

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

September 23, 2021

In Open Session

Members of the Finance Committee of the University of Louisville Board of Trustees met in the Jefferson Room, Grawemeyer Hall, Belknap Campus, at 2:18 p.m. on September 23, 2021, with members present and absent as follows:

Present: Ms. Diane Medley, Chair
Mr. Scott Brinkman
Dr. Raymond Burse
Ms. Ugonna Okorie
Dr. David Schultz

Other Trustees

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

From the
University:

Dr. Neeli Bendapudi, President
Dr. Lori Gonzalez, Executive Vice President and University Provost
Dr. Kevin Gardner, Executive Vice President for Research and Innovation
Mr. Dan Durbin, Vice President for Finance and CFO
Ms. Angela Curry, General Counsel and Vice President for Legal Affairs
Dr. Jasmine Farrier, Vice President for University Advancement
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
Dr. Michael Mardis, Vice President for Student Affairs, Dean of Students
Mr. Mark Watkins, Sr. Associate Vice President for Operations
Dr. Faye Jones, Sr. Associate Vice President for Diversity and Equity
Mr. John Drees, Sr. Associate Vice President for Communications and Marketing
Ms. Sandy Russell, Assistant Vice President for Enterprise Risk and Compliance
Ms. Shannon Rickett, Assistant Vice President for Government Relations
Mr. Rick Graycarek, Assistant Vice President for Budget and Financial Planning
Dr. Gail DePuy, Special Assist. to the President for Strategic Plan Implementation
Dr. Paul DeMarco, Associate Dean of the Graduate School

Mr. Josh Heird, Deputy Athletic Director
Ms. Kari Aikins, Director of Total Rewards in Human Resources
Dr. Douglas Craddock, Deputy Chief of Staff to the Provost
Mr. John Karman, Executive Director of Communications
Ms. Beverly Santamouris, Treasurer/Controller
Ms. Jessica Murnock, Deputy Chief of Staff, President's Office
Mr. Jeff Spoelker, Associate Athletic Director
Dr. Joe Grant, Director of Undergraduate Studies in Criminal Justice
Dr. Staci Saner, Assistant Professor of Educational Leadership, Evaluation
Dr. Linda Fusilier, Assoc. Dean for Undergraduate Education, A&S
Ms. Melissa Brown, Youth Protection Officer in Risk, Audit, and Compliance
Ms. Carol Kloenne, Risk Management Coordinator in Risk, Audit, & Compliance
Dr. Ian Norris, ACE Fellow
Mr. Jake Beamer, Dir. of Governance & Strategic Initiatives & Asst. Secretary

From the UofL

Foundation: Mr. Keith Sherman, Executive Director
Mr. Justin Ruhl, Controller

From UofL

Health: Mr. Tom Miller, CEO

I. Call to Order

Chair Medley called the roll. Having determined a quorum present, she called the meeting to order at 2:18 p.m.

Approval of Minutes, 6-24-2021

Mr. Brinkman made a motion, which Dr. Burse seconded, to approve the minutes of the June 24, 2021 meeting.

The motion passed.

II. Action Item: Promissory Notes and Additional Contribution for Denny Crum Hall Project

Mr. Durbin briefed the committee on the recommendation to approve promissory notes and authorize the president to execute other documents and instruments related to the construction, financing, furnishment, and development of the new Denny Crum Hall.

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 promissory notes attached to this recommendation and that the Board of Trustees authorize her

or her designee to execute the promissory notes in substantially the form as attached, in connection with the development of Denny Crum Hall.

Further, the President recommends that the Board of Trustees authorize the President or her designee to execute such other documents and instruments as are necessary and appropriate to the consummation of the transaction contemplated by the promissory notes.

The motion passed.

III. Action Item: Renovation & Refurbishment of Club Space at Stadium

The CFO explained to the committee the recommendation to approve the issuance of a Request for Proposal (RFP) and to authorize a project to renovate the west-side club area of Cardinal Stadium.

The Department of Athletics will undertake a \$6 million renovation to the space formerly known as the Brown and Williamson Club. This space, which totals 18,000 square feet, has not been renovated since the stadium was built in 1998. This renovation will create a premium space emphasizing the influences of Louisville (the bourbon distillery + the horse culture the speakeasy + the forward-thinking character as a city).

In addition to enhancing the fan experience, the renovated space should generate additional operating revenues through ticket sales, concessions, and event rentals. The estimated cost is between \$4 and 6 million and construction will be funded using the Athletics line of credit with Republic Bank. Repayment will be made from a \$4 million naming rights agreement (announcement forthcoming) and operating funds from incremental revenue generated from the new club space.

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

President's recommendation that the Board of Trustees approve the issuance of an RFP and authorize a project to renovate the west-side club area of Cardinal Stadium, at an estimated cost not to exceed \$6,000,000.

The motion passed.

IV. Financial Update

FY 2021 Draft Financial Statements w/ Summary Information

Mr. Durbin briefed the committee on the FY2021 Draft Financial Statements which included an overview of the audit process; a summary of revenues, expenses, and changes in net position; a comparison of revenue and expense activity by unit; a balance sheet; and an assessment of available cash on hand, using the **attached** presentation.

Mr. Durbin and Provost Gonzalez then fielded questions from trustees.

FY2022 Budget Status

Using the **attached**, CFO Durbin then briefed the committee on the FY 2022 budget status, noting a budget-to-actual comparison from the previous year, the current amount of liquid cash on hand, and tuition revenues.

The CFO and Provost again fielded questions from trustees.

Campus Master Plan

Mr. Watkins explained to the committee that the Office of Finance and Administration will undertake a comprehensive Campus Master Planning Request for Proposal (RFP) process to align the physical space assets with the university's mission, vision, and strategic plan. He noted that the most recent master plan expired in 2010

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

UofL Foundation

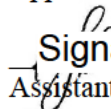
Mr. Sherman provided a financial update regarding the UofL Foundation, Inc. using the **attached** presentation. Highlights include operating statements, an investments summary and data on investment progression (for both the Foundation and the Real Estate Foundation), returns from the various endowment pools, underwater accounts (there are none), and fundraising. He then fielded questions from trustees.

V. Adjournment

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

The motion passed and the meeting adjourned at 3:28 p.m.

Approved by:

 Signature on file _____
Assistant Secretary

RECOMMENDATION TO THE BOARD OF TRUSTEES
RELATED TO THE CONSTRUCTION OF DENNY CRUM HALL

Finance Committee – September 23, 2021
Executive and Compensation Committee – September 23, 2021
Board of Trustees (ratification) - October 29, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees approve the promissory notes attached to this recommendation and that the Board of Trustees authorize her or her designee to execute the promissory notes in substantially the form as [attached](#), in connection with the development of Denny Crum Hall.

Further, the President recommends that the Board of Trustees authorize the President or her designee to execute such other documents and instruments as are necessary and appropriate to the consummation of the transaction contemplated by the promissory notes.

COMMITTEE ACTION:

Passed _____
Did Not Pass _____
Other _____

BOARD ACTION:

Passed _____
Did Not Pass _____
Other _____

Signature on file

Assistant Secretary

Assistant Secretary

COMMERCIAL NOTE

\$4,012,000.00

Louisville, Kentucky

Dated as of September ___, 2021 (the “Effective Date”)

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

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

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

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

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

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

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

- (a) **Tranche A.** Principal and interest shall be due and payable on the December 31 of each year commencing on December 31, 2022, and continuing thereafter until the Tranche A Maturity Date. Interest shall be paid in arrears and in the amount of all interest accrued and unpaid through the December 31 of the year in which such payment is due (*i.e.*, interest accrued on December 31, 2022, shall be for all interest accrued from January 1, 2022, through, and including, December 31, 2022). If a payment is due on a day that is not a Business Day, such payment shall be deemed due on the next succeeding Business Day. All payments on account of the indebtedness

evidenced by this Note shall be made to Lender not later than 2:00 p.m. EST/EDT, on the day when due in lawful money of the United States, and shall be first applied to late charges, costs of collection or enforcement, and other similar amounts due, if any, under this Note and any of the other Loan Documents, then to interest due and payable hereunder and the remainder to principal due and payable hereunder; provided, however, that all outstanding principal and accrued interest shall be due and payable in full on the Tranche A Maturity Date.

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

4. **Advances.** The proceeds of this Note may be disbursed from Lender to Borrower in one or more advances (an “**Advance**”) made from time to time prior to the Maturity Date; provided, however, that the aggregate outstanding principal balance of all unpaid Advances at any time shall not exceed the original principal balance of this Note. To obtain an Advance, Borrower shall submit a written, fully executed and completed “**Request for Advance**” at least ten (10) business day prior to the date Borrower desires the funds to be made available. Upon each Advance, Lender shall record the making and amount of such Advance on the books and records of Lender maintained for this Note. Lender shall also record on such books and records each payment of principal of this Note made by Borrower. The aggregate amount of all Advances made by Lender and shown on such books and records, less the principal paid by Borrower and shown on such books and records, shall be the outstanding principal of this Note. The books and records of Lender shall, at any time, be prima facie evidence of the outstanding principal of this Note. The obligation of Lender to honor any tendered Request for Advance and to make any Advance is subject to the following conditions: (a) each and every one of the representations, warranties and covenants of Borrower set forth herein, and in any other agreement, document or instrument delivered by Borrower to Lender or any of its affiliates, shall be true and correct on the date such Advance is made; (b) no Event of Default (as defined herein) shall have occurred and be continuing and no event of default shall exist or be continuing under any other agreement between Borrower and Lender or any of their affiliates; (c) after giving effect to the Advance requested in the Request for Advance, the aggregate outstanding principal amount of Advances hereunder shall not exceed the lesser

of the Note, or the maximum amount, if applicable; and (d) such other conditions as Lender may reasonably impose. Each Request for Advance submitted by Borrower to Lender shall constitute Borrower's representation and warranty to Lender that (i) Borrower is then and will be entitled to the Advance under this Note; (ii) all representations, warranties and covenants made by Borrower to Lender in this Note, and in any other agreement, document or instrument delivered by Borrower to Lender, are true and correct; and (iii) no Event of Default under this Note has occurred and is continuing. Each Request for Advance under this Note will be subject to all of the terms and conditions of the Note. Without limiting the generality of the foregoing, Lender will have no duty to make any Advance if insufficient funds remain available pursuant to the Note or any other maximum amount limitations set forth herein or in any of the Security Documents. Lender hereby is authorized at any time and from time to time, in its discretion, to make an advance under this Note for the payment on behalf of Borrower of any interest, principal or other sums due under any of the obligations of Borrower to Lender, and each such advance will constitute an Advance hereunder and part of the obligations. Notwithstanding the foregoing, Lender is not obligated to take such action. Advances that are repaid shall not be available for future Advances or otherwise "reborrowed" by Borrower at any time, and the aggregate amount of all Advances made hereunder shall not exceed the face amount of this Note.

5. [Intentionally omitted.]

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

7. **Security.** To secure repayment of this Note, any extensions or renewals thereof and all other existing and future indebtedness of Borrower to Lender (whether direct, indirect, absolute or contingent), Borrower shall grant, and does hereby grant, to Lender a security interest in the property described in the Security Agreement by and between Borrower and Lender dated on or about the date hereof (the "**Security Agreement**"), as well as all money and other property held by Lender on deposit in safekeeping or otherwise for the account of or to the credit of Borrower, or in which Borrower has an interest; provided that Lender will have the right to call for additional security as necessary. All of the documents or instruments that provide a lien or security interest in the collateral described above (the "**Collateral**"), as well as any and all other documents or instruments now or hereafter executed in connection with this Note and the loan evidenced hereby, including but not limited to any Security Agreement by and between Lender and Borrower, are referred to herein collectively as the "**Security Documents.**" All of the terms and conditions of the Security Documents are incorporated herein and made a part of this Note as if fully set forth at length herein. Any holder of this Note shall be entitled to the rights, privileges,

benefits and remedies provided in the Security Documents and in the real and personal property secured thereby. Borrower represents and warrants to Lender that the Security Documents have been validly executed and delivered to Lender and that the Security Documents are legally valid, binding and enforceable against Borrower (or any other party which has executed any of the Security Documents) in accordance with their respective terms. As used herein, “**Loan Documents**” will mean all Security Documents and this Note. Upon the occurrence of an Event of Default and in the event that Borrower receives payment of or proceeds from any of the Collateral, including without limitation and to the extent that it is included as Collateral hereunder, accounts, monies, checks, notes, drafts, or any other items of payment, Borrower agrees that Borrower will deliver to Lender the same in the form received by Borrower without commingling with any funds belonging to Borrower, and promptly will deposit the same in a special collateral account with Lender. Upon the occurrence of an Event of Default, Borrower authorizes Lender at any time without notice to appropriate and apply any balances, credits, deposits or accounts or money of Borrower (held individually or with others) in its possession, custody, or control or the possession, custody, or control of any affiliate of Lender to the payment of any of Borrower’s obligations to Lender, all of which may at all times be held and treated as additional Collateral.

8. **Proceeds.** Borrower represents that the proceeds of this Note will be used exclusively for business or commercial purposes, specifically to acquire and finance certain tenant improvements and equipment as described in the Security Agreement.
9. **Covenants.** Borrower agrees to provide financial information reasonably requested by Lender, in form and substance acceptable to Lender.
10. **Events of Default and Remedies.** The occurrence of any of the following shall be an “**Event of Default**” hereunder: (a) failure of Borrower to make any payment when due under this Note or under any other note or obligation of Borrower to Lender; (b) an Event of Default under the Security Documents, or any default under any of the following that does not have a defined set of “**Events of Default**” and the lapse of any notice or cure period provided therein: any other agreement, document or instrument between Borrower and Lender; (c) if Borrower or endorsers of this Note shall (i) make an assignment for the benefit of creditors, (ii) have a petition initiating any proceeding under the Bankruptcy Code filed by or against one or more of them, (iii) have a receiver, trustee, or custodian appointed for all or any material part of their respective assets, or (iv) seek to make an adjustment, settlement or extension of their respective debts with its creditors generally; (d) a default with respect to any other indebtedness of Borrower for borrowed money; (e) a proceeding being filed by or commenced against Borrower of this Note for dissolution or liquidation, or Borrower of this Note voluntarily or involuntarily terminating or dissolving or being terminated or dissolved; (f) in the event a judgment or writ or order of attachment or garnishment is made and issued against Borrower or Borrower’s property; (g) [intentionally omitted]; (h) [intentionally omitted]; (i) any representation or warranty made by Borrower to Lender or its affiliates in any document, including but not limited to the Security Documents, or any other documents now or in the future securing the obligations of Borrower to Lender, is false or erroneous in any material respect; (j) the

failure of Borrower to observe or perform any covenant or other agreement with Lender contained in any document executed in connection with the Loan(s), including but not limited to this Note or any of the Security Documents; (k) [intentionally omitted]; (l) [intentionally omitted], or (m) the failure of Borrower to observe or perform any covenant or other agreement with Lender or its affiliates contained in any document, including but not limited to the Security Documents or any documents now or in the future securing the obligations of Borrower to Lender or its affiliates. Upon the occurrence of an Event of Default: (i) the outstanding principal balance hereunder together with any additional amounts secured by the Security Documents, at the option of the holder and without demand or notice of any kind (which are hereby expressly waived), may be accelerated and become immediately due and payable, (ii) this Note, together with all arrearages of interest will from the date of the occurrence of the Event of Default bear interest at the Default Rate, (iii) Borrower will pay to Lender all reasonable attorneys' fees, court costs and expenses incurred by Lender in connection with Lender's efforts to collect the indebtedness evidenced by the Note, and (iv) Lender may exercise from time to time any of the rights and remedies available to the holder under the Security Documents or under applicable law.

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

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

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

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

refers to this Note, and then such modification, waiver, discharge or termination or consent will be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on Borrower in any case will entitle Borrower to any other or further notice or demand in the same or any similar or other circumstance.

14. **Expenses Incurred by Lender.** If Lender expends sums in defending or otherwise protecting its collateral under the Loan Documents prior to an Event of Default, or if any Event of Default occurs under this Note, and this Note is placed in the hands of an attorney for collection, or is collected through any court, including, without limitation, bankruptcy court, then Borrower promises to pay the holder of this Note the reasonable attorneys' fees and legal costs incurred in collecting or attempting to collect or securing or attempting to secure this Note or enforcing the rights of such holder with respect to any collateral securing this Note, including, without limitation, appraisal fees, costs of environmental audits, site assessments and/or remediation, to the fullest extent allowed by the laws of the Commonwealth of Kentucky or any state in which any collateral for this Note is situated.
15. **Rights of Lender.** Lender may, with or without notice to any party and without affecting the obligations of any Borrower, surety, endorser, accommodation party or any other party to this Note, (a) renew, extend or otherwise postpone the time for payment of either principal of this Note or interest thereon from time to time, (b) release or discharge any one or more parties liable on this Note, (c) change, exchange or release any property in which Lender possesses any interest securing this Note, (d) justifiably or otherwise, impair any collateral securing this Note or suspend the right to enforce against any such collateral, and (e) at any time it deems it necessary or proper, call for and should it be made available, accept, as additional security, the signature(s) of an additional party or a security interest in property of any kind or description or both.
16. **Complete Agreement.** This Note and the Security Documents are the entire and complete agreement of the parties hereto and supersede all previous understandings and agreements relating to the subject matter hereof. This Note and the Security Documents may be amended only by an instrument in writing that explicitly states that it amends this Note or such Security Documents and is signed by Borrower and acknowledged by Lender.
17. **Severability.** The provisions of this Note are intended to be severable. If any provision of this Note shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.
18. [Intentionally left blank.]
19. **Late Charge and Default Rate.**
 - 19.1 The Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying Lender's expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, Lender's exercise of any rights and remedies hereunder, under the other Security Documents or under applicable

law, and any fees and expenses of any agents or any reasonable fees and expenses of any attorneys which Lender may employ. In addition, the Default Rate reflects the increased credit risk to Lender of carrying a loan that is in default. Borrower agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by Lender, and that the actual harm incurred by Lender cannot be estimated with certainty and without difficulty.

- 19.2** Nothing contained in this Note regarding late charges or the Default Rate will be construed in any way to extend the due date of any payment or waive any payment default, and each such right is in addition to, and not in lieu of, the other and any other rights and remedies of Lender hereunder, under any of the Security Documents or under applicable law (including, without limitation, the right to interest, reasonable attorneys' fees and other expenses).
- 20.** **Usury.** Without limiting the generality of the foregoing, if from any circumstances whatsoever the fulfillment of any provision of this Note involves transcending the limit of validity prescribed by any applicable usury statute or any other applicable law with regard to obligations of like character and amount, then the obligation to be fulfilled will be reduced to the limit of such validity as provided in such statute or law, so that in no event will any exaction of interest be possible under this Note in excess of the limit of such validity and the right to demand any such excess is hereby expressly waived by Lender. As used in this Section, “applicable usury statute” and “applicable law” mean such statute and law in effect on the date hereof, subject to any change therein that result in a higher permissible rate of interest.
- 21.** **Singular and Plural Terms.** Wherever used herein, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.
- 22.** **Binding Effect.** This Note will bind Borrower and the successors and assigns of Borrower, and the benefits hereof will inure to the benefit of Lender and its successors and assigns. All references herein to the “**Borrower**” and “**Lender**” will include the respective successors and assigns thereof; provided, however, that Borrower may not assign, delegate or transfer any of its obligations under this Note in whole or in part without the prior written consent of Lender and Lender at any time may assign this Note in whole or in part (but no assignment by Lender of less than all of this Note will operate to relieve Borrower from any duty to Lender with respect to the unassigned portion of this Note).
- 23.** **Repayment by Lender.** If at any time all or any part of any payment or transfer of any kind received by Lender with respect to all or any part of this Note is repaid, set aside or invalidated by reason of any judgment, decree or order of any court or administrative body, or by reason of any agreement, settlement or compromise of any claim made at any time with respect to the repayment, recovery, setting aside or invalidation of all or any part of such payment or transfer, Borrower's obligations under this Note will continue (and/or be reinstated) and Borrower will be and remain liable, and, to the extent permitted by law, will indemnify, defend and hold harmless Lender for, the amount or amounts so repaid, recovered, set aside or invalidated and all other claims, demands, liabilities, judgments,

losses, damages, costs and expenses incurred in connection therewith. The provisions of this Section will be and remain effective notwithstanding any contrary action which may have been taken by Borrower in reliance upon such payment or transfer, and any such contrary action so taken will be without prejudice to Lender's rights hereunder and will be deemed to have been conditioned upon such payment or transfer having become final and irrevocable. The provisions of this Section will survive any termination, cancellation or discharge of this Note.

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

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

To Borrower: University of Louisville Athletic
Association, Inc.
2100 South Floyed Street
Louisville, Kentucky 40208

With a copy to:
Office of University Counsel
University of Louisville
206 Grawemeyer Hall
Louisville, Kentucky 40292
Attn: General Counsel

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

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

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

[Remainder of page intentionally blank; signature follows]

[Signature Page to Commercial Note]

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

BORROWER

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

By: _____

Name: _____

Title: _____

COMMERCIAL NOTE

\$1,370,000.00

Louisville, Kentucky

Dated as of September __, 2021 (the “Effective

Date”)

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

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

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

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

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

Borrower shall make payments of principal and interest on this Note, in an amount sufficient to amortize fully the principal amount of this Note by December 31, 2030.

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

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

3. **Maturity Date.** The outstanding principal of this Note, all accrued but unpaid interest thereon and all other charges, fees or expenses hereunder shall be due and payable in full on or before December 31, 2030 (the “**Maturity Date**”), or such later date as may be designated by Lender by written notice from Lender to Borrower (it being understood that in no event will Lender be under any obligation to extend or renew this Note beyond the initial or any extended Maturity Date).
4. **Advances.** The proceeds of this Note may be disbursed from Lender to Borrower in one or more advances (an “**Advance**”) made from time to time prior to the Maturity Date; provided, however, that the aggregate outstanding principal balance of all unpaid Advances at any time shall not exceed the original principal balance of this Note. To obtain an Advance, Borrower shall submit a written, fully executed and completed “**Request for Advance**” at least ten (10) business day prior to the date Borrower desires the funds to be made available. Upon each Advance, Lender shall record the making and amount of such Advance on the books and records of Lender maintained for this Note. Lender shall also record on such books and records each payment of principal of this Note made by Borrower. The aggregate amount of all Advances made by Lender and shown on such books and records, less the principal paid by Borrower and shown on such books and records, shall be the outstanding principal of this Note. The books and records of Lender shall, at any time, be prima facie evidence of the outstanding principal of this Note. The obligation of Lender to honor any tendered Request for Advance and to make any Advance is subject to the following conditions: (a) each and every one of the representations, warranties and covenants of Borrower set forth herein, and in any other agreement, document or instrument delivered by Borrower to Lender or any of its affiliates, shall be true and correct on the date such Advance is made; (b) no Event of Default (as defined herein) shall have occurred and be continuing and no event of default shall exist or be continuing under any other agreement between Borrower and Lender or any of their affiliates; (c) after giving effect to the Advance requested in the Request for Advance, the aggregate outstanding principal amount of Advances hereunder shall not exceed the lesser of the Total Facility, or the maximum amount, if applicable; and (d) such other conditions as Lender may reasonably impose. Each Request for Advance submitted by Borrower to Lender shall constitute Borrower's representation and warranty to Lender that (i) Borrower is then and will be entitled to the Advance under this Note; (ii) all representations, warranties and covenants made by Borrower to Lender in this Note, and in any other agreement, document or instrument delivered by Borrower to Lender, are true and correct; and (iii) no Event of Default under this Note has occurred and is continuing. Each Request for Advance under this Note will be subject to all of the terms and conditions of the Note. Without limiting the generality of the foregoing, Lender will have no duty to make any Advance if insufficient funds remain available pursuant to the Total Facility or any other maximum amount limitations set forth herein or in any of the Security Documents. Lender hereby is authorized at any time and from time to time, in its discretion, to make an advance under this Note for the payment on behalf of Borrower of any interest, principal or other

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

5. [Intentionally omitted.]
6. **Late Charge and Default Rate of Interest.** If Lender does not receive any payment due under this Note within ten (10) days of the date it is due, then Lender may charge a late charge of five percent (5.00%) of the amount of the overdue payment (the “**Late Charge**”). Upon maturity, whether by acceleration or otherwise, or upon the occurrence of an Event of Default hereunder, in addition to any and all other remedies to which Lender may be entitled, the applicable rate of interest on this Note shall be increased to five percent (5.00%) per annum in excess of the rate set forth in Section 1, above (the “**Default Rate**”), but not more than the highest rate permitted by law.
7. **Security.** To secure repayment of this Note, any extensions or renewals thereof and all other existing and future indebtedness of Borrower to Lender (whether direct, indirect, absolute or contingent), Borrower shall grant, and does hereby grant, to Lender a security interest in the property described in the Security Agreement by and between Borrower and Lender dated on or about the date hereof (the “**Security Agreement**”), as well as all money and other property held by Lender on deposit in safekeeping or otherwise for the account of or to the credit of Borrower, or in which Borrower has an interest; provided that Lender will have the right to call for additional security as necessary. All of the documents or instruments that provide a lien or security interest in the collateral described above (the “**Collateral**”), as well as any and all other documents or instruments now or hereafter executed in connection with this Note and the loan evidenced hereby, including but not limited to any Security Agreement by and between Lender and Borrower, are referred to herein collectively as the “**Security Documents.**” All of the terms and conditions of the Security Documents are incorporated herein and made a part of this Note as if fully set forth at length herein. Any holder of this Note shall be entitled to the rights, privileges, benefits and remedies provided in the Security Documents and in the real and personal property secured thereby. Borrower represents and warrants to Lender that the Security Documents have been validly executed and delivered to Lender and that the Security Documents are legally valid, binding and enforceable against Borrower (or any other party which has executed any of the Security Documents) in accordance with their respective terms. As used herein, “**Loan Documents**” will mean all Security Documents and this Note. Upon the occurrence of an Event of Default and in the event that Borrower receives payment of or proceeds from any of the Collateral, including without limitation and to the extent that it is included as Collateral hereunder, accounts, monies, checks, notes, drafts, or any other items of payment, Borrower agrees that Borrower will deliver to Lender the same in the form received by Borrower without commingling with any funds belonging to Borrower, and promptly will deposit the same in a special collateral account with Lender. Upon the occurrence of an Event of Default, Borrower authorizes Lender at any time

without notice to appropriate and apply any balances, credits, deposits or accounts or money of Borrower (held individually or with others) in its possession, custody, or control or the possession, custody, or control of any affiliate of Lender to the payment of any of Borrower's obligations to Lender, all of which may at all times be held and treated as additional Collateral.

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

expenses incurred by Lender in connection with Lender's efforts to collect the indebtedness evidenced by the Note, and (iv) Lender may exercise from time to time any of the rights and remedies available to the holder under the Security Documents or under applicable law.

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

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

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

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

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

audits, site assessments and/or remediation, to the fullest extent allowed by the laws of the Commonwealth of Kentucky or any state in which any collateral for this Note is situated.

15. **Rights of Lender.** Lender may, with or without notice to any party and without affecting the obligations of any Borrower, surety, endorser, accommodation party or any other party to this Note, (a) renew, extend or otherwise postpone the time for payment of either principal of this Note or interest thereon from time to time, (b) release or discharge any one or more parties liable on this Note, (c) change, exchange or release any property in which Lender possesses any interest securing this Note, (d) justifiably or otherwise, impair any collateral securing this Note or suspend the right to enforce against any such collateral, and (e) at any time it deems it necessary or proper, call for and should it be made available, accept, as additional security, the signature(s) of an additional party or a security interest in property of any kind or description or both.
16. **Complete Agreement.** This Note and the Security Documents are the entire and complete agreement of the parties hereto and supersede all previous understandings and agreements relating to the subject matter hereof. This Note and the Security Documents may be amended only by an instrument in writing that explicitly states that it amends this Note or such Security Documents and is signed by Borrower and acknowledged by Lender.
17. **Severability.** The provisions of this Note are intended to be severable. If any provision of this Note shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.
18. [Intentionally left blank.]
19. **Late Charge and Default Rate.**
 - 19.1 The Late Charge and the Default Rate are imposed as liquidated damages for the purpose of defraying Lender's expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, Lender's exercise of any rights and remedies hereunder, under the other Security Documents or under applicable law, and any fees and expenses of any agents or any reasonable fees and expenses of any attorneys which Lender may employ. In addition, the Default Rate reflects the increased credit risk to Lender of carrying a loan that is in default. Borrower agrees that the Late Charge and Default Rate are reasonable forecasts of just compensation for anticipated and actual harm incurred by Lender, and that the actual harm incurred by Lender cannot be estimated with certainty and without difficulty.
 - 19.2 Nothing contained in this Note regarding late charges or the Default Rate will be construed in any way to extend the due date of any payment or waive any payment default, and each such right is in addition to, and not in lieu of, the other and any other rights and remedies of Lender hereunder, under any of the Security

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

20. **Usury.** Without limiting the generality of the foregoing, if from any circumstances whatsoever the fulfillment of any provision of this Note involves transcending the limit of validity prescribed by any applicable usury statute or any other applicable law with regard to obligations of like character and amount, then the obligation to be fulfilled will be reduced to the limit of such validity as provided in such statute or law, so that in no event will any exaction of interest be possible under this Note in excess of the limit of such validity and the right to demand any such excess is hereby expressly waived by Lender. As used in this Section, “applicable usury statute” and “applicable law” mean such statute and law in effect on the date hereof, subject to any change therein that result in a higher permissible rate of interest.
21. **Singular and Plural Terms.** Wherever used herein, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.
22. **Binding Effect.** This Note will bind Borrower and the successors and assigns of Borrower, and the benefits hereof will inure to the benefit of Lender and its successors and assigns. All references herein to the “**Borrower**” and “**Lender**” will include the respective successors and assigns thereof; provided, however, that Borrower may not assign, delegate or transfer any of its obligations under this Note in whole or in part without the prior written consent of Lender and Lender at any time may assign this Note in whole or in part (but no assignment by Lender of less than all of this Note will operate to relieve Borrower from any duty to Lender with respect to the unassigned portion of this Note).
23. **Repayment by Lender.** If at any time all or any part of any payment or transfer of any kind received by Lender with respect to all or any part of this Note is repaid, set aside or invalidated by reason of any judgment, decree or order of any court or administrative body, or by reason of any agreement, settlement or compromise of any claim made at any time with respect to the repayment, recovery, setting aside or invalidation of all or any part of such payment or transfer, Borrower's obligations under this Note will continue (and/or be reinstated) and Borrower will be and remain liable, and, to the extent permitted by law, will indemnify, defend and hold harmless Lender for, the amount or amounts so repaid, recovered, set aside or invalidated and all other claims, demands, liabilities, judgments, losses, damages, costs and expenses incurred in connection therewith. The provisions of this Section will be and remain effective notwithstanding any contrary action which may have been taken by Borrower in reliance upon such payment or transfer, and any such contrary action so taken will be without prejudice to Lender's rights hereunder and will be deemed to have been conditioned upon such payment or transfer having become final and irrevocable. The provisions of this Section will survive any termination, cancellation or discharge of this Note.
24. **Notices.** All notices, demands, requests, consents or approvals and other communications required or permitted hereunder will be in writing, and, to the extent required by applicable law, will comply with the requirements of the Uniform Commercial Code then in effect,

and will be addressed to such party at the address set forth below or to such other address as any party may give to the other in writing for such purpose:

To Lender: Investment Property Advisors,
LLC
666 East Main Street, Suite A-2
Centreville, Michigan 49032
Attn: Lawrence N. Gough

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

With a copy to:

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

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

25. **Governing Law.** This Note has been delivered and accepted at and will be deemed to have been made at Louisville, Kentucky and will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the Commonwealth of Kentucky, excluding its conflict of laws rules, and will include all matters arising out of or relating to this Agreement, including without limitation claims as to its validity, interpretation, construction, performance, and all claims sounding in tort.
26. **Waiver of Jury Trial.** *THE PARTIES HERETO EACH WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT, OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. BORROWER AND LENDER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.*

[Remainder of page intentionally blank; signature follows]

[Signature Page to Commercial Note]

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

BORROWER

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

By: _____

Name: _____

Title: _____

SECURITY AGREEMENT

(Tenant Improvements and Equipment – Purchase Money Security Interest)

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

1. The tenant improvements and equipment described on the attached **Exhibit A**;
2. Together with all attachments, additions and accessions thereto, and added and substituted parts, equipment and repairs now or hereafter placed upon such property, whether because of necessary repairs or otherwise; and

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

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

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

- 1.1 Debtor now keeps and will continue to keep the Collateral at the facilities located on the real estate described in **Exhibit B**; and Debtor now keeps and will continue to keep its books and records concerning the Collateral at its principal place of business. Debtor has not had any other registered offices in the Commonwealth of Kentucky other than the following: 2100 South Floyd Street, Louisville Kentucky 40208.
- 1.2 The Collateral is being acquired with the proceeds of the loans by Secured Party to Debtor. Secured Party may disburse such proceeds directly to the seller of the Collateral. The security interest created under this Agreement is intended by the parties to be a purchase money security interest in the Collateral and in the proceeds of the sale of such Collateral.

- 1.3 If the Collateral has been or is to be attached to real estate, the name of the record ground lease holder of such real estate is **320 EASTERN JV, LLC**, a Kentucky limited liability company, and such real estate is described in **Exhibit B** attached hereto and if the Collateral is attached to real estate prior to the perfection of the security interest hereby granted, Debtor upon demand will furnish Secured Party with written consent to such security interest or a written disclaimer of any interest in the Equipment as fixtures, signed by all persons with an interest in the real estate at the time of the attachment of such security interest.
2. **Preservation of Collateral.** Debtor will keep the Collateral in good order and repair at all times, will use same with reasonable care and caution, will not part with possession or ownership thereof nor lease or hire out the Collateral without the written consent of Secured Party, and will exhibit the Collateral to Secured Party upon demand. Debtor will promptly notify Secured Party of any loss or damage to the Collateral. Debtor will not use, or permit the Collateral to be used, in violation of any federal, state, county or municipal law or regulation or for any unlawful purpose whatsoever.
3. **Execution of Appropriate Documentation with Respect to Collateral.** With respect to any and all of the Collateral, Debtor agrees to do and cause to be done all things necessary or appropriate to perfect, maintain the priority of and keep in full force and effect the security interest granted by Debtor to Secured Party, including, but not limited to, the prompt payment upon demand therefor by Secured Party of all fees and expenses (including documentary stamp, excise or intangibles taxes) incurred in connection with the preparation, delivery, or filing of any document or the taking of any action deemed necessary or appropriate by Secured Party to perfect, protect, or enforce a security interest in any of the Collateral for the benefit of Secured Party, subject only to the Permitted Liens, as such liens are set forth on the attached **Exhibit C**, which is incorporated by reference as if fully set forth herein and as such term is defined in any of the documents executed in connection with the Obligations. All amounts not so paid when due will be added to the Obligations and (in addition to other rights and remedies resulting from such non-payment) will bear interest from the date of demand until paid in full at the Default Rate. Debtor also authorizes Secured Party to file one or more financing statements, as deemed necessary or desirable by Secured Party (including but not limited to any correction statements as set forth more fully in UCC Section 9-518), which financing statements lists or otherwise describes the Collateral as consisting of all of Debtor's assets or words to that effect, regardless of the actual description of the Collateral set forth in this Agreement.
4. **Insurance.** Debtor will keep its insurable real and personal property insured with responsible insurance companies against loss or damage by fire, windstorm and other hazards which are commonly insured against in an extended coverage endorsement in an amount equal to not less than 90% of the insurable value thereof on a replacement cost basis and also maintain public liability insurance in a reasonable amount. In addition, Debtor will maintain extended liability insurance covering its operations of at least \$1,000,000 and in a form and with companies reasonably satisfactory to Secured Party. Notwithstanding the foregoing, such property insurance will at all times be in an amount

so that Debtor will not be deemed a “co-insurer” under any co-insurance provisions of such policies. All such insurance policies will name Secured Party as an additional insured and, where applicable, as lender’s loss payee under a loss payable endorsement satisfactory to Secured Party. All such policies will be in form and substance satisfactory to Secured Party and will provide that ten (10) days’ prior written notice must be given to Secured Party before such policy is altered or cancelled. Schedules of all insurance of Debtor will be submitted to Secured Party upon request. Such schedules will contain a description of the risks covered, the amounts of insurance carried on each risk, the name of the insurer and the cost of such insurance to Debtor. Debtor will provide new schedules to Secured Party promptly to reflect any change in insurance coverage. Debtor will deliver to Secured Party certificates representing such insurance policies upon the execution hereof. All amounts payable in settlement of insurance losses may be applied, at Secured Party’s option, to the Obligations, or used to repair, replace or restore the Collateral.

5. **Payment of Expenses by Secured Party.** At its option, Secured Party may discharge taxes, liens, security interests or such other encumbrances as may attach to the Collateral, may pay for required insurance on the Collateral and may pay for the maintenance and preservation of the Collateral, as determined by Secured Party to be necessary, and such expenditures will become a part of the Obligations. Debtor will reimburse Secured Party on demand for any payment so made or any expense incurred by Secured Party pursuant to the foregoing authorization, and the Collateral also will secure any advances or payments so made or expenses so incurred by Secured Party.
6. **Information.** Debtor will furnish to Secured Party from time to time if and as requested current lists of the Collateral. Secured Party and its designated representatives and agents will have the right at all reasonable times to examine, inspect, and audit the Collateral wherever located.
7. **Representations and Covenants.** Debtor represents and covenants to Secured Party that, except for any Permitted Liens: (a) Debtor has not made any prior sale, pledge, encumbrance, assignment or other disposition of any of the Collateral and the same is free from all encumbrances and rights of set off of any kind; (b) Debtor will not hereafter without the prior written consent of Secured Party sell, pledge, encumber, assign or otherwise dispose of any of the Collateral or permit any right of set off, lien or security interest to exist thereon except to Secured Party; and (c) Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.
8. **Receivers.** Upon or at any time after the occurrence of an Event of Default, Secured Party may request the appointment of a receiver of the Collateral, and Debtor expressly consents to the appointment of such a receiver, who will be entitled to a reasonable fee for so managing the Collateral. Such appointment may be made without notice, and without regard to (i) the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the Obligations; and (ii) the value of the Collateral at such time. Such receiver will have the power to take

possession, control and care of the Collateral and to collect all accounts resulting therefrom. Notwithstanding the appointment of any receiver, trustee, or other custodian, Secured Party will be entitled to the possession and control of any cash, or other instruments at the time held by, or payable or deliverable under the terms of this Agreement to Secured Party.

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

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

10. **Default.**

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

10.2 The net proceeds arising from the disposition of the Collateral after deducting expenses incurred by Secured Party will be applied to the Obligations in the order

determined by Secured Party. If any excess remains after the discharge of all of the Obligations, the same will be paid to Debtor. If after exhausting all of the Collateral, there should be a deficiency, Debtor will be liable therefor to Secured Party, provided, however, that nothing contained herein will obligate Secured Party to proceed against the Collateral prior to making a claim against Debtor or any other party obligated under the Obligations or prior to proceeding against any other collateral for the Obligations.

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

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

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

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

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

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

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

12. General.

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

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

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

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

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

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

- 12.3 Successors and Assigns.** This Agreement will be binding upon and inure to the benefit of Debtor and Secured Party and their respective successors and assigns, provided, however, that Debtor may not assign, delegate, or transfer this Agreement in whole or in part without the prior written consent of Secured Party and Secured Party at any time may assign this Agreement in whole or in part. All references herein to the “Debtor” and “Secured Party” will be deemed to apply to Debtor and Secured Party and their respective heirs, administrators, successors and assigns.
- 12.4 Modifications.** No modification or waiver of any provision of this Agreement nor consent to any departure by Debtor therefrom, will be established by conduct, custom or course of dealing; and no modification, waiver or consent will in any event be effective unless the same is in writing and specifically refers to this Agreement, and then such waiver or consent will be effective only in the specific instance and for the purpose for which given. No notice to or demand on Debtor in any case will entitle Debtor to any other or further notice or demand in the same, similar or other circumstance.
- 12.5** [Intentionally left blank.]
- 12.6** [Intentionally left blank.]
- 12.7 Illegality.** If fulfillment of any provision hereof or any transaction related hereto or of any provision of this Agreement, at the time performance of such provision is due, involves transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled will be reduced to the limit of such validity; and if any clause or provisions herein contained other than the provisions hereof pertaining to repayment of the Obligations operates or would prospectively operate to invalidate this Agreement in whole or in part, then such clause or provision only will be void, as though not herein contained, and the remainder of this Agreement will remain operative and in full force and effect.
- 12.8 Continuing Agreement.** This is a continuing Agreement and will continue in effect even though all or any part of the Obligations have been paid in full and even though for a period of time Debtor may not be indebted to Secured Party.

- 12.9 **Gender, etc.** Whenever used herein, the singular number will include the plural, the plural the singular and the use of the masculine, feminine or neuter gender will include all genders.
- 12.10 **Headings.** The headings in this Agreement are for convenience only and will not limit or otherwise affect any of the terms hereof.
- 12.11 [Intentionally left blank.]
- 12.12 **Counterparts.** This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same agreement. Any party so executing this Agreement by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.
- 12.13 **Definitions.** Capitalized terms used herein and not otherwise defined will be given the definitions set forth in the Uniform Commercial Code in force and effect in the State indicated in the Governing Law section of this Agreement
- 12.14 **Governing Law.** This Agreement has been delivered and accepted at and will be deemed to have been made at Louisville, Kentucky and will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the Commonwealth of Kentucky, and will include all matters arising out of or relating to this Agreement, including without limitation claims as to its validity, interpretation, construction, performance, and all claims sounding in tort.
- 12.15 **Waiver of Jury Trial.** *THE PARTIES HERETO EACH WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT, OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. DEBTOR AND SECURED PARTY ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.*

[Remainder of Page Left Blank]

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

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

DEBTOR:

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

By _____
Print Name: _____
Title: _____

SECURED PARTY:

320 EASTERN JV, LLC, a Kentucky
limited liability company

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

EXHIBIT A
DESCRIPTION OF EQUIPMENT

[attached hereto.]

EXHIBIT B
LEGAL DESCRIPTION OF REAL ESTATE

[insert]

EXHIBIT C

PERMITTED LIENS

“Permitted Liens” will mean:

- (i) liens securing the payment of taxes, either not yet due or the validity of which is being contested in good faith by appropriate proceedings, and as to which it has set aside on its books adequate reserves to the extent required by generally accepted accounting principles;
- (ii) liens imposed by law, such as carriers’ warehousemen’s or mechanics’ liens, incurred by it in good faith in the ordinary course of business, and liens arising out of a judgment or award against it with respect to which it will currently be prosecuting an appeal, a stay of execution pending such appeal having been secured;
- (iii) liens in favor of Secured Party; and
- (iv) attachment, judgment, and similar liens provided that execution is effectively stayed pending a good faith contest.

SECURITY AGREEMENT

(Tenant Improvements and Equipment – Purchase Money Security Interest)

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

1. The tenant improvements and equipment described on the attached **Exhibit A**;
2. Together with all attachments, additions and accessions thereto, and added and substituted parts, equipment and repairs now or hereafter placed upon such property, whether because of necessary repairs or otherwise; and

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

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

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

- 1.1 Debtor now keeps and will continue to keep the Collateral at the facilities located on the real estate described in **Exhibit B**; and Debtor now keeps and will continue to keep its books and records concerning the Collateral at its principal place of business. Debtor has not had any other registered offices in the Commonwealth of Kentucky other than the following: _2100 South Floyd Street, Louisville, Kentucky 40208.
- 1.2 The Collateral is being acquired with the proceeds of the loans by Secured Party to Debtor. Secured Party may disburse such proceeds directly to the seller of the Collateral. The security interest created under this Agreement is intended by the parties to be a purchase money security interest in the Collateral and in the proceeds of the sale of such Collateral.

- 1.3 If the Collateral has been or is to be attached to real estate, the name of the record ground lease holder of such real estate is **320 EASTERN JV, LLC**, a Kentucky limited liability company, and such real estate is described in **Exhibit B** attached hereto and if the Collateral is attached to real estate prior to the perfection of the security interest hereby granted, Debtor upon demand will furnish Secured Party with written consent to such security interest or a written disclaimer of any interest in the Equipment as fixtures, signed by all persons with an interest in the real estate at the time of the attachment of such security interest.
2. **Preservation of Collateral.** Debtor will keep the Collateral in good order and repair at all times, will use same with reasonable care and caution, will not part with possession or ownership thereof nor lease or hire out the Collateral without the written consent of Secured Party, and will exhibit the Collateral to Secured Party upon demand. Debtor will promptly notify Secured Party of any loss or damage to the Collateral. Debtor will not use, or permit the Collateral to be used, in violation of any federal, state, county or municipal law or regulation or for any unlawful purpose whatsoever.
3. **Execution of Appropriate Documentation with Respect to Collateral.** With respect to any and all of the Collateral, Debtor agrees to do and cause to be done all things necessary or appropriate to perfect, maintain the priority of and keep in full force and effect the security interest granted by Debtor to Secured Party, including, but not limited to, the prompt payment upon demand therefor by Secured Party of all fees and expenses (including documentary stamp, excise or intangibles taxes) incurred in connection with the preparation, delivery, or filing of any document or the taking of any action deemed necessary or appropriate by Secured Party to perfect, protect, or enforce a security interest in any of the Collateral for the benefit of Secured Party, subject only to the Permitted Liens, as such liens are set forth on the attached **Exhibit C**, which is incorporated by reference as if fully set forth herein and as such term is defined in any of the documents executed in connection with the Obligations. All amounts not so paid when due will be added to the Obligations and (in addition to other rights and remedies resulting from such non-payment) will bear interest from the date of demand until paid in full at the Default Rate. Debtor also authorizes Secured Party to file one or more financing statements, as deemed necessary or desirable by Secured Party (including but not limited to any correction statements as set forth more fully in UCC Section 9-518), which financing statements lists or otherwise describes the Collateral as consisting of all of Debtor's assets or words to that effect, regardless of the actual description of the Collateral set forth in this Agreement.
4. **Insurance.** Debtor will keep its insurable real and personal property insured with responsible insurance companies against loss or damage by fire, windstorm and other hazards which are commonly insured against in an extended coverage endorsement in an amount equal to not less than 90% of the insurable value thereof on a replacement cost basis and also maintain public liability insurance in a reasonable amount. In addition, Debtor will maintain extended liability insurance covering its operations of at least \$1,000,000 and in a form and with companies reasonably satisfactory to Secured Party. Notwithstanding the foregoing, such property insurance will at all times be in an amount

so that Debtor will not be deemed a “co-insurer” under any co-insurance provisions of such policies. All such insurance policies will name Secured Party as an additional insured and, where applicable, as lender’s loss payee under a loss payable endorsement satisfactory to Secured Party. All such policies will be in form and substance satisfactory to Secured Party and will provide that ten (10) days’ prior written notice must be given to Secured Party before such policy is altered or cancelled. Schedules of all insurance of Debtor will be submitted to Secured Party upon request. Such schedules will contain a description of the risks covered, the amounts of insurance carried on each risk, the name of the insurer and the cost of such insurance to Debtor. Debtor will provide new schedules to Secured Party promptly to reflect any change in insurance coverage. Debtor will deliver to Secured Party certificates representing such insurance policies upon the execution hereof. All amounts payable in settlement of insurance losses may be applied, at Secured Party’s option, to the Obligations, or used to repair, replace or restore the Collateral.

5. **Payment of Expenses by Secured Party.** At its option, Secured Party may discharge taxes, liens, security interests or such other encumbrances as may attach to the Collateral, may pay for required insurance on the Collateral and may pay for the maintenance and preservation of the Collateral, as determined by Secured Party to be necessary, and such expenditures will become a part of the Obligations. Debtor will reimburse Secured Party on demand for any payment so made or any expense incurred by Secured Party pursuant to the foregoing authorization, and the Collateral also will secure any advances or payments so made or expenses so incurred by Secured Party.
6. **Information.** Debtor will furnish to Secured Party from time to time if and as requested current lists of the Collateral. Secured Party and its designated representatives and agents will have the right at all reasonable times to examine, inspect, and audit the Collateral wherever located.
7. **Representations and Covenants.** Debtor represents and covenants to Secured Party that, except for any Permitted Liens: (a) Debtor has not made any prior sale, pledge, encumbrance, assignment or other disposition of any of the Collateral and the same is free from all encumbrances and rights of set off of any kind; (b) Debtor will not hereafter without the prior written consent of Secured Party sell, pledge, encumber, assign or otherwise dispose of any of the Collateral or permit any right of set off, lien or security interest to exist thereon except to Secured Party; and (c) Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.
8. **Receivers.** Upon or at any time after the occurrence of an Event of Default, Secured Party may request the appointment of a receiver of the Collateral, and Debtor expressly consents to the appointment of such a receiver, who will be entitled to a reasonable fee for so managing the Collateral. Such appointment may be made without notice, and without regard to (i) the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the Obligations; and (ii) the value of the Collateral at such time. Such receiver will have the power to take

possession, control and care of the Collateral and to collect all accounts resulting therefrom. Notwithstanding the appointment of any receiver, trustee, or other custodian, Secured Party will be entitled to the possession and control of any cash, or other instruments at the time held by, or payable or deliverable under the terms of this Agreement to Secured Party.

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

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

10. **Default.**

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

10.2 The net proceeds arising from the disposition of the Collateral after deducting expenses incurred by Secured Party will be applied to the Obligations in the order

determined by Secured Party. If any excess remains after the discharge of all of the Obligations, the same will be paid to Debtor. If after exhausting all of the Collateral, there should be a deficiency, Debtor will be liable therefor to Secured Party, provided, however, that nothing contained herein will obligate Secured Party to proceed against the Collateral prior to making a claim against Debtor or any other party obligated under the Obligations or prior to proceeding against any other collateral for the Obligations.

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

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

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

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

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

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

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

12. General.

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

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

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

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

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

With a copy to: Office of University Counsel

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

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

- 12.4 Successors and Assigns.** This Agreement will be binding upon and inure to the benefit of Debtor and Secured Party and their respective successors and assigns, provided, however, that Debtor may not assign, delegate, or transfer this Agreement in whole or in part without the prior written consent of Secured Party and Secured Party at any time may assign this Agreement in whole or in part. All references herein to the “Debtor” and “Secured Party” will be deemed to apply to Debtor and Secured Party and their respective heirs, administrators, successors and assigns.
- 12.5 Modifications.** No modification or waiver of any provision of this Agreement nor consent to any departure by Debtor therefrom, will be established by conduct, custom or course of dealing; and no modification, waiver or consent will in any event be effective unless the same is in writing and specifically refers to this Agreement, and then such waiver or consent will be effective only in the specific instance and for the purpose for which given. No notice to or demand on Debtor in any case will entitle Debtor to any other or further notice or demand in the same, similar or other circumstance.
- 12.6** [Intentionally left blank.]
- 12.7** [Intentionally left blank.]
- 12.8 Illegality.** If fulfillment of any provision hereof or any transaction related hereto or of any provision of this Agreement, at the time performance of such provision is due, involves transcending the limit of validity prescribed by law, then ipso facto, the obligation to be fulfilled will be reduced to the limit of such validity; and if any clause or provisions herein contained other than the provisions hereof pertaining to repayment of the Obligations operates or would prospectively operate to invalidate this Agreement in whole or in part, then such clause or provision only will be void, as though not herein contained, and the remainder of this Agreement will remain operative and in full force and effect.

- 12.9 **Continuing Agreement.** This is a continuing Agreement and will continue in effect even though all or any part of the Obligations have been paid in full and even though for a period of time Debtor may not be indebted to Secured Party.
- 12.10 **Gender, etc.** Whenever used herein, the singular number will include the plural, the plural the singular and the use of the masculine, feminine or neuter gender will include all genders.
- 12.11 **Headings.** The headings in this Agreement are for convenience only and will not limit or otherwise affect any of the terms hereof.
- 12.12 [Intentionally left blank]
- 12.13 **Counterparts.** This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same agreement. Any party so executing this Agreement by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.
- 12.14 **Definitions.** Capitalized terms used herein and not otherwise defined will be given the definitions set forth in the Uniform Commercial Code in force and effect in the State indicated in the Governing Law section of this Agreement
- 12.15 **Governing Law.** This Agreement has been delivered and accepted at and will be deemed to have been made at Louisville, Kentucky and will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the Commonwealth of Kentucky, and will include all matters arising out of or relating to this Agreement, including without limitation claims as to its validity, interpretation, construction, performance, and all claims sounding in tort.
- 12.16 **Waiver of Jury Trial.** *THE PARTIES HERETO EACH WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT, OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. DEBTOR AND SECURED PARTY ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.*

[Remainder of Page Left Blank]

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

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

DEBTOR:

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

By _____
Print Name: _____
Title: _____

SECURED PARTY:

**INVESTMENT PROPERTY
ADVISORS, LLC,** an Indiana limited
liability company

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

EXHIBIT A
DESCRIPTION OF EQUIPMENT

[attached hereto.]

EXHIBIT B
LEGAL DESCRIPTION OF REAL ESTATE

[insert]

EXHIBIT C

PERMITTED LIENS

“Permitted Liens” will mean:

- (i) liens securing the payment of taxes, either not yet due or the validity of which is being contested in good faith by appropriate proceedings, and as to which it has set aside on its books adequate reserves to the extent required by generally accepted accounting principles;
- (ii) liens imposed by law, such as carriers’ warehousemen’s or mechanics’ liens, incurred by it in good faith in the ordinary course of business, and liens arising out of a judgment or award against it with respect to which it will currently be prosecuting an appeal, a stay of execution pending such appeal having been secured;
- (iii) liens in favor of Secured Party; and
- (iv) attachment, judgment, and similar liens provided that execution is effectively stayed pending a good faith contest.

RECOMMENDATION TO THE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES
CONCERNING THE RENOVATION OF A CLUB SPACE AT CARDINAL STADIUM

Finance Committee – September 23, 2021
Executive and Compensation Committee – September 23, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees approve the issuance of an RFP and authorize a project to renovate the west-side club area of Cardinal Stadium, at an estimated cost not to exceed \$6,000,000.

BACKGROUND:

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

The estimated cost is between \$4 and 6 million and construction will be funded using the Athletics line of credit with Republic Bank. Repayment will be made from a \$4 million naming rights agreement (announcement forthcoming) and operating funds from incremental revenue generated from the new club space.

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

In the 2020-2022 State budget, renovation provisions for Cardinal Stadium in the amount of up to \$10 million was authorized so no additional approvals are required at the state level.

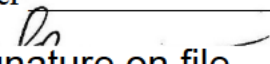
The Vice President for Athletics joins the President in making this recommendation.

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



FY2021 Draft Financial Statements with Summary Information

Dan Durbin
EVP Finance/CFO

September 23, 2021

Highlights of FY21 DRAFT/UNAUDITED Financials

- **The Audit**

- *In process and on time*
- *Management expects an unmodified (clean) opinion*
- *Shared in more detail upon completion*

- **Key Points**

- *Accrual based: Reflects commitments and measures economic value*
- *Heavily influenced by extraordinary items:*
 - Health system margin distribution
 - Capital related activity
 - COVID-19 costs and support
 - Health Sciences clinical reimbursements
- *Ended with positive margin (revenues exceeded expenses) = balanced budget overall*
- *Balance Sheet continues to improve (liquidity and unrestricted net position increased)*

Summary of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2021 (Reflected in Thousands)

	2021	2020	\$ Diff	% Diff
REVENUES				
Student tuition and fees, net	\$ 231,505	\$ 227,233	\$ 4,272	2%
State appropriations	125,420	128,712	(3,292)	(2.6%)
Clinical services and practice plan	324,519	322,989	1,530	0%
Grants and contracts	213,646	190,345	23,301	12%
Intercollegiate athletics	62,384	86,559	(24,175)	(27.9%)
Affiliate contributions, net	42,412	49,770	(7,358)	(14.8%)
Capital appropriations & gifts	8,902	9,090	(188)	(2.1%)
Other revenue	53,555	77,017	(23,462)	(30.5%)
Total revenue	1,062,343	1,091,715	(29,372)	(2.7%)
EXPENSES				
Salaries and wages	525,613	543,946	(18,333)	(3.4%)
Employee benefits	119,396	129,181	(9,785)	(7.6%)
Utilities	21,987	21,374	613	3%
Scholarships and fellowships	39,623	39,274	349	1%
Supplies and other services	215,134	238,735	(23,601)	(9.9%)
Depreciation and amortization	57,780	56,840	940	2%
Interest on capital asset-related debt	11,331	10,364	967	9%
Total expenses	990,864	1,039,714	(49,817)	(4.8%)
Increase/(decrease) in net position	71,479	52,001	19,478	37%
SPECIAL ITEMS				
Transfer of operations	-	132,413	(132,413)	(100.0%)
Increase (decrease) in net position after special items	\$ 71,479	\$ 184,414	\$ (112,935)	(61.2%)

Significant Revenue Fluctuations:

- Student tuition and fee revenue increased rates and enrollment.
- Clinical revenues were influenced by the reduction in Pediatric clinical income (related to the Norton Pediatrics integration). These lost revenue were offset by a decrease in salaries and benefits as presented in the expense section. This category also includes the UL Health Margin Share proceeds.
- Direct state appropriation reductions were offset by state COVID grant funding.
- The increase in grant revenue is related to federal and state COVID funding of approximately \$30.0 million in FY 2021 compared to \$8.8 million in FY 2020.
- Intercollegiate athletic revenues decreased due to COVID capacity restrictions and game cancellations for the football and men's basketball seasons.
- Other revenues decreased due to reduced gift receipts in Athletics and lower auxiliary revenues.
- With an overall decline in University spending due to COVID, the University drew a lesser amount of funding from the Foundation (reflected on "Affiliate Contributions, net" category).

Summary of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2021 (Reflected in Thousands)

	2021	2020	\$ Diff	% Diff
REVENUES				
Student tuition and fees, net	\$ 231,505	\$ 227,233	\$ 4,272	2%
State appropriations	125,420	128,712	(3,292)	(2.6%)
Clinical services and practice plan	324,519	322,989	1,530	0%
Grants and contracts	213,646	190,345	23,301	12%
Intercollegiate athletics	62,384	86,559	(24,175)	(27.9%)
Affiliate contributions, net	42,412	49,770	(7,358)	(14.8%)
Capital appropriations & gifts	8,902	9,090	(188)	(2.1%)
Other revenue	53,555	77,017	(23,462)	(30.5%)
Total revenue	1,062,343	1,091,715	(29,372)	(2.7%)
EXPENSES				
Salaries and wages	525,613	543,946	(18,333)	(3.4%)
Employee benefits	119,396	129,181	(9,785)	(7.6%)
Utilities	21,987	21,374	613	3%
Scholarships and fellowships	39,623	39,274	349	1%
Supplies and other services	215,134	238,735	(23,601)	(9.9%)
Depreciation and amortization	57,780	56,840	940	2%
Interest on capital asset-related debt	11,331	10,364	967	9%
Total expenses	990,864	1,039,714	(49,817)	(4.8%)
Increase(decrease) in net position	71,479	52,001	19,478	37%
SPECIAL ITEMS				
Transfer of operations	-	132,413	(132,413)	(100.0%)
Increase (decrease) in net position after special items	\$ 71,479	\$ 184,414	\$ (112,935)	(61.2%)

Significant Expense Fluctuations:

- The Norton Pediatrics integration drove a significant portion of the decrease in salaries and wages from the prior year.
- Employee benefits decreased due to the reduced 403(b) contributions and the Norton Pediatrics integration.
- The decrease in supplies and services expense is driven by COVID travel restrictions and a decrease in professional services (contractual) expense.

Comparison of Revenue and Expense Activity by Component Unit FY 2021 vs. FY 2020 (REVISED)

	2021 DRAFT				2020			
	Consolidated	UL (Mainly Gen Fund)	ULRF	ULAA	Consolidated	UL (Mainly Gen Fund)	ULRF	ULAA
1. Total Increase in Net Position (from statement)	71,479	8,462	66,639	(3,622)	52,001	22,744	70,415	4,330
Extraordinary Items Influencing Statements:								
Capital Revenues (restricted to capital projects)	8,902	120	-	8,782	9,090	3,453	-	5,637
CARES funds to replace lost auxiliary income (June funding)	7,800	4,000	-	3,800				
UL Health Margin Share Commitment (funded over multiple years)	33,200	-	33,200	-	37,000	-	37,000	-
Retroactive Medicaid Payment (for prior periods)	10,400	-	10,400	-				
Medicaid IGT payment holdbacks (quality & withhold) to HSC	8,000	-	8,000	-				
Funds for future state IGT match	7,342	-	7,342	-				
2. Normalized Change in Net Position	(4,165)	4,342	7,697	(16,204)	5,911	19,291	33,415	(1,307)

2021 ULAA accrual loss was offset with loan proceeds (loan proceeds do not flow through as revenues)

Statement of Net Position (Balance Sheet)

Year Ended June 30, 2021 (Reflected in Thousands)

	2021	2020	\$ Diff	% Diff
ASSETS				
Unrestricted Cash and cash equivalents	\$ 206,674	\$ 142,291	\$ 64,383	45%
Restricted cash and cash equivalents	55,964	48,865	7,099	15%
Accounts receivable, net	157,416	122,478	34,938	29%
Due from affiliates	65,450	55,126	10,324	19%
Other investments	34,665	20,740	13,925	67%
Other assets	35,108	36,436	(1,328)	(4%)
Capital assets, net	1,069,819	1,078,175	(8,356)	(1%)
Total assets	1,625,096	1,504,111	120,985	8%
DEFERRED OUTFLOWS OF RESOURCES				
	17,305	13,687	3,618	26%
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	\$ 1,642,401	\$ 1,517,798	\$ 124,603	8%
LIABILITIES				
Accounts payable and accrued liabilities	105,298	88,551	16,747	19%
Advances	62,486	54,844	7,642	14%
Bonds and notes payable	309,990	288,305	21,685	8%
Amounts due to federal government for student loan programs	17,311	17,145	166	1%
Other post-retirement benefits	80,238	74,239	5,999	8%
Other liabilities	18,673	13,439	5,234	39%
Total liabilities	593,996	536,523	57,473	11%
DEFERRED INFLOWS OF RESOURCES				
	61,480	65,829	(4,349)	(7%)
NET POSITION				
Net investment in capital assets	800,980	825,433	(24,453)	(3%)
Restricted:				
Nonexpendable	1,868	1,349	519	38%
Expendable	76,196	84,417	(8,221)	(10%)
Unrestricted	107,881	4,247	103,634	2440%
Total net position	\$ 986,925	\$ 915,446	\$ 71,479	8%
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
	\$ 1,642,401	\$ 1,517,798	\$ 124,603	8%

Significant Balance Sheet Fluctuations: Assets:

- Unrestricted Cash includes \$20.6 million from FICA tax deferrals that will be repaid over 2 years.
- Restricted Cash includes \$47 million for new residence hall financing proceeds (project fund).
- Accounts receivable increases are student receivables and grant receivables.

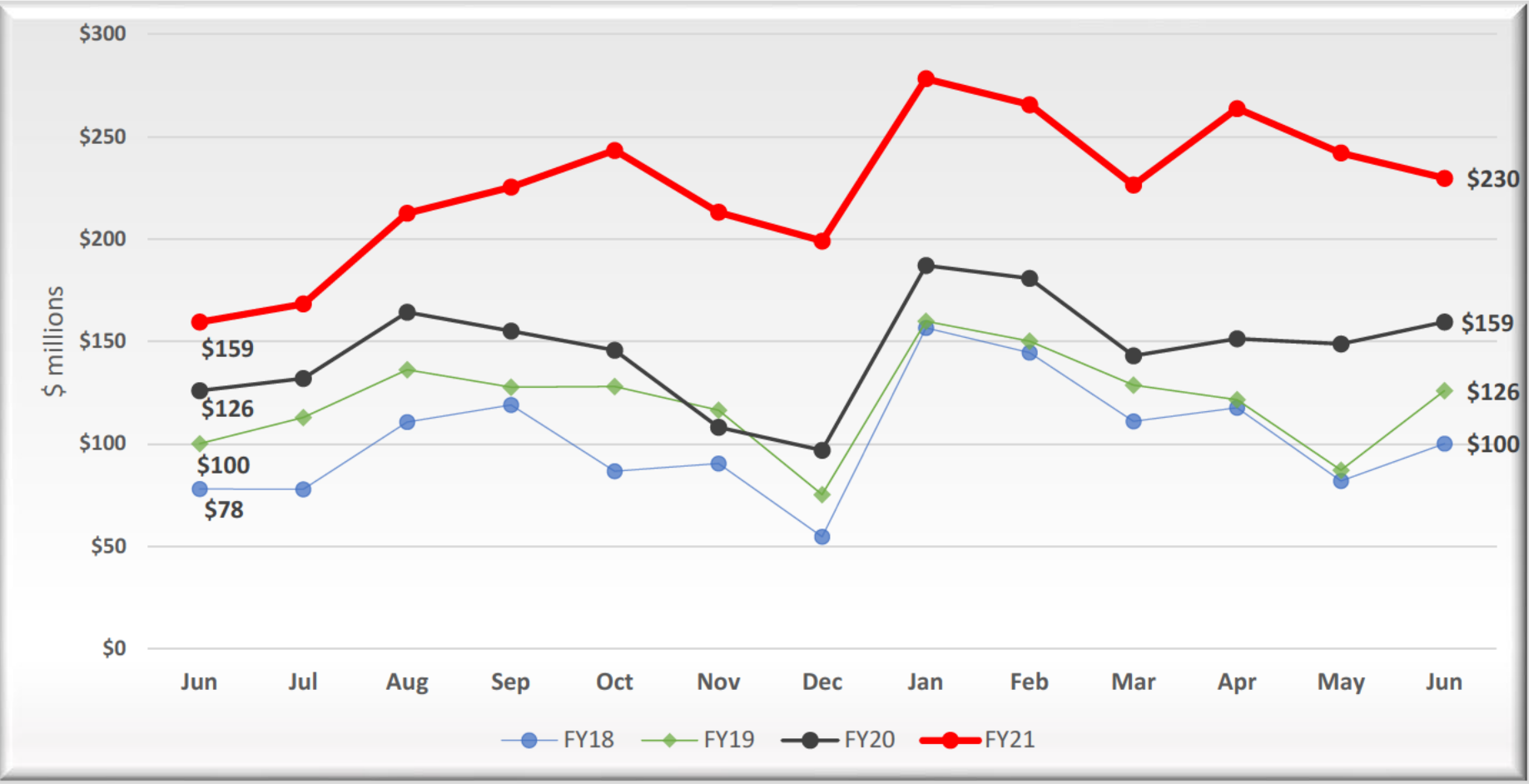
Liabilities:

- Accounts payable includes \$20.6M FICA tax deferrals payable over 2 years.
- Bonds & note payable increased due to new residence hall financing.

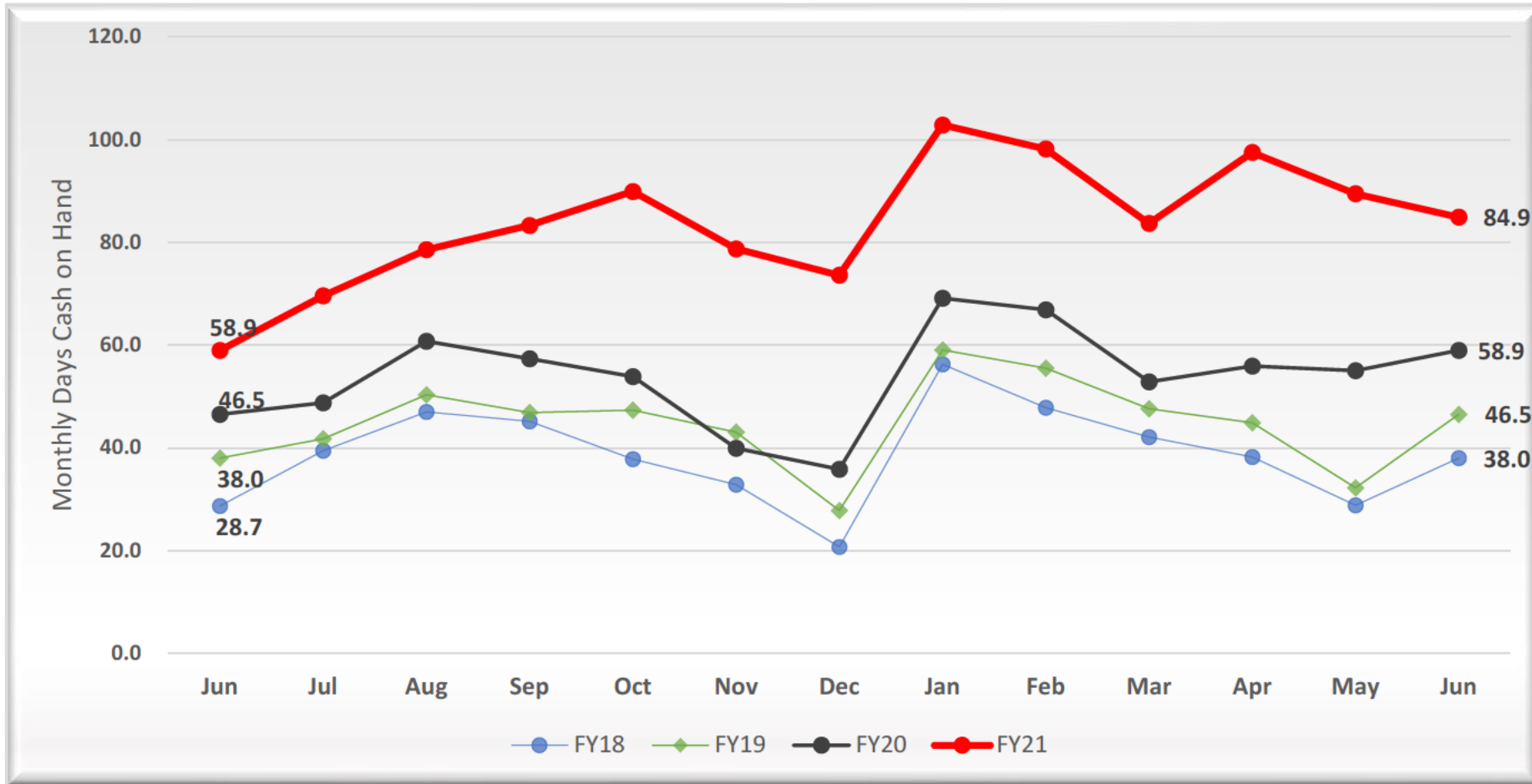
Net Position:

- Unrestricted Net Position continues to improve.
- Capital assets decreased from prior year due to current year depreciation greater than new additions.

Amount of Liquid Cash on Hand – FY 2018 to FY 2021



Days of Liquid Cash on Hand – FY 2018 to FY 2021



**Questions?
Thank you!**





FY2022 Budget Status Through July 31, 2021

Dan Durbin
EVP Finance/CFO

September 23, 2021

Budget-to-Actual Report thru July

FY 2022 versus FY 2021 (Modified-Cash Basis)

Status Indicators	
Better than Expected	↑
As Expected	✓
Worse than Expected	!

Revenues	FY 2022				FY 2021	Year-over-Year	
	Annual Budget	YTD July	% Realized	Status	YTD July	\$ Change	
<u>General Funds</u>							
Tuition and Fees	339,524,920	157,301,748	46.3%	!	155,328,342	1,973,406	FY 22 tuition rate increase
State Appropriations	130,129,300	39,038,700	30.0%	✓	37,235,400	1,803,300	Performance funding increase
Transfers In	30,779,202	804,434	2.6%	✓	2,113	802,321	Primarily timing
Other Revenue	13,882,080	2,098,720	15.1%	✓	415,874	1,682,846	
Auxiliaries	13,620,308	4,722,747	34.7%	!	5,460,507	(737,760)	
Hospital-Related	1,133,097	108,635	9.6%	✓	750,752	(642,117)	Hospital rent recorded in non-general fund beginning with FY22
CARES / Federal Relief Funds	6,000,000	0	0.0%		0	0	
General Funds Total	535,068,907	204,074,984	38.1%	✓	199,192,988	4,881,996	
<i>Funds received in prior periods</i>	3,581,945	0			0		
<u>Non-General Funds</u>							
UL Research Foundation	601,175,406	52,120,826	8.7%	✓	35,288,316	16,832,510	See "Description of Notable Revenue Changes" section
UL Athletic Association	107,700,000	44,067,452	40.9%	✓	41,141,306	2,926,146	
UL Foundation	56,376,651	(263,801)	-0.5%	✓	(81,693)	(182,108)	
Internally Designated	18,726,327	204,989	1.1%	✓	864,927	(659,939)	
<i>Funds received in prior periods</i>	12,624,145	0			0	0	
Non-General Funds Total	796,602,530	96,129,465	12.1%	✓	77,212,856	18,916,610	
Total Revenues	\$1,335,253,382	\$300,204,450	22.5%	✓	\$276,405,844	\$23,798,606	

Expenses	FY 2022				FY 2021	Change	
	Annual Budget	YTD July	% of Budget	Status	YTD July		
<u>All Funds</u>							
Salary	582,037,186	43,617,065	7.5%	✓	43,053,226	563,839	
Fringe Benefits	148,173,849	12,744,446	8.6%	✓	8,248,018	4,496,428	See "Description of Notable Expense Changes" section
Operating	393,177,129	30,362,244	7.7%	✓	22,825,343	7,536,901	See "Description of Notable Expense Changes" section
Financial Aid	157,408,757	14,135,301	9.0%	✓	2,502,486	11,632,816	See "Description of Notable Expense Changes" section
Capital Asset & Debt Service	31,762,410	62,812	0.2%	✓	389,196	(326,384)	
Utilities	22,694,052	(1,341,819)	-5.9%	✓	(696,196)	(645,623)	Credit in July for June advance payment
Total Expenses	\$1,335,253,382	99,580,049	7.5%		\$76,322,072	\$23,257,977	
Revenue Over/(Under) Expenses	(\$0)	\$200,624,401			\$200,083,772	\$540,629	

Budget-to-Actual Report thru July

FY 2022 versus FY 2021 (Modified-Cash Basis)

Description of Notable Revenue Changes

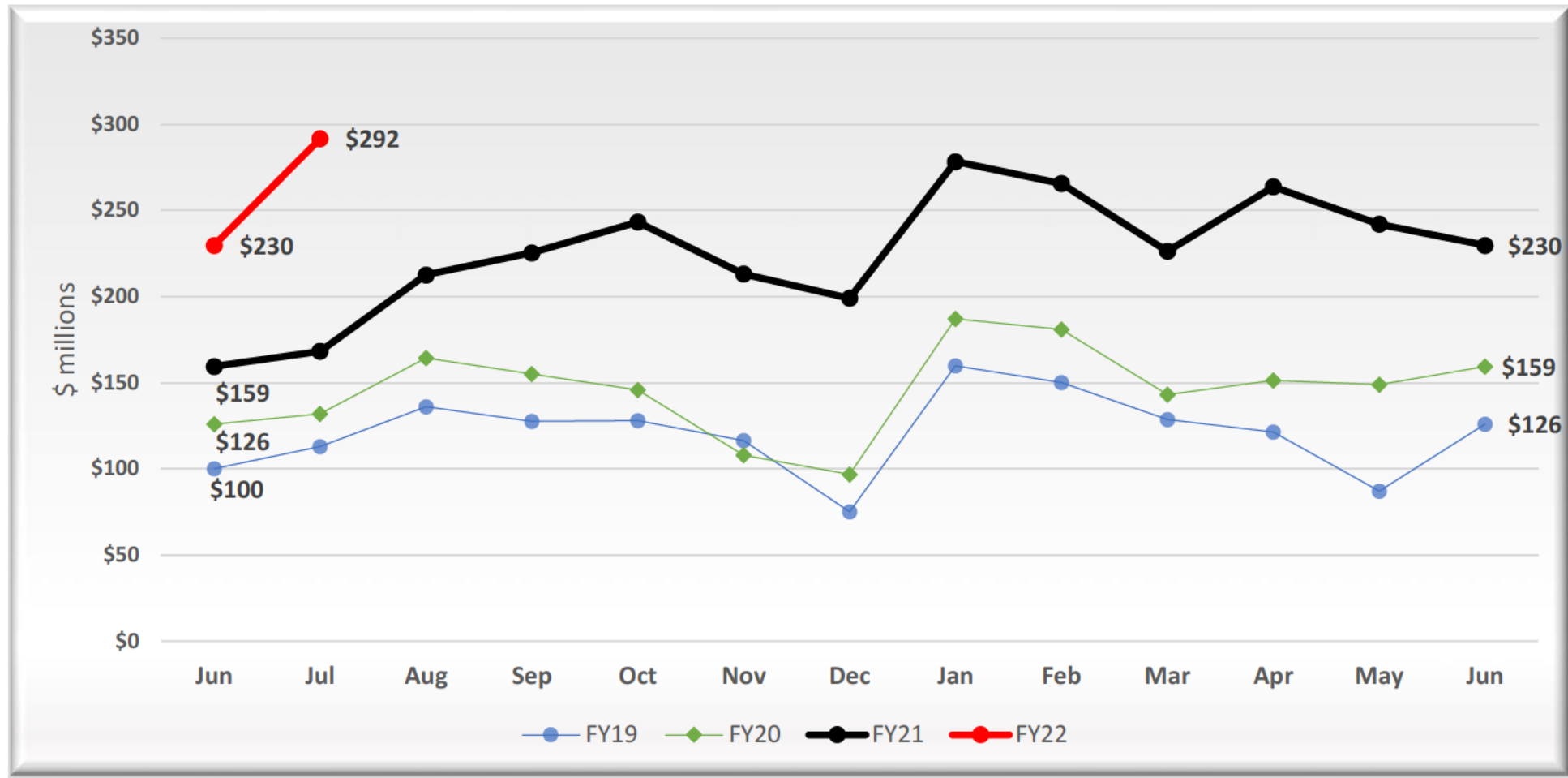
Revenues	Actuals (July)		Change	
	FY 2022	FY 2021		
Tuition and Fees	157,301,748	155,328,342	1,973,406	Rate increase; strong graduate enrollment
UL Research Foundation	52,120,826	35,288,316	16,832,510	
<i>Sponsored Research</i>	<i>19,183,901</i>	<i>6,358,329</i>	<i>12,825,572</i>	<i>\$9.6M CARES</i>
<i>Pass-through financial aid</i>	<i>1,465,812</i>	<i>1,609,774</i>	<i>(143,962)</i>	
<i>Clinical-related activities</i>	<i>26,730,943</i>	<i>23,946,646</i>	<i>2,784,297</i>	
UL Athletic Association	44,067,452	41,141,306	2,926,146	
UL Foundation	(263,801)	(81,693)	(182,108)	

Description of Notable Expense Changes

Expenses	Actuals (July)		Change	
	FY 2022	FY 2021		
Salaries and Wages	43,617,065	43,053,226	563,839	
Fringe Benefits	12,744,446	8,248,018	4,496,428	Reduced retirement benefits in FY 2021
Financial Aid	14,135,301	2,502,486	11,632,816	Primarily due to timing
Operating	30,362,244	22,825,343	7,536,901	
<i>Analytic Testing</i>	<i>582,431</i>	<i>221,742</i>	<i>360,689</i>	
<i>Equipment</i>	<i>855,200</i>	<i>752,446</i>	<i>102,754</i>	
<i>External Services</i>	<i>2,819,510</i>	<i>1,513,616</i>	<i>1,305,894</i>	
<i>Maintenance</i>	<i>1,966,155</i>	<i>1,365,168</i>	<i>600,987</i>	
<i>Operating</i>	<i>4,095,845</i>	<i>3,007,934</i>	<i>1,087,911</i>	
<i>Patents, Royalties</i>	<i>1,866,087</i>	<i>622,381</i>	<i>1,243,706</i>	
<i>Services</i>	<i>676,234</i>	<i>253,233</i>	<i>423,001</i>	
<i>Subscriptions</i>	<i>3,365,425</i>	<i>2,890,725</i>	<i>474,700</i>	
<i>Travel</i>	<i>512,276</i>	<i>207,051</i>	<i>305,225</i>	

Liquid Cash – FY 2019 to FY 2022

(Actuals through July FY 2022)



Comparison of Tuition Revenues to Budget

Fall Semester

Fall Semester

Tuition Category	FY21 Actuals	FY 22 Budget	Actual	% of Budget	Diff. to Budget
Undergraduate	90,086,563	90,816,134	88,103,371	97.0%	(2,712,763)
Graduate	17,800,455	18,185,279	17,425,389	95.8%	(759,890)
Professional	33,148,191	34,839,405	34,202,325	98.2%	(637,080)
Other term-based	3,907,094	5,666,882	5,032,163	88.8%	(634,719)
Tuition Total	\$144,942,304	\$149,507,700	\$144,763,248	96.8%	(\$4,744,452)
Additional expected future fall tuition revenues (e.g., winter session)			2,500,000		2,500,000
Estimated Potential Difference					(\$2,244,452)

Corrective Action Strategies Underway:

- “True up” college budgets
- Emphasize retention efforts
- Contingency accounts are holding budget in reserve
- Other strategies

Questions?
Thank you!





UNIVERSITY *of* LOUISVILLE
FOUNDATION

**BOARD OF TRUSTEES FINANCIAL UPDATE
FISCAL YEAR 2021**

KEITH SHERMAN

SEPTEMBER 2021

FISCAL YEAR 2021 EXECUTIVE SUMMARY

- **Budget Results (Slide 5):**

- Foundation operating (administrative) expenses below budget and prior year
- Total fiscal year UofL support = \$42 million; \$24 million from the endowment pool
- Favorable budget variances in all expenditure categories (except pledge bad debts)
- >90% of cash expenditures were direct support payments to UofL

- **Investing (Slide 9-16):**

- Main endowment pool = \$824 million
 - 35% fiscal year investment return; exceeded benchmark in each of the last four quarters
- Target asset allocation achieved; finalizing endowment pool manager composition

- **University Support (Slide 17):**

- *No underwater endowments*; \$4 million March 2021 infusion
- \$75 million total funds available to the University
- FY 22 endowment spending policy allocation is \$18 million; 20% YoY increase

- **Fundraising (Slides 20-26):**

- Total fiscal year philanthropy \$37 million; \$43 million goal (ex. UofL Health)
- \$27 million total cash deposits (except UofL Health); \$7 million endowment

FOUNDATION GLOSSARY

		June 2021	June 2020
		in thousands	
Foundation & ULREF	While legally separate entities, this represents combined total assets	\$ 1,312,529	\$ 1,093,126
Foundation total assets	501(c)3 – Separate Board of Directors, Management from UofL	1,075,892	857,006
ULREF total assets	501(c)3 – Separate Board of Directors, Management from UofL	236,637	236,120
Total investments	Includes Prime-Advised assets, current-use gifts, FHITBO, and others	985,832	745,811
Endowment	Funds given to or for the benefit of the University that are restricted by donor or Board; invested with the intention of corpus to be whole in perpetuity	935,602	707,458
Main Endowment Pool	Foundation funds managed by Prime Buchholz; provides most University endowment spending	823,785	609,195
FHITBO	Funds held in trust <u>BY</u> others. Donor funds managed by entity other than Foundation. These funds are part of the Endowment	79,597	62,733
Current-use gifts	Non-endowed donor gifts to the University which can be expended completely	52,636	40,150
Other assets	Receivables, real estate, and other assets of Foundation and its consolidated affiliates	90,060	111,195
FHITFO	Funds held in trust <u>FOR</u> others. Other entities (i.e. ULAA) have their own funds invested with the Foundation, shown as a liability	14,488	13,635

OPERATING STATEMENTS

CONSOLIDATED INCOME STATEMENTS

- A. See Slide 18 for philanthropy details
- B. Current FYTD return was 32%; prior year was a loss; budgeted less than 6%
- C. \$5.4 million non-cash gain on debt extinguishment from Nucleus new market tax credit exit
- D. Support to University reduced due to COVID-19; CARES Act & other pandemic-funding received

	For the Fiscal Year Ended June 30,				
	2021	2020	Variance	2021	2021
			in thousands	Budget	Variance
Revenues					
University gifts (A)	\$ 30,647	\$ 41,349	\$ (10,702)	\$ 25,250	\$ 5,397
UofL Health gifts	7,990	17,528	(9,538)	10,000	(2,010)
Net investment return (loss) (B)	252,444	(1,224)	253,668	36,330	216,114
Net rental revenue	1,142	1,071	71	1,075	67
Other revenues (C)	5,660	251	5,409	5,661	(1)
Total revenues	297,883	58,975	238,908	78,316	219,567
Expenses					
Endowment support to UofL (D)	18,259	22,758	(4,499)	25,616	(7,357)
Current use support to UofL (D)	16,909	20,493	(3,584)	24,933	(8,024)
UofL Health support	7,544	17,520	(9,976)	10,000	(2,456)
Other support to UofL	6,974	6,989	(15)	8,109	(1,135)
ULF administrative expenses	5,141	5,769	(628)	5,747	(606)
Other expenses/losses	4,200	4,916	(716)	2,008	2,192
Total ULF expenses and losses	59,027	78,445	(19,418)	76,413	(17,386)
ULF net income	238,856	(19,470)	258,326	1,903	236,953
Affiliates' net income (expense)	195	682	(488)	(300)	495
Change in net assets	\$ 239,051	\$ (18,788)	\$ 257,838	\$ 1,603	\$ 237,448

See Appendix A for financial statements

CONSOLIDATED STATEMENTS OF POSITION

- A. \$14 million loan due from TNRP eliminated in connection with new market tax credit exit
- B. Refer to Slides 22-24 for pledge activity information
- C. 35% trailing 1-year return

	June	
	2021	2020
	in thousands	
Assets		
Cash	\$ 2,352	\$ 2,017
Accounts receivable, net	4,452	4,282
Prepaid expenses and other assets	5,501	5,752
Loans receivable (A)	1,000	15,404
Pledge receivables, net (B)	14,216	14,014
Due from ULREF	12,052	16,717
Investments:		
Main endowment pool (C)	823,785	609,195
Funds held in trust by others	79,597	62,733
Other endowment investments	8,133	6,911
Current-use gift funds	52,636	40,150
Operating reserve account	12,552	15,352
Other non-endowed investments	9,129	11,470
Total investments	985,832	745,811
PP&E, net	50,487	53,009
Total assets	\$ 1,075,892	\$ 857,006

See Appendix A for financial statements

CONSOLIDATED STATEMENTS OF POSITION

- A. \$19 million of TNRP debt eliminated with new market tax credit financing
- B. Estimate of June support to UofL; to be transferred in July.

	June	
	2021	2020
	in thousands	
Liabilities and net assets		
Liabilities:		
Accounts payable	\$ 947	\$ 882
Funds held in trust for others	14,488	13,635
Other liabilities	12,468	10,688
Debt (A)	32,731	53,391
Due to the University (B)	4,080	6,281
Total liabilities	64,714	84,877
Net assets	1,011,178	772,129
Total liabilities and net assets	\$ 1,075,892	\$ 857,006

See Appendix A for financial statements

INVESTMENTS

INVESTMENT SUMMARY (AS OF JUNE 30, 2021)

Portfolio Performance

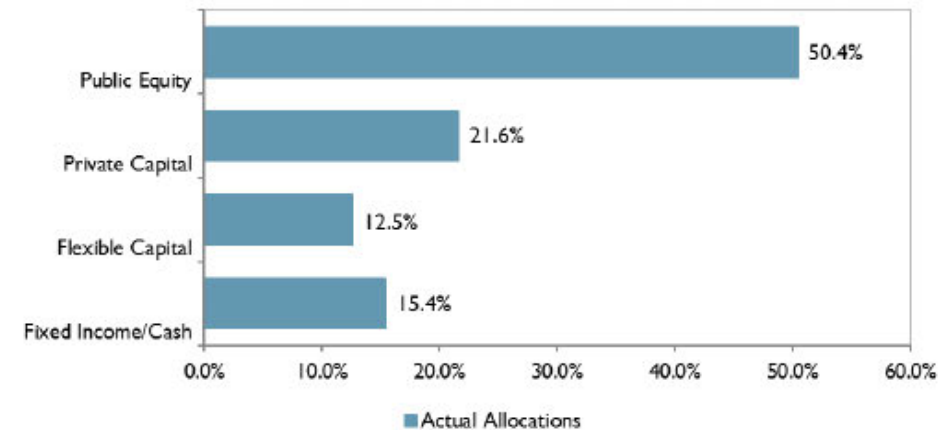
Market Value	% of Portfolio		QTR Ended Sep-20	QTR Ended Dec-20	QTR Ended Mar-21	QTR Ended Jun-21	Fiscal YTD	Calendar YTD	1 YR	3 YRS	5 YRS	10 YRS	Return Since	Inception Date
\$1,010,376,243	100.0	Total Assets	6.6	11.7	6.4	4.4	32.3	11.1	32.3	10.5	NA	NA	18.0	Nov-19
\$935,601,976	92.6	Endowment Assets	6.8	12.0	6.8	4.4	33.5	11.5	33.5	11.0	9.3	7.0	9.4	Jan-90
\$823,785,203	81.5	Main Endowment Pool	7.2	12.7	7.4	4.3	35.4	12.1	35.4	11.0	11.0	8.0	10.0	Jan-90
\$111,816,773	11.1	Other Endowment Assets	4.3	8.0	2.8	4.7	21.2	7.6	21.2	10.1	1.8	2.0	5.5	Jan-90
\$74,774,268	7.4	Non-Endowment Assets	4.4	8.6	2.1	3.9	20.3	6.1	20.3	10.3	NA	NA	14.2	Nov-19
\$52,636,416	5.2	Current Use Gift Account	3.6	7.1	1.7	3.4	16.6	5.2	16.6	8.2	NA	NA	8.1	Jun-18
\$12,552,374	1.2	Operating Reserve Account	6.3	13.4	3.2	5.7	31.4	9.1	31.4	14.3	12.9	NA	10.5	Jul-15
\$9,585,478	0.9	Non-Endowment Other Assets	5.0	7.9	2.4	4.0	20.7	6.5	20.7	11.6	NA	NA	12.6	Nov-19

- Information prior to 10/31/2019 provided by former consultant. April 2017 - August 2019 monthly performance calculated using a weighted-average of the client-provided returns and values.

Market Value by Asset Pool

	Market Value as of 04/01/2021	Net Flows	Return On Investment	Market Value As of 06/30/2021
Total Assets	\$972,722,651	-\$4,718,350	\$42,371,942	\$1,010,376,243
Endowment Assets	\$897,418,739	-\$1,219,609	\$39,402,846	\$935,601,976
Current Use Gift Account	\$50,268,908	\$623,939	\$1,743,569	\$52,636,416
Operating Reserve Account	\$15,990,327	-\$4,229,668	\$791,714	\$12,552,374
Total Non-Endowment Other Assets	\$9,044,678	\$106,987	\$433,813	\$9,585,478

Asset Allocation



INVESTMENT PROGRESSION

For the Quarter Ended June 30, 2021 (in thousands)

	Main Endowment Pool	Other Endowment Assets	Current Use	Operating Reserve	Other Non-Endowed Assets	Total Investments	Total Real Estate
	In thousands						
March 31 st market value	\$ 752,219	\$ 109,284	\$ 50,269	\$ 15,990	\$ 9,045	\$ 936,807	
Investment return	70,078	5,240	1,744	792	375	78,229	
Contributions/ purchases	8,010	924	13,380	200	2,666	25,180	
Distributions/sales	(6,522)	(3,631)	(12,757)	(4,430)	(2,500)	(29,840)	
June 30th market value	\$823,785	\$ 111,817	\$ 52,636	\$ 12,552	\$ 9,586	\$ 1,010,376	
Quarterly return %	4.3%	4.7%	3.4%	5.7%	4.0%	4.4%	
Real Estate Investments:	(See next slide for further details)						
Cash flows							3,989
Cash invested							65,548
ROI %							6%

ULF/ULREF REAL ESTATE INVESTMENTS SUMMARY

For the Fiscal Year Ended June 30, 2021

	Campus One*** (ULF)	Campus Two*** (ULREF)	Campus Three*** (ULREF)	TNRP (ULF)	Icebreakers (ULREF)	Cardinal Station (ULREF)	Bed, Bath & Beyond (ULREF)	Total
	In thousands							
FY cash flows (deficit)	(202)	445	367	2,244	(50)	732	453	3,989
Cash invested	6,902	3,575	5,226	27,989	2,104	12,752	7,000	65,548
ROI (loss) %	(3%)	12%	7%	8%	(2%)	6%	6%	6%

***Campus One, Two and Three are non-consolidated joint ventures, PP&E values not included on ULF/ULREF's balance sheets. Investment in Joint Venture is a component of Other Assets on the ULF balance sheet and is a separate line item on the ULREF balance sheet. Cash invested includes allocation of infrastructure costs paid by the Foundation.

ENDOWMENT FUNDS

MAIN ENDOWMENT POOL RETURNS

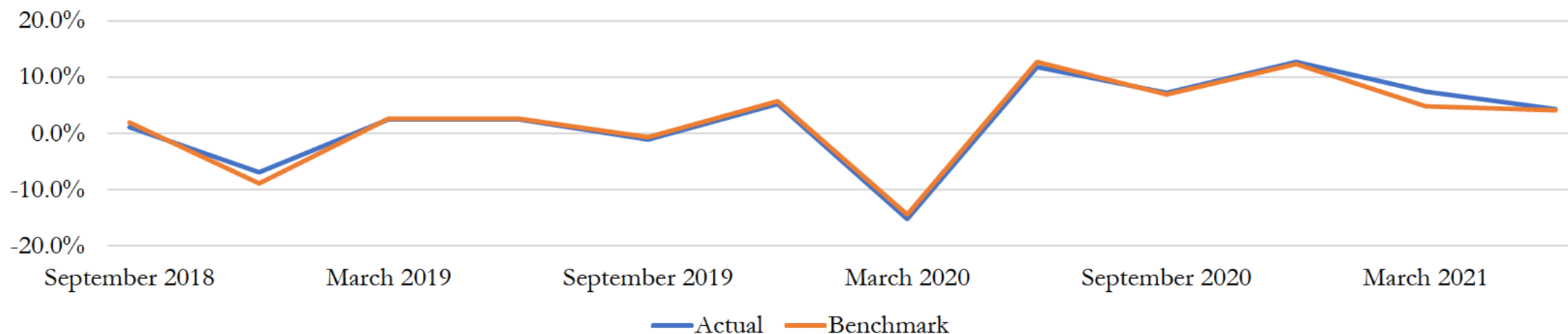
4-YEAR QUARTERLY RETURNS VS BENCHMARK

- Actual returns have exceeded the benchmark each of the last four quarters

Switch to Prime OCIO & investment policy update

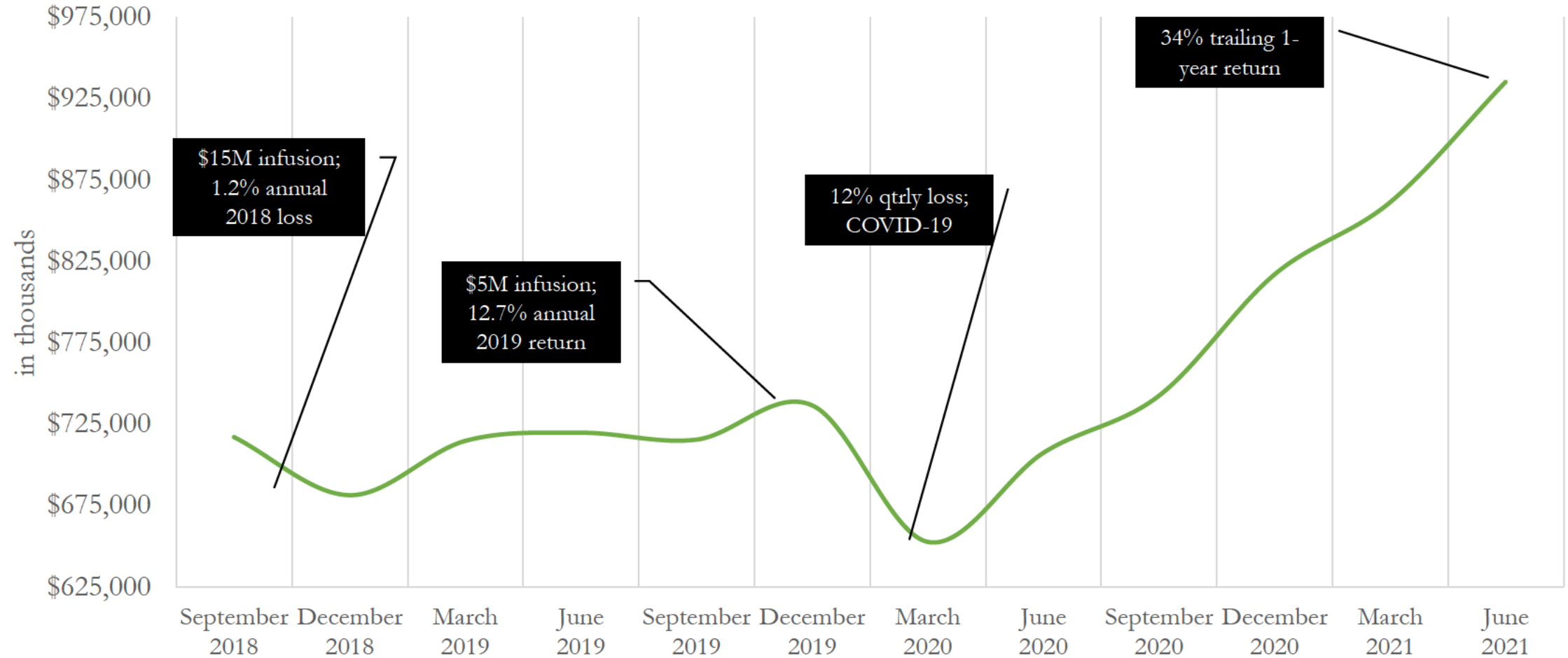
	Actual	Benchmark
September 2018	1.1%	1.9%
December 2018	-6.9%	-8.9%
March 2019	2.5%	2.6%
June 2019	2.5%	2.6%
September 2019	-1.1%	-0.7%
December 2019	5.2%	5.7%
March 2020	-15.2%	-14.4%
June 2020	11.8%	12.7%
September 2020	7.2%	6.9%
December 2020	12.7%	12.3%
March 2021	7.4%	4.8%
June 2021	4.3%	4.1%

MAIN POOL RETURN VS. BENCHMARK

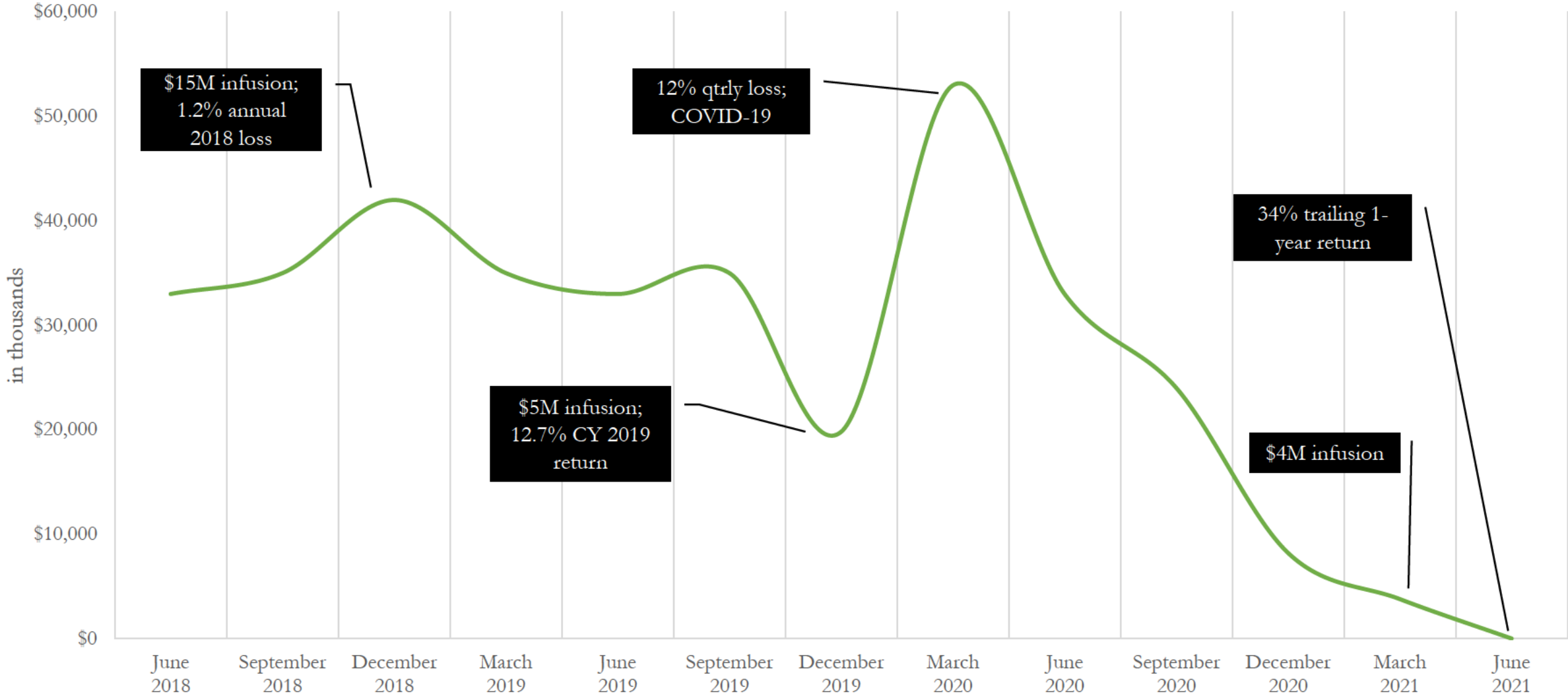


TOTAL ENDOWMENT

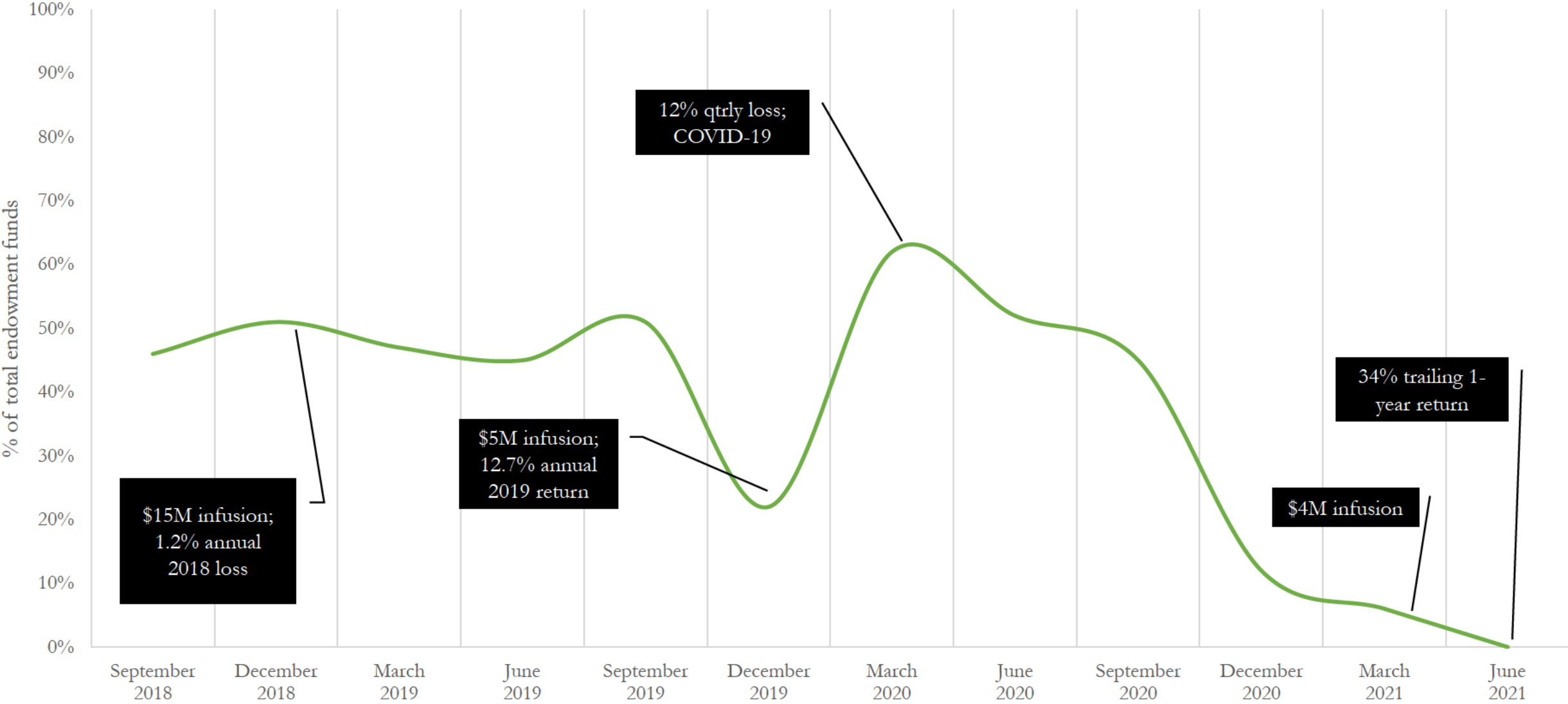
4-YEAR HISTORY



ENDOWMENT POOL UNDERWATER FUNDS (\$)



ENDOWMENT POOL UNDERWATER FUNDS (%)



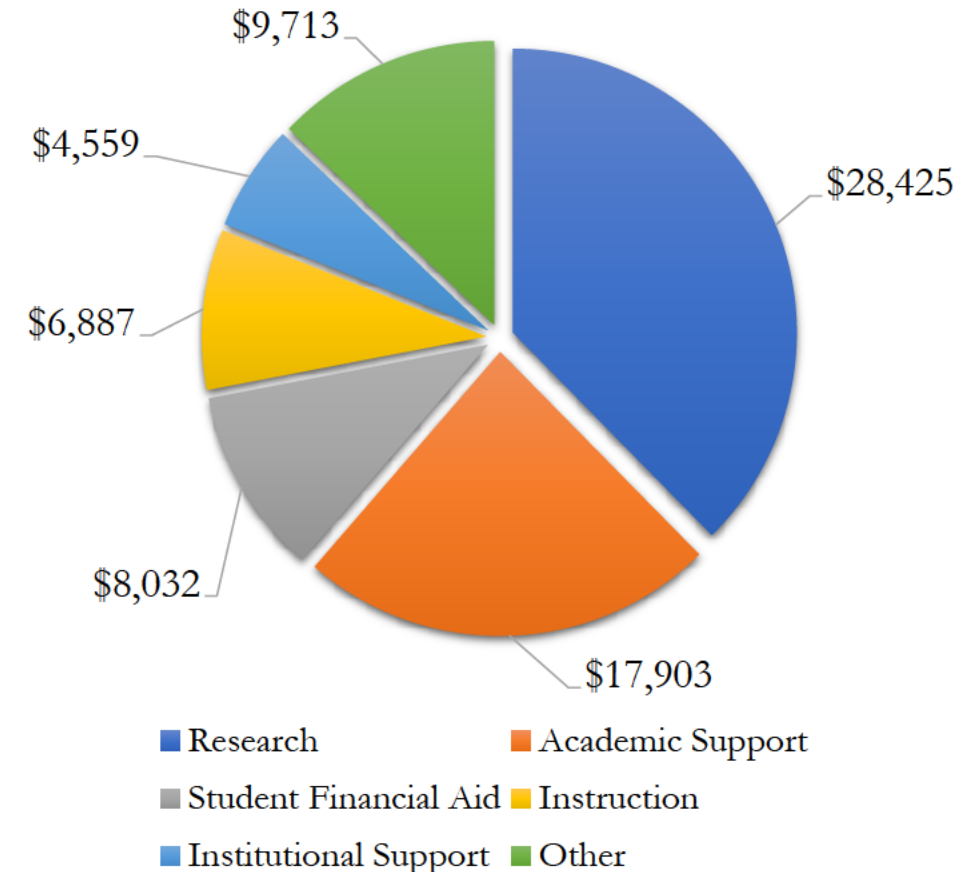
FUNDS AVAILABLE TO THE UNIVERSITY

(in thousands)

	As of June 30, 2021		
School/ Unit	Endowment	Current Use	Total Available
Medicine	\$ 15,926	\$ 20,626	\$ 36,552
A&S	2,716	3,756	6,472
Business	1,993	3,776	5,769
Speed School	1,365	3,232	4,597
Office of the President	978	2,023	3,001
Libraries	314	2,012	2,326
Law	888	1,196	2,084
Dental School	485	1,280	1,765
Office of the Provost	693	1,016	1,709
Education	900	693	1,593
Nursing	228	1,316	1,544
EVPR	-	1,454	1,454
Other	1,907	4,747	6,654
Total	\$ 28,393	\$ 47,127	\$ 75,520

FUNDS AVAILABLE BY AREA

\$75 million available



- Amounts do not include \$11M Frazier gift; held by the University.
- Funds may be encumbered and/or planned for; most funds are restricted as to use

FY21 METRICS: ENDOWMENT & GIFT ACCOUNTS

Endowment Accounts

	% of Total Non-Compliant	Monthly Average	Total
Reimbursements Reviewed		341	4,097
Non-Compliant	3.0%	10	123
Accounts with Lack of Funds	7.9%	27	322

Gift Accounts

	% of Total Non-Compliant	Monthly Average	Total
Accounts with Reimbursement		183	2,191
Accounts with Non-Compliance	4.7%	9	102
Accounts with Lack of Funds	4.8%	9	106

FUNDRAISING

PHILANTHROPY

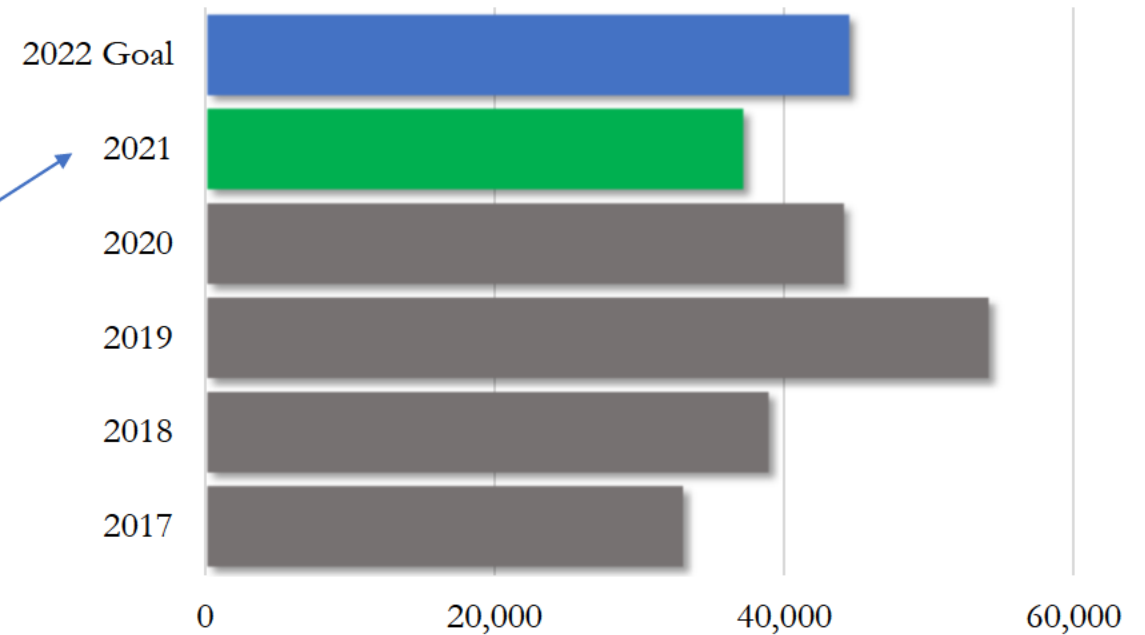
CASE vs. GAAP RECONCILIATION

For the Fiscal Year Ended June 30, 2021

(in thousands)

Description	Amount
Total Philanthropy (Slide 19 & 20)	\$ 61,861
Less: Athletics	(23,737)
Less: UofL Health & other	(798)
Total Foundation Philanthropy	37,326
Less: Bequests	(7,663)
Add: Other	984
Total Foundation gift revenues (GAAP)	\$ 30,647

PHILANTHROPY HISTORY

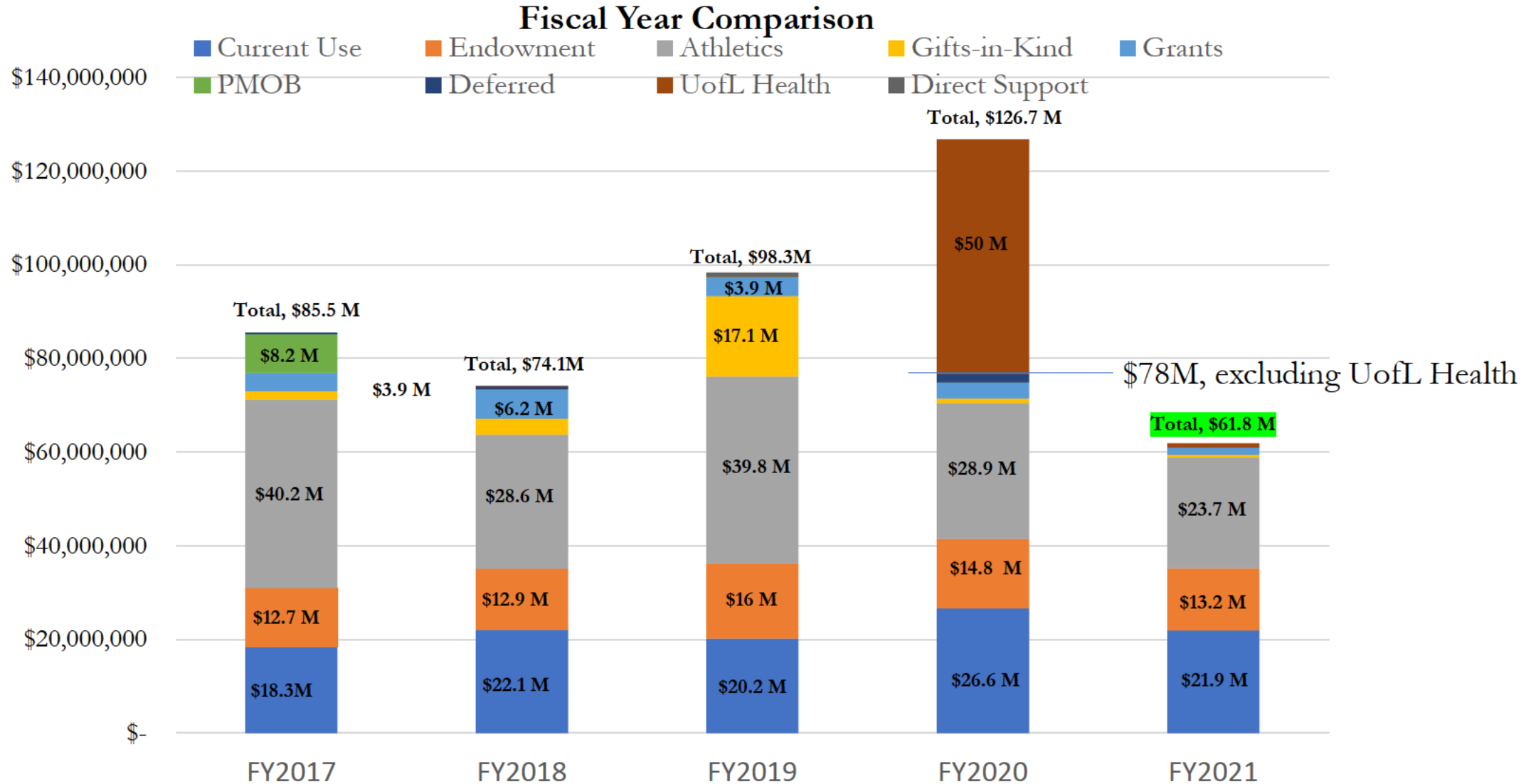


CASE = Council for Advancement and Support of Education

PHILANTHROPY REPORT

*Total Philanthropy includes outright gifts, pledges (including bequests) and matching gifts.

*\$50 million in FY20 was connected to UofL Health acquisition.



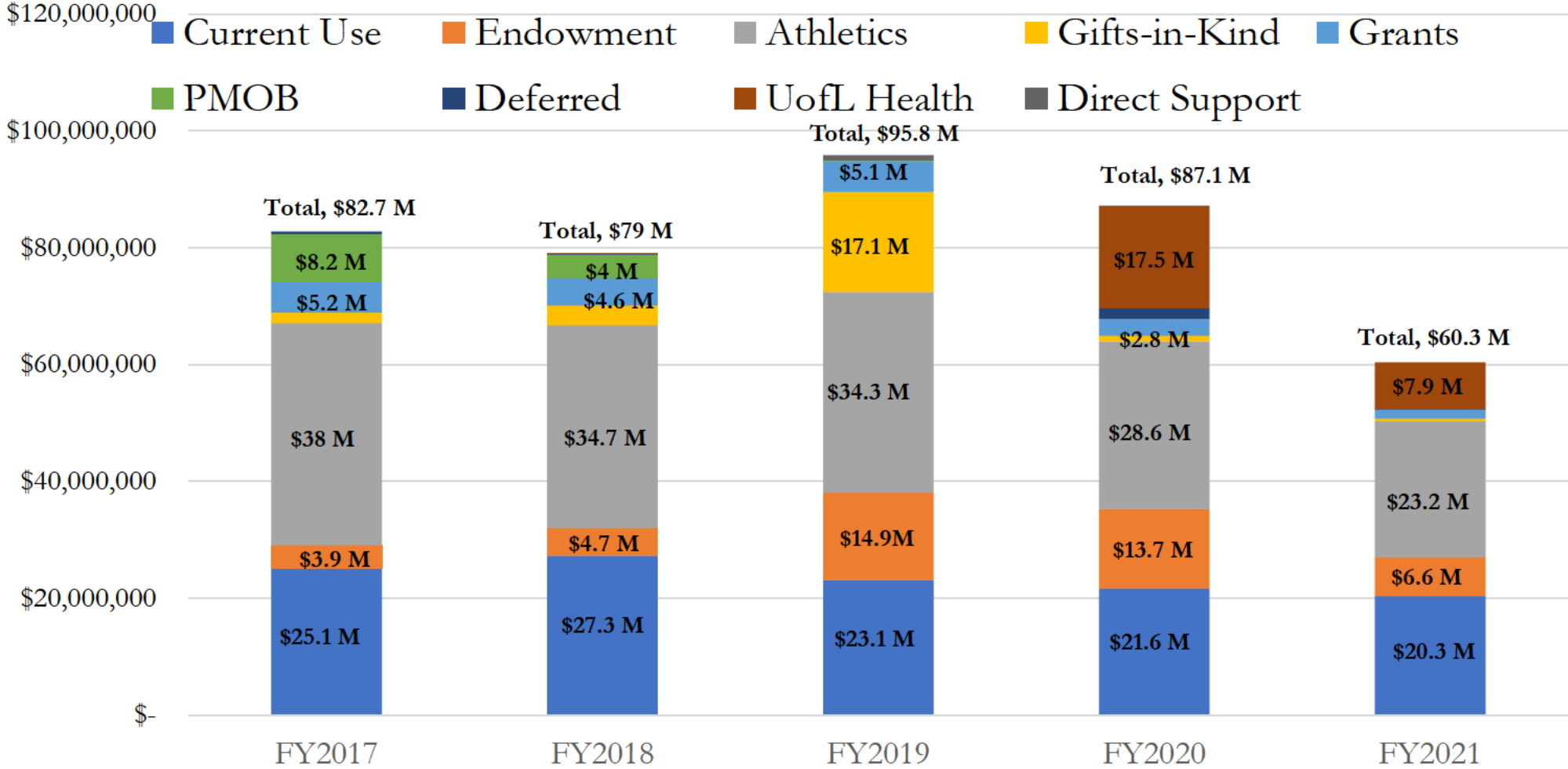
PHILANTHROPY BY UNIT

For the Fiscal Year Ended June
30, 2021
(in thousands)

Name	FY20 Total	FY21 Goal	FY21 Final Total	Percent of Goal
HSC				
School of Medicine	\$ 24,032	\$ 21,000	\$ 12,906	61%
BCC	1,920	2,000	1,968	98%
Dentistry	919	1,500	1,360	90%
Public Health	247	200	347	173%
Nursing	159	1,250	1,258	100%
TOTAL HSC UNITS	27,278	25,950	17,838	68%
BELKNAP				
Arts & Sciences	1,881	2,000	2,037	101%
College of Business	6,360	5,000	5,594	108%
Law	2,392	2,000	1,151	57%
Speed	2,058	2,600	3,529	135%
Education	776	500	378	75%
Libraries	1,017	750	819	109%
Diversity Initiatives	477	400	299	74%
Music	883	600	554	92%
Student Affairs	666	500	1,474	294%
Kent School	342	325	285	87%
TOTAL BELKNAP UNITS	16,852	14,675	16,120	109%
TOTAL ACADEMIC UNITS	44,130	40,625	33,959	83%
General Academic Funds	3,667	2,500	3,367	134%
TOTAL VPUA	47,797	43,125	37,326	86%
Athletics	28,936	32,000	23,737	74%
Graduate School	2	-	1	100%
UofL Health	50,028	-	797	100%
Direct Support	13	-	-	100%
TOTAL OTHER	78,979	32,000	24,535	76%
GRAND TOTAL	\$ 126,776	\$ 75,125	\$ 61,861	82%

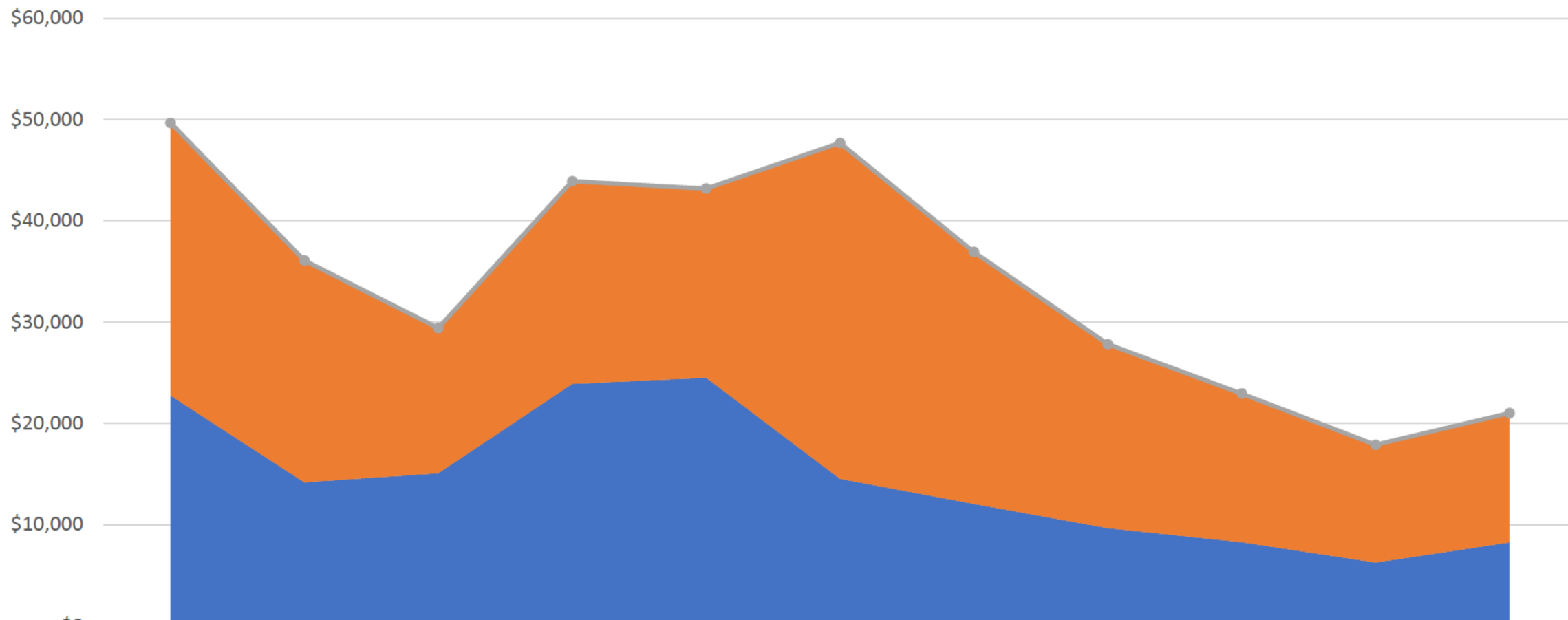
CASH REPORT

FISCAL YEAR COMPARISON



OUTSTANDING PLEDGES

Gross, For the Each of the Fiscal Years Ended June 30th (in thousands)

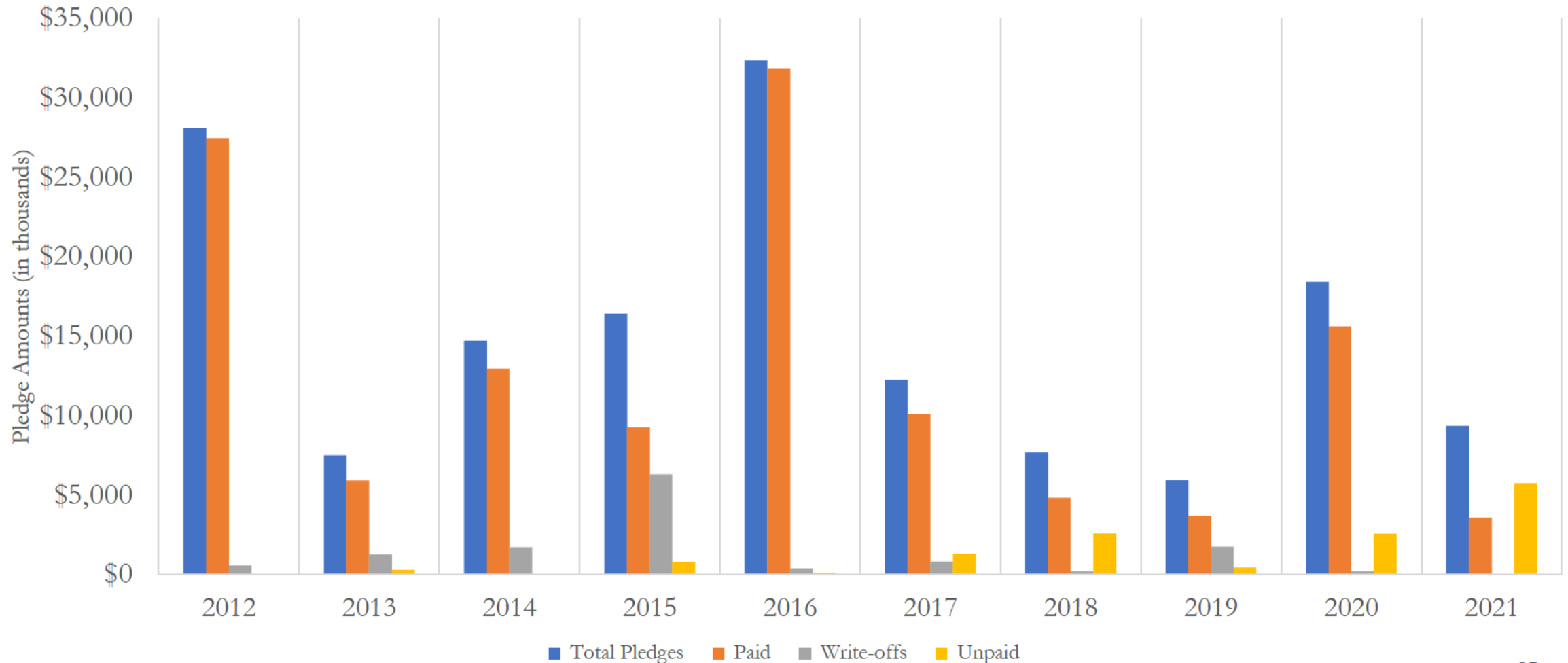


	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
■ Current Use	26,916	21,903	14,335	20,013	18,674	33,156	24,878	18,150	14,674	11,626	12,773
■ Endowment	22,748	14,170	15,060	23,884	24,500	14,527	12,031	9,655	8,258	6,245	8,235
—●— Total	49,664	36,073	29,395	43,897	43,174	47,683	36,909	27,805	22,932	17,871	21,008

CURRENT USE PLEDGES

For the Fiscal Year Ended June 30th

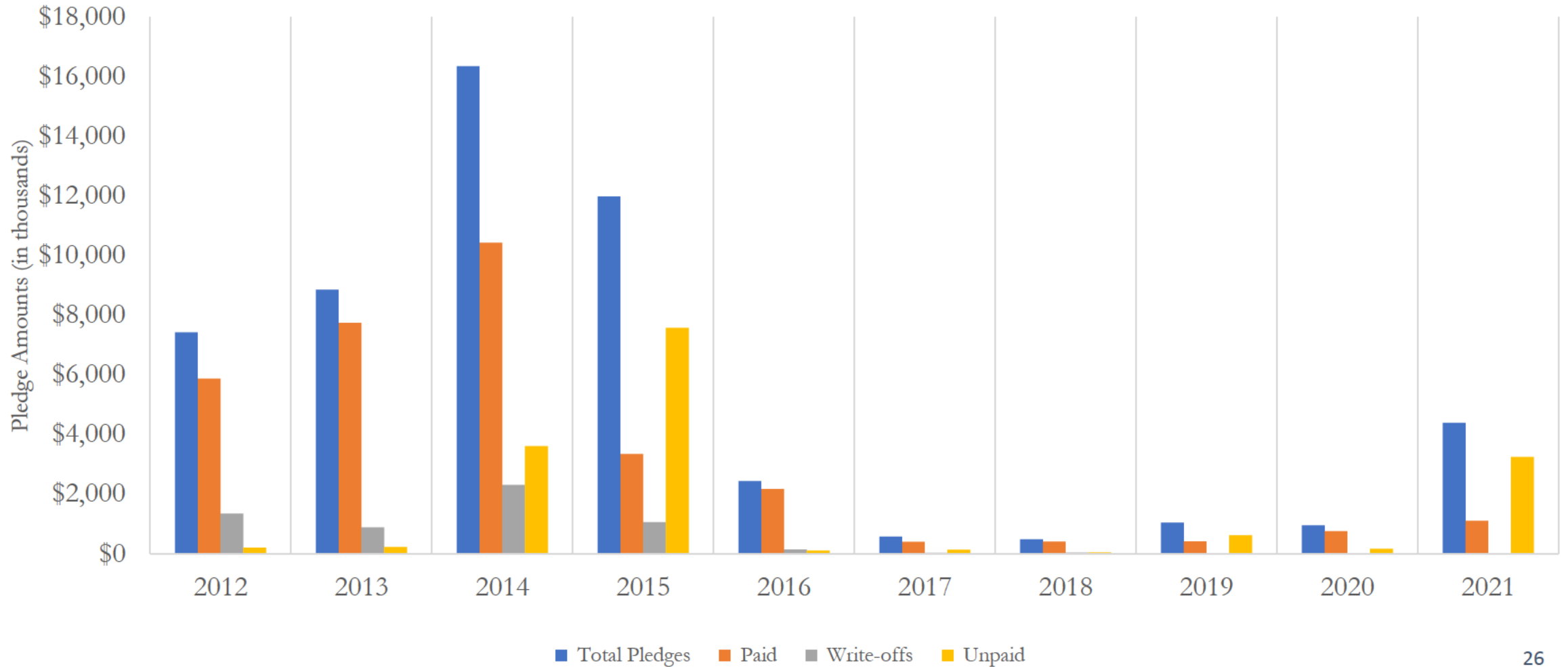
(Non-Bequest Pledges)



ENDOWMENT PLEDGES

For the Fiscal Year Ended June 30th

(Non-Bequest Pledges)



APPENDIX A

UNIVERSITY OF LOUISVILLE FOUNDATION, INC.

Consolidated Statements of Financial Position

(in thousands)

	June		
	2021	2020	Variance
Assets			
Cash	\$ 2,352	\$ 2,017	\$ 335
Accounts receivable, net	4,452	4,282	170
Prepaid expenses and other assets	5,501	5,752	(251)
Loans receivable	1,000	15,404	(14,404)
Pledge receivables, net	14,216	14,014	202
Due from ULREF	12,052	16,717	(4,665)
Investments:			
Main endowment pool	823,785	609,195	214,590
Funds held in trust by others	79,597	62,733	16,864
Other endowment investments	8,133	6,911	1,222
Current use gift account	52,636	40,150	12,486
Operating reserve account	12,552	15,352	(2,800)
Other non-endowed investments	9,129	11,470	(2,341)
Total investments	985,832	745,811	240,021
Property, plant, and equipment, net	50,487	53,009	(2,522)
Total assets	\$ 1,075,892	\$ 857,006	\$ 218,886
Liabilities and net assets			
Liabilities:			
Accounts payable	\$ 947	\$ 882	\$ 65
Funds held in trust for others	14,488	13,635	853
Other liabilities	12,468	10,688	1,780
Debt	32,731	53,391	(20,660)
Due to the University of Louisville	4,080	6,281	(2,201)
Total liabilities	64,714	84,877	(20,163)
Net assets	1,011,178	772,129	239,049
Total liabilities and net assets	\$ 1,075,892	\$ 857,006	\$ 218,886

UNIVERSITY OF LOUISVILLE FOUNDATION, INC.

Consolidated Income Statements and Budget Comparison

(in thousands)

	For the Fiscal Year Ended June 30,				
	2021	2020	Variance	Budget	Variance
Revenues					
UofL gifts	\$ 30,647	\$ 41,349	\$ (10,702)	\$ 25,250	\$ 5,397
UofL Health gifts	7,990	17,528	(9,538)	10,000	(2,010)
Net investment return (loss)	252,444	(1,224)	253,668	36,330	216,114
Net rental revenue	1,142	1,071	71	1,075	67
Other revenues	5,660	251	5,409	5,661	(1)
Total revenues	297,883	58,975	238,908	78,316	219,567
Expenditures					
Endowment support to UofL	18,259	22,758	(4,499)	25,616	(7,357)
Current use support to UofL	16,909	20,493	(3,584)	24,933	(8,024)
UofL Health support	7,544	17,520	(9,976)	10,000	(2,456)
Other support to UofL	6,974	6,989	(15)	8,109	(1,135)
Total expenditures	49,686	67,760	(18,074)	68,658	(18,972)
Administrative Expenses					
Interest expense	1,778	1,818	(40)	1,787	(9)
Salaries and benefits	1,033	946	87	1,060	(27)
Legal fees	919	1,582	(663)	1,250	(331)
ShelbyHurst expenses	624	501	123	654	(30)
General and other	787	922	(135)	996	(209)
Total ULF administrative expenses	5,141	5,769	(628)	5,747	(606)
Other Expenses					
Pledge bad debts	3,593	4,196	(603)	1,401	2,192
Depreciation and amortization	607	720	(113)	607	-
Total ULF expenses	59,027	78,445	(19,418)	76,413	(17,386)
ULF net income (loss)	238,856	(19,470)	258,326	1,903	236,953
Affiliates (TNRP and CCG):					
Affiliates' revenues	6,440	7,185	(745)	6,917	(477)
Affiliates' expenses	(6,245)	(6,503)	257	(7,217)	972
Affiliates' net income (loss)	195	682	(488)	(300)	495
Consolidated net income (loss)	\$ 239,051	\$ (18,788)	\$ 257,838	\$ 1,603	\$ 237,448

University of Louisville Foundation and University of Louisville Real Estate Foundation
Combined Statements of Financial Position
(in thousands)

	June 30, 2021			June 30, 2020		
	ULF	ULREF	Total	ULF	ULREF	Total
Assets						
Cash and cash equivalents	\$ 2,352	\$ 10,689	\$ 13,041	\$ 2,017	\$ 4,418	\$ 6,435
Accounts and notes receivable, net	4,452	908	5,360	4,282	2,538	6,820
Prepaid expenses and other assets	5,500	1,039	6,539	5,751	989	6,740
Loans receivable, net	1,000	–	1,000	15,404	–	15,404
Contributions receivable, net	14,216	–	14,216	14,014	–	14,014
Investments	985,833	4,411	990,244	745,812	4,912	750,724
Due from the University of Louisville						
Real Estate Foundation, Inc., net	12,052	(14,880)	(2,828)	16,717	(19,895)	(3,178)
Tax incremental financing intangibles, net	–	91,179	91,179	–	95,543	95,543
Lease intangibles, net	–	2,186	2,186	–	2,321	2,321
Capital assets, net	50,487	141,105	191,592	53,009	145,294	198,303
Total assets	\$1,075,892	\$ 236,637	\$1,312,529	\$ 857,006	\$ 236,120	\$1,093,126
Liabilities						
Accounts payable	\$ 947	\$ 341	\$ 1,288	\$ 882	\$ 323	\$ 1,205
Funds held in trust for others	14,488	–	14,488	13,635	–	13,635
Other liabilities	12,468	1,180	13,648	10,688	854	11,542
Bonds and notes payable	32,731	58,612	91,343	53,391	60,294	113,685
Due to the University of Louisville	4,080	–	4,080	6,281	1,080	7,361
Total Liabilities	64,714	60,133	124,847	84,877	62,551	147,428
Net assets	1,011,178	176,504	1,187,682	772,129	173,569	945,698
Total liabilities and net assets	\$1,075,892	\$ 236,637	\$1,312,529	\$ 857,006	\$ 236,120	\$1,093,126

University of Louisville Foundation, Inc. and University of Louisville Real Estate Foundation, Inc.

Combined Income Statements

For the Fiscal Year Ended June 30, 2021 and 2020

(in thousands)

	Total			Total		
	2021 ULF	2021 ULREF	2021 Total	2020 ULF	2020 ULREF	2020 Total
Revenues, gains, and other support:						
Rental revenues	\$ 1,142	\$ 4,479	\$ 5,621	\$ 1,071	\$ 4,743	\$ 5,814
Student housing-related revenues	–	8,191	8,191	–	8,869	8,869
Gifts	38,637	–	38,637	58,877	–	58,877
Gain from contributions from ULF	–	–	–	–	–	–
Net investment (loss) return	254,137	484	254,621	(964)	(241)	(1,205)
Tax incremental financing revenues	–	7,553	7,553	–	1,911	1,911
Other revenues	12,100	45	12,145	7,437	173	7,610
Gain on disposal	–	–	–	–	485	485
Total revenues, gains, and other support	<u>306,016</u>	<u>20,752</u>	<u>326,768</u>	<u>66,421</u>	<u>15,940</u>	<u>82,361</u>
Expenses:						
Contributions to University of Louisville departments	49,687	–	49,687	67,760	–	67,760
Salaries	2,601	168	2,769	2,568	165	2,733
Utilities	502	520	1,022	570	533	1,103
General and administrative	796	663	1,459	1,518	819	2,337
Professional services	1,479	1,101	2,580	2,137	1,020	3,157
Repairs and maintenance	1,530	616	2,146	1,504	658	2,162
Depreciation and amortization	2,912	6,223	9,135	2,515	6,526	9,041
Interest expense	1,808	582	2,390	1,964	810	2,774
Student housing-related expenses	–	7,948	7,948	–	8,310	8,310
Other expenses (income)	5,650	–	5,650	4,673	–	4,673
Total expenses	<u>66,965</u>	<u>17,821</u>	<u>84,786</u>	<u>85,209</u>	<u>18,841</u>	<u>104,050</u>
Change in net assets	<u>\$ 239,051</u>	<u>\$ 2,931</u>	<u>\$ 241,982</u>	<u>\$ (18,788)</u>	<u>\$ (2,901)</u>	<u>\$ (21,689)</u>

UNIVERSITY OF LOUISVILLE FOUNDATION, INC.
 Consolidated Statements of Financial Position
(in thousands)

	July		Variance
	2021	2020	
Assets			
Cash	\$ 2,475	\$ 2,195	\$ 280
Accounts receivable, net	4,524	4,419	105
Prepaid expenses and other assets	5,373	5,676	(303)
Loans receivable	1,000	15,404	(14,404)
Pledge receivables, net	14,067	13,841	226
Due from ULREF	12,080	16,745	(4,665)
Investments:			
Main endowment pool	835,143	621,562	213,581
Funds held in trust by others	80,839	64,921	15,918
Other endowment investments	8,209	7,105	1,104
Current use gift account	51,016	41,107	9,909
Operating reserve account	12,608	15,956	(3,348)
Other non-endowed investments	11,733	12,009	(276)
Total investments	999,548	762,660	236,888
Property, plant, and equipment, net	50,321	52,909	(2,588)
Total assets	\$ 1,089,388	\$ 873,849	\$ 215,539
Liabilities and net assets			
Liabilities:			
Accounts payable	\$ 1,798	\$ 986	\$ 812
Funds held in trust for others	14,694	13,609	1,085
Other liabilities	11,881	10,869	1,012
Debt	32,700	53,360	(20,660)
Due to the University of Louisville	4,000	6,010	(2,010)
Total liabilities	65,073	84,834	(19,761)
Net assets	1,024,315	789,015	235,300
Total liabilities and net assets	\$ 1,089,388	\$ 873,849	\$ 215,539

UNIVERSITY OF LOUISVILLE FOUNDATION, INC.
 Consolidated Income Statements and Budget Comparison
 (in thousands)

	For the Month Ended July 31,				
	2021	2020	Variance	Budget	Variance
Revenues					
UofL gifts	\$ 1,440	\$ 1,955	\$ (515)	\$ 3,152	\$ (1,712)
UofL Health gifts	2,561	30	2,531	-	2,561
Net investment return	14,535	19,449	(4,914)	3,584	10,951
Net rental revenue	91	72	19	185	(94)
Other revenues	27	38	(11)	18	9
Total revenues	18,654	21,544	(2,890)	6,939	11,715
Expenditures					
Endowment support to UofL	2,061	2,300	(239)	2,138	(77)
Current use support to UofL	2,000	1,210	790	1,667	333
UofL Health support	-	-	-	-	-
Other support to UofL	370	500	(130)	453	(83)
Total expenditures	4,431	4,010	421	4,258	173
Administrative Expenses					
Interest expense	120	150	(30)	146	(26)
Salaries and benefits	81	71	10	114	(33)
ShelbyHurst expenses	69	31	38	35	34
Building and office expense	9	39	(30)	39	(30)
Legal fees	14	3	11	15	(1)
General and other	88	77	11	96	(8)
Total ULF administrative expenses	381	371	10	445	(64)
Other Expenses					
Pledge bad debts	144	149	(5)	352	(208)
Litigation legal fees	6	64	(58)	58	(52)
Depreciation and amortization	52	-	52	49	3
Total ULF expenses	5,014	4,594	420	5,162	(148)
ULF net income	13,640	16,950	(3,310)	1,777	11,863
Affiliates (TNRP and CCG):					
Affiliates' revenues	622	575	47	609	13
Affiliates' expenses	(624)	(638)	14	(546)	(78)
Affiliates' net income (loss)	(2)	(63)	61	63	(65)
Consolidated net income	\$ 13,638	\$ 16,887	\$ (3,249)	\$ 1,840	\$ 11,798