070	122,645	12.6%
Financial aid	25,638	26,000	69,810	133,544	63,734	91.3%
Operating	8,694,959	8,113,882	7,719,466	466,013	(7,253,453)	-94.0%
Contingency	-	113,789	620,268	214,385	(405,883)	-65.4%
<i>University designated</i>			566,751	163,033		
<i>Unit designated</i>			53,517	51,352		
Total Expenses	12,590,755	11,689,673	12,815,742	5,244,446	(7,571,296)	-59.1%

Notable general fund budget changes:

- Expense budget decreases by \$7.5 million due to a change in where hospital rent and an associated expense transfer are recognized. Instead of the general fund, the financial activity will now be recognized in a non-general fund account to more properly align it with other clinical and hospital revenues.
- These funds originate from University of Louisville Health and will be recognized as non-general funds under the University of Louisville Research Foundation.

Office of EVPRI

Table 28: Office of EVPRI General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	5,322,678	5,626,612	6,576,333	6,481,165	(95,168)	-1.4%
Fringe benefits	1,681,238	1,668,695	2,007,621	2,030,971	23,350	1.2%
Financial aid	11,357	30,546	40,531	46,488	5,957	14.7%
Operating	3,029,810	3,085,660	2,151,263	2,627,737	476,474	22.1%
Contingency	-	121,000	461,561	242,432	(219,129)	-47.5%
<i>University designated</i>			421,737	242,309		
<i>Unit designated</i>			39,824	123		
Total Expenses	10,045,082	10,532,514	11,237,309	11,428,793	191,484	1.7%

Notable general fund budget changes:

- Salary expense decrease due to transfer of staff to the Office of the COO.
- Operating cost increase reflects transfer of \$522,000 in Facilities and Administrative recovery funds to University Libraries.

Office of the COO

Table 29: Office of the COO General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	29,143,114	16,896,519	24,489,803	24,671,062	181,259	0.7%
Fringe benefits	10,284,105	6,635,465	9,274,524	9,947,686	673,162	7.3%
Financial aid	-	-	-	-	-	
Operating	11,904,020	9,279,112	6,464,112	8,304,313	1,840,201	28.5%
Contingency	-	-	1,693,676	1,171,826	(521,850)	-30.8%
<i>University designated</i>			1,547,545	891,135		
<i>Unit designated</i>			146,131	280,691		
Total Expenses	51,331,239	32,811,095	41,922,115	44,094,887	2,172,772	5.2%

Notable general fund budget changes:

- Salary and fringe benefits increase primarily due to the transfer of four staff members, and the associated budget, from the office of the Office of EVPRI.
- Operating expenses increase primarily due to budgeting parking-related debt service. In prior fiscal years, the Parking Office budgeted and generated a revenue surplus equal to the amount of debt service, but the debt service was paid from a central university account. Beginning in FY 2022, debt service expenses are budgeted and will be paid in Parking where the revenues are generated. (There is a corresponding budget decrease in a Central unit. See page 58.) This represents a shift of expense; it is not a new expense.

Office of the President

Table 30: Office of the President General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	4,266,749	5,476,396	5,990,748	6,217,726	226,978	3.8%
Fringe benefits	1,034,696	1,297,077	1,555,588	1,661,209	105,621	6.8%
Financial aid	66,368	69,405	73,500	73,500	-	0.0%
Operating	2,471,613	1,521,426	1,452,497	1,386,789	(65,708)	-4.5%
Contingency	-	-	395,690	358,882	(36,808)	-9.3%
<i>University designated</i>			361,550	217,562		
<i>Unit designated</i>			34,140	141,320		
Total Expenses	7,839,426	8,364,304	9,468,023	9,698,106	230,083	2.4%

Notable general fund budget changes:

- Salary and fringe benefit budget increases primarily due to a reorganization of communications staff from the Health Science Center to the Office of the President. This represents a shift of budget from one unit to another.

Office of the Provost

Table 31: Office of the Provost General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	20,882,307	29,619,755	28,091,379	24,261,860	(3,829,519)	-13.6%
Fringe benefits	5,869,790	8,387,805	8,360,386	7,768,864	(591,522)	-7.1%
Financial aid	52,834,116	54,625,853	56,414,915	48,607,716	(7,807,199)	-13.8%
Operating	9,705,868	11,533,203	12,159,283	11,457,184	(702,099)	-5.8%
Contingency	-	-	2,045,943	1,753,848	(292,095)	-14.3%
<i>University designated</i>			1,858,917	1,092,084		
<i>Unit designated</i>			187,026	661,764		
Total Expenses	89,292,081	104,166,617	107,071,906	93,849,472	(13,222,434)	-12.3%

Notable general fund budget changes:

- Decrease in the overall budget is primarily due to separately reporting the Graduate School and its \$12.2 million budget. (See “Graduate School” table on page 41.)
- In addition, the International Center will move from the Office of the Provost to Student Affairs in FY 2022 and represents another \$900,000 decrease in the FY 2022 budget relative to FY 2021.

School of Dentistry

Table 32: School of Dentistry General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	15,447,140	15,422,579	16,707,830	17,449,076	741,246	4.4%
Fringe benefits	4,576,769	4,472,934	4,959,161	5,166,535	207,374	4.2%
Financial aid	291,839	276,838	265,371	265,380	9	0.0%
Operating	1,814,293	4,371,884	2,620,955	4,088,707	1,467,752	56.0%
Contingency	-	-	1,323,296	641,157	(682,139)	-51.5%
<i>University designated</i>			973,682	641,157		
<i>Unit designated</i>			349,614	(0)		
Total Expenses	22,130,040	24,544,234	25,876,613	27,610,855	1,734,242	6.7%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: + \$1.8 million
- General university support: + \$0.0 million
- Self-generated revenues: + \$0.0 million

Notable general fund budget changes:

- Salary and wage expense increase primarily due to planned hiring of additional faculty in Comprehensive Dentistry, Rehab & Reconstructive Dentistry, Surgical & Hospital and Academic Support.
- Operating expenses increase, in large part, to fund the purchase of dental-related equipment.

School of Medicine

Table 33: School of Medicine General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	28,771,322	27,786,029	28,466,198	28,291,507	(174,692)	-0.6%
Fringe benefits	7,043,712	6,837,427	7,483,655	7,565,308	81,653	1.1%
Financial aid	704,777	711,693	608,046	1,572,243	964,197	158.6%
Operating	2,189,565	1,901,457	3,273,440	4,817,025	1,543,585	47.2%
Contingency	-	-	1,829,159	1,110,623	(718,536)	-39.3%
<i>University designated</i>			1,562,138	1,018,973		
<i>Unit designated</i>			267,021	91,650		
Total Expenses	38,709,376	37,236,605	41,660,498	43,356,706	1,696,207	4.1%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: + \$1.4 million
- General university support: + \$0.1 million
- Self-generated revenues: + \$0.3 million

Notable general fund budget changes:

- Approximately \$1.5 million increase in general operating expenses is associated with rising costs and includes a shift from unit contingency due to reducing the set aside requirement from 5 percent to 3 percent.

School of Music

Table 34: School of Music General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	4,892,554	5,101,357	5,027,544	4,925,791	(101,753)	-2.0%
Fringe benefits	1,412,542	1,427,098	1,512,133	1,502,423	(9,710)	-0.6%
Financial aid	770,217	738,111	867,009	897,160	30,151	3.5%
Operating	432,593	370,680	305,816	478,875	173,059	56.6%
Contingency	-	-	384,863	179,691	(205,172)	-53.3%
<i>University designated</i>			295,690	179,691		
<i>Unit designated</i>			89,173	(0)		
Total Expenses	7,507,905	7,637,246	8,097,365	7,983,940	(113,425)	-1.4%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: - \$ 65,000
- General university support: + \$ 15,000
- Self-generated revenues: - \$ 63,000

Notable general fund budget changes:

- Salary and wage expenses decrease due to a decision to delay two faculty searches to FY 2023 and apply those dollars to fund one-time operating expenses instead.
- The unit plans to conduct faculty searches in FY 2022 for the two strategic faculty positions that will start in FY 2023.

School of Nursing

Table 35: School of Nursing General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	5,352,354	5,474,649	4,406,867	5,447,996	1,041,129	23.6%
Fringe benefits	1,460,563	1,335,141	1,155,347	1,488,874	333,527	28.9%
Financial aid	(500)	(800)	-	-	-	
Operating	350,512	295,588	356,464	572,927	216,463	60.7%
Contingency	-	-	980,534	177,104	(803,430)	-81.9%
<i>University designated</i>			302,928	174,668		
<i>Unit designated</i>			677,606	2,436		
Total Expenses	7,162,929	7,104,578	6,899,212	7,686,901	787,689	11.4%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: + \$740,000
- General university support: + \$ 27,000
- Self-generated revenues: + \$ 25,000

Notable general fund budget changes:

- Salary and wage expense increase split between faculty and staff including new hires in education, research, and administrative support.
- The increase in the operating expense is due to the lower minimum contingency requirement in FY22 and shifting budget to operating expenses.

School of Public Health and Information Sciences

Table 36: School of Public Health and Information Sciences General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	2,705,216	3,081,113	3,116,741	3,981,257	864,516	27.7%
Fringe benefits	665,802	759,481	840,669	1,076,555	235,886	28.1%
Financial aid	44,244	15,335	30,249	69,974	39,725	131.3%
Operating	220,087	163,065	189,799	204,713	14,914	7.9%
Contingency	-	-	207,411	839,992	632,581	305.0%
<i>University designated</i>			160,180	142,977		
<i>Unit designated</i>			47,231	697,015		
Total Expenses	3,635,351	4,018,994	4,384,869	6,172,491	1,787,622	40.8%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: + \$1.4 million
- General university support: + \$0.4 million
- Self-generated revenues: - \$0.0 million

Notable general fund budget changes:

- Increase in tuition due to growing market demand for degrees in public health.
- Salary and wage expense increase due, in part, to support enrollment growth and includes:
 - An additional \$400,000 in faculty salaries in Health Promotion and Behavioral Science and Health Management and System Science
 - An additional \$450,000 in staff salaries in Public Health.
- General university support increase of \$400,000 is primarily related to previous commitments made to the school.
- Contingency increase of \$600,000 for FY 22, which is approximately \$700,000 more than the minimum 3 percent required.

Speed School

Table 37: Speed School General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	18,940,561	19,569,543	20,191,352	20,610,207	418,855	2.1%
Fringe benefits	4,946,810	4,876,193	5,457,962	5,610,911	152,949	2.8%
Financial aid	313,065	357,514	221,997	226,419	4,422	2.0%
Operating	2,835,928	2,490,760	1,915,638	2,457,197	541,559	28.3%
Contingency	-	-	1,204,660	672,578	(532,082)	-44.2%
<i>University designated</i>			1,051,839	672,578		
<i>Unit designated</i>			152,821	(0)		
Total Expenses	27,036,364	27,294,010	28,991,609	29,577,312	585,703	2.0%

The school’s general fund expense budget is determined by the amount of revenues attributed to the unit. The expense budget change from FY 2021 to FY 2022 is due to:

- Tuition revenue allocations: + \$433,000
- General university support: + \$399,000
- Self-generated revenues: - \$246,000

Notable general fund budget changes:

- Salary and fringe benefit increases due to hiring additional faculty in the Cybersecurity, Robotics and Research programs.
- Operating expense increase primarily reflects a shift from the contingency budget due to a decrease in the minimum contingency level from 5 percent to 3 percent.

Student Affairs

Table 38: Student Affairs General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	5,525,365	5,686,804	6,591,205	7,306,156	714,951	10.8%
Fringe benefits	1,618,413	1,611,854	1,906,073	2,217,086	311,013	16.3%
Financial aid	916,055	903,885	806,926	910,168	103,242	12.8%
Operating	6,205,866	6,030,111	6,810,083	12,036,695	5,226,612	76.7%
Contingency	-	-	753,765	442,313	(311,452)	-41.3%
<i>University designated</i>			677,514	442,313		
<i>Unit designated</i>			76,251	(0)		
Total Expenses	14,265,700	14,232,654	16,868,052	22,912,418	6,044,366	35.8%

- Housing rates will not increase in FY 2022 (see Table 7)
- Housing accounts for approximately \$8.2 million of the total general fund budget for the Office of Student Affairs.

Notable general fund budget changes:

- Operating expenses increase by \$5.2 million due to:
 - About \$3 million increase due to budgeting debt service in FY 2022. In previous years, the debt service budget was set up as a revenue surplus and the expense was budgeted in a central university department. The debt service is now budgeted with the corresponding revenue.
 - About \$900,000 increase due to reorganization of International Center from the Office of the Provost in FY 2022.
 - About \$600,000 increase due to reorganization of the Student Center Building allocation in FY 2022. In previous years, this was budgeted in a central university department.
 - About \$200,000 increase due to commitment to Title IX.

University-wide (Utilities, Debt Service, Insurances)

Table 39: Debt Service, Utilities, and Other Central Activity General Fund Summary

	General Funds				Year over Year	
	Actual FY 2019	Actual FY 2020	Budget FY 2021	Budget FY 2022	\$ Change	% Change
Salaries and wages	487,704	(104,277)	500,468	932,452	431,984	86.3%
Fringe benefits	329,745	677	38,292	128,400	90,108	235.3%
Financial aid	358,037	340,383	-	-	-	
Operating	53,059,967	54,291,661	53,844,790	45,753,344	(8,091,446)	-15.0%
Contingency	-	-	-	-	-	
<i>University designated</i>						
<i>Unit designated</i>						
Total Expenses	54,235,452	54,528,444	54,383,550	46,814,196	(7,569,354)	-13.9%

Notable general fund budget changes:

- Operating expense decrease is associated with relocating \$3.9 million in debt service expense budgets. Prior to FY 2022, debt service for parking, the Student Activity Center, and the Student Rec Center were budgeted centrally, but the revenues used to pay the debt service were recorded in Student Affairs and Parking. This change aligns revenues and expenses within the unit responsible for the debt service payment.
- Refinancing of the Student Rec Center debt lowered debt service payments for one year and accounts for an additional \$1.9 million in lower operating expenses.
- Utility expenses decrease by another \$1.3 million decrease.

NON-GENERAL FUND OVERVIEW

The university’s non-general fund budget represents activities tied to specific purposes such as grants, gifts and endowments, clinical operations, and athletics. They are self-balancing activities in that their expenses are also constrained by external requirements. Revenue and expense plans are developed and budgeted on an account-by-account basis and predicated upon the estimated activity for each account’s funding source and expense requirements.

Most non-general fund revenues flow through the university’s two affiliated corporations: University of Louisville Research Foundation, Inc. (ULRF) and the University of Louisville Athletic Association, Inc. (ULAA). Table 40 presents the non-general fund expense budget, including ULRF and ULAA, along with anticipated gift and endowment expenses, and other internally designated fund activities. For FY 2022, the university’s non-general fund budget totals \$796.6 million, a \$88.2 million increase from FY 2021.

Table 40: Non-general Fund Revenue and Expense Budget for FY 2022

	Research Foundation	Athletics	Gifts and Endowments	Internally Designated	Total Non-general
Revenues					
Tuition and Fees					0
State Funds					0
Transfers to General Fund					0
Auxiliaries					0
Clinical (including Hospital)	341,438,891				341,438,891
CARES / Federal Relief Funds	22,000,000				22,000,000
Sponsored Agreements	151,000,000				151,000,000
Pass Through Financial Aid	46,790,000				46,790,000
Other Revenue	30,129,260	107,700,000	56,376,651	18,726,327	212,932,238
Total Fiscal Year Revenues	591,358,151	107,700,000	56,376,651	18,726,327	774,161,129
Funds Received in Prior Periods	9,817,255			12,624,145	22,441,401
Total Funding Available	601,175,406	107,700,000	56,376,651	31,350,472	796,602,530
Expenditures					
Salary	256,092,408	37,921,932	19,375,125	4,286,161	317,675,626
Fringe Benefits	57,646,573	7,095,355	3,507,077	1,105,887	69,354,892
Operating	199,378,797	37,676,595	25,275,109	16,797,343	279,127,844
Scholarships	65,593,273	15,889,072	8,219,340	1,446,800	91,148,485
Capital Asset plus Debt Service				7,714,281	7,714,281
Transfers to General Fund	22,464,356	8,314,846			30,779,202
Utilities		802,200			802,200
Total Expenditures	601,175,406	107,700,000	56,376,651	31,350,472	796,602,529
Budget Surplus/(Deficit)	0	0	0	0	0

Non-general Fund Revenues

Notable sources of non-general fund revenue increases include:

- \$22 million from federal coronavirus relief funds accounts for a significant portion of the non-general fund budget increase;
- \$20 million increase in expected sponsored research, including Facilities and Administrative overhead recovery;
- \$10 million increase in clinical and hospital revenues due, in large part, to additional ULH mission support; and
- \$2.8 million expected increase in pass-through federal and state student financial aid.

Revenues received in previous fiscal years for which a corresponding expense was not incurred are recognized as “Prior Year Funds” in the FY 2022 budget if an expense is anticipated. Revenues can only be counted once, which is why these funds are separately identified in the budget. All expenses associated with Prior Year Funds are one-time in nature, corresponding to the one-time nature of the funds. Requests to budget Prior Year Funds are carefully examined, and their use is monitored on a regular basis throughout the fiscal year.

The FY 2022 non-general fund expense budget includes \$22.4 million in Prior Year Funds. These dollars will be used to fund one-time expenses including \$1.7 million to fund faculty start-up packages including lab equipment, for example.

Non-general funds include \$22.4 million in Prior Year Funds. Table 41 shows, by activity, how those dollars are expected to be deployed in FY 2022. Most expenses represent improvements to physical plant (e.g., lab, classroom, or office repairs/renovations). In many cases, units accumulate (or save) dollars over a period of years to complete these projects. These are one-time expenses.

Table 41: Use of Prior Year Funds (Non-general Funds)

Activity	FY 2022
Grant-related	(3,603,332)
Plant funds	(6,681,011)
Clinical/Hospital	(3,970,356)
Faculty Start-up	(1,735,154)
Gain-share	(1,503,521)
Special Purpose	(4,948,027)
Total	(\$22,441,401)

Non-general Fund Expenditures

Non-general fund budgets are self-balancing, meaning that expenditures match available resources. Most non-general fund activities including, for example, sponsored research funding are impacted by numerous factors outside of the university’s control. Federal appropriations for research serve to expand or contract the amount of available research funding. Likewise, gift and endowment funds are dependent upon donors, market returns, and the University of Louisville Foundation spend policy decisions. In FY 2022, the University of Louisville Foundation board set a 3 percent spend policy rate. The total amount of endowment spend policy increased by about \$3 million relative to FY 2021 due, in part, to improved market returns but also a decrease in the number of endowments that had constrained spend policies due to being “underwater” (i.e., having a market value below the book value).

Table 42 presents a unit-by-unit detail of FY 2022 budgets by general and non-general fund categories.

Table 42: FY 2022 Operating Expenditure Budget by Unit and Funding Source

	FY 2021	FY 2022 Budget					All Funds
	Budget	General Funds	UL Research Foundation	Athletics	Gifts and Endowments	Internally Designated	
Office of the President	9,468,023	9,698,106	2,265,587		3,646,479	496,728	16,106,900
Intercollegiate Athletics	2,143,519	1,982,060	0	107,700,000	19,851	0	109,701,911
Vice President for Finance	5,379,011	5,307,011	318,348		0	65,000	5,690,359
Human Resources	2,678,647	2,736,490	42,831		0	0	2,779,321
COO/Physical Plant	41,922,115	44,094,887	2,365,733		91,065	5,496,067	52,047,752
Audit Services	1,812,068	1,826,972	25,249		0	0	1,852,221
Office of the Provost	94,863,268	93,849,472	47,009,447		2,295,563	2,706,131	145,860,613
Executive Vice President for Research	11,237,309	11,428,793	4,808,964		1,338,179	625,000	18,200,936
Vice President for Student Affairs	16,868,052	22,912,418	100,873		333,287	3,946,801	27,293,379
Vice President for University Advancement	1,011,285	1,011,285	1,482,812		6,495,424	7,500	8,997,021
Vice President for Community Engagement	814,557	814,557	435,312		13,901	3,100	1,266,870
University Libraries	17,125,703	17,673,924	492,906		1,342,183	868,423	20,377,436
College of Arts & Sciences	67,173,824	65,546,289	907,339		2,675,997	3,226,276	72,355,901
J.B. Speed School of Engineering	28,991,609	29,577,312	3,252,925		4,106,482	1,429,772	38,366,491
College of Business	28,561,466	31,702,243	5,584,711		3,637,279	1,600,905	42,525,138
College of Education and Human Development	20,786,086	21,316,643	613,397		874,054	1,385,335	24,189,429
Kent School of Social Work	8,051,910	8,751,920	1,986,866		241,633	11,089	10,991,508
Brandeis School of Law	11,646,639	11,328,536	2,414,016		855,738	0	14,598,290
School of Music	8,097,365	7,983,940	36,614		964,486	119,503	9,104,543
School of Interdisciplinary and Graduate Studies	12,208,638	12,222,400	32,357		3,486	100,000	12,358,243
Executive Vice President for Health Affairs	12,815,742	5,244,446	71,520,757		223,943	25,240	77,014,386
School of Dentistry	25,876,613	27,610,855	27,017,677		753,353	21,200	55,403,085
School of Medicine	41,660,498	43,356,706	392,761,952		25,363,984	8,948,071	470,430,713
School of Nursing	6,899,212	7,686,901	5,741,236		757,383	152,874	14,338,394
School of Public Health and Information Sciences	4,384,869	6,172,491	7,932,891		342,901	115,457	14,563,739
Debt Service, Utilities, Insurances, etc.	54,383,550	46,814,196	22,024,608	0	0	0	68,838,804
Total Expenditures	536,861,578	538,650,852	601,175,406	107,700,000	56,376,651	31,350,472	1,335,253,382

RECOMMENDATION TO THE BOARD OF TRUSTEES
REGARDING THE FINANCING OF RESEARCH LABORATORY EQUIPMENT

Finance and Budget Committee – June 24, 2021
Executive and Compensation Committee – June 24, 2021

RECOMMENDATION:

The President recommends the Board of Trustees approve financing of \$560,000 for research laboratory equipment over a three (3) year lease arrangement, at rate of 1.77%, as described in the form [attached](#).

BACKGROUND:

The Speed school has Core laboratory facilities that are utilized for research. The facilities are open for and utilized by the University's full research community, as opposed to individual research labs. The PlasmaPro 100 is categorized as a "work-horse tool", used for very precise and specific etching into silicon wafers. This tool is an important part of the Core laboratories and enables about \$20 million of research activities annually. The purchase is to replace an aging tool that has become cost prohibitive to maintain. The sources for annual lease payment obligations of \$192,491 have been identified and verified from within the Speed school.

COMMITTEE ACTION:

Passed _____ X _____
Did Not Pass _____
Other _____

Signature on file
Assistant Secretary

BOARD ACTION:

Passed _____ X _____
Did Not Pass _____
Other _____

Signature on file
Assistant Secretary

University of Louisville
Master Capital Lease Draw
Speed School
June 24, 2021

Terms:

Financed balance	\$	560,000
Rate		1.77%
Period		36 months
Payment frequency		Twice annually

The Speed school has Core laboratory facilities that are utilized for research. The facilities are open for and utilized by the University's full research community, as opposed to individual research labs. The PlasmaPro 100 is categorized as a "work-horse tool", used for very precise and specific etching into silicone wafers. This tool is an important part of the Core laboratories and enables about \$20M of research activities annually. The purchase is to replace an aging tool that has become cost prohibitive to maintain.

Cost of Asset

Purchase Price	\$	699,900.00
installation cost	\$	50,100.00
Total cost	\$	<u>750,000.00</u>

Payment of Asset

Initial payment funded from Department	\$	190,000.00
Financed from Master Lease arrangement	\$	560,000.00
	\$	<u>750,000.00</u>

Annual payments with interest are expected to be as follows:

	principal	interest	total
FY2022	\$ 183,387	\$ 9,104	\$ 192,491
FY2023	\$ 186,647	\$ 5,844	\$ 192,491
FY2024	\$ 189,966	\$ 2,525	\$ 192,491
	\$ 560,000	\$ 17,473	\$ 577,473



RESEARCH EQUIPMENT FINANCE PROPOSAL

Lessor First American Education Finance
255 Woodcliff Drive, Fairport, NY 14450

Lessee University of Louisville
2301 South Third Street, Louisville, KY 40292

Project Description Deep Reactive Ion Etching System

Draw Amount \$560,000.00

Pricing Summary

Lease Type	Tax-Exempt Lease Purchase (TELP)
Payment Frequency	Semi-Annual, Arrears
Lease Term	36 Months
Implicit Lease Rate	1.77%

Additional Fees None

TELP At the end of a Tax-Exempt Lease Purchase, you will own the equipment. The terms of the lease will be evidenced by documents usual and customary for a Tax-Exempt Lease Purchase, including an IRS 8038-G form. The lease documents must be acceptable to you and your counsel, who will provide an opinion that the lease is valid, binding, and enforceable.

Escrow Agreement Lessor will establish an Internal Escrow account for Lessee. There will be no fee assessed to Lessee for establishing the Internal Escrow account. All interest earnings shall be retained by Lessee in consideration of managing the Internal Escrow account

Lease Payments The lease schedules will begin on the day you accept the equipment. Lease payments will be due semi-annually, in arrears and on the 15th day of the month invoiced.

Lease Rates Your rates are based on the three (3) year swap of 0.41% (referred to as the Index Rate) as of May 26, 2021. Your rate may be adjusted proportionately for any change in the Index Rate prior to funding and will be fixed for the duration of the lease term.

FA | Experience You will have access and visibility into all aspects of your equipment leases and project financing through FA | Experience – the digital hub that expedites the funding process, puts you in control, and manages all information related to your account.

Concierge Service Your dedicated Project Manager will manage every step of your lease:

- Project communication
- Lease documentation
- Vendor payment
- Lease invoicing
- Equipment tracking, reporting and more



You authorize First American to file and record financing statements regarding this transaction and take a first priority security interest in the equipment and deposits. You will be responsible for any purchase orders issued by First American on your behalf.

The terms and conditions of this proposal, except for the provisions concerning security interests and the good faith deposit, will be superseded by the final documentation for each lease schedule. This proposal is not a commitment. First American will only provide lease financing upon the satisfactory completion of its due diligence and mutually acceptable documentation.

First American welcomes the opportunity to serve your school. This proposal expires on June 9, 2021. To accept, please sign below electronically.

Offered by:
First American Education Finance

DocuSigned by:
Nick Borkowski
014199A6B3AE400...
Nick Borkowski
Vice President
May 26, 2021

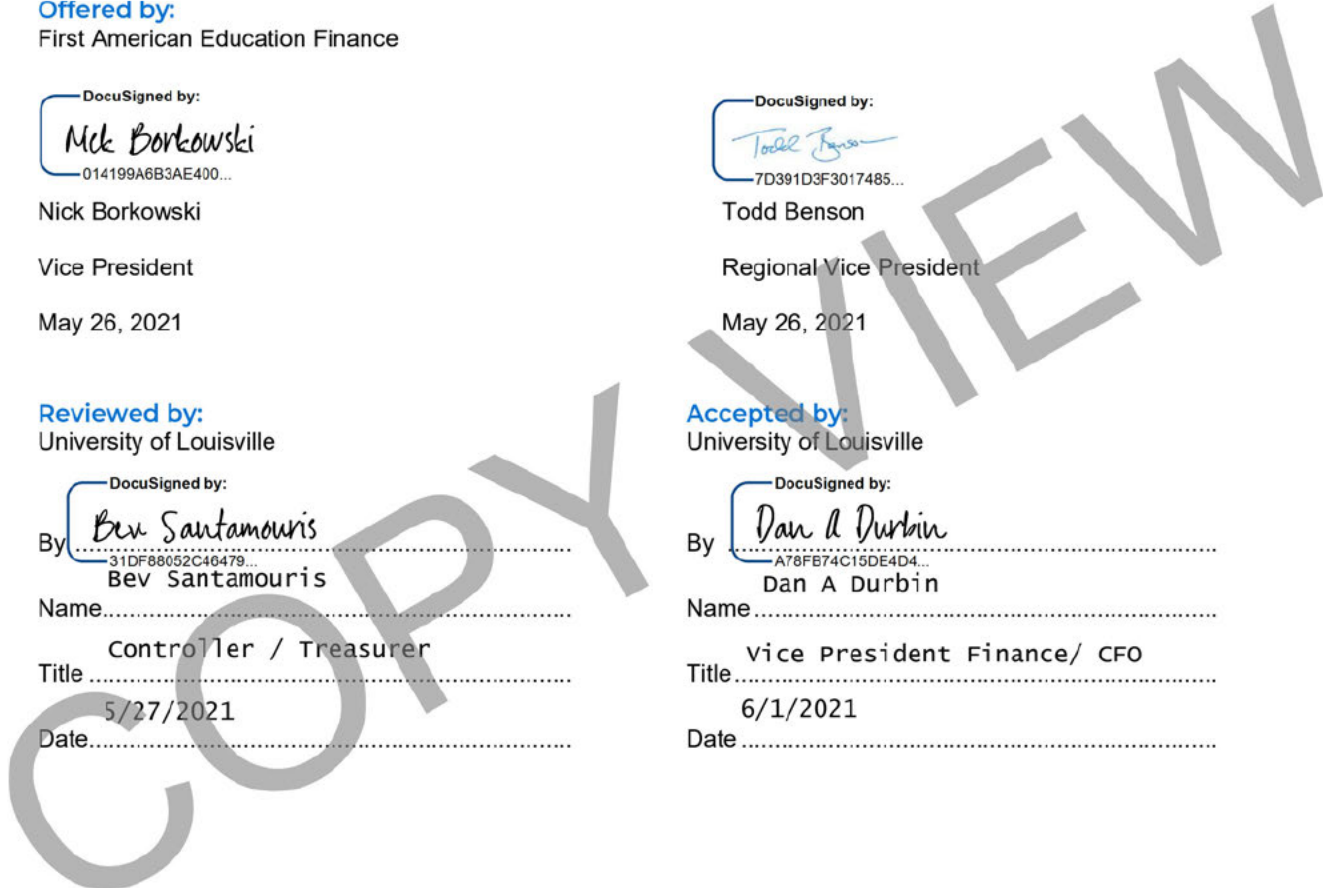
DocuSigned by:
Todd Benson
7D391D3F3017485...
Todd Benson
Regional Vice President
May 26, 2021

Reviewed by:
University of Louisville

DocuSigned by:
Bev Santamouris
31DF88052C40479...
By *Bev Santamouris*
Name.....
Controller / Treasurer
Title.....
5/27/2021
Date.....

Accepted by:
University of Louisville

DocuSigned by:
Dan A Durbin
A78F874C15DE4D4...
By *Dan A Durbin*
Name.....
Vice President Finance/ CFO
Title.....
6/1/2021
Date.....



EQUIPMENT SCHEDULE NO. 01

This **Equipment Schedule No. 01** is entered into as of the Commencement Date set forth below, pursuant to that certain Master Lease/Purchase Agreement dated as of April 21, 2021 (the "Master Agreement") between CN FINANCING, INC. ("Lessor") and UNIVERSITY OF LOUISVILLE ("Lessee").

1. *Interpretation.* The terms and conditions of the Master Agreement are incorporated herein by reference as if fully set forth herein. Reference is made to the Master Agreement for all representations, covenants and warranties made by Lessee in the execution of this Equipment Schedule. In the event of a conflict between the provisions of the Master Agreement and the provisions of this Equipment Schedule, the provisions of this Equipment Schedule shall control. All capitalized terms not otherwise defined herein shall have the meanings provided in the Master Agreement.
2. *Commencement Date.* The Commencement Date for this Equipment Schedule is _____.
3. *Lease Term.* The Lease Term shall be for thirty six (36) months, such Lease Term to commence on the Commencement Date and terminate upon payment of the final Payment set forth in Exhibit A attached hereto or the exercise of the prepayment option described herein, unless terminated sooner pursuant to the Master Agreement or this Equipment Schedule.
4. *Equipment Description and Payment Schedule.* The Equipment subject to this Equipment Schedule is described in Exhibit A hereto. Lessee shall not remove such property from the locations set forth therein without giving prior written notice to Lessor. Lessee shall pay Lessor the Payments set forth in Exhibit A hereto on or before the applicable Due Date.
5. *Disbursement of Proceeds.* (a) In order to assure the availability of moneys to pay the cost of the Equipment, Lessee has requested that Lessor, or one of Lessor's affiliates on behalf of Lessor, establish an escrow account (the "Account") on the books of Lessor or such affiliate for the benefit of Lessee to be used to pay the cost of the Equipment. Lessor shall deposit in the Account the entire amount of the proceeds of this Equipment Schedule to be disbursed to (or at the direction of) Lessee to pay or reimburse the cost of the Equipment upon receipt of a Payment Request Form attached hereto as Exhibit B, executed by Lessee and fully completed and with all supporting documents described therein attached thereto.

(b) Interest under this Equipment Schedule shall begin to accrue on the entire amount of the proceeds hereof when deposited in the Account.

(c) No disbursement shall be made from the Account if a Default, an Event of Default or an Event of Nonappropriation has occurred, and upon the occurrence of any Event of Default or Event of Nonappropriation, Lessor may apply the entire amount remaining in the Account against Lessee's payments due under this Equipment Schedule in the inverse order of maturity.

(d) On the earlier of January 1, 2023 and the date that the last disbursement from the Account has been made, the entire amount remaining in the Account shall be applied against Lessee's payments due under this Equipment Schedule in the inverse order of maturity.

(e) Funds in the Account will not be segregated from Lessor's or any of Lessor's affiliates' other funds and may be commingled therewith. Investment earnings on the Account shall be retained by Lessor in consideration of establishing and managing the Account. Lessor shall keep a record of all investment earnings on the Account and disbursements from the Account and shall provide such record to Lessee upon receipt of request from Lessee but not more often than once a month.

(f) Lessee reasonably expects to use the entire amount of the proceeds of this Equipment Schedule. Lessee agrees to calculate and pay the rebate, if any, due to the United States under Section 148(f) of the Code with respect to moneys and investments held in the Account. The rebate requirement with respect to this Equipment Schedule will be met if (i) pursuant to Section 1.148-7(c) of the Treasury Regulations all of the proceeds are spent within six months or (ii) pursuant to Section 1.148-7(d) of the Treasury Regulations the proceeds are spent in accordance with the following schedule; (A) 15% within six months, (ii) 60% within twelve months and (C) 100% within 18 months.
6. *Additional Prepayment Provisions.* Lessee may prepay its obligations hereunder in full (but not in part) on any date by paying the sum of the amount so designated for such date in the Payment Schedule and all other amounts due hereunder.
7. Upon Lessor's request, Lessee agrees to provide Lessor with an opinion of counsel, an incumbency certificate and other documents that Lessor may request, with all such documents being in a form satisfactory to Lessor.

[Non-Bank Qualified Tax-Exempt Obligation: Lessee hereby designates this Equipment Schedule as a “non-qualified tax-exempt obligation” as defined in Section 265(b)(3)(B) of the Code. Lessee reasonably anticipates issuing tax-exempt obligations (excluding private activity bonds other than qualified 5XX(c)(3) bonds and including all tax-exempt obligations of subordinate entities of Lessee) during the calendar year in which the funding date of this Equipment Schedule falls, in an amount exceeding \$10,000,000.00.]

IN WITNESS WHEREOF, Lessor and Lessee have caused this Equipment Schedule to be executed in their names by their duly authorized representatives as of the Commencement Date above.

Accepted By Lessee:		Accepted By Lessor:	
UNIVERSITY OF LOUISVILLE		CN FINANCING, INC.	
By:		By:	
<div style="border: 2px solid black; padding: 5px; text-align: center;"> <p>CONFIDENTIAL SAMPLE</p> <p>The information contained herein is confidential and for the sole use of the persons to whom it is delivered. It may not be reproduced in whole or in part, without the express written permission of First American Commercial Bancorp, Inc. Such permission must also be obtained prior to discussing or disclosing copies of the contents hereof with any person or entity other than First American Commercial Bancorp, Inc.</p> </div>			
		Name:	
		Dan Durbin	
Title:		Date:	
Vice President for Finance and Administration & Chief Financial Officer			

EXHIBIT A TO EQUIPMENT SCHEDULE

EQUIPMENT DESCRIPTION AND PAYMENT SCHEDULE

Re: **Equipment Schedule No. 01** dated _____ to Master Lease/Purchase Agreement No. 20210278 dated April 21, 2021 between CN FINANCING, INC. and UNIVERSITY OF LOUISVILLE

The Equipment is described as follows: The Equipment as more fully described in Appendix 1 incorporated herein by reference and attached hereto.

EQUIPMENT LOCATION: See attached Appendix 1 to Exhibit A

Payment Schedule

Total Principal Amount: \$560,000.00

Interest Rate: 1.77%

Payment No.	Due Date	Payment	Principal	Interest	Prepayment Price
1	1/1/2022	\$96,245.52	\$91,289.59	\$4,955.93	\$481,227.60
2	7/1/2022	\$96,245.52	\$92,097.49	\$4,148.03	\$384,982.08
3	1/1/2023	\$96,245.52	\$92,912.54	\$3,332.98	\$288,736.56
4	7/1/2023	\$96,245.52	\$93,734.81	\$2,510.71	\$192,491.04
5	1/1/2024	\$96,245.52	\$94,564.35	\$1,681.17	\$96,245.52
6	7/1/2024	\$96,245.52	\$95,401.22	\$844.30	\$0.00

Accepted By Lessee:		Accepted By Lessor:	
UNIVERSITY OF LOUISVILLE		CN FINANCING, INC.	
By:		By:	
<div style="border: 2px solid black; padding: 5px; text-align: center; color: red; font-weight: bold;">CONFIDENTIAL SAMPLE</div> <p>The information contained herein is confidential and for the sole use of the persons to whom it is delivered. It may not be reproduced in whole or in part, without the express written permission of First American Commercial Bancorp, Inc. Such permission must also be obtained prior to discussing or disclosing copies of the contents hereof with any person or entity other than First American Commercial Bancorp, Inc.</p>			
		Name:	
		Dan Durbin	
Title:		Date:	
Vice President for Finance and Administration & Chief Financial Officer			

APPENDIX 1 TO EXHIBIT A

EQUIPMENT DESCRIPTION

Re: **Equipment Schedule No. 01** dated _____ to Master Lease/Purchase Agreement No. 20210278 dated April 21, 2021 between CN FINANCING, INC. and UNIVERSITY OF LOUISVILLE

Equipment Location: University of Louisville Campus, Louisville, KY 40292

Quantity	Description
1	PlasmaPro 100 Estrelas Deep Reactive Ion Etching System
1	Value Added Services provided by Plasma Technology as further described on Quotation No. Q02831.3

Accepted By Lessee:		Accepted By Lessor:	
UNIVERSITY OF LOUISVILLE		CN FINANCING, INC.	
By:		By:	
<div style="border: 2px solid black; padding: 5px; margin: 10px auto; width: 80%;"> <p style="color: red; font-weight: bold; margin: 0;">CONFIDENTIAL SAMPLE</p> <p style="font-size: small; margin: 0;">The information contained herein is confidential and for the sole use of the persons to whom it is delivered. It may not be reproduced in whole or in part, without the express written permission of First American Commercial Bancorp, Inc. Such permission must also be obtained prior to discussing or disclosing copies of the contents hereof with any person or entity other than First American Commercial Bancorp, Inc.</p> </div>			
		Name:	
		Dan Durbin	
Title:		Date:	
Vice President for Finance and Administration & Chief Financial Officer			

EXHIBIT B TO EQUIPMENT SCHEDULE

PAYMENT REQUEST FORM

CN Financing, Inc.
 225 Woodcliff Drive
 Fairport, NY 14450

Re: **Equipment Schedule No. 01** dated _____ to Master Lease/Purchase Agreement No. 20210278 dated April 21, 2021 between CN FINANCING, INC. and UNIVERSITY OF LOUISVILLE

Ladies and Gentlemen:

Capitalized terms used herein and not defined shall have the meanings assigned to them in the Master Agreement and the Equipment Schedule.

Lessee hereby requests that Lessor or its applicable affiliate pay from the Account to the following party or parties as set forth below:

Payee	Address	Amount to be Paid
		\$
		\$
		\$

In accordance with the Master Agreement and the Equipment Schedule, Lessee hereby certifies and represents to, and agrees with Lessor as follows:

- (1) The Equipment subject to this Payment Request Form comprises a portion of the Equipment under the Equipment Schedule and has been acquired, made, delivered, installed and accepted on the date indicated below.
- (2) Lessee has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes.
- (3) No Default, Event of Default or Event of Nonappropriation (as such terms are defined in the Master Agreement) exists at the date hereof.
- (4) The payments to be made to the payees set forth above are for the acquisition of the Equipment described above, or reimbursement to Lessee therefor, and the payments have not been the basis for a prior request that has been paid.
- (5) All of Lessee's representations, covenants and warranties contained in the Master Agreement and the Equipment Schedule were true and accurate in all material respects as of the date made, and remain true and accurate in all material respects as of the date of this Payment Request Form, and Lessee has fully and satisfactorily performed all of its covenants and obligations to date required under the Master Agreement and the Equipment Schedule.
- (6) Lessee understands that Lessor is relying on the certifications herein with regard to and in connection with approving the disbursement requested hereby.
- (7) **Please indicate if this Payment Request Form relates to the final disbursement from the Account:**
 __ Yes __ No.

If this Payment Request Form relates to the final disbursement from the Account, Lessee confirms that it has accepted all Equipment.

- (8) **Please indicate if this Payment Request Form reimburses Lessee for any payment or payments previously made by Lessee: __Yes __No.**

If this Payment Request Form requests such a reimbursement, the payment or payments for any obligations originally paid by Lessee, for federal income tax purposes, was after _____.

- (9) **Lessee attaches hereto the following items:**

(a) **invoices and/or bills of sale** relating to the Equipment and, if such invoices have been paid by Lessee, evidence of payment thereof; and

(b) an **insurance certificate** in the form required by the Master Agreement if such insurance certificate has not been previously provided by Lessee to Lessor.

Acceptance Date: _____

Accepted By Lessee: UNIVERSITY OF LOUISVILLE	
By:	
Name: Dan Durbin	CONFIDENTIAL SAMPLE The information contained herein is confidential and for the sole use of the persons to whom it is delivered. It may not be reproduced in whole or in part, without the express written permission of First American Commercial Bancorp, Inc. Such permission must also be obtained prior to discussing or disclosing copies of the contents hereof with any person or entity other than First American Commercial Bancorp, Inc.
Title: Vice President for Finance and Administration & Chief Financial Officer	

RECOMMENDATION TO THE UNIVERSITY OF LOUISVILLE
BOARD OF TRUSTEES CONCERNING AN AMENDMENT
TO THE 403(B) RETIREMENT PLAN

Board of Trustees – June 24, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees approve an amendment to the university's 403(b) retirement plan, as described in the [attached](#) resolution.

COMMITTEE ACTION:

Passed X

Did Not Pass _____

Other _____


Signature on file
Assistant Secretary

BOARD ACTION:

Passed X

Did Not Pass _____

Other _____


Signature on file
Assistant Secretary

**AMENDMENT TO THE
UNIVERSITY OF LOUISVILLE 403(B) RETIREMENT PLAN**

THIS AMENDMENT by the University of Louisville (the “*University*”).

W I T N E S S E T H:

WHEREAS, the University maintains the University of Louisville 403(b) Retirement Plan (the “*Plan*”);

WHEREAS, the COVID-19 pandemic caused unprecedented disruption of the operations of the University and created fiscal uncertainty for the University;

WHEREAS, given the COVID-19 disruption, the University determined a need to modify the Plan to stop employer contributions to the Plan for a three-month period from May, 1, 2020 through July 31, 2020, enabling the University to maintain a balanced budget and meet its financial obligations;

WHEREAS, the University determined that it was able, consistent with prudent financial planning and budgeting, to restore a portion of the employer contributions to the Plan for the five-month period from August 1, 2020 through December 31, 2020;

WHEREAS, the University further determined that it was able, consistent with prudent financial planning and budgeting, to maintain that level of the employer contributions to the Plan for an additional three-month period from January 1, 2021 through March 31, 2021;

WHEREAS, the University further determined that it was able, consistent with prudent financial planning and budgeting, to restore an additional portion of the employer contributions to the Plan for the five-month period from February 1, 2021 through June 30, 2021;

WHEREAS, the University has determined that, consistent with prudent financial planning and budgeting, it is able to make a further increase in the level of the employer contributions to the Plan beginning July 1, 2021; and

WHEREAS, under the provisions of the Plan, the University retains the right to modify, alter, amend or terminate the Plan at any time and may choose to reduce the employer contribution to the Plan at any time;

NOW, THEREFORE, effective as of July 1, 2021, the University hereby amends the Plan as follows:

1. Section 5.01 of the Plan is completely amended and restated to provide as follows:

5.01 Amount of University Contributions.

- (a) Basic Contributions. The University shall make a Contribution to each Participant's Account for each Plan Year in which the Participant qualifies as an Eligible Employee under Section 2.17(a) in an amount equal to 7.5% of such Participant's Compensation for such Plan Year (or, for a period of participation less than a Plan Year, 7.5% of the Participant's Compensation for the portion of the Plan Year during which the Participant was eligible to participate), such percentage to be determined before salary reductions for amounts deferred by such Employee pursuant to an election made under sections 125, 132(f)(4) or 402(g) of the Code.
- (b) Matching Contributions. If a Participant makes an Elective Deferral in any amount up to 2.5% of Compensation for the same period with respect to which a Basic Contribution under subsection (a) above is made for such Participant, the University shall make a matching contribution in an amount equal to 100% of such Elective Deferral. Matching Contributions are not available to Employees who are eligible to make "Elective Deferrals" only (as defined in Section 2.17(b)).
- (c) Discretionary Contributions. The University may, in its sole discretion, make Discretionary Contributions in such amount as it may deem appropriate to the extent that such Contribution does not contravene the provisions of section 403(b) of the Code, regulations promulgated thereunder or such rulings or notices that the Secretary of Treasury may make.

2. Section 5.02(b) is amended by amending and restating item number (4) and adding a new item number (5) to provide as follows:

- (4) University Basic Contributions; and

(5) Discretionary Contributions.

3. This Amendment shall be effective as of July 1, 2021.

IN WITNESS WHEREOF, the University has caused this Amendment to be executed on the 24th day of June, 2021.

Reviewed as to Form & Legality:

Signature on file

Recommended:

Signature on file

Approved:

Signature on file
Assistant Secretary

RECOMMENDATION TO THE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES
CONCERNING A RESOLUTION TO RENEW A LINE OF CREDIT

Finance Committee – June 24, 2021
Executive and Compensation Committee – June 24, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees approve a resolution concerning the renewal of a line of credit, as [attached](#).

BACKGROUND:

The Board of Trustees originally approved the line of credit on April 18, 2019.

COMMITTEE ACTION:

Passed _____
Did Not Pass _____
Other _____

Signature on file
Assistant Secretary

BOARD ACTION:

Passed _____
Did Not Pass _____
Other _____

Signature on file
Assistant Secretary

A RESOLUTION AUTHORIZING THE ISSUANCE OF A REVENUE ANTICIPATION NOTE, SERIES 2022 OF THE UNIVERSITY OF LOUISVILLE; APPROVING THE FORM OF THE NOTE; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE NOTE; AUTHORIZING THE AWARD OF THE SALE OF THE NOTE TO PNC BANK, NATIONAL ASSOCIATION; AND REPEALING INCONSISTENT RESOLUTIONS.

WHEREAS, the University of Louisville, a public body corporate and an educational institution and agency of the Commonwealth of Kentucky (the “Governmental Agency”) expects to receive general revenues during its fiscal year ending June 30, 2022 (the “2022 Fiscal Year”); and

WHEREAS, the Governmental Agency desires to provide for the borrowing of funds, if required, for the purpose of paying current expenses during its 2022 Fiscal Year through the issuance of a revenue anticipation note limited in principal amount outstanding at any time to \$50,000,000, the note to be repaid from current revenues received in the 2022 Fiscal Year, all in accordance with §§ 65.7703 to 65.7721, inclusive, of the Kentucky Revised Statutes (the “Act”); and

WHEREAS, as required by the Act, the Chair, Treasurer, Secretary, or Assistant Secretary of the Board of Trustees (the “Governing Body”) of the Governmental Agency, or the duly appointed President, Chief Financial Officer, or Treasurer of the Governmental Agency (each a “Designated Officer”), has, not more than thirty days before this date on which this Resolution is being adopted and furthermore hereby confirmed on this date, made an estimate, from budgeted revenues, of the revenues to be received during the period when the note will be outstanding and has certified that estimate by a duly executed document, attached hereto as Exhibit B (the “Collections Certificate ”); and

WHEREAS, PNC Bank, National Association (the “Purchaser”), has submitted an acceptable proposal to the Governmental Agency to provide funds as needed by the Governmental Agency during the 2022 Fiscal Year.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF LOUISVILLE, AS FOLLOWS:

Section 1. Preambles. It is hereby found, determined, and declared that the facts, recitals, and definitions set forth in the recitals of this Resolution are true and correct and are hereby affirmed, and all acts described in the recitals of this Resolution are hereby ratified. Such facts, recitals, and definitions are hereby adopted and incorporated as a part of this Resolution.

Section 2. Authorization. The Governmental Agency hereby authorizes the issuance of a revenue anticipation note (the “Note”) limited in principal amount outstanding at any time to \$50,000,000, substantially in the form of Note attached hereto as Exhibit A, with such changes therein not inconsistent with this Resolution and not substantially adverse to the Governmental Agency as may be approved by the Designated Officers executing the same on behalf of the Governmental Agency. The approval of such changes by the Designated Officers, and that such are

not substantially adverse to the Governmental Agency, shall be conclusively evidenced by the execution of the Note by the Designated Officers.

Section 3. Form. The Note shall be designated “University of Louisville Revenue Anticipation Note, Series 2022” and shall be substantially in the form set forth in Exhibit A attached hereto. The maximum principal amount to be outstanding under the Note at any time shall be \$50,000,000. The Note shall mature June 30, 2022 and the Note shall bear interest at the stated interest rate on the outstanding principal amount thereof, payable at maturity or, upon prior redemption, the date of redemption.

The Note shall be subject to redemption, at the Governmental Agency’s sole discretion, before maturity on any date at the redemption price equal to the principal amount redeemed plus interest accrued to the redemption date. The Note shall be in registered form without coupons, shall be negotiable, shall be dated the date of delivery, and shall be payable as to principal on June 30, 2022, upon presentation by the owner at the offices of the Governmental Agency, in such coin or currency of the United States of America as shall be legal tender for the payment of public and private debts at the time and place of payment.

The exact form of the Note shall contain an unconditional promise to pay the principal of and interest on the Note to the owner, shall pledge and grant a security interest in the current revenues of the Governmental Agency to the payment of the Note (pursuant to Section 6 herein), shall recite the valid issuance of the Note under the Act, shall provide for events of default, shall prohibit personal recourse against officials of the Governmental Agency, and shall certify proper achievement of all conditions precedent to the issuance of the Note.

Section 4. Execution and Delivery. The Note shall be executed by manual or facsimile signature of the President and duly attested by the Secretary or Assistant Secretary of the Governing Body. Any one of the Designated Officers are further authorized and directed to deliver the Note to the Purchaser, upon the terms and conditions hereinafter and in the Proposal provided, receive the proceeds therefor from time to time, execute and deliver such certificates and other closing documents, and take such other action as may be necessary or appropriate in order to effectuate the proper issuance, sale, and delivery of the Note, including draws from time to time under the Note.

Section 5. Filing. Any one of the Designated Officers are hereby authorized and directed to certify and deliver, together with the Note, copies of this Resolution, and the Certificate as to Collections, the contents of which are hereby approved. Any one of the Designated Officers is hereby further authorized to undertake and cause all filings which may be required by law to be filed by the Governmental Agency with the State Local Debt Officer, if any, with respect to the issuance of the Note.

Section 6. Security. As security for payment of the Note, the Governmental Agency pledges and grants to the owner of the Note, a lien and charge on, and security interest in, all of the current revenues to be received during the period that the Note will be outstanding, subject and subordinate only to the pledge of, and security interest in, current revenues constituting General Receipts (as defined in the Trust Agreement hereinafter defined) granted for the benefit the holders of obligations issued under the provisions of a certain Trust Agreement dated as of March 1, 2007,

as amended and supplemented (collectively, the “Trust Agreement”) between the Governmental Agency and U.S. Bank National Association (the “Bond Trustee”).

In the event of any default on the Note or hereunder, to the extent not in conflict with the law of the Commonwealth of Kentucky, the Governmental Agency agrees to pay the reasonable expenses of the Purchaser and the owner (including courts costs and attorney’s fees) incurred in collecting the amounts due.

Section 7. Note Retirement Fund; Payment of Note. PNC Bank, National Association is hereby appointed Note Retirement Fund Depository with respect to the Note.

There is hereby established with the Note Retirement Fund Depository a note retirement fund in the name of the Governmental Agency to be known as the “University of Louisville Revenue Anticipation, Series 2022 - Note Retirement Fund” (the “Note Retirement Fund”) into which the Governmental Agency covenants to deposit, and into which the Designated Officer, acting in the additional capacity of paying agent and registrar for the Note (the “Paying Agent and Registrar”) is hereby authorized and directed to deposit, on or before the date of prior redemption or maturity, as applicable, adequate amounts as necessary to pay the obligations of the Note. The Note Retirement Fund Depository, being the Purchaser, shall, without further authorization from the Governmental Agency, withdraw from the Note Retirement Fund the amounts necessary to pay principal of, and interest on, the Note to the registered owner thereof. Notwithstanding the foregoing, so long as the Purchaser shall be the registered owner of the Note, payments by the Governmental Agency may, in lieu of deposit to the Note Retirement Fund, be made directly by the Governmental Agency to the Purchaser at the notice address specified in the Note.

If the Governmental Agency shall fail or refuse to make any required deposit in the Note Retirement Fund, the Purchaser as Note Retirement Fund Depository: (a) shall notify any agency of the Commonwealth of Kentucky or any political subdivision thereof which may collect and distribute revenues for the Governmental Agency to seek any available necessary or proper remedial action; and (b) may exercise any remedy, provided in the Act or at law or in equity for its benefit and shall disburse all funds so collected to the Purchaser.

Section 8. Note Retirement Fund; Investments. Any moneys in the Note Retirement Fund not required for prompt expenditure may, at the direction of the Designated Officer of the Governmental Agency, be invested in obligations which are permitted investments for the Governmental Agency. Any such investments or deposits shall mature or be subject to withdrawal at the option of the depositor, not later than the date upon which such moneys are required to be paid to the owner of the Note.

Section 9. Revenue Obligation. The Note issued pursuant to this Resolution shall be a revenue obligation of the Governmental Agency. The Governmental Agency hereby covenants with the owner from time to time of the Note that if funds are not available for the full payment of the Note within the 2022 Fiscal Year, then the Governmental Agency will include the amounts necessary to pay all principal of and interest on the Note in its budget in the fiscal year beginning July 1, 2022, to the extent then permitted by applicable law.

Section 10. Award. The Note is hereby awarded and sold at private sale by negotiation to PNC Bank, National Association, in accordance with the Proposal, which, as presented at this meeting, is hereby accepted and directed to be executed by the Designated Officers.

Section 11. Costs. All notice, filing, and legal fees properly incurred in connection with issuance of the Note will be paid by the Governmental Agency. The Designated Officers are hereby authorized and directed to pay all such reasonable expenses at the time of delivery of the Note.

Section 12. Information to Purchaser. As set forth in the Proposal, the Governmental Agency agrees to provide to Purchaser such documents, financial statements, and other information related to the Note and its repayment as may reasonably be required by the Purchaser.

Section 13. Resolution a Contract. This Resolution shall be a contract with the Purchaser of the Note.

Section 14. Inconsistent Actions. All prior resolutions or parts thereof inconsistent herewith are hereby repealed.

[Signature page to follow]

SIGNATURE PAGE TO RESOLUTION APPROVING REVENUE ANTICIPATION NOTE

INTRODUCED, SECONDED, AND DULY ADOPTED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF LOUISVILLE at a duly convened meeting of the Board of Trustees of the Governmental Agency held on the date set forth below.

Dated June 24, 2021.

Chair
Board of Trustees
University of Louisville

Attest:

Assistant Secretary
Board of Trustees
University of Louisville

CERTIFICATION

The undersigned, Assistant Secretary of the Board of Trustees of the University of Louisville, Louisville, Kentucky, hereby certifies that the foregoing is a true copy of a Resolution adopted by the Board of Trustees of the University on June 24, 2021, as recorded in the official Minute Book of the Board of Trustees, which is in my custody and under my control, that the meeting was held in accordance with all applicable requirements of Kentucky law, including KRS §§ 61.800 to 61.850, that a quorum was present at said meeting, and that the aforesaid Resolution is of record in the office of the Board, has not been modified, amended, or rescinded, and is in full force and effect at this date.

WITNESS my signature and the Seal of the Board this _____.

Assistant Secretary
Board of Trustees
University of Louisville

EXHIBIT A
to
RESOLUTION AUTHORIZING REVENUE ANTICIPATION NOTE
FORM OF REVENUE ANTICIPATION NOTE

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
UNIVERSITY OF LOUISVILLE
REVENUE ANTICIPATION NOTE, SERIES 2022

Issuance Date: July 1, 2021
Maturity Date: June 30, 2022
Interest Rate: Variable, as described herein
Outstanding Principal Amount: See Annex A
Maximum Principal Amount: \$50,000,000

The University of Louisville (the “Governmental Agency”), for value received and intending to be legally bound, hereby acknowledges itself indebted and promises to pay to PNC Bank, National Association (the “Registered Owner”) the Outstanding Principal Amount set forth above, on the Maturity Date hereof, at the designated corporate office of PNC Bank, National Association upon presentation and surrender of this Note, and to pay interest thereon from the Issuance Date monthly on the first day of each month, or the next succeeding Business Day if such date is not a Business Day, and on the Maturity Date. Interest shall be payable on the then Outstanding Principal Amount and shall bear interest at a floating rate per annum equal to the Standard Rate (as defined herein). Interest shall be calculated based on a 360-day year and charged for the actual number of days elapsed. The interest rate applicable to this Note, whether the Standard Rate or otherwise, shall initially be determined as of July 1, 2021, and shall be adjusted automatically each day thereafter.

If the Registered Owner determines (which determination shall be final and conclusive) that, by reason of circumstances affecting the eurodollar market generally, deposits in dollars (in the applicable amounts) are not being offered to banks in the eurodollar market for the selected term, or adequate means do not exist for ascertaining the Daily LIBOR Rate, then the Registered Owner shall give notice thereof to the Governmental Agency. Thereafter, until the Registered Owner notifies the Governmental Agency that the circumstances giving rise to such suspension no longer exist, the Daily LIBOR Rate shall be suspended and the interest rate for all amounts outstanding under this Note shall be equal to the Base Rate.

In addition, if, after the date of this Note, the Registered Owner shall determine (which determination shall be final and conclusive) that any enactment, promulgation, or adoption of or any change in any applicable law, rule, or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by the Registered Owner with any guideline, request, or directive (whether or not having the force of law) of any such authority, central bank, or comparable agency shall make it unlawful or impossible for the Registered Owner

to make or maintain or fund loans based on the Daily LIBOR Rate, the Registered Owner shall notify the Governmental Agency. Thereafter, until the Registered Owner notifies the Governmental Agency that the circumstances giving rise to such determination no longer apply, the Daily LIBOR Rate shall be suspended and the interest rate on all amounts outstanding under this Note shall be equal to the Base Rate immediately if the Registered Owner may not lawfully continue to maintain or fund loans based on the Daily LIBOR Rate.

Notwithstanding anything to the contrary in this Note, including the second and third paragraphs hereof, or in the Resolution (as defined herein), if the Registered Owner reasonably determines that a Benchmark Transition Event or an Early Opt-in Event has occurred, the Registered Owner may amend this Note to replace the Standard Rate with a Benchmark Replacement; and any such amendment shall be in writing, shall specify the date that the Benchmark Replacement is effective, and will not require any further action or consent of the Governmental Agency. Until the Benchmark Replacement is effective, amounts bearing interest with reference to the Standard Rate will continue to bear interest with reference to the Standard Rate; provided however, during a Benchmark Unavailability Period such amounts automatically will bear interest at the rate and on the terms that would have been applicable under this Note if the Registered Owner had given notice that LIBOR had become unavailable.

In connection with the implementation of a Benchmark Replacement, the Registered Owner will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in the Resolution, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of the Governmental Agency.

The Registered Owner will promptly notify the Governmental Agency of (i) the effectiveness of any Benchmark Replacement Conforming Changes and (ii) the commencement of any Benchmark Unavailability Period. Any determination, decision, or election that may be made by the Registered Owner hereunder, including any determination with respect to a tenor, rate, or adjustment or of the occurrence or non-occurrence of an event, circumstance, or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from the Governmental Agency, except, in each case, as expressly required hereunder. In addition to any delivery method permitted pursuant to the terms of the Resolution, the Registered Owner may provide any amendment, notice, or other communication to the Governmental Agency hereunder electronically (including to any electronic address that the Governmental Agency provides to the Registered Owner) or through an automated platform that the Registered Owner provides to the Governmental Agency.

The preceding Benchmark Replacement provisions provide a mechanism for determining an alternative rate of interest if LIBOR is no longer available or in certain other circumstances. The Registered Owner does not warrant or accept any responsibility for and shall not have any liability with respect to, the administration, submission, or any other matter related to LIBOR or other rates in the definition of LIBOR or with respect to any alternative or successor rate thereto, or replacement rate therefor.

Capitalized terms used and not defined elsewhere in this Note shall have the following meanings:

“Base Rate” shall mean the greater of (A) the Prime Rate, and (B) the sum of the Overnight Bank Funding Rate plus fifty (50) basis points (0.50%). If and when the Base Rate (or any component thereof) changes, the rate of interest with respect to any amount to which the Base Rate applies will change automatically without notice to the Governmental Agency, effective on the date of any such change.

“Benchmark Replacement” means the sum of: (a) the Benchmark Replacement Index and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Note.

“Benchmark Replacement Adjustment” means, for each applicable LIBOR-based rate and tenor, the spread adjustment to the Benchmark Replacement Index, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected by the Registered Owner (a) giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Benchmark Replacement Index by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for such replacement of LIBOR for U.S. dollar-denominated credit facilities at such time and (b) which also may reflect adjustments to account for (i) the effects of the transition from LIBOR to the Benchmark Replacement and (ii) yield- or risk-based differences between LIBOR and the Benchmark Replacement.

“Benchmark Replacement Commencement Date” means the date a Benchmark Replacement has replaced LIBOR for all purposes under this Note.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative, or operational changes (including, for example, changes to the definition of “Base Rate,” the definition of “LIBOR Interest Period,” timing and frequency of determining rates and making payments of interest, and other administrative matters) that the Registered Owner decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Registered Owner in a manner substantially consistent with market practice (or, if the Registered Owner decides that adoption of any portion of such market practice is not administratively feasible or if the Registered Owner determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Registered Owner decides is reasonably necessary in connection with the administration of this Note).

“Benchmark Replacement Index” means the alternate benchmark rate that has been selected by the Registered Owner to replace LIBOR giving due consideration to (a) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for

determining a rate of interest as a replacement to LIBOR for U.S. dollar-denominated credit facilities.

“Benchmark Replacement Transition Date” means the earlier to occur of the following events with respect to LIBOR:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of LIBOR permanently or indefinitely ceases to provide LIBOR; or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to LIBOR:

(1) a public statement or publication of information by or on behalf of the administrator of LIBOR announcing that such administrator has ceased or will cease to provide LIBOR, permanently or indefinitely, provided that at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR;

(2) a public statement or publication of information by a Governmental Authority having jurisdiction over the Registered Owner, the regulatory supervisor for the administrator of LIBOR, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for LIBOR, a resolution authority with jurisdiction over the administrator for LIBOR, or a court or an entity with similar insolvency or resolution authority over the administrator for LIBOR, which states that the administrator of LIBOR has ceased or will cease to provide LIBOR permanently or indefinitely, provided that at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR or a Governmental Authority having jurisdiction over the Registered Owner announcing that LIBOR is no longer representative.

“Benchmark Unavailability Period” means the period, if any, beginning on the Benchmark Replacement Transition Date and ending on the Benchmark Replacement Commencement Date, it being understood that if the Benchmark Replacement Commencement Date occurs on or before the Benchmark Replacement Transition Date a Benchmark Unavailability Period will not occur.

“Business Day” shall mean any day other than a Saturday or Sunday or a legal holiday on which commercial banks are authorized or required by law to be closed for business in Louisville, Kentucky.

“Daily LIBOR Rate” shall mean, for any day, the rate per annum determined by the Registered Owner by dividing (x) the Published Rate by (y) a number equal to 1.00 minus the percentage prescribed by the Federal Reserve for determining the maximum reserve requirements with respect to any eurocurrency fundings by the banks on such day; provided, however, if the

Daily LIBOR Rate determined as provided above would be less than zero, then such rate shall be deemed to be zero.

“Default Base Rate” shall mean a rate per annum equal to the sum of three percent (3%) plus the greater of (A) the Prime Rate, (B) the sum of the Overnight Bank Funding Rate plus fifty (50) basis points (0.50%), and (C) the sum of the Daily LIBOR Rate plus one hundred (100) basis points (1.0%), so long as a Daily LIBOR Rate is offered, ascertainable and not unlawful. If and when the Default Base Rate (or any component thereof) changes, the rate of interest with respect to any amount to which the Default Base Rate applies will change automatically without notice to the Governmental Agency, effective on the date of any such change.

“Default Rate” means, (i) for any day where this Note would otherwise bear interest at the Standard Rate had an Event of Default not occurred, a rate per annum equal to the Default Base Rate plus three percent (3%) per annum, (ii) for any day where this Note would otherwise bear interest at the Base Rate had an Event of Default not occurred, a rate per annum equal to the Default Base Rate plus three percent (3%) per annum, and (iii) for any day where this Note would otherwise bear interest at the Benchmark Replacement had an Event of Default not occurred, a rate per annum equal to the Benchmark Replacement plus three percent (3%) per annum.

“Early Opt-in Event” means a determination by the Registered Owner that U.S. dollar-denominated credit facilities being executed at such time, or that include language similar to that contained in this Note, are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace LIBOR.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank, or other entity exercising executive, legislative, judicial, taxing, regulatory, or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank Registered Owner).

“LIBOR” means, for purposes of this Note, any interest rate that is based on a London interbank offered rate, including the Daily LIBOR Rate.

“Overnight Bank Funding Rate” shall mean, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York (“NYFRB”), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Registered Owner for the purpose of displaying such rate); provided that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; provided, further, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate shall be determined by the Registered Owner at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate

of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Governmental Agency.

“Prime Rate” shall mean the rate publicly announced by the Registered Owner from time to time as its prime rate. The Prime Rate is determined from time to time by the Registered Owner as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index, and does not necessarily reflect the lowest rate of interest actually charged by the Registered Owner to any particular class or category of customers.

“Published Rate” shall mean the rate of interest published each Business Day in the Wall Street Journal “Money Rates” listing under the caption “London Interbank Offered Rates” for an overnight period (or, if no such rate is published therein for any reason, then the Published Rate shall be the eurodollar rate for an overnight period as published in another publication selected by the Registered Owner).

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Registered Owner of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Registered Owner of New York or any successor thereto.

“Standard Rate” means a rate per annum equal to 0.75% plus the Daily Libor Rate.

The Governmental Agency may borrow, repay, and reborrow hereunder until the Expiration Date, subject to the terms and conditions of this Note. The “Expiration Date” shall mean June 30, 2022, or such later date as may be designated by the Registered Owner by written notice from the Registered Owner to the Governmental Agency. The Governmental Agency acknowledges and agrees that in no event will the Registered Owner be under any obligation to extend or renew this Note beyond the Expiration Date. In no event shall the aggregate unpaid principal amount of advances under this Note exceed the Maximum Principal Amount of this Note and in no event shall the aggregate sum of all principal advances borrowed and reborrowed under this Note exceed \$877,500,000.

If permitted by the Registered Owner, a request for advance may be made by telephone or electronic mail, with such confirmation or verification (if any) as the Registered Owner may require in its discretion from time to time. A request for advance by the Governmental Agency shall be binding upon the Governmental Agency. The Governmental Agency authorizes the Registered Owner to accept telephonic and electronic requests for advances, and the Registered Owner shall be entitled to rely upon the authority of any person providing such instructions. The Registered Owner will enter on its books and records, which entry when made will be presumed correct, the date and amount of each advance, as well as the date and amount of each payment made by the Governmental Agency.

From and after the Issuance Date until the Maturity Date or earlier termination of this Note, the Governmental Agency shall pay to the Registered Owner an unused facility fee (the “Unused Fee”), computed at a rate equal to 0.15% per annum, on the average daily difference between (i) the Outstanding Principal Amount of this Note and (ii) the Maximum Principal Amount of this

Note, such Unused Fee to be payable monthly in arrears on the first Business Day of the following month and on the Maturity Date of this Note and/or the earlier date this Note is terminated.

If the Governmental Agency fails to make any payment of principal, interest, or other amount coming due pursuant to the provisions of this Note within fifteen calendar days of the date due and payable, the Governmental Agency also shall pay to the Registered Owner a late charge equal to the lesser of five percent (5%) of the amount of such payment or \$100.00 (the "Late Charge"). Such fifteen day period shall not be construed in any way to extend the due date of any such payment. Upon maturity, whether by acceleration, demand, or otherwise, and at the Registered Owner's option upon the occurrence of any Event of Default (as hereinafter defined) and during the continuance thereof, amounts outstanding under this Note shall bear interest at the Default Rate based on the actual number of days that principal is outstanding over a year of 360 days. The Default Rate shall continue to apply whether or not judgment shall be entered on this Note. Both the Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying the Registered Owner's expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, the Registered Owner's exercise of any rights and remedies hereunder or under applicable law, and any fees and expenses of any agents or attorneys which the Registered Owner may employ. In addition, the Default Rate reflects the increased credit risk to the Registered Owner of carrying a loan that is in default. The Governmental Agency agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by the Registered Owner, and that the actual harm incurred by the Registered Owner cannot be estimated with certainty and without difficulty.

To the extent not in conflict with the law of the Commonwealth of Kentucky, on written demand, together with written evidence of the justification therefor, the Governmental Agency agrees to pay the Registered Owner all reasonable direct costs incurred, any losses suffered, or payments made by the Registered Owner as a result of any Change in Law (hereinafter defined), imposing any reserve, deposit, allocation of capital, or similar requirement (including without limitation, Regulation D of the Board of Governors of the Federal Reserve System) on the Registered Owner, its holding company, or any of their respective assets relative to the loan evidenced by this Note. "Change in Law" means the occurrence, after the date of this Note, of any of the following: (a) the adoption or taking effect of any law, rule, regulation, or treaty; (b) any material change in any law, rule, regulation, or treaty or in the administration, interpretation, implementation, or application thereof by any governmental authority; or (c) the making or issuance of any request, rule, guideline, or directive (whether or not having the force of law) by any governmental authority; provided that notwithstanding anything herein to the contrary: (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, or directives thereunder or issued in connection therewith; and (ii) all requests, rules, guidelines, or directives promulgated by the Registered Owner for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted, or issued.

The occurrence of any of the following events will be deemed to be an "Event of Default" under this Note: (i) the nonpayment of any principal, interest, or other indebtedness under this Note when due, which nonpayment shall continue for five Business Days after written notice from

Registered Owner; (ii) the occurrence of any event of default or any default and the lapse of any notice or cure period, or the Governmental Agency's failure to observe or materially perform any covenant or other agreement, under or contained in any document evidencing or securing any debt, liability, or obligation of the Governmental Agency to the Registered Owner; (iii) the filing by or against the Governmental Agency of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship, or similar proceeding (and, in the case of any such proceeding instituted against the Governmental Agency, such proceeding is not dismissed or stayed within thirty days of the commencement thereof, provided that the Registered Owner shall not be obligated to advance additional funds hereunder during such period); (iv) any assignment by the Governmental Agency for the benefit of creditors, or any levy, garnishment, attachment, or similar proceeding is instituted against any property of the Governmental Agency held by or deposited with the Registered Owner as security for any obligation of the Governmental Agency; or (v) a default with respect to any other indebtedness of the Governmental Agency for borrowed money, if the effect of such default is to cause or permit the acceleration of such debt.

Upon the occurrence of an Event of Default: (a) the Registered Owner shall be under no further obligation to make advances hereunder; (b) if an Event of Default specified in clause (iii) or (iv) above shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder shall be immediately due and payable without demand or notice of any kind; (c) if any other Event of Default shall occur, the outstanding principal balance and accrued interest hereunder together with any additional amounts payable hereunder, at the Registered Owner's option and without demand or notice of any kind, may be accelerated and become immediately due and payable; (d) at the Registered Owner's option, this Note will bear interest at the Default Rate from the date of the occurrence of the Event of Default and during the continuance of such Event of Default; and (e) the Registered Owner may exercise from time to time any of the rights and remedies available hereunder or under applicable law.

The Governmental Agency represents and warrants to the Registered Owner, as of the date of this Note, the date of each advance of proceeds under this Note, the date of any renewal, extension or modification of this Note, and at all times until this Note has been terminated and all amounts thereunder have been indefeasibly paid in full, that: (a) no Covered Entity (i) is a Sanctioned Person; (ii) has any of its assets in a Sanctioned Country or in the possession, custody, or control of a Sanctioned Person; or (iii) does business in or with, or derives any of its operating income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any law, regulation, order, or directive enforced by any Compliance Authority; (b) the proceeds of this Note will not be used to fund any operations in, finance any investments or activities in, or make any payments to a Sanctioned Country or Sanctioned Person in violation of any law, regulation, order, or directive enforced by any Compliance Authority; (c) the funds used to repay this Note are not derived from any unlawful activity; and (d) each Covered Entity is in compliance with, and no Covered Entity engages in any dealings or transactions prohibited by, any laws of the United States, including but not limited to any Anti-Terrorism Laws. The Governmental Agency covenants and agrees that it shall immediately notify the Registered Owner in writing upon the occurrence of a Reportable Compliance Event.

As used herein: "Anti-Terrorism Laws" means any laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, or bribery, all as amended, supplemented, or replaced from time to time; "Compliance Authority" means each and

all of the (a) U.S. Treasury Department/Office of Foreign Assets Control, (b) U.S. Treasury Department/Financial Crimes Enforcement Network, (c) U.S. State Department/Directorate of Defense Trade Controls, (d) U.S. Commerce Department/Bureau of Industry and Security, (e) U.S. Internal Revenue Service, (f) U.S. Justice Department, and (g) U.S. Securities and Exchange Commission; “Covered Entity” means the Governmental Agency, its affiliates and subsidiaries, and all brokers or other agents of the Governmental Agency acting in any capacity in connection with the loan evidenced by this Note; “Reportable Compliance Event” means that any Covered Entity becomes a Sanctioned Person, or is indicted, arraigned, investigated, or custodially detained, or receives an inquiry from regulatory or law enforcement officials, in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or self-discovers facts or circumstances implicating any aspect of its operations with the actual or possible violation of any Anti-Terrorism Law; “Sanctioned Country” means a country subject to a sanctions program maintained by any Compliance Authority; and “Sanctioned Person” means any individual person, group, regime, entity, or thing listed or otherwise recognized as a specially designated, prohibited, sanctioned, or debarred person or entity, or subject to any limitations or prohibitions (including but not limited to the blocking of property or rejection of transactions), under any order or directive of any Compliance Authority or otherwise subject to, or specially designated under, any sanctions program maintained by any Compliance Authority.

All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder (“Notices”) must be in writing (except as may be agreed otherwise above with respect to borrowing requests or as otherwise provided in this Note) and will be effective upon receipt. Notices may be given in any manner to which the parties may agree. Without limiting the foregoing, first-class mail, postage prepaid, facsimile transmission, and commercial courier service are hereby agreed to as acceptable methods for giving Notices. In addition, the parties agree that Notices may be sent electronically to any electronic address provided by a party from time to time. Notices shall be sent to the parties’ respective addresses as follows:

Governmental Agency: University of Louisville
Service Complex, 2nd Floor
Louisville, Kentucky 40292
Attention: Controller
Phone: 502-852-6316
E-Mail: walter.newell@louisville.edu

Registered Owner: PNC Bank, National Association
101 South Fifth Street
Louisville, Kentucky 40202
Floor 37
Louisville, Kentucky 40202
Attention James Ritter, Vice President
Phone: 502-581-4993
E-Mail: james.ritter@pnc.com

No delay or omission on the Registered Owner’s part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Registered Owner’s action or inaction impair any such right or power. The Registered

Owner's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Registered Owner may have under other agreements, at law or in equity. No modification, amendment, or waiver of, or consent to any departure by the Governmental Agency from, any provision of this Note will be effective unless made in a writing signed by the Registered Owner, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Notwithstanding the foregoing, the Registered Owner may modify this Note for the purposes of completing missing content or correcting erroneous content, without the need for a written amendment, provided that the Registered Owner shall send a copy of any such modification to the Governmental Agency (which notice may be given by electronic mail). The Governmental Agency agrees to pay on demand, to the extent permitted by law, all costs and expenses incurred by the Registered Owner in the enforcement of its rights in this Note and in any security therefor, including without limitation reasonable fees and expenses of the Registered Owner's counsel. If any provision of this Note is found to be invalid, illegal, or unenforceable in any respect by a court, all the other provisions of this Note will remain in full force and effect. The Governmental Agency and all other makers and endorsers of this Note hereby forever waive presentment, protest, notice of dishonor, and notice of non-payment. This Note shall bind the Governmental Agency and its successors and assigns, and the benefits hereof shall inure to the benefit of the Registered Owner and its successors and assigns; provided, however, that the Governmental Agency may not assign this Note in whole or in part without the Registered Owner's written consent and the Registered Owner at any time may assign this Note in whole or in part.

Principal and interest on this Note is payable in such coin or currency of the United States of America as at the time and place of payment is legal tender for the payment of public and private debts all as hereinafter contained and in the Resolution authorizing the same adopted within thirty days of the date hereof. This Note is subject to early redemption, on any date, upon reasonable notice, at a redemption price equal to the principal amount redeemed, plus interest accrued to the redemption date.

This Note is issued under and pursuant to §§ 65.7703 to 65.7721, inclusive, of the Kentucky Revised Statutes (the "Act"). The indebtedness evidenced hereby is a borrowing in anticipation of current revenues to be received by the Governmental Agency during the fiscal year in which this Note has been issued and is to be repaid from such revenues once received.

In order to secure the payment of the principal indebtedness evidenced hereby and the interest hereon, the Governmental Agency hereby pledges and grants (equally and ratably with all other revenue anticipation notes issued by the Governmental Agency for the current fiscal year) to the Registered Owner of this Note, a lien and charge on, and security interest in, its current revenues to be received during the period when this Note is outstanding, subject and subordinate only to the pledge of, and security interest in, current revenues constituting General Receipts (as defined in the Trust Agreement hereinafter defined) granted for the benefit of the holders of obligations issued under the provisions of a certain Trust Agreement dated as of March 1, 2007, as amended and supplemented (collectively, the "Trust Agreement") between the Governmental Agency and U.S. Bank National Association (the "Bond Trustee").

This Note is executed and delivered pursuant to a Resolution adopted by the Governmental Agency upon the affirmative vote of at least a majority of the members of its Governing Body at

a public meeting duly and regularly held, and after filing proper notice with the State Local Debt Officer of the Commonwealth of Kentucky (the “Resolution”).

No recourse shall be had for the payment of the principal of or the interest on this Note, or for any claim based hereon, against any officer, agent, or employee, past, present, or future, of the Governmental Agency, as such, either directly or through the Governmental Agency, whether by virtue of any constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty, or otherwise; all such liability of such officers, agents, or employees is hereby renounced, waived, and released as a condition of and as consideration for the issuance, execution, and acceptance of this Note.

This Note has been delivered to and accepted by the Registered Owner and will be deemed to be made in the Commonwealth of Kentucky (the “State”). THIS NOTE WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE REGISTERED OWNER AND THE GOVERNMENTAL AGENCY DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE, EXCLUDING ITS CONFLICT OF LAWS RULES.

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each borrower that opens an account. What this means: when the Governmental Agency opens an account, the Registered Owner will ask for the business name, business address, taxpayer identifying number, and other information that will allow the Registered Owner to identify the Governmental Agency, such as organizational documents. For some businesses and organizations, the Registered Owner may also need to ask for identifying information and documentation relating to certain individuals associated with the business or organization.

THE GOVERNMENTAL AGENCY IRREVOCABLY WAIVES ANY AND ALL RIGHTS THE GOVERNMENTAL AGENCY MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR CLAIM OF ANY NATURE RELATING TO THIS NOTE, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS NOTE, OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE GOVERNMENTAL AGENCY ACKNOWLEDGES THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.

It is hereby certified that all acts, conditions, and things required to be done, to occur, or be performed precedent to and in the issuance of this Note, or in the creation of the indebtedness of which this Note is evidence, have been done, have occurred, and have been performed in regular and due form and manner as required by law, and that the repayment obligation represented by this Note is not in excess of any constitutional or statutory limitation.

[Signature page to follow]

SIGNATURE PAGE TO REVENUE ANTICIPATION NOTE

IN WITNESS WHEREOF, the Governmental Agency has caused this Note to be signed in its name by its President, duly attested by the Assistant Secretary of the Governing Body of the Governmental Agency, all as of the date set forth above.

UNIVERSITY OF LOUISVILLE

By: _____
President

Attest:

Assistant Secretary
Board of Trustees

ANNEX A
 to
 UNIVERSITY OF LOUISVILLE
 REVENUE ANTICIPATION NOTE, SERIES 2022

The University of Louisville, acting by and through its Designated Officer as Registrar, shall not accept any funds for the purchase of this Note, nor shall the Registrar redeem any outstanding principal amount hereof, without making the appropriate notations in this Annex A.

<u>Date</u>	<u>Indicate: Date of Issue/Draw or Redemption Date</u>	<u>Principal Amount Issued or Redeemed</u>	<u>Current Amount Outstanding</u>	<u>Signature of Authorized Officer of the Registrar</u>

REGISTRATION FORM

This Note can be validly negotiated only upon proper execution of the form set forth below, and upon notation of the same upon the books of the University of Louisville, acting by and through its Designated Officer as Registrar for this Note, maintained for such purpose, unless this Note shall be registered to bearer, in which case it shall be validly negotiated by delivery only. The Governmental Agency and the Registrar shall treat the Registered Owner of this Note, as noted hereon and on said books, or the bearer, if registered as to bearer, as the absolute owner hereof, and shall not be affected by any changed circumstances, nor by any notice to the contrary.

Original Registered Owner
PNC Bank, National Association

<u>Date</u>	<u>Transferor</u>	<u>Subsequent Purchaser</u>	<u>Acknowledgement of Registrar</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

For value received, the last-named Transferor, by its due execution above, does hereby, on the above-stated date, sell, transfer and negotiate this Note unto the last-named Subsequent Purchaser identified above (the "Subsequent Purchaser"), warranting that this transfer is effective and rightfully; that this Note is genuine and has not been materially altered; and that it has no knowledge of any fact which might impair the validity of this Note, and further irrevocably authorizes and directs the University of Louisville, acting through its Designated Officer as Registrar, to make this transfer on its books maintained for such purpose.

The University of Louisville, acting through its Designated Officer as Registrar, by its due execution above, on the above stated date, acknowledges the transfer of this Note unto the Subsequent Purchaser, who shall now be recognized as Registered Owner, and has noted such transfer on its books.

EXHIBIT B
to
RESOLUTION AUTHORIZING REVENUE ANTICIPATION NOTE

COLLECTIONS CERTIFICATE
FOR
UNIVERSITY OF LOUISVILLE
REVENUE ANTICIPATION NOTE, SERIES 2022

The undersigned Treasurer of the University of Louisville (the "Governmental Agency"), who is charged, among others, with the responsibility of issuing and delivering the University of Louisville Revenue Anticipation Note, Series 2022 (the "Note"), certifies that:

1. It has been estimated that the amounts of moneys shown in Schedule A attached hereto, will be received by the Governmental Agency current revenues (including without limitation subsidies, reimbursements, and interest earnings, including interest earnings on Note proceeds) during the fiscal year ending June 30, 2022 (the "2022 Fiscal Year").

2. The aggregate principal amount of the Note, plus the principal amount of any and all other borrowings pursuant to revenue anticipation notes currently outstanding in the fiscal year ending June 30, 2022, does not exceed 75% of the sum of the estimated receipts set out in Schedule A attached hereto, during the period beginning on the date hereof and ending on the last day of the 2022 Fiscal Year.

3. The estimates set out on Schedule A attached hereto, are in accordance with the duly adopted budget of the Governmental Agency and take into account the past and anticipated collection experience of the Governmental Agency and current economic conditions.

4. To the best of my knowledge and belief, the expectations stated herein are reasonable and there are no other facts, estimates, or circumstances which would materially change the conclusions set out herein.

5. The certifications contained herein are made pursuant to §§ 65.7703 to 65.7721, inclusive, of the Kentucky Revised Statutes (the "Act") and Section 148 of the Code and the Regulations thereunder.

DULY EXECUTED as of a date not more than thirty days before the date of adoption of the Resolution authorizing the Note and to be confirmed on the date of such adoption.

UNIVERSITY OF LOUISVILLE

By Signature on file
Treasurer

Dated: 6/14/2021

SCHEDULE A
to
COLLECTIONS CERTIFICATE
FOR
UNIVERSITY OF LOUISVILLE
REVENUE ANTICIPATION NOTE, SERIES 2022

CALCULATION OF BORROWING LIMIT FOR NOTE

<u>Date</u>	<u>Revenues</u>
July 1, 2021 – June 30, 2022	<u>\$1,170,000,000</u>
Total	<u>\$1,170,000,000</u>
x 75% =	<u>\$877,500,000</u>

RECOMMENDATION TO BOARD OF TRUSTEES CONCERNING A LETTER OF INTENT
TO PROCEED WITH A PROJECT AT THIRD STREET AND CARDINAL BOULEVARD

Finance Committee – June 24, 2021
Executive and Compensation Committee – June 24, 2021

RECOMMENDATION:

The President recommends the Board of Trustees approve a non-binding letter of intent to proceed with a project at Third Street and Cardinal Boulevard, as [attached](#).

COMMITTEE ACTION:

Passed X
Did Not Pass
Other

Signature on file
Assistant Secretary

BOARD ACTION:

Passed X
Did Not Pass
Other

Signature on file
Assistant Secretary

Cardinal Center Proposed Details

Summary of Proposed Project:

- Target Retail Store
- 3 Star Hotel (Marriott Boutique)
 - 175 – 200 rooms
- Restaurant
 - Family to fine dining restaurant
- Parking Structure
 - Mixed use development
- Affiliate Agreement Structure
 - Provident Resources Group, Inc., a Georgia non-profit corporation
 - The Board of Managers “Board” shall consist of at least one representative chosen from a list provided by the university and one representative chosen from a list provided by the Louisville Chamber of Commerce/Convention Center Bureau/Tourism
 - Parent would maintain majority control of the board
 - UofL shall ground lease the parcel of property owned by the university
 - No financial obligation from the university
- Benefit to the University
 - Linking academic programs to the project (ex. certificate programs)
 - Enhance recruitment and retention of students
 - Internship and job opportunity for students
 - Meeting and convention planning
 - Net revenue potential
 - Student safety and convenience
- Next Steps
 - Board approvals on project/letter of intent

Before and After (Located at 3rd and Cardinal)



University of Louisville Hospitality Program Affiliation Term Sheet

- Owner:** A wholly owned subsidiary of Provident Resources Group Inc., a Georgia nonprofit corporation (“**Parent**”). The Board of Managers (“**Board**”) of the Owner to consist of at least one representative chosen from a list provided by the University and one representative chosen from a list provided by [Louisville Chamber of Commerce/Convention Center Bureau/Tourism Bureau/Other relevant business/economic development organization in Louisville]. Parent would maintain majority control of the Board.
- University:** University of Louisville, a public research university that is a part of the Kentucky state university system.
- Project:** Project will be made up of multiple parcels of property (together, the “**Property**”) located generally between the intersections of S. 3rd Street and 4th Street along Cardinal Blvd., near the University’s campus. One parcel is currently owned by [Cardinal Center LLC] and will be acquired by Owner or landlord entity. The other parcel is owned by the University. A Conference Center Hotel Project containing approximately [175 - 200] keys or lodging rooms, with related amenities, will be developed on the Property. Subject to University review and comment on design, plans and specifications, supported by a Market Study undertaken to show demand for the Hotel within the University community, as well as the surrounding Louisville community.
- Structured Parking Facility Project containing appropriate parking for the mixed-use development, subject to University review of design, plans and specifications, [supported by a Market Study undertaken to show demand for the Parking Facility within the University community and guests of the Hotel Project].
- Conference Center Hotel and Structured Parking Facility collectively referred to as “the Project” herein.
- Manager/Operator:** Mainsail Lodging and Development, pursuant to Revenue Procedure 2017-13 safe harbor contract.

Project Operating Committee: The Owner shall establish a Project Operating Committee (“POC”) for the Project, which will consist of at least two representatives chosen from a list provided by the University. At least one University representative and one community representative shall sit on the POC set up by the Owner to review and recommend annual budgets, capital plans, liaison with University, and other operating issues with respect to the Project. Students could be included on this Committee to obtain valuable experience in Hotel operations. This is an **ADVISORY** committee, and only makes recommendations to the Hotel and Parking Facility Operators and the Owner regarding Hotel and Parking Facility operations. Owner retains approval rights over all recommendations made by the POC, including without limitation final operating budgets and capital improvement budgets.

Purpose:

Education: (i) support educational opportunities at the University providing a new venue for University affiliated visitor lodging, conferences and events; (ii) enhance the recruitment and retention of students for University academic programs; (iii) specific integration into the University’s College of Business programs, offering valuable learning and training experiences for the University’s students. Hotel to assist University in (a) academic program coursework (incl preparation, execution and providing facilities); (b) student internships; (c) meeting and convention planning; (d) tourism planning and development; and (e) food preparation and production, should there be an integrated hospitality culinary program.

The mission being served is to academically engage students through diverse learning opportunities with an emphasis on experiential learning. This approach specifically targets the development of professional competencies in the areas of: (1) foundational knowledge, (2) program leadership, (3) administrative and management functions, and (4) professional skills and behavior. Emphasis is placed on developing the students’ critical thinking skills as the foundation for competency development. The ultimate objective is to produce effective business and leisure service professionals who are able to address the diverse challenges faced by contemporary society.

Economic Development: (i) creation of jobs; (ii) stimulation of economic development in support of the operations and student environment at and around the University as well as the City of Louisville; (iii) provide the University and Louisville

community with valuable assets to attract guests and tourists (including non-University related), and in which to hold conventions and meetings, further expanding upon the opportunities for training and facilities at one of the flagship universities in the Commonwealth of Kentucky.

No Commercial Enterprise. Primary function of the Project is to fulfill the University's educational mission and its purpose as a public institution to engage in economic development, for the benefit of its students, faculty, staff, parents, visitors, alumni, and thereafter the residents of the City of Louisville. The purpose of the Project is not to generate profits.

Structure:

Owner or landlord entity shall purchase the parcel of the Property owned by Cardinal Center LLC and University shall ground lease the parcel of the Property owned by the University to Owner or landlord entity through a Ground Lease Agreement negotiated by the parties. Owner shall be responsible for financing the construction and equipping of the Project using tax-exempt/taxable bonds. **Neither the University nor City of Louisville shall have any obligation with respect to the Bonds or any other financing of the Project, nor shall the University or the City of Louisville have any obligations for any upfront payments for the purchase of the Property or development of the Project.** Term of any Ground Lease shall be 99 years. Lease terms to be covered under separate agreement with landlord entity.

After Bonds are paid off, University may elect one of the following: (i) ownership of the Project and any portion of the Property owned by Owner shall be transferred to the University or other charitable organization directed by the University; (ii) Owner continues to own and manage the Project for the benefit of the University (all surplus cash flow over operating costs of the Project going to the University); or (iii) University directs Owner to sell the Hotel and/or the Parking Facility with all proceeds paid to the University.

University Affiliation:

- (a) Integration of Hotel into current and future academic programs of the University, as well as hosting University events and activities (where applicable).
- (b) Provide student employees to work at the Hotel as part of agreed upon academic program curriculum.

- (c) Access (at market rates) to the Hotel for University conferences, meetings, and lodging (rooms) for persons with a connection to the University. Market rates shall be based on Smith Travel Accommodations Reports (STAR) for 3-star hotels in the Louisville metro area.
- (d) Preference and priority for use of Parking Facility given to guests of the Hotel, students and faculty of the University or other persons with a demonstrated connection to the University.
- (e) [Preferential right for the City of Louisville and the University to book or block rooms at the Hotel for City and University events and conferences.]
- (f) [Assist Owner with an affiliation with the City of Louisville economic development/tourism/ convention bureau to use the Hotel and Parking Facility and to have the preferential right to book and block rooms for use at the Hotel].
- (g) Resolution from the University Board (i) approving the Project; (ii) acknowledging the University has the legal authority to undertake this affiliate Project on its own, but has chosen not to; (iii) acknowledging the Project will benefit the University and its academic programs and students, in general (iv) asking Parent to undertake the Project; and (v) acknowledging that the University bears the burden of educating its students, seeking experiential learning opportunities for students, and, where possible, assisting the City of Louisville and the Commonwealth in its economic development efforts, and that the Project will help satisfy those burdens.

The Resolution should acknowledge that the Project is going to provide educational as well as the following public benefits: (i) promotion of economic development incentives such as job creation and development; (ii) promotion and attraction of tourists to the City and the University; (iii) facilitation of significant investment and revenue from out-of-state sources; (iv) redeveloping a blighted property abutting the University.

- (h) Letter of Support from the Mayor of the City of Louisville; Leader(s) of Louisville Forward; and/or Leader(s) of the Louisville Tourism Commission

acknowledging the need for the Project in providing those public benefits outlined in (g) above. Letter(s) of support to be obtained by Master Developer, McCormick Construction & Development, Inc.

- (i) Assist in the marketing of the Hotel, with all marketing and promotional materials being subject to the reasonable approval of the University.
- (j) The use of the University logo and or Marks are not required under this agreement.
- (k) University shall have exclusive preference for advertising opportunities on the Hotel and garage properties for all higher education related services, with owner/operator approval on a case-by-case basis.
- (l) The terms of this agreement are subject to further review and change by the bond underwriting team, the Owner and the University.

Financial Commitment:

The University shall have no financial commitment toward the construction or operations of the Project. However, all surplus net revenues of the Project shall be paid to the University.

Non-Binding Agreement:

Parent and University each acknowledge and agree that this Affiliation Term Sheet only sets out the general terms for the development of the Project, that this Agreement does not constitute a binding contract between the parties, and that the parties do not intend to be legally bound by the terms of this Agreement. Parent and University shall enter into further agreements to fully establish the terms for the development of the Project. For the avoidance of doubt, University shall not be responsible for any costs or charges in connection with the potential development of the Project unless specifically provided in a signed agreement executed by the University.

RECOMMENDATION TO THE UNIVERSITY OF LOUISVILLE
ATHLETIC ASSOCIATION BOARD OF DIRECTORS REGARDING THE REPLACEMENT
OF VIDEO/SCOREBOARDS AT THE LACROSSE AND FIELD HOCKEY FIELDS

Finance and Budget Committee – April 16, 2021
Board of Directors – April 16, 2021
Board of Trustees – June 24, 2021

RECOMMENDATION:

The Athletic Director recommends that the Board of Directors approve a video/scoreboards replacement project at the Lacrosse and Field Hockey fields at a cost not to exceed \$1.5M, from two fund sources: a reserve fund; and savings from the refinancing of debt.

BACKGROUND:

The video/scoreboards at Lacrosse and Field Hockey fields are original dating back to 2008. The existing video boards made by Daktronics are 23mm with a resolution of 128 x 256 pixels. Each of these boards have this year required extensive maintenance utilizing spare parts from other video boards. With no additional spare parts for future problems, replacement of the board systems after this season is essential to guarantee that next fall each sport has functioning video/score boards.

The new boards will be in the 10-15mm range, provide an output closer to true HD, and will be more energy efficient. The total projected cost of replacing both video/scoreboards is between \$1M and \$1.5M. This includes the purchase and installation of both video/scoreboards.

This project will be funded from a combination of funds liquidated from the Athletic Reserve Fund (\$1.5M, as approved by the Board on January 15, 2021) and savings from the refinancing of debt.

To ensure the project is complete for the fall season, Athletics will issue a request for proposal (RFP) for qualified bidders in April or early May, anticipating the awarding of the contract in May. Approval is being sought to award a contract to the lowest bidder contingent on the total cost not exceeding \$1.5M.

This recommendation is consistent with Section II(h) of the Financial Transactions Policy of the Athletic Association Board of Directors.

ULAA COMMITTEE ACTION:

Passed X
Did Not Pass _____
Other _____

[Signature]
Signature on file
Assistant Secretary

ULAA BOARD ACTION:

Passed X
Did Not Pass _____
Other _____

[Signature]
Signature on file
Assistant Secretary

BOT BOARD ACTION:

Passed X
Did Not Pass _____
Other _____

[Signature]
Signature on file
Assistant Secretary

RECOMMENDATION TO THE BOARD OF DIRECTORS OF THE
UNIVERSITY OF LOUISVILLE ATHLETIC ASSOCIATION, INC.
REGARDING THE AWARDING OF A CONTRACT TO
RESTRUCTURE DEBT AND ISSUE NEW DEBT FACILITY

Finance and Budget Committee – April 16, 2021
Board of Directors – April 16, 2021
Board of Trustees – June 24, 2021

RECOMMENDATION:

The Athletic Director recommends the Board of Directors approve the awarding of a contract to Republic Bank for the restructuring of existing debt and issuance of a new debt facility for working capital needs.

BACKGROUND:

COVID-19 has negatively impacted Athletic Department revenues by more than \$45M in the past 12 months. Approximately \$25M of this revenue shortfall has been mitigated through Department-wide expense reductions. Despite these aggressive measures, operating expenditures will exceed revenues in fiscal year 2021.

In February, with the assistance of the University, a request for proposal was issued to provide two credit facilities totaling \$31,000,000. The request included refinancing approximately \$11,000,000 in existing debt and the creation of a \$20,000,000 for working capital facility.

Proposals were reviewed by an evaluation committee consisting of staff from Athletics and the University with the counsel of Robert W. Baird and Company. After careful consideration, the committee scored the proposal from Republic Bank as the best option of all the proposals received. Below is a summary of the proposal:

	Working Capital	Refinance
Amount	\$20,000,000	\$11,000,000
Type	Non-revolving LOC to term loan	Term loan
Term (years 1-10)	Fixed at 2.93%	Fixed at 2.93%
Term (years 11-20)	Floating Constant Maturity Treasury +150BP	Floating Constant Maturity Treasury +150BP
Amortization	20 Yrs after 2 Yrs interest only period	20 Yrs after 2 Yrs interest only period
Security	Co-second lien by a pledge of all ULAA revenues, subordinate to general receipt bonds	
Financial Covenant	ULAA annual year-end net position must be \$90M or more	
Fees	Closing costs and a refundable \$25,000 fee refunded at closing	

If approved, Athletics anticipates closing on the loan in April and immediately drawing funds on the working capital facility to replenish cash balances.

The refinancing facility will be used to pay off the following outstanding debt: (totals are estimates as of March 2021):

	Total
Lynn, Patterson & Ulmer Expansion	3,656,000
Cardinal Stadium Seat Painting	1,500,000
ACC Network Studio	<u>5,973,779</u>
	11,129,779

Athletics is in the process of obtaining the payoff balances and anticipates closing these issues in calendar year 2021. This restructuring will reduce cash requirements for debt by over \$6.5M total for fiscal years 2021, 2022 and 2023.

ULAA COMMITTEE ACTION:

Passed X

Did Not Pass _____

Other _____

ρ
Signature on file

ρ
Assistant Secretary

ULAA BOARD ACTION:

Passed X

Did Not Pass _____

Other _____

ρ
Signature on file

ρ
Assistant Secretary

BOT BOARD ACTION:

Passed X

Did Not Pass _____

Other _____

ρ
Signature on file

ρ
Assistant Secretary