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
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.

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:  BOARD ACTION:
Passed  x  Passed  x
Did Not Pass  
Other  

Signature on file
Assistant Secretary  Assistant Secretary
$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 Floyd 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 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]
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
possess, 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]
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
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]
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

September 23, 2021

Dan Durbin
EVP Finance/CFO
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)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>$ Diff</th>
<th>% Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student tuition and fees, net</td>
<td>$231,505</td>
<td>$227,233</td>
<td>$4,272</td>
<td>2%</td>
</tr>
<tr>
<td>State appropriations</td>
<td>125,420</td>
<td>128,712</td>
<td>(3,292)</td>
<td>(2.6%)</td>
</tr>
<tr>
<td>Clinical services and practice plan</td>
<td>324,519</td>
<td>322,989</td>
<td>1,530</td>
<td>0%</td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>213,646</td>
<td>190,345</td>
<td>23,301</td>
<td>12%</td>
</tr>
<tr>
<td>Intercollegiate athletics</td>
<td>62,384</td>
<td>86,559</td>
<td>(24,175)</td>
<td>(27.9%)</td>
</tr>
<tr>
<td>Affiliate contributions, net</td>
<td>42,412</td>
<td>49,770</td>
<td>(7,358)</td>
<td>(14.8%)</td>
</tr>
<tr>
<td>Capital appropriations &amp; gifts</td>
<td>8,902</td>
<td>9,090</td>
<td>(188)</td>
<td>(2.1%)</td>
</tr>
<tr>
<td>Other revenue</td>
<td>53,555</td>
<td>77,017</td>
<td>(23,462)</td>
<td>(30.5%)</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>1,062,343</td>
<td>1,091,715</td>
<td>(29,372)</td>
<td>(2.7%)</td>
</tr>
</tbody>
</table>

|                           |           |           |          |         |
| **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 | (48,857) | (4.8%)  |

**Increase/(decrease) in net position**

|                           | 71,479    | 52,001    | 19,478   | 37%     |

### 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).

### SPECIAL ITEMS
- Transfer of operations
  - 132,413
- Increase (decrease) in net position after special items
  - $71,479

### Increase (decrease) in net position after special items

|                           | 71,479    | 184,414   | (112,935) | (61.2%) |
Summary of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021 (Reflected in Thousands)

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>2021</th>
<th>2020</th>
<th>$ Diff</th>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>2021</th>
<th>2020</th>
<th>$ Diff</th>
<th>% Diff</th>
</tr>
</thead>
<tbody>
<tr>
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<td>525,613</td>
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</tr>
<tr>
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<td>119,396</td>
<td>129,181</td>
<td>(9,785)</td>
<td>(7.6%)</td>
</tr>
<tr>
<td>Utilities</td>
<td>21,987</td>
<td>21,374</td>
<td>613</td>
<td>3%</td>
</tr>
<tr>
<td>Scholarships and fellowships</td>
<td>39,623</td>
<td>39,274</td>
<td>349</td>
<td>1%</td>
</tr>
<tr>
<td>Supplies and other services</td>
<td>215,134</td>
<td>238,735</td>
<td>(23,601)</td>
<td>(9.9%)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>57,780</td>
<td>56,840</td>
<td>940</td>
<td>2%</td>
</tr>
<tr>
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<td>11,331</td>
<td>10,364</td>
<td>967</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>990,864</strong></td>
<td><strong>1,039,714</strong></td>
<td><strong>(49,817)</strong></td>
<td><strong>(4.8%)</strong></td>
</tr>
</tbody>
</table>

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)**

<table>
<thead>
<tr>
<th></th>
<th>2021 DRAFT</th>
<th></th>
<th>2020</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Consolidated</td>
<td>UL (Mainly Gen Fund)</td>
<td>ULRF</td>
<td>ULAA</td>
</tr>
<tr>
<td><strong>1. Total Increase in Net Position (from statement)</strong></td>
<td>71,479</td>
<td>8,462</td>
<td>66,639</td>
<td>(3,622)</td>
</tr>
<tr>
<td>Extraordinary Items Influencing Statements:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Revenues (restricted to capital projects)</td>
<td>8,902</td>
<td>120</td>
<td>-</td>
<td>8,782</td>
</tr>
<tr>
<td>CARES funds to replace lost auxiliary income (June funding)</td>
<td>7,800</td>
<td>4,000</td>
<td>-</td>
<td>3,800</td>
</tr>
<tr>
<td>UL Health Margin Share Commitment (funded over multiple years)</td>
<td>33,200</td>
<td>-</td>
<td>33,200</td>
<td>-</td>
</tr>
<tr>
<td>Retroactive Medicaid Payment (for prior periods)</td>
<td>10,400</td>
<td>-</td>
<td>10,400</td>
<td>-</td>
</tr>
<tr>
<td>Medicaid IGT payment holdbacks (quality &amp; withhold) to HSC</td>
<td>8,000</td>
<td>-</td>
<td>8,000</td>
<td>-</td>
</tr>
<tr>
<td>Funds for future state IGT match</td>
<td>7,342</td>
<td>-</td>
<td>7,342</td>
<td>-</td>
</tr>
<tr>
<td><strong>2. Normalized Change in Net Position</strong></td>
<td>(4,165)</td>
<td>4,342</td>
<td>7,697</td>
<td>(16,204)</td>
</tr>
</tbody>
</table>

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)**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2021</th>
<th>2020</th>
<th>$ Diff</th>
<th>% Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Cash and cash equivalents</td>
<td>$206,674</td>
<td>$142,291</td>
<td>$64,383</td>
<td>45%</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>55,964</td>
<td>48,865</td>
<td>7,099</td>
<td>15%</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>357,416</td>
<td>122,478</td>
<td>234,938</td>
<td>29%</td>
</tr>
<tr>
<td>Due from affiliates</td>
<td>65,450</td>
<td>55,126</td>
<td>10,324</td>
<td>19%</td>
</tr>
<tr>
<td>Other investments</td>
<td>34,665</td>
<td>20,740</td>
<td>13,925</td>
<td>67%</td>
</tr>
<tr>
<td>Other assets</td>
<td>35,108</td>
<td>36,436</td>
<td>(1,328)</td>
<td>(4)%</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>1,069,817</td>
<td>1,078,172</td>
<td>(8,355)</td>
<td>(1)%</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>1,625,965</strong></td>
<td><strong>1,504,111</strong></td>
<td><strong>121,854</strong></td>
<td><strong>8%</strong></td>
</tr>
</tbody>
</table>

| 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% |

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2021</th>
<th>2020</th>
<th>$ Diff</th>
<th>% Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>105,298</td>
<td>88,551</td>
<td>16,747</td>
<td>19%</td>
</tr>
<tr>
<td>Advances</td>
<td>62,486</td>
<td>54,844</td>
<td>7,642</td>
<td>14%</td>
</tr>
<tr>
<td>Bonds and notes payable</td>
<td>309,990</td>
<td>288,305</td>
<td>21,685</td>
<td>8%</td>
</tr>
<tr>
<td>Amounts due to federal government for student loan programs</td>
<td>17,311</td>
<td>17,145</td>
<td>166</td>
<td>1%</td>
</tr>
<tr>
<td>Other post-retirement benefits</td>
<td>80,238</td>
<td>74,239</td>
<td>5,999</td>
<td>8%</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>18,672</td>
<td>13,439</td>
<td>5,234</td>
<td>39%</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>593,996</strong></td>
<td><strong>536,523</strong></td>
<td><strong>57,473</strong></td>
<td><strong>11%</strong></td>
</tr>
</tbody>
</table>

| DEFERRED INFLOWS OF RESOURCES | 61,480 | 65,829 | (4,349) | (7)% |

<table>
<thead>
<tr>
<th>NET POSITION</th>
<th>2021</th>
<th>2020</th>
<th>$ Diff</th>
<th>% Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>800,480</td>
<td>825,433</td>
<td>(24,953)</td>
<td>(3)%</td>
</tr>
<tr>
<td>Restricted:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonneprendable</td>
<td>1,868</td>
<td>1,349</td>
<td>519</td>
<td>38%</td>
</tr>
<tr>
<td>Expendable</td>
<td>76,196</td>
<td>84,417</td>
<td>(8,221)</td>
<td>(10)%</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>107,881</td>
<td>4,247</td>
<td>103,634</td>
<td>2440%</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td><strong>$986,925</strong></td>
<td><strong>$915,446</strong></td>
<td><strong>$71,479</strong></td>
<td><strong>8%</strong></td>
</tr>
</tbody>
</table>

| 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

![Graph showing days of liquid cash on hand from FY 2018 to FY 2021.](image-url)
Questions?
Thank you!
# Budget-to-Actual Report thru July

## FY 2022 versus FY 2021 (Modified-Cash Basis)

### Revenues

<table>
<thead>
<tr>
<th>Revenues</th>
<th>FY 2022</th>
<th>FY 2021</th>
<th>Year-over-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual Budget</td>
<td>YTD July</td>
<td>% Realized</td>
</tr>
<tr>
<td>General Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>339,524,920</td>
<td>157,301,748</td>
<td>46.3%</td>
</tr>
<tr>
<td>State Appropriations</td>
<td>130,129,300</td>
<td>39,038,700</td>
<td>30.0%</td>
</tr>
<tr>
<td>Transfers In</td>
<td>30,779,202</td>
<td>804,434</td>
<td>2.6%</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>13,882,080</td>
<td>2,098,720</td>
<td>15.1%</td>
</tr>
<tr>
<td>Auxiliaries</td>
<td>13,620,308</td>
<td>4,722,747</td>
<td>34.7%</td>
</tr>
<tr>
<td>Hospital-Related</td>
<td>1,133,097</td>
<td>108,635</td>
<td>9.6%</td>
</tr>
<tr>
<td>CARES / Federal Relief Funds</td>
<td>6,000,000</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>General Funds Total</strong></td>
<td>535,068,907</td>
<td>204,074,984</td>
<td>38.1%</td>
</tr>
<tr>
<td>Funds received in prior periods</td>
<td>3,581,945</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Non-General Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UL Research Foundation</td>
<td>601,175,406</td>
<td>52,120,826</td>
<td>8.7%</td>
</tr>
<tr>
<td>UL Athletic Association</td>
<td>107,700,000</td>
<td>44,067,452</td>
<td>40.9%</td>
</tr>
<tr>
<td>UL Foundation</td>
<td>56,376,651</td>
<td>(263,801)</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Internally Designated</td>
<td>18,726,327</td>
<td>204,989</td>
<td>1.1%</td>
</tr>
<tr>
<td>Funds received in prior periods</td>
<td>12,624,145</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Non-General Funds Total</strong></td>
<td>796,602,530</td>
<td>96,129,465</td>
<td>12.1%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$1,335,253,382</td>
<td>$300,204,450</td>
<td>22.5%</td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Expenses</th>
<th>FY 2022</th>
<th>FY 2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual Budget</td>
<td>YTD July</td>
<td>% of Budget</td>
</tr>
<tr>
<td>All Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>582,037,186</td>
<td>43,617,065</td>
<td>7.5%</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>148,173,849</td>
<td>12,744,446</td>
<td>8.6%</td>
</tr>
<tr>
<td>Operating</td>
<td>393,177,129</td>
<td>30,362,244</td>
<td>7.7%</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>157,408,757</td>
<td>14,135,301</td>
<td>9.0%</td>
</tr>
<tr>
<td>Capital Asset &amp; Debt Service</td>
<td>31,762,410</td>
<td>62,812</td>
<td>0.2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>22,694,052</td>
<td>(1,341,819)</td>
<td>-5.9%</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$1,335,253,382</td>
<td>$99,580,049</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

**Revenue Over/(Under) Expenses**

- ($0) $200,624,401

<table>
<thead>
<tr>
<th>Revenue Over/(Under) Expenses</th>
<th>FY 2021</th>
<th>FY 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$200,083,772</td>
<td>$540,629</td>
</tr>
</tbody>
</table>
### Description of Notable Revenue Changes

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

*Rate increase; strong graduate enrollment

*59.6M CARES

### Description of Notable Expense Changes

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

*Reduced retirement benefits in FY 2021

*Primarily due to timing
# Comparison of Tuition Revenues to Budget

## Fall Semester

<table>
<thead>
<tr>
<th>Tuition Category</th>
<th>FY21 Actuals</th>
<th>FY 22 Budget</th>
<th>Actual</th>
<th>% of Budget</th>
<th>Diff. to Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>90,086,563</td>
<td>90,816,134</td>
<td>88,103,371</td>
<td>97.0%</td>
<td>(2,712,763)</td>
</tr>
<tr>
<td>Graduate</td>
<td>17,800,455</td>
<td>18,185,279</td>
<td>17,425,389</td>
<td>95.8%</td>
<td>(759,890)</td>
</tr>
<tr>
<td>Professional</td>
<td>33,148,191</td>
<td>34,839,405</td>
<td>34,202,325</td>
<td>98.2%</td>
<td>(637,080)</td>
</tr>
<tr>
<td>Other term-based</td>
<td>3,907,094</td>
<td>5,666,882</td>
<td>5,032,163</td>
<td>88.8%</td>
<td>(634,719)</td>
</tr>
<tr>
<td><strong>Tuition Total</strong></td>
<td><strong>$144,942,304</strong></td>
<td><strong>$149,507,700</strong></td>
<td><strong>$144,763,248</strong></td>
<td><strong>96.8%</strong></td>
<td><strong>($4,744,452)</strong></td>
</tr>
</tbody>
</table>

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!
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

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

<table>
<thead>
<tr>
<th>Revenues</th>
<th>For the Fiscal Year Ended June 30, 2021 Variance in thousands</th>
<th>2021 Budget</th>
<th>2021 Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2020</td>
<td></td>
</tr>
<tr>
<td>University gifts (A)</td>
<td>$ 30,647</td>
<td>$ 41,349</td>
<td>$ (10,702)</td>
</tr>
<tr>
<td>UofL Health gifts</td>
<td>7,990</td>
<td>17,528</td>
<td>(9,538)</td>
</tr>
<tr>
<td>Net investment return (loss) (B)</td>
<td>252,444</td>
<td>(1,224)</td>
<td>253,668</td>
</tr>
<tr>
<td>Net rental revenue</td>
<td>1,142</td>
<td>1,071</td>
<td>71</td>
</tr>
<tr>
<td>Other revenues (C)</td>
<td>5,660</td>
<td>251</td>
<td>5,409</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>297,883</strong></td>
<td><strong>58,975</strong></td>
<td><strong>238,908</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>For the Fiscal Year Ended June 30, 2021 Variance in thousands</th>
<th>2021 Budget</th>
<th>2021 Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment support to UofL (D)</td>
<td>18,259</td>
<td>22,758</td>
<td>(4,499)</td>
</tr>
<tr>
<td>Current use support to UofL (D)</td>
<td>16,909</td>
<td>20,493</td>
<td>(3,584)</td>
</tr>
<tr>
<td>UofL Health support</td>
<td>7,544</td>
<td>17,520</td>
<td>(9,976)</td>
</tr>
<tr>
<td>Other support to UofL</td>
<td>6,974</td>
<td>6,989</td>
<td>(15)</td>
</tr>
<tr>
<td>ULF administrative expenses</td>
<td>5,141</td>
<td>5,769</td>
<td>(628)</td>
</tr>
<tr>
<td>Other expenses/losses</td>
<td>4,200</td>
<td>4,916</td>
<td>(716)</td>
</tr>
<tr>
<td><strong>Total ULF expenses and losses</strong></td>
<td><strong>59,027</strong></td>
<td><strong>78,445</strong></td>
<td><strong>(19,418)</strong></td>
</tr>
</tbody>
</table>

| 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

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

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.

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

See Appendix A for financial statements
### INVESTMENT SUMMARY
**AS OF JUNE 30, 2021**

#### Portfolio Performance

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

*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

<table>
<thead>
<tr>
<th>Market Value as of 06/30/2021</th>
<th>Net Flows</th>
<th>Return on Investment</th>
<th>Market Value as of 06/30/2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets $972,722,651</td>
<td>$-4,718,350</td>
<td>$42,371,942</td>
<td>$1,610,376,243</td>
</tr>
<tr>
<td>Endowment Assets $897,418,739</td>
<td>$-1,219,609</td>
<td>$39,402,846</td>
<td>$935,601,976</td>
</tr>
<tr>
<td>Current Use Gift Account $50,268,908</td>
<td>$828,939</td>
<td>$1,748,869</td>
<td>$52,636,416</td>
</tr>
<tr>
<td>Operating Reserve Account $15,860,337</td>
<td>$-4,229,668</td>
<td>$791,714</td>
<td>$12,552,374</td>
</tr>
<tr>
<td>Total Non-Endowment Other Assets $5,086,678</td>
<td>$105,587</td>
<td>$433,813</td>
<td>$9,585,478</td>
</tr>
</tbody>
</table>

#### Asset Allocation

- **Public Equity**: 50.4%
- **Private Capital**: 21.6%
- **Flexible Capital**: 12.5%
- **Fixed Income/Cash**: 15.4%

*Actual Allocations*
# INVESTMENT PROGRESSION

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

<table>
<thead>
<tr>
<th></th>
<th>Main Endowment Pool</th>
<th>Other Endowment Assets</th>
<th>Current Use</th>
<th>Operating Reserve</th>
<th>Other Non-Endowed Assets</th>
<th>Total Investments</th>
<th>Total Real Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31&lt;sup&gt;st&lt;/sup&gt; market value</td>
<td>$752,219</td>
<td>$109,284</td>
<td>$50,269</td>
<td>$15,990</td>
<td>$9,045</td>
<td>$936,807</td>
<td></td>
</tr>
<tr>
<td>Investment return</td>
<td>70,078</td>
<td>5,240</td>
<td>1,744</td>
<td>792</td>
<td>375</td>
<td>78,229</td>
<td></td>
</tr>
<tr>
<td>Contributions/ purchases</td>
<td>8,010</td>
<td>924</td>
<td>13,380</td>
<td>200</td>
<td>2,666</td>
<td>25,180</td>
<td></td>
</tr>
<tr>
<td>Distributions/sales</td>
<td>(6,522)</td>
<td>(3,631)</td>
<td>(12,757)</td>
<td>(4,430)</td>
<td>(2,500)</td>
<td>(29,840)</td>
<td></td>
</tr>
<tr>
<td>June 30&lt;sup&gt;th&lt;/sup&gt; market value</td>
<td>$823,785</td>
<td>$111,817</td>
<td>$52,636</td>
<td>$12,552</td>
<td>$9,586</td>
<td>$1,010,376</td>
<td></td>
</tr>
<tr>
<td>Quarterly return %</td>
<td>4.3%</td>
<td>4.7%</td>
<td>3.4%</td>
<td>5.7%</td>
<td>4.0%</td>
<td>4.4%</td>
<td></td>
</tr>
</tbody>
</table>

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

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

***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

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2018</td>
<td>1.1%</td>
<td>1.9%</td>
</tr>
<tr>
<td>December 2018</td>
<td>-6.9%</td>
<td>-8.9%</td>
</tr>
<tr>
<td>March 2019</td>
<td>2.5%</td>
<td>2.6%</td>
</tr>
<tr>
<td>June 2019</td>
<td>2.5%</td>
<td>2.6%</td>
</tr>
<tr>
<td>September 2019</td>
<td>-1.1%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>December 2019</td>
<td>5.2%</td>
<td>5.7%</td>
</tr>
<tr>
<td>March 2020</td>
<td>-15.2%</td>
<td>-14.4%</td>
</tr>
<tr>
<td>June 2020</td>
<td>11.8%</td>
<td>12.7%</td>
</tr>
<tr>
<td>September 2020</td>
<td>7.2%</td>
<td>6.9%</td>
</tr>
<tr>
<td>December 2020</td>
<td>12.7%</td>
<td>12.3%</td>
</tr>
<tr>
<td>March 2021</td>
<td>7.4%</td>
<td>4.8%</td>
</tr>
<tr>
<td>June 2021</td>
<td>4.3%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Switch to Prime OCIO & investment policy update
ENDOWMENT POOL UNDERWATER FUNDS (%)

- $15M infusion; 1.2% annual 2018 loss
- $5M infusion; 12.7% annual 2019 return
- 12% qtrly loss; COVID-19
- 34% trailing 1-year return
- $4M infusion
# FUNDS AVAILABLE TO THE UNIVERSITY

(in thousands)

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

- 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

<table>
<thead>
<tr>
<th>Endowment Accounts</th>
<th>Gift Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>% of Total Non-Compliant</strong></td>
<td><strong>% of Total Non-Compliant</strong></td>
</tr>
<tr>
<td><strong>Monthly Average</strong></td>
<td><strong>Monthly Average</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td>Reimbursements Reviewed</td>
<td>341</td>
</tr>
<tr>
<td>Non-Compliant</td>
<td>3.0%</td>
</tr>
<tr>
<td>Accounts with Lack of Funds</td>
<td>7.9%</td>
</tr>
<tr>
<td>Non-Compliant</td>
<td>4.7%</td>
</tr>
<tr>
<td>Accounts with Lack of Funds</td>
<td>4.8%</td>
</tr>
</tbody>
</table>
FUNDRAISING
**PHILANTHROPY**

**CASE vs. GAAP RECONCILIATION**
For the Fiscal Year Ended June 30, 2021
(in thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Philanthropy (Slide 19 &amp; 20)</td>
<td>$ 61,861</td>
</tr>
<tr>
<td>Less: Athletics</td>
<td>(23,737)</td>
</tr>
<tr>
<td>Less: UofL Health &amp; other</td>
<td>(798)</td>
</tr>
<tr>
<td><strong>Total Foundation Philanthropy</strong></td>
<td>37,326</td>
</tr>
<tr>
<td>Less: Bequests</td>
<td>(7,663)</td>
</tr>
<tr>
<td>Add: Other</td>
<td>984</td>
</tr>
<tr>
<td><strong>Total Foundation gift revenues (GAAP)</strong></td>
<td>$ 30,647</td>
</tr>
</tbody>
</table>

**PHILANTHROPY HISTORY**

CASE = Council for Advancement and Support of Education
PHILANTHROPY REPORT

Fiscal Year Comparison

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

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

$140,000,000

$120,000,000

$100,000,000

$80,000,000

$60,000,000

$40,000,000

$20,000,000

$-

FY2017

FY2018

FY2019

FY2020

FY2021

Total, $85.5 M

Total, $74.1 M

Total, $98.3 M

$50 M

$78 M, excluding UofL Health

Total, $61.8 M
# Philanthropy by Unit

For the Fiscal Year Ended June 30, 2021

(in thousands)

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

FISCAL YEAR COMPARISON

*Total Cash includes outright gifts, pledge payments and matching gifts.
OUTSTANDING PLEDGES
Gross, For the Each of the Fiscal Years Ended June 30th (in thousands)
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
## Consolidated Statements of Financial Position (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>June 2021</th>
<th>June 2020</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$2,352</td>
<td>$2,017</td>
<td>$335</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>4,452</td>
<td>4,282</td>
<td>170</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>5,501</td>
<td>5,752</td>
<td>(251)</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>1,000</td>
<td>15,404</td>
<td>(14,404)</td>
</tr>
<tr>
<td>Pledge receivables, net</td>
<td>14,216</td>
<td>14,014</td>
<td>202</td>
</tr>
<tr>
<td>Due from ULREF</td>
<td>12,052</td>
<td>16,717</td>
<td>(4,665)</td>
</tr>
<tr>
<td><strong>Investments:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main endowment pool</td>
<td>823,785</td>
<td>609,195</td>
<td>214,590</td>
</tr>
<tr>
<td>Funds held in trust by others</td>
<td>79,597</td>
<td>62,733</td>
<td>16,864</td>
</tr>
<tr>
<td>Other endowment investments</td>
<td>8,133</td>
<td>6,911</td>
<td>1,222</td>
</tr>
<tr>
<td>Current use gift account</td>
<td>52,636</td>
<td>40,150</td>
<td>12,486</td>
</tr>
<tr>
<td>Operating reserve account</td>
<td>12,552</td>
<td>15,352</td>
<td>(2,800)</td>
</tr>
<tr>
<td>Other non-endowed investments</td>
<td>9,129</td>
<td>11,470</td>
<td>(2,341)</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>985,832</td>
<td>745,811</td>
<td>240,021</td>
</tr>
<tr>
<td>Property, plant, and equipment, net</td>
<td>50,487</td>
<td>53,009</td>
<td>(2,522)</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$1,035,992</td>
<td>$857,806</td>
<td>$178,186</td>
</tr>
<tr>
<td><strong>Liabilities and net assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$947</td>
<td>$882</td>
<td>$65</td>
</tr>
<tr>
<td>Funds held in trust for others</td>
<td>14,488</td>
<td>13,635</td>
<td>853</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>12,468</td>
<td>10,688</td>
<td>1,780</td>
</tr>
<tr>
<td>Debt</td>
<td>32,731</td>
<td>53,391</td>
<td>(20,660)</td>
</tr>
<tr>
<td>Due to the University of Louisville</td>
<td>4,080</td>
<td>6,281</td>
<td>(2,201)</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>64,714</td>
<td>84,877</td>
<td>(20,163)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>$1,011,178</td>
<td>772,129</td>
<td>239,049</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$1,035,992</td>
<td>$857,806</td>
<td>$178,186</td>
</tr>
<tr>
<td></td>
<td>2021</td>
<td>2020</td>
<td>Variance</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UofL gifts</td>
<td>$30,647</td>
<td>$21,349</td>
<td>$(10,302)</td>
</tr>
<tr>
<td>UofL Health gifts</td>
<td>7,990</td>
<td>17,520</td>
<td>$(9,530)</td>
</tr>
<tr>
<td>Net investment returns (loss)</td>
<td>252,444</td>
<td>(1,234)</td>
<td>253,680</td>
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<tr>
<td>Net rental revenue</td>
<td>1,142</td>
<td>1,071</td>
<td>71</td>
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<tr>
<td>Other revenues</td>
<td>5,660</td>
<td>251</td>
<td>5,409</td>
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<tr>
<td><strong>Total revenues</strong></td>
<td>297,883</td>
<td>59,975</td>
<td>239,908</td>
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<tr>
<td><strong>Expenditures</strong></td>
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<tr>
<td>Endowment support to UofL</td>
<td>18,259</td>
<td>22,730</td>
<td>$(4,499)</td>
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<td>Current use support to UofL</td>
<td>16,909</td>
<td>20,493</td>
<td>$(3,584)</td>
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<tr>
<td>UofL Health support</td>
<td>7,544</td>
<td>17,530</td>
<td>$(9,976)</td>
</tr>
<tr>
<td>Other support to UofL</td>
<td>6,974</td>
<td>6,999</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>49,686</td>
<td>67,760</td>
<td>$(18,074)</td>
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<tr>
<td><strong>Administrative Expenses</strong></td>
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<tr>
<td>Interest expenses</td>
<td>1,778</td>
<td>1,918</td>
<td>$(40)</td>
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<td>Salaries and benefits</td>
<td>1,033</td>
<td>046</td>
<td>37</td>
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<td>Legal fees</td>
<td>510</td>
<td>1,582</td>
<td>(64)</td>
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<tr>
<td>ShelbyHunt expenses</td>
<td>623</td>
<td>591</td>
<td>132</td>
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<tr>
<td>General and other</td>
<td>87</td>
<td>022</td>
<td>(135)</td>
</tr>
<tr>
<td><strong>Total ULP administrative expenses</strong></td>
<td>5,341</td>
<td>5,765</td>
<td>(628)</td>
</tr>
<tr>
<td><strong>Other Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pledge paid debts</td>
<td>3,503</td>
<td>4,106</td>
<td>(603)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>607</td>
<td>720</td>
<td>(113)</td>
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<tr>
<td><strong>Total ULP expenses</strong></td>
<td>59,027</td>
<td>78,445</td>
<td>(8,418)</td>
</tr>
<tr>
<td><strong>ULP net income (loss)</strong></td>
<td>238,856</td>
<td>(19,476)</td>
<td>259,326</td>
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<tr>
<td><strong>Affiliates (INRP and CCG):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliates' revenues</td>
<td>6,440</td>
<td>7,183</td>
<td>(745)</td>
</tr>
<tr>
<td>Affiliates' expenses</td>
<td>(6,245)</td>
<td>(6,536)</td>
<td>297</td>
</tr>
<tr>
<td><strong>Affiliates' net income (loss)</strong></td>
<td>195</td>
<td>642</td>
<td>(447)</td>
</tr>
<tr>
<td><strong>Consolidated net income (loss)</strong></td>
<td>$239,661</td>
<td>$238,738</td>
<td>$238,884</td>
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</tbody>
</table>
University of Louisville Foundation and University of Louisville Real Estate Foundation
Combined Statements of Financial Position
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2021</th>
<th>June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ULF</td>
<td>ULREF</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,352</td>
<td>$10,689</td>
</tr>
<tr>
<td>Accounts and notes receivable, net</td>
<td>4,452</td>
<td>908</td>
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<tr>
<td>Prepaid expenses and other assets</td>
<td>5,500</td>
<td>1,039</td>
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<tr>
<td>Loans receivable, net</td>
<td>1,000</td>
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<tr>
<td>Contributions receivable, net</td>
<td>14,216</td>
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<tr>
<td>Investments</td>
<td>985,833</td>
<td>4,411</td>
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<tr>
<td>Due from the University of Louisville Real Estate Foundation, Inc., net</td>
<td>12,052</td>
<td>(14,880)</td>
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<tr>
<td>Tax incremental financing intangibles, net</td>
<td>–</td>
<td>91,179</td>
</tr>
<tr>
<td>Lease intangibles, net</td>
<td>–</td>
<td>2,186</td>
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<tr>
<td>Capital assets, net</td>
<td>50,487</td>
<td>141,105</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$1,075,892</strong></td>
<td><strong>$236,637</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2020</th>
<th>June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ULF</td>
<td>ULREF</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$947</td>
<td>$341</td>
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<tr>
<td>Funds held in trust for others</td>
<td>14,488</td>
<td>–</td>
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<tr>
<td>Other liabilities</td>
<td>12,468</td>
<td>1,180</td>
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<tr>
<td>Bonds and notes payable</td>
<td>32,731</td>
<td>58,612</td>
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<tr>
<td>Due to the University of Louisville</td>
<td>4,080</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>64,714</strong></td>
<td><strong>60,133</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2021</th>
<th>June 30, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets</td>
<td>1,011,178</td>
<td>176,504</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$1,075,892</strong></td>
<td><strong>$236,637</strong></td>
</tr>
<tr>
<td>Revenues, gains, and other support:</td>
<td>Total 2021</td>
<td>Total 2021</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Rental revenues</td>
<td>$1,142</td>
<td>$4,479</td>
</tr>
<tr>
<td>Student housing-related revenues</td>
<td>--</td>
<td>$8,191</td>
</tr>
<tr>
<td>Gifts</td>
<td>38,637</td>
<td>--</td>
</tr>
<tr>
<td>Gain from contributions from ULF</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Net investment (loss) return</td>
<td>254,137</td>
<td>484</td>
</tr>
<tr>
<td>Tax incremental financing revenues</td>
<td>--</td>
<td>7,553</td>
</tr>
<tr>
<td>Other revenues</td>
<td>12,100</td>
<td>45</td>
</tr>
<tr>
<td>Gain on disposal</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Total revenues, gains, and other support</td>
<td>306,016</td>
<td>20,752</td>
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</table>

<table>
<thead>
<tr>
<th>Expenses:</th>
<th>Total 2021</th>
<th>Total 2021</th>
<th>Total 2020</th>
<th>Total 2020</th>
<th>Total 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions to University of Louisville departments</td>
<td>49,687</td>
<td>--</td>
<td>49,687</td>
<td>67,760</td>
<td>--</td>
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<tr>
<td>Salaries</td>
<td>2,601</td>
<td>168</td>
<td>2,769</td>
<td>2,568</td>
<td>165</td>
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<tr>
<td>Utilities</td>
<td>502</td>
<td>520</td>
<td>1,022</td>
<td>370</td>
<td>533</td>
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<tr>
<td>General and administrative</td>
<td>796</td>
<td>663</td>
<td>1,459</td>
<td>1,518</td>
<td>819</td>
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<tr>
<td>Professional services</td>
<td>1,479</td>
<td>1,101</td>
<td>2,580</td>
<td>2,137</td>
<td>1,020</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>1,530</td>
<td>616</td>
<td>2,146</td>
<td>1,504</td>
<td>658</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>2,912</td>
<td>6,223</td>
<td>9,135</td>
<td>2,515</td>
<td>6,526</td>
</tr>
<tr>
<td>Interest expense</td>
<td>1,808</td>
<td>582</td>
<td>2,390</td>
<td>1,864</td>
<td>810</td>
</tr>
<tr>
<td>Student housing-related expenses</td>
<td>--</td>
<td>7,948</td>
<td>7,948</td>
<td>--</td>
<td>8,310</td>
</tr>
<tr>
<td>Other expenses (income)</td>
<td>5,650</td>
<td>--</td>
<td>5,650</td>
<td>4,673</td>
<td>--</td>
</tr>
<tr>
<td>Total expenses</td>
<td>66,965</td>
<td>17,821</td>
<td>84,786</td>
<td>85,209</td>
<td>18,841</td>
</tr>
</tbody>
</table>

Change in net assets

$239,051  $2,931  $241,982  $(18,788)  $(2,901)  $(21,689)
### Consolidated Statements of Financial Position

#### (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>July 2021</th>
<th>July 2020</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$2,475</td>
<td>$2,195</td>
<td>$280</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>4,524</td>
<td>4,419</td>
<td>105</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>5,373</td>
<td>5,676</td>
<td>(303)</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>1,000</td>
<td>15,404</td>
<td>(14,404)</td>
</tr>
<tr>
<td>Pledge receivables, net</td>
<td>14,067</td>
<td>13,841</td>
<td>226</td>
</tr>
<tr>
<td>Due from ULREF</td>
<td>12,080</td>
<td>16,745</td>
<td>(4,665)</td>
</tr>
<tr>
<td><strong>Investments:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main endowment pool</td>
<td>835,143</td>
<td>621,562</td>
<td>213,581</td>
</tr>
<tr>
<td>Funds held in trust by others</td>
<td>80,839</td>
<td>64,921</td>
<td>15,918</td>
</tr>
<tr>
<td>Other endowment investments</td>
<td>8,209</td>
<td>7,105</td>
<td>1,104</td>
</tr>
<tr>
<td>Current use gift account</td>
<td>51,016</td>
<td>41,107</td>
<td>9,909</td>
</tr>
<tr>
<td>Operating reserve account</td>
<td>12,608</td>
<td>15,956</td>
<td>(3,348)</td>
</tr>
<tr>
<td>Other non-endowed investments</td>
<td>11,733</td>
<td>12,009</td>
<td>(276)</td>
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<tr>
<td><strong>Total Investments</strong></td>
<td>999,548</td>
<td>762,660</td>
<td>236,888</td>
</tr>
<tr>
<td>Property, plant, and equipment, net</td>
<td>50,321</td>
<td>52,909</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>$1,089,869</td>
<td>$873,849</td>
<td>$215,539</td>
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</table>

**Liabilities and net assets**

<table>
<thead>
<tr>
<th></th>
<th>July 2021</th>
<th>July 2020</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$1,798</td>
<td>$986</td>
<td>$812</td>
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<tr>
<td>Funds held in trust for others</td>
<td>14,694</td>
<td>13,609</td>
<td>1,085</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>11,881</td>
<td>10,869</td>
<td>1,012</td>
</tr>
<tr>
<td>Debt</td>
<td>32,700</td>
<td>53,360</td>
<td>(20,660)</td>
</tr>
<tr>
<td>Due to the University of Louisville</td>
<td>4,000</td>
<td>6,010</td>
<td>(2,010)</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>65,073</td>
<td>84,834</td>
<td>(19,761)</td>
</tr>
</tbody>
</table>

Net assets | $1,024,315 | $789,015 | $235,300 |

**Total liabilities and net assets** | $1,089,869 | $873,849 | $215,539 |
<table>
<thead>
<tr>
<th>Revenues</th>
<th>2021</th>
<th>2020</th>
<th>Variance</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>UoL gifts</td>
<td>$1,440</td>
<td>$1,955</td>
<td>$(515)</td>
<td>$3,152</td>
<td>$(1,712)</td>
</tr>
<tr>
<td>UoL Health gifts</td>
<td>2,561</td>
<td>30</td>
<td>2,531</td>
<td>–</td>
<td>2,561</td>
</tr>
<tr>
<td>Net investment return</td>
<td>14,535</td>
<td>19,449</td>
<td>(4,914)</td>
<td>3,584</td>
<td>10,951</td>
</tr>
<tr>
<td>Net rental revenue</td>
<td>91</td>
<td>72</td>
<td>19</td>
<td>185</td>
<td>(94)</td>
</tr>
<tr>
<td>Other revenues</td>
<td>27</td>
<td>38</td>
<td>(11)</td>
<td>18</td>
<td>9</td>
</tr>
<tr>
<td>Total revenues</td>
<td>18,654</td>
<td>21,544</td>
<td>(2,890)</td>
<td>6,939</td>
<td>11,715</td>
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</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment support to UoL</td>
<td>2,061</td>
<td>2,300</td>
<td>(239)</td>
<td>2,138</td>
<td>(77)</td>
</tr>
<tr>
<td>Current use support to UoL</td>
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<td>1,210</td>
<td>790</td>
<td>1,667</td>
<td>333</td>
</tr>
<tr>
<td>UoL Health support</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other support to UoL</td>
<td>370</td>
<td>500</td>
<td>(130)</td>
<td>453</td>
<td>(83)</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>4,431</td>
<td>4,010</td>
<td>421</td>
<td>4,258</td>
<td>173</td>
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</table>

<table>
<thead>
<tr>
<th>Administrative Expenses</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense</td>
<td>120</td>
<td>150</td>
<td>(30)</td>
<td>146</td>
<td>(26)</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>81</td>
<td>71</td>
<td>10</td>
<td>114</td>
<td>(33)</td>
</tr>
<tr>
<td>ShelbyHunt expenses</td>
<td>69</td>
<td>31</td>
<td>38</td>
<td>35</td>
<td>34</td>
</tr>
<tr>
<td>Building and office expense</td>
<td>9</td>
<td>39</td>
<td>(30)</td>
<td>39</td>
<td>(30)</td>
</tr>
<tr>
<td>Legal fees</td>
<td>14</td>
<td>3</td>
<td>11</td>
<td>15</td>
<td>(1)</td>
</tr>
<tr>
<td>General and other</td>
<td>88</td>
<td>77</td>
<td>11</td>
<td>96</td>
<td>(8)</td>
</tr>
<tr>
<td>Total ULF administrative expenses</td>
<td>381</td>
<td>371</td>
<td>10</td>
<td>445</td>
<td>(64)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Expenses</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pledge had debts</td>
<td>144</td>
<td>149</td>
<td>(5)</td>
<td>352</td>
<td>(208)</td>
</tr>
<tr>
<td>Litigation legal fees</td>
<td>6</td>
<td>64</td>
<td>(58)</td>
<td>58</td>
<td>(52)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>52</td>
<td>–</td>
<td>52</td>
<td>49</td>
<td>3</td>
</tr>
<tr>
<td>Total ULF expenses</td>
<td>5,014</td>
<td>4,594</td>
<td>420</td>
<td>5,162</td>
<td>(148)</td>
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</tbody>
</table>

| ULF net income              | 13,640| 16,950| (3,310)  | 1,777   | 11,863   |

<table>
<thead>
<tr>
<th>Affiliates (TNRP and CCG):</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Affiliates’ revenues</td>
<td>622</td>
<td>575</td>
<td>47</td>
<td>609</td>
<td>13</td>
</tr>
<tr>
<td>Affiliates’ expenses</td>
<td>(624)</td>
<td>(638)</td>
<td>14</td>
<td>(546)</td>
<td>(78)</td>
</tr>
<tr>
<td>Affiliates’ net income (loss)</td>
<td>(2)</td>
<td>(63)</td>
<td>61</td>
<td>63</td>
<td>(65)</td>
</tr>
</tbody>
</table>

| Consolidated net income     | $13,638| $16,887| $ (3,249) | $1,840  | $11,798  |