

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

December 16, 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 1:55 p.m., December 16, 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. Lori Gonzalez, Interim President
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
Dr. Michael Mardis, Vice President for Student Affairs, Dean of Students
Ms. Sandy Russell, Vice President for Enterprise Risk, Audit, and Compliance
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. Shannon Rickett, Assistant Vice President for Government Relations
Mr. Rick Graycarek, Assistant Vice President for Budget and Financial Planning
Mr. John Karman, Executive Director of Communications
Ms. Beverly Santamouris, Treasurer/Controller
Mr. Jim Begany, Vice Provost for Enrollment Management
Mr. Robert Goldstein, Vice Provost, for Assessment & Support/Analytics
Dr. Beth Willey, Associate Provost for Undergraduate Education

Prof. Ryan Quinn, Management & Entrepreneurship, College of Business
Dr. Ian Norris, ACE Fellow
Mr. Jake Beamer, Dir. of Governance & Strategic Initiatives & Asst. Secretary

From the UofL
Foundation: Mr. Keith Sherman, Executive Director

From UofL
Health: Mr. Tom Miller, CEO

I. Call to Order

Chair Medley called the roll. Having determined a quorum present, she called the meeting to order at 1:55 p.m.

Approval of Minutes, 9-23-2021

Dr. Burse made a motion, which Mr. Brinkman seconded, to approve the minutes of the September 23, 2021 meeting.

The motion passed.

II. Action Item: Acquisition of PKT House and Assumption of Financing for PKT and Sig Ep Houses

Mr. Durbin briefed the committee on the recommendation to acquire the Phi Kappa Tau (Phi Tau) Fraternity house, and assume the financing of both it and the Sigma Phi Epsilon (Sig Ep) Fraternity house.

He and Dr. Mardis explained that many of UofL's fraternities and sororities have raised funds to either renovate/expand their facilities or to build new ones, and regularly utilize gift accounts with the UofL Foundation to collect tax-deductible donations. However, the Foundation determined that it could no longer permit donated funds to be tax deductible unless the University was the owner of both the organization's house, the underlying land, and was the holder of any debt on the property. This recommendation ensures that the University and the Foundation are in compliance with applicable requirements regarding donated funds being used for the payment of the debt for these organizations.

Ms. Okorie asked if this sets a precedent to address similar issues for other UofL fraternities and sororities.

Dr. Mardis stated that administration would work with each organization to set up an arrangement, if needed.

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

President's recommendation that the Board of Trustees approve the University of Louisville's acquisition of the Phi Kappa Tau fraternity house, located at 2106 Unity Place, from PKT Beta House Corporation, for a payment of nominal consideration.

The President further recommends that the Board of Trustees approve the assumption by the University of Louisville of two loans from Republic Bank, which loans were entered into for the purpose of financing the houses for the Phi Kappa Tau and Sigma Phi Epsilon fraternities. The loan for the Phi Kappa Tau house was entered into on January 16, 2008 for the original principal amount of \$775,000 and has an outstanding balance of \$307,024. The loan for the Sigma Phi Epsilon house was entered into on June 25, 2010 for the original principal amount of \$150,000 and has an outstanding balance of \$33,522.

The motion passed.

III. Action Item: Operating Funds Investment Policy

The CFO explained to the committee the recommendation to approve an Operating Funds Investment Policy to replace the university's current Short Term Investment Policy, approved in 2016.

Dr. Burse requested that Mr. Durbin provide quarterly investment returns and an organizational chart of the Office of the Executive Vice President for Finance and Administration, specifically the CFO/Treasury functions.

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

President's recommendation that the Board of Trustees approve an Operating Funds Investment Policy as described in the form, attached.

The motion passed.

IV. Action Items: Request to Liquidate Quasi-endowments

EVP Durbin discussed with committee members requests to liquidate three quasi-endowments. The Vice President for University Advancement joined the President and Mr. Durbin in making the recommendation.

Brown Cancer Center

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

President's recommendation that the Board of Trustees approve the liquidation of the following Quasi-endowment account:

- **Brown Cancer Center – Estate of Dorothy McCrocklin (Commonwealth Bank and Trust Company) totaling \$437,000.**

The motion passed.

JB Speed School of Engineering

Dr. Burse made a motion, which Ms. Okorie seconded, to approve the

President’s recommendation that the Board of Trustees approve the liquidation of the following Quasi-endowment account:

- **Speed School of Engineering E2102 with an amount not to exceed \$528,307.**

The motion passed.

College of Arts and Sciences

Ms. Okorie made a motion, Dr. Burse which seconded, to approve the

President’s recommendation that the Board of Trustees approve the liquidation of the following eight Quasi-endowment accounts held by the College of Arts and Sciences under the condition that the College first attempt to identify other appropriate gift and endowment accounts with available funding that can fulfill the same expense needs. The University CFO, in consultation with the University of Louisville Foundation COO, will then determine by January 31, 2022 whether some, none, or all of the listed quasi-endowments will be liquidated. The total value of these eight accounts is \$268,528.18.

- **\$11,921.59 from E2115 (Biology Support)**
- **\$11,921.61 from E2120 (Communication Support)**
- **\$58,000.00 from E0645 (A&S Endowment Fund)**
- **\$65,000.00 from E0645 (A&S Endowment Fund)**
- **\$40,044.75 from E0813 (Fine Arts Enhancement Fund-Center for Excellence)**
- **\$11,921.61 from E2114 (History Support)**
- **\$11,740.08 from E2112 (Classical and Modern Language Support)**
- **\$57,978.54 from E1517 (W.L. Lyons Brown Foundation Fund)**

The motion passed.

V. Action Item: Critical Operations Projects

COO Watkins described the recommendation to approve of various HVAC, ADA, demolition, and deferred maintenance projects across the university’s campuses. He stated

that the university continues to face approximately \$490 million in deferred maintenance throughout the three campuses and it is becoming increasingly challenging to maintain the university infrastructure without investing more resources. The items being requested for funding approval are of a critical nature and require immediate attention.

Project costs will be funded through the University's existing financing program with First American to take advantage of low interest rate of 2.49% and spread payments over a period of at least 7 years (to preserve liquidity position). Annual debt service payments will be funded from a combination of plant/capital funds and indirect cost recoveries.

Messrs. Watkins and Durbin then fielded questions from trustees.

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

President's recommendation that the Board of Trustees approve of various HVAC, ADA, demolition, and deferred maintenance projects on both the Belknap and Health Sciences campuses and the financing of these projects through the University's existing borrowing program with First American, as described in the attached form.

The motion passed.

VI. Action Item: Construction of Parking Lot

Mr. Watkins briefed the committee on a plan to construct a 295-space parking lot located at 2401 South Brook Street, which would alleviate traffic and congestion issues on campus arising from two main factors: an increased number of residents living on the east side of campus, and the lost of 178 parking spaces due to the construction of the two new Belknap residence halls.

The new parking lot will generate an estimated \$80,000 in new annual permit revenue, and will help to retain \$88,500 of retail revenue in the Floyd garage by not having to convert visitor parking to resident parking.

After fielded questions from committee members, Dr. Schultz made a motion, which Dr. Burse seconded, to approve the

President's recommendation that the Board of Trustees authorize approval to construct a 295-space surface parking lot located at 2401 South Brook Street at an approximate cost of \$799,253.21.

The motion passed.

VII. Action Item: Construction of Cold Storage Room in Ekstrom Library

COO Watkins also explained to the committee a recommendation to renovate lower-level

rooms in Ekstrom Library and to create a new cold storage space to prevent the deterioration of library archives. The estimated budget is \$517,400 and funding will be provided by several endowment and gift accounts. Currently available funds committed to the project are approximately \$200,000 with the remaining project balance pledged by donors. Work will not commence on the project until all pledged funds are in hand.

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

President's recommendation that the Board of Trustees approve the renovation of Rooms 022, 023, and 024 in the lower level of Ekstrom Library, at an estimated cost of \$517,400, to create a cold storage space which will accommodate photographic negative collections, including the Courier-Journal photographic archive and the Julius Friedman Photographs.

The motion passed.

VIII. Action Item: Dorm Management Agreements

Vice President Curry, Executive Vice President Durbin, and UofL Foundation COO Sherman briefed the committee on recommendation to approve student housing management agreements between the University and the UofL Real Estate Foundation.

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

President's recommendation that the Board of Trustees approve the Student Housing Management Agreements attached to this recommendation, which are related to the University's Management of Herman and Heddy Kurz Hall, Bettie Johnson Hall, and Community Park.

Furthermore, the President recommends that the Board of Trustees authorize her or her designee to execute the Student Housing Management Agreements in substantially the same forms as attached.

The motion passed.

IX. Report from the Executive VP for Finance & Administration

Using the **attached** presentation, Mr. Durbin reported on the revenues, expenses, and changes in net position for the period ending October 31, 2021 and 2020. His report also included a balance sheet, a summary of revenue and expense activity by component unit, and the university's liquidity (the dollar amounts and days of cash on hand).

Mr. Durbin then fielded questions from trustees.

The committee requested Mr. Durbin share the university's discount rates compared to its benchmark and peer institutions.

No action was taken.

X. 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 2:59 p.m.

Approved by:

 **Signature on file** _____
Assistant Secretary

RECOMMENDATION TO THE UNIVERISTY OF LOUISVILLE BOARD OF TRUSTEES
REGARDING ACQUISITION OF PHI KAPPA TAU FRATERNITY HOUSE
AND ASSUMPTION OF FINANCING FOR
PHI KAPPA TAU AND SIGMA PHI EPSILON HOUSES

Finance Committee – December 16, 2021
Executive and Compensation Committee – December 16, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees approve the University of Louisville's acquisition of the Phi Kappa Tau fraternity house, located at 2106 Unity Place, from PKT Beta Beta House Corporation, for a payment of nominal consideration.

The President further recommends that the Board of Trustees approve the assumption by the University of Louisville of two loans from Republic Bank, which loans were entered into for the purpose of financing the houses for the Phi Kappa Tau and Sigma Phi Epsilon fraternities. The loan for the Phi Kappa Tau house was entered into on January 16, 2008 for the original principal amount of \$775,000 and has an outstanding balance of \$307,024. The loan for the Sigma Phi Epsilon house was entered into on June 25, 2010 for the original principal amount of \$150,000 and has an outstanding balance of \$33,522.

BACKGROUND:

Recently the university celebrated the 100-year anniversary of Fraternity and Sorority Life ("FSL") at the University of Louisville. These FSL organizations add to the vibrancy of the student experience and increasing student retention and graduation rates. On average, students that are members of fraternities and sororities graduate at a 20% higher rate than students who are not involved in Greek-life. Additionally, these alumni are oftentimes some of our most engaged.

For more than a decade, many of the University of Louisville fraternities and sororities have raised funds to either renovate or expand their facilities or to build new ones. Fraternities and sororities regularly utilize gift accounts with the University of Louisville Foundation as an avenue to collect tax-deductible donations. However, earlier this year, the UofL Foundation determined that the Foundation could no longer permit donated funds to be tax deductible if used to renovate or repair these houses or to pay off debt for fraternity or sorority houses unless the University was the owner of both the organization's house and the underlying land and was the holder of any debt on the property.

Fraternities Sigma Phi Epsilon ("Sig Ep") and Phi Kappa Tau ("Phi Tau") each have outstanding financing from Republic Bank on their fraternity houses. The University of Louisville Foundation presently serves as the guarantor on each of those loans. The loans on each property have a fixed interest rate of 4%. Alumni for both Sig Ep and Phi Tau wish to continue to raise funds to pay off the outstanding debt on their respective houses. To ensure that those alumni donations can be used to pay off those debts, and that those donations will continue to be tax-deductible for the donors, the University intends to assume both the Sig Ep and Phi Tau loans.

The University of Louisville is the owner of the land on which the Phi Tau fraternity house is located. PKT Beta Beta House Corporation owns the Phi Tau fraternity house and leases the property from the University of Louisville pursuant to a Lease Agreement dated as of April 10, 2006 (the "Phi Tau Lease"). PKT Beta Beta House Corporation received a loan from Republic Bank for the financing of the Phi Tau house on January 16, 2008, in the original principal amount of \$775,000 (the "Phi Tau Loan"). The outstanding balance of the Phi Tau Loan is \$307,024. The Phi Tau Lease stipulates that once outstanding debt on the house was paid off, the house would be owned by the University. To meet the requirements for donations to the Phi Tau gift accounts with the University of Louisville Foundation to be able to be used for payment of the Phi Tau Loan, the University must acquire the house and assume the Phi Tau Loan from PKT Beta Beta House Corporation. Phi Tau has agreed to transfer the house to the University for nominal consideration. Upon assumption of the Phi Tau loan, the University will arrange with Phi Tau for Phi Tau to continue to make the monthly loan premium payments to Republic Bank.

The University of Louisville owns both the land and the house of Sig Ep. Kentucky Beta Alumni Corporation of Sigma Phi Epsilon received a loan from Republic Bank for the financing of the Sig Ep house on June 25, 2010, in the original principal amount of \$150,000 (the "Sig Ep Loan"). The outstanding balance of the Sig Ep Loan is \$33,522. As with the Phi Tau Loan, to meet the requirements for donations to the Sig Ep gift accounts with the University of Louisville Foundation to be able to be used for payment of the Sig Ep Loan, the University is seeking to assume the Sig Ep Loan. Upon assumption of the Sig Ep Loan, the University will arrange with Sig Ep for Sig Ep to continue to make the monthly loan premium payments to Republic Bank.

This transaction will not have a negative financial impact to the University budget. All loan payments are current, no past defaults or missed payments were experienced and University officials have reviewed each group's budget to ensure adequate revenues exist to fund these debt obligations into the future.

The University of Louisville's acquisition of the Phi Tau Fraternity house and the assumption of the Phi Tau Loan and the Sig Ep Loan will ensure that the University and the Foundation are in compliance with applicable requirements regarding donated funds being used for the payment of the debt for these organizations. Further, the University believes that these actions will help ensure that the student members of those respective fraternities will continue to have appropriate living facilities, and that these actions will encourage alumni engagement and spur alumni philanthropy by ensuring that the donations of the fraternities' alumni will be tax-deductible.

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

RECOMMENDATION TO THE BOARD OF TRUSTEES
REGARDING AN OPERATING FUNDS INVESTMENT POLICY

Finance Committee – December 16, 2021
Executive and Compensation Committee – December 16, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees approve an Operating Funds Investment Policy as described in the form, [attached](#).

BACKGROUND:

The Operating Funds Investment Policy will replace the university's [Short Term Investment Policy](#) approved in 2016.

See summary, [attached](#), for additional information.

COMMITTEE ACTION:

Passed X
Did Not Pass _____
Other _____

____ Signature on file _____
Assistant Secretary

BOARD ACTION:

Passed X
Did Not Pass _____
Other _____

____ Signature on file _____
Assistant Secretary

University of Louisville

OFFICIAL UNIVERSITY ADMINISTRATIVE POLICY

POLICY NAME

Operating Funds Investment Policy

INITIAL ADOPTION AND EFFECTIVE DATE

March 1, 2021

POLICY APPLICABILITY

This policy applies to the investment of operating funds and the minimum cash reserve of the University of Louisville and its affiliated corporations.

REASON FOR POLICY

The purpose of this Investment Policy is to set general guidelines to provide a clear understanding of the investment objectives for the University's operating funds. The policy outlines a philosophy that guides the management of the operating cash and investments toward the desired returns. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

This investment policy is set forth in order to:

- Define and assign responsibilities
- Establish a clear understanding of the investment goals and objectives for operating fund assets
- Offer guidance and limitations regarding the investment of operating fund assets
- Establish a basis of evaluating investment results
- Manage the operating fund assets according to industry best practices and applicable laws

The fund's investment objectives, in order of priority, are the following:

Safety of Principal

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

Maintenance of Liquidity

The University's funds shall remain sufficiently liquid to enable the University to meet all operating requirements which might be reasonably anticipated, including but not limited to payroll, accounts payable, capital projects, debt service and any other payments.

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Return on Investment

The University's funds shall be managed with the objective of attaining a market rate of return (or higher) throughout the budgetary and economic cycles, considering the University's risk constraints and cash flow characteristics of the portfolio.

POLICY STATEMENT

Maintenance of adequate liquidity to meet the cash flow needs of the University is essential. Accordingly, to the extent possible, the University's funds will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Whenever practical, selection of investment maturities will be consistent with the known cash requirements of the University in order to minimize the forced sale of securities prior to maturity.

As indicated in the table below, Tier 1 will serve to meet the daily liquidity needs. The total of Tier 1 shall have a minimum of 45 days cash for day-to-day operating liquidity. When calculating the days cash on hand, expenses shall be based on the consolidated prior fiscal year average operating expense per day.

For purposes of the policy, the fund's assets shall be segregated into four categories based on expected liquidity needs and purposes: Tiers 1 through 4.

Tier 1 Portfolio

Assets categorized as Tier 1 shall be invested in permitted investments maturing in twelve (12) months or less. Because of the difficulties inherent in accurately forecasting cash flow requirements, a portion of the portfolio shall be continuously invested in readily available funds such as money market mutual funds, bank deposits or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations. Also included in the Tier 1 Portfolio are investments managed by the Office of Financial Management at the Commonwealth of Kentucky and shall comply with Kentucky Revised Statute 42.500 and Kentucky Administrative Regulations (200 KAR 14:011 and KAR 14:091). The investment / return objective is principal preservation and liquidity.

Tier 2 Portfolio

The Tier 2 Portfolio shall be invested in permitted investments with a stated maturity of not more than five (5) years from the settlement date of purchase. The investment / return objective is principal preservation and enhanced return on investment.

Tier 3 Portfolio

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The Tier 3 Portfolio shall be invested in permitted investments with a stated maturity of not more than ten (10) years from the settlement date of purchase. The investment / return objective is principal preservation and enhanced return on investment.

Tier 4 Portfolio

The Tier 4 Portfolio shall be invested in the external investment pools at the University of Louisville Foundation, Inc. The long-term investment / return objective is capital appreciation and principal preservation.

PROCEDURES

In selecting financial institutions or broker/dealers, the creditworthiness of the institution shall be considered. Financial institutions providing investment vehicles will be evaluated by review of audited financial statements, regulatory reports, financial condition and credit ratings. All financial institutions and broker/dealers must supply proof of National Association of Security Dealers (NASD) certification and proof of state registration. Security broker-dealers will be selected by creditworthiness. These may include primary dealers of the Federal Reserve rated A1-P1 by a nationally recognized rating agency or other dealers that qualify under 200 KAR 14:011, Section 9.

The Investment Advisory Committee shall provide a score card to provide specific criteria to determine the qualifications of financial institutions or broker/dealers.

Investment Performance Objectives

The University's funds will be designed to obtain at least a market level rate of return, given budgetary and economic cycles, commensurate with the University's investment risk and cash flow needs. The returns on the portfolios will be compared on a quarterly basis to indices of U.S. Treasury securities having similar maturities or to other appropriate benchmarks. For funds having a weighted average maturity greater than 90 days, performance will be computed on a total return basis.

Tier 1 Portfolio

The performance of this portfolio will be benchmarked to the 90-day Treasury Bill Index.

Tier 2 Portfolio

Over a three-year period, the annualized total return of the portfolio will be benchmarked to the annualized total return of the S&P U.S. Treasury Bond 1 – 5 Year Index.

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Tier 3 Portfolio

Over a three-year period, the annualized total return of the portfolio will be benchmarked to the annualized total return of the S&P U.S. Treasury Bond 5 – 10 Year Index.

Tier 4 Portfolio

Over a five-year period, the average annual return of the portfolio will be benchmarked to the Vanguard Balanced Index Fund Investor Shares (VBINX).

Permitted Investments

Investments in Tier 1, Tier 2 and Tier 3 that are managed by an external fund manager(s) shall adhere to specific investment guidelines established by Treasury Staff and approved by the IAC, as appropriate, based on the liquidity needs of the University. Investments managed in house by Treasury Staff in Tier 1, Tier 2 and Tier 3 shall be limited to investments on the Tier 1, Tier 2 and Tier 3 Permitted Investments Table (Appendix 1), or other investments and/or funds approved by the IAC.

If a portfolio security falls below the minimum rating threshold, the issuer will be placed on a "watch" list and evaluated by the IAC. The IAC will determine if the security should be held or liquidated based on the underlying circumstances resulting in the ratings downgrade.

Tier 4 investments shall be managed in accordance with the University of Louisville Foundations Investment Policy.

Reporting Requirements

Treasury Staff shall generate reports for management purposes and provide the Board of Trustees periodic information updates on the operating fund investment program.

Evaluation of External Manager(s)

Managers shall be evaluated quarterly, considering the specific investment objectives of the manager, alignment of interest, investment process and resources as well as their past performance.

RESPONSIBILITIES

Delegation of Authority

The Executive Vice President for Finance and CFO has delegated to the Treasurer the responsibility for the custody, investment and disbursement of University funds in

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accordance with applicable laws and established policies and procedures. The Treasurer shall oversee the management of investment activity in accordance with the approved investment policy and fulfill the fiduciary responsibility to the University. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer.

Investment Advisory Committee

The Investment Advisory Committee (IAC) consists of the Treasurer, AVP Budget and Financial Planning, Assistant Treasurer, Director of Investments-Endowment and Gift Operations Strategies, Assistant Controller or Director of Accounting and Reporting and a Director level person to be determined. The committee will meet quarterly or as needed to review operating fund investments and to advise staff on investment allocations. Staff will prepare investment reports and make recommendations to the committee.

Treasury Staff

The Treasury Staff includes the Treasurer, the Assistant Treasurer, Director of Investments-Endowment and Gift Operations Strategies and employees in the Treasury Services department. Treasury Staff shall manage the daily operating fund investments and prepare analysis and recommendations to the IAC. Treasury Staff shall prepare assessments of investment balances and performance. When selecting investments to purchase for staff managed funds, as defined in Tiers 1, 2, and 3 above, a standard selection process shall be utilized. See Appendix 1 for more information regarding the selection process.

Treasury Staff may retain the services of a qualified investment manager(s) to invest funds pursuant to this policy. The Treasury staff will provide updates to the IAC on manager appointments, terminations, and the ongoing monitoring and evaluation of existing managers, at each meeting and at other times as requested by the IAC.

Safekeeping, Custody and Collateralization

The bank selected as the primary depository for the University will serve as the primary Custodian ("Custodian") for the University's bank deposits (Tier 1), operating fund investments (Tier 1, Tier 2 and Tier 3 managed by staff) and perform standard custodial functions, including security safekeeping, collection of income, settlement of trades, maintenance of collateral levels, collection of proceeds of maturing securities, and distribution of income. Other Custodians may be utilized when deemed appropriate based on the underlying fund(s) selected for investment. All cash deposits in excess of FDIC or NCUA insurable amounts and investments maintained by any financial institution shall be collateralized or have a FHLB Letter of Credit. Collateralized securities shall be purchased using the delivery versus payment procedure. Collateral shall be marked to market daily.

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The Custodian(s) shall provide monthly account statements and other reports as requested by University Treasury Staff. Treasury Staff may also establish a collateral account with the Federal Reserve Bank in the name of the University of Louisville for collateral requirements.

Short-term and intermediate-term investments held by the Commonwealth for the benefit of the University are invested in the Commonwealth's investment pools and are held in the name of the Commonwealth by the Commonwealth's custodian. The low duration strategy investments managed by an external manager(s) (Tier 4 managed by external managers) are held in the University of Louisville Foundations name by the Foundation's endowment investment custodian / Money Managers.

RESPONSIBLE AUTHORITY

Executive Vice President for Finance/Chief Financial Officer

RESPONSIBLE UNIVERSITY DEPARTMENT/DIVISION

Controller's Office
Service Complex, Louisville, KY 40292
502-852-6164
controll@louisville.edu

HISTORY (R*)

Revision Date(s):
Reviewed Date(s):

The University Policy and Procedure Library is updated regularly. In order to ensure a printed copy of this document is current, please access it online at <http://louisville.edu/policies>.

APPENDIX 1 Permissible Investments Tiers 1,2, & 3

Investment	Tier 1	Tier 2, 3
Repurchase Agreements: collateralized at 102% by U.S. Treasuries	Allowed	Allowed
Compensating balance arrangements with depository banks	Allowed	n/a
Shares of money market funds governed by SEC Rule 2a-7, each of which shall have the following characteristics: <ul style="list-style-type: none"> •The mutual fund shall be an open-end diversified investment company registered under Federal Investment Company Act of 1940, as amended; •The management company of the investment company shall have been in operation for at least five (5) years; and •The mutual fund shall be rated in the highest category by a NRSRO 	Allowed	Allowed
Shares of funds not governed by SEC Rule 2a-7 <ul style="list-style-type: none"> •Investment in the fund must be approved by the IAC 	Not Allowed	Allowed
Obligations and contracts for future delivery of obligations backed by the full faith and credit of the U.S. or a U.S. government agency, including but not limited to: <ul style="list-style-type: none"> •U.S. Treasury; •Export-Import Bank (EXIM) of the U.S.; 	Allowed, duration should be appropriate for Tier	Allowed, duration should be appropriate for Tier

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<ul style="list-style-type: none"> •Farmers Home Administration (FmHA); •Government National Mortgage Corporation (GNMA); and •Merchant Marine bonds 		
<p>Collateralized or uncollateralized certificates of deposit (CD), issued by banks rated in one (1) of the three (3) highest categories by a nationally recognized statistical rating organization (NRSRO) or other interest-bearing accounts in depository institutions chartered by this state or by the U.S., except for shares in mutual savings banks</p>	<p>Collateralized only allowed, duration should be appropriate for Tier</p>	<p>Allowed, duration should be appropriate for Tier</p>
<p>Bankers acceptances (BA) for banks rated in the highest short-term category by a NRSRO</p>	<p>Allowed, limited to the lesser of \$25 million per name or 10% of the total Tier investments and have a maturity of less than 120 days</p>	<p>Allowed, limited to the lesser of \$25 million per name or 10% of the total Tier investments and duration should be appropriate for Tier</p>
<p>Commercial paper (CP) rated in the highest short-term category by a NRSRO</p>	<p>Allowed, amount limited to the lesser of \$25 million per name or 10% of the total Tier investments and must have a maturity of less than 120 days</p>	<p>Allowed, limited to the lesser of \$25 million per name or 10% of the total Tier investments and duration should be appropriate for Tier</p>
<p>Securities issued by a state or local government, or any instrumentality or agency thereof, in the U.S., and rated in one (1) of the three (3) highest long-term categories by a NRSRO. The maturity and credit restriction shall be waived for obligations issued by the Commonwealth of Kentucky or any entity within the Commonwealth of Kentucky.</p>	<p>Allowed, amount limited to the lesser of \$25 million per name or 10% of the total Tier investments; must have a maturity of less than 120 days; and be rated in the highest long-term category by a NRSRO</p>	<p>Allowed, duration should be appropriate for Tier</p>

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U.S. denominated corporate, Yankee, and Eurodollar securities, excluding corporate stocks, issued by foreign and domestic issuers, including sovereign and supranational governments, rated in one (1) of the three (3) highest long-term categories by a NRSRO	Allowed, amount limited to the lesser of \$25 million per name or 10% of the total Tier investments; must have a maturity of less than 120 days; and be rated in the highest long-term category by a NRSRO	Allowed, duration should be appropriate for Tier
Asset-backed securities (ABS) rated in the highest category by a NRSRO	Not allowed	Allowed, duration should be appropriate for Tier
Obligations of any corporation of the U.S. government or government-sponsored enterprise (GSE), including but not limited to: <ul style="list-style-type: none"> • Federal Home Loan Mortgage Corporation (FHLMC); • Federal Farm Credit Banks; • Bank for Cooperatives; • Federal Intermediate Credit Banks; and • Federal Land Banks; • Federal Home Loan Banks (FHLB); • Federal National Mortgage Association (FNMA); and • Tennessee Valley Authority (TVA) obligations 	Allowed, duration should be appropriate for Tier	Allowed, duration should be appropriate for Tier

Note Tier 4 investments shall be managed in accordance with Foundation Investment Policy.

**RECOMMENDATION TO THE BOARD OF TRUSTEES
UNIVERSITY OF LOUISVILLE
CONCERNING THE SHORT TERM INVESTMENT POLICY**

**Finance Committee – January 14, 2016
Board of Trustees – January 14, 2016**

RECOMMENDATION:

The President recommends that the attached Short Term Investment Policy be approved

Committee Action:

Passed: X

Did not Pass:

Other:

Date:

Board Action:

Passed: X

Did not Pass:

Other:

Date:

Signature on file
Assistant Secretary

UNIVERSITY OF LOUISVILLE

INVESTMENT GUIDELINES FOR INTERNALLY MANAGED SHORT-TERM FUNDS

Internally Managed Short-Term Funds (“Internal Funds”) are those funds for which use and disbursement is anticipated to occur within one to seven years. The following guidelines shall be applied to the management of the Internal Funds.

A. Responsibility and Delegation of Authority

1. The Vice President for Finance and Administration is responsible for the day-to-day management of the investment of short-term funds and may further delegate this investment authority as may be appropriate and necessary for the proper performance of the investment function.
2. The Vice President for Finance and Administration will report to the Board on the status of invested short-term funds when requested.

B. Investment Objectives

The primary objective is to achieve and maintain a high degree of safety and liquidity. The secondary objective is to maximize investment income with due regard to the constraints imposed by the short-term nature of the funds and the primary objective. That being the case, the yield objective for short-term funds is to realize a return in excess of that produced by investments in 90 day United States Treasury Bills.

C. Permissible Investments; the following are types of permissible investments conforming to those maturities as governed by Kentucky Administrative Regulations 200 KAR 14:011, Qualified Investments and in accordance with Kentucky Revised Statutes KRS 42.500, State Investment Commission – Powers. Future changes to the Kentucky Administrative Regulations regarding permissible investments will be adopted as part of this policy without further approvals.

1. Repurchase agreements – providing that delivery of these obligations is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with source including, but not limited to, national or state banks chartered in Kentucky. Collateral for these obligations will be United States government securities having a market value at least 102% of the amount disbursed. Such agreements must provide that the seller agrees to repurchase the securities, on any business day, at the original sale prices plus a negotiated amount of interest.
2. Money market funds, mutual funds and other commingled vehicles having all of the following characteristics:
 - a) Organized and managed as an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 - b) The management company of the investment company shall have been in operation for at least five(5) years; and
 - c) All of the securities in the mutual fund shall be eligible investments pursuant to this section.
3. United States Treasury bills, notes and bonds backed by the full faith and credit of the United States or a United States government agency or government sponsored entities, including, Government National Mortgage Association, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation not exceeding, at the time purchase.

4. Investment Pools Managed by the Commonwealth of Kentucky Office of Financial Management.

Short-Term Proceeds Pool
Intermediate-Term Proceeds Pool
Long-Term Proceeds Pool

5. Certificates of deposit issued by or other interest-bearing accounts of any bank of savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4), Pledge of securities required of depositories.
6. Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of the three highest categories by a nationally recognized rating agency.
7. Commercial paper.
8. Banker's acceptances.
9. Variable Rate Demand Notes backed by an unconditional letter of credit issued by a domestic bank.
10. Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities.
11. Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated A1 by Moody's or A+ by S&P rating agency.

D. Limitations

The investments listed in section C. above shall be subject to the following limitations:

1. Commercial Paper must be rated the highest (A-1/P-1) by at least one Nationally Recognized Statistical Rating Organization (NRSRO). Bankers Acceptance must be issued by a bank with a short-term rating of the underlying bank rated the highest (A-1/P-1). All Commercial Paper and Banker Acceptances must be issued by domestic entities.
2. The amount of money invested at any time in one or more of the categories authorized by subsections C. 6, 7, 8, and 11 above shall not exceed twenty percent (20%) of the total amount of money invested.

No investment authorized under section C. above shall be purchased on a margin basis or through the use of any similar leveraging technique.



Operating Funds Investment Policy

December 16, 2021

Dan Durbin
EVP Finance/CFO

Request For Revision of Operating Funds Investment Policy

- **Investment of Internal Institutional Operating Funds to maximize investment returns with minimal (to no) risk**
- **Replace the existing outdated policy (2016)**
- **Governed by 200 KAR 14:011 / KRS 42.500**
 - Prescribes types of investments
 - State consulted and guided staff in creating the policy
 - Aligns with University of Kentucky policy

Comparison to Current Policy

Permissible Investments	Current Policy Duration	New Policy Duration
Certificates of Deposit	< = 3 Yrs	< = 10 Yrs
U.S. Treasury Securities	< = 3 Yrs	< = 10 Yrs
U.S. Agency Securities	< = 3 Yrs	< = 10 Yrs
Municipal Bonds	< = 3 Yrs	< = 10 Yrs
U.S. Corporate, Yankee, & Eurodollar Sec.	< = 3 Yrs	< = 10 Yrs
Liquidity	Within 24 hours	Within 24 hours
No Change		
Money Market Mutual Funds		
Repurchase Agreements		
Bankers Acceptance Notes		
New in The Policy		
Asset Backed Securities		< = 10 Yrs
Foundation Managed Growth Investments		> = 10 Yrs
Removed From Policy		
Variable Rate Demand Notes		

Significance of a Revised Policy

- **Current Weighted Average Yield = 0.10% / \$0.269**
- **Projected Weighted Average Yield = 0.52% / \$1.4 million**

**Figures based on average institutional fund liquid cash balances*

The UofL Treasury Function

- **Leadership:**
 - Dan Durbin, Executive Vice President for Finance & Administration
 - Beverly Santamouris, Controller/Treasurer
- **Staffing:**
 - Brian Soverns, Assistant Treasurer
 - Mike Kramer, Treasury and Investment Operations
- **Daily Reporting to:**
 - CFO
 - Controller
 - VP Budget & Finance
 - Investment Advisory Committee

RECOMMENDATION TO THE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES
REGARDING THE LIQUIDATION OF QUASI-ENDOWMENTS

Finance Committee – December 16, 2021
Executive & Compensation Committee – December 16, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees approve the liquidation of the following eight quasi-endowment accounts held by the College of Arts and Sciences under the condition that the College first attempt to identify other appropriate gift and endowment accounts with available funding that can fulfill the same expense needs. The University CFO, in consultation with the University of Louisville Foundation COO, will then determine by January 31, 2022, whether some, none, or all of the listed quasi-endowments will be liquidated. The total value of these eight accounts is \$268,528.18.

- \$11,921.59 from E2115 (Biology Support)
- \$11,921.61 from E2120 (Communication Support)
- \$58,000.00 from E0645 (A&S Endowment Fund)
- \$65,000.00 from E0645 (A&S Endowment Fund)
- \$40,044.75 from E0813 (Fine Arts Enhancement Fund-Center for Excellence)
- \$11,921.61 from E2114 (History Support)
- \$11,740.08 from E2112 (Classical and Modern Language Support)
- \$57,978.54 from E1517 (W.L. Lyons Brown Foundation Fund)

BACKGROUND:

A formal letter of request is attached.

The Vice President for University Advancement joins the president in making this recommendation to the Board.

COMMITTEE ACTION:

Passed X

Did Not Pass

Other

 ds
Signature on file
 ds
Assistant Secretary

BOARD ACTION:

Passed X

Did Not Pass

Other

 ds
Signature on file
 ds
Assistant Secretary

Date: December 2, 2021

To: Board of Directors
University of Louisville Foundation

From: David S. Owen, Interim Dean

Signature on file

Re: Withdraw request from A&S Quasi Endowments

The College of Arts & Sciences respectfully requests withdrawal of the following funds, totaling \$268,528.18, from the identified quasi endowment accounts.

- 1) **\$11,921.59 from E2115 (Biology Support)** – to fund one-time renovations to biology teaching labs.
- 2) **\$11,921.61 from E2120 (Communication Support)** – To fund one-time upgrades to the computer lab to enhance student engagement and retention.
- 3) **\$58,000 from E0645 (A&S Endowment Fund)** – to support one-time start-up costs for Morgan Balabanoff (Chemistry).
- 4) **\$65,000 from E0645 (A&S Endowment Fund)** – to support one-time start-up costs for Yara Mekawi (Psychology and Brain Sciences).
- 5) **\$40,044.75 from E0813 (Fine Arts Enhancement Fund-Center for Excellence)** – to purchase upgrades equipment for the Hite Art Institute.
- 6) **\$11,921.61 from E2114 (History Support)** – to purchase technology upgrades to support one-time research costs that will aid faculty in securing external funding.
- 7) **\$11,740.08 from E2112 (Classical and Modern Language Support)** – To renovate the ASLIS interpreting lab and upgrade the American Sign Language/ASLIS recording studio, both located in Stevenson Hall. Renovations to the interpreting lab and recording studio

would significantly enhance student learning outcomes and eliminate barriers to student success.

- 8) **\$57,978.54 from E1517 (W.L. Lyons Brown Foundation Fund)** – To expand the Urban Design Center teaching and community outreach mission for projects with the Envirome Institute, HealthyCity initiative, Preston Corridor, and the Society of Urban Perambulators.

Please know that the College of Arts & Sciences is at a critical juncture and access to these funds is very important. As the impact of COVID subsides we must invest in our new faculty, our facilities, and our students. The funds requested will support these three critical areas and while we realize this depletes the affected quasi-endowments, we feel that the benefits these funds could provide greatly outweighs the smaller annual distributions from these quasi-endowments.

Thank you for your consideration.

RECOMMENDATION TO THE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES
REGARDING THE LIQUIDATION OF A QUASI-ENDOWMENT

Finance Committee – December 16, 2021
Executive & Compensation Committee – December 16, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees approve the liquidation of the following Quasi-endowment account:

- Brown Cancer Center - Estate of Dorothy McCrocklin (Commonwealth Bank and Trust Company) totaling \$473,000

BACKGROUND:

A formal letter of request is [attached](#).

The Vice President for University Advancement joins the president in making this recommendation to the Board.

COMMITTEE ACTION:

Passed _____
Did Not Pass _____
Other _____

____ Signature on file _____
Assistant Secretary

BOARD ACTION:

Passed _____
Did Not Pass _____
Other _____

____ Signature on file _____
Assistant Secretary

MEMORANDUM

May 13, 2021

TO: Neeli Bendapudi, Ph.D., President

FR: Jason Chesney, M.D., Ph.D., Director & CAO, Brown Cancer Center

CC: Tom Miller, CEO, UofL Health
Jasmine Farrier, Ph.D., Vice President, University Advancement

RE: Estate of Dorothy McCrocklin (Commonwealth Bank and Trust Company)
Request for Exemption from ULF Policy of Placing Unrestricted Bequests of \$100K or more in a Quasi-Endowment

By this memo, I recommend that all of the realized bequest from the Estate of Dorothy McCrocklin (Commonwealth Bank and Trust Company) be applied to current-use funding for much-needed renovations to the BCC M. Krista Loyd Patient Resource Center and to support operations of the BCC Clinical Trials Office. This gift totals \$473,000 in support.

A portion of the funds from Dorothy McCrocklin’s gift (totaling \$73,000) will be combined with past support to the M. Krista Loyd Resource Center to help pay for renovations to the BCC’s patient resource center. This will help finance new cabinetry, flooring, lighting, and interior design to bring greater comfort to cancer patients seeking nonmedical therapies and psychosocial services. The resource center is located on the 1st floor of the BCC, in a highly visible location, which needs enhancements to improve the patient experience. This location is also central to our newly expanded restorative wellness program and growing survivorship services.

The remaining \$400,000 will used to support and expand the clinical research endeavors and trial offerings to patients with a specific objective of also attracting additionally externally funded trials. The BCC has the region’s largest clinical trials program, and it is the BCC’s most significant market differentiator for patients, especially those with aggressive, late-stage, or rare forms of cancer. Clinical trial expansion is my top priority and the area of the BCC that most profoundly effects our patient population and a key to attracting external funding. Many of these efforts, especially investigator-initiated trials, have no initial funding source and are essential to community health and well-being. These funds will provide crucial initial support for clinical trial operations, during a time when we are working diligently to build a sustainable financial model and further engage industry partners.

I, as BCC Director, can also attest that this request does serve as the best and highest use of these funds and are appropriate for this use.

If questions should arise, please contact me at jason.chesney@louisville.edu, (O)502-562-4765, or (C)502-419-0828.

Recommended for approval:

Signature on file

Director & CAO, UofL Health Brown Cancer Center

5-13-2021

Date

Neeli Bendapudi
President

Date

RECOMMENDATION TO THE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES
REGARDING THE LIQUIDATION OF A QUASI-ENDOWMENT

Finance Committee – December 16, 2021
Executive & Compensation Committee – December 16, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees approve the liquidation of the following Quasi-endowment account:

- Speed School of Engineering E2102 with an amount not to exceed \$528,307

A formal letter of request is [attached](#).

The Vice President for University Advancement joins the president in making this recommendation to the Board.

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

Memorandum

Date: November 11, 2021

To: Board of Directors

Signature on file

From: Emmanuel G. Collins, Dean



Re: Withdraw request from Speed School Quasi Endowment E2102

The Speed school of Engineering respectfully requests withdrawal of an amount not to exceed \$528,307 of funds from our Quasi Endowment Spd-Fund for UofL Engineering E2102. The funds to create this Quasi Endowment originated from the Speed school unrestricted gift account G0419. The requested funds will to be used for the following:

\$50,000 for one-time use start-up funds for Dr. Wei Zhang, Chair of Computer Science of Engineering.

\$124,510 for one-time use start-up funds for Dr. Pratik Parikh, Chair of Industrial Engineering.

\$75,000 to fund renovations for Industrial Engineering offices, corridor, conference room, and break room. These areas are in need of repair and this will improve faculty, staff, and student experience.

\$12,500 Speed school sponsorship of the Conn Center participation in the Solar Decathlon held in Dubai, this November. A solar-powered home will be constructed by Faculty and Students. This event provides a unique and significant marketing impact for Speed school in the International market.

\$44,531 for experimental student recruitment marketing costs. This is a test marketing campaign at UofL Women's basketball games for outreach to grow female engineering students.

\$83,759 Dr. Kevin Chou endowment E0187 funds needed for FY22 that were not currently available from the U of L Trust, managed by PNC. *If some, or all, of these funds from PNC materialize we will reduce this request by that amount.*

\$7,541 for lab renovation for new Industrial Engineering faculty member Dr. Faisal Aqlan.

\$16,248 for renovation and furniture for a graduate student office in Ernst Hall

\$8,267 for Louisville Automation Robotics and Research Institute (LARRI) renovation costs to finish flooring.

\$8,268 for renovation costs for Advisor offices in lower level of JB Speed building. These offices need updated since they are heavily used by students and need to be attractive, functional, and comfortable for the students and advisors.

\$4,425 for renovation costs for HVAC electrical work in lower level of JB Speed building to help improve working conditions.

\$8,000 new paint for Speed School Advisor offices

\$85,258 renovations and equipment for Speed School Admissions and Outreach Center in MITC building, bathroom renovations in the JB Speed building, back stairwell renovations in the JB Speed building.

Please know that with the urging and cooperation of our University leadership, the Speed School is maximizing its use of Foundation based funds. For example, the FY22 endowment spend plan amounts of \$526,000 available for the Deans Office to use, are currently 92% committed for FY22. Also, Speed school has committed \$257,000 for undergraduate scholarships from a FY22 spend plan amount of \$267,000. All remaining available restricted Spend plan amounts are currently being analyzed to find appropriate allowable spending based on their donor restrictions.

Also, please know that the Speed School is at a critical juncture and access to these funds is very important. As the impacts of COVID subsides we must invest in our new faculty, our facilities, and test ways to recruit and retain students. The funds requested herein touch each of those very critical points and while we realize this depletes the quasi-endowment, we feel that the benefit these funds provide (as requested) greatly outweigh the smaller annual distributions if it remains quasi-endowed.

Thank you for your consideration.

RECOMMENDATION TO THE UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES
REGARDING CRITICAL OPERATIONS PROJECTS

Finance Committee – December 16, 2021
Executive and Compensation Committee – December 16, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees approve of various HVAC, ADA, demolition, and deferred maintenance projects on both the Belknap and Health Sciences campuses and the financing of these projects through the University’s existing borrowing program with First American, as described below. (Click links to see executive summary of each project)

<u>Project</u>	<u>Cost</u>
HVAC Vogt Building	\$ 405,000
HVAC Music School	\$ 990,000
HVAC Law School	\$ 270,000
HVAC Thrust Theatre	\$ 432,000
HVAC Strickler Hall Building	\$ 238,000
ADA – HSC Kornhauser Library	\$ 440,930
Demolition of Med/Dent Apartments	\$ 836,000
Natatorium Structural Issues	\$ 300,000

Estimated Total Budget	\$3,911,930

BACKGROUND:

The university continues to face approximately \$490M in deferred maintenance throughout the three campuses. It is becoming increasingly challenging to maintain the university infrastructure without investing more resources. The items being requested are of a critical nature and require immediate attention.

Project costs will be funded through the University’s existing financing program with First American to take advantage of low interest rate of 2.49% and spread payments over a period of at least 7 years (to preserve liquidity position). Annual debt service payments will be funded from a combination of plant/capital funds and indirect cost recoveries. See [attached](#) term sheet.

Projected Start Date: January 2022
Projected Completion Date: Varies by project - throughout FY 2022 and FY 2023

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

HVAC Vogt Building

November 8, 2021

TO: Mark Watkins
Chief Operating Officer

FROM: Sajid Mian
AVP for Facilities Management

RE: Vogt Building AMIST Lab

BUSINESS CASE: The Vogt Building HVAC system has exceeded its life expectancy and is in need of an immediate upgrade. The project is being split into two phases to address the critical need first. Phase 1 will be the replacement of five small air handling units currently located in the ceiling of AMIST-Lab with a single unit placed on the floor which services the Additive Manufacturing Institute of Science & Technology (AMIST) program to support the research projects in this lab. The intent of this replacement is to provide appropriate cooling to the building, safe access to maintain the equipment, and provide the adequate cooling needed for research projects in the lab.

Phase 2 will be the upgrade to the rest of the HVAC system. The 1987 construction of the Vogt building included a design to install the piping which services the cooling tower under the building. With the pipes located under the building, maintenance and repairs are impossible to make causing inadequate cooling throughout the building. Currently, the temporary backup cooling system is to provide cooling to the necessary areas. However, this temporary solution is both unreliable and unsustainable needing an immediate permanent fix. The scope is to replace multiple existing outdated chillers with new 175-ton air cooled chiller and 50-ton heat recovery chiller with a design that allows easy access for repairs.

CMTA has provided a high-level overview of the repairs needed with projected cost. Contingency added to account for market changes in materials and labor.

DELIVERABLE	BUDGET ESTIMATE
Phase 1 – Upgrade AMIST-Lab	\$365,000
Contingency	\$40,000
Total	\$405,000
<hr/>	
Phase 2 – Upgrade remaining HVAC system	\$960,000
Contingency	\$77,000
Total	\$1,037,000

FUNDING:

This request is to implement Phase 1 and fund the upgrade of the AMIST-lab at an approximate cost of \$405,000. Funding for Phase 2 in the amount of \$960,000 will be explored after Phase 1 has been implemented.

Based on CMTA recommendation, the total cost of both phases is \$1.325M is needed correct the cooling and air handling issues in Vogt Building, which includes the AMIST-lab upgrade. Contingency addition arrives at an estimated cost of \$1.442M.

RECOMMENDATION:

Recommendation is to implement Phase 1 to upgrade the AMIST-lab to ensure research efforts are protected from an inadequate HVAC system. This will also support the growth of the Speed School mission and programs.

HVAC Music School

November 8, 2021

TO: Mark Watkins
Chief Operating Officer
FROM: Sajid Mian
AVP for Facilities Management
RE: Music School HVAC

BUSINESS CASE: The purpose of this document is to request funding for maintenance needs in the School of Music building. The repairs would aid in the effort to regulate the temperature and humidity in the building and prevent damage to the instruments while also providing a comfortable space for students, faculty, and staff.

Completion of the project would be in fiscal year 2022 with a two-phase implementation approach. Phase 1 would update the existing air-handling unit, which would provide a 10 year solution before need of replacement. Phase 2 would mitigate the cooling and humidity issues in the building. These maintenance repairs will help the air-handling unit continue operating until the end of life expectancy in eleven years.

CMTA has provided a high-level overview of the repairs needed with projected cost. Contingency added to account for market changes in materials and labor.

DELIVERABLE	BUDGET ESTIMATE
Phase 1 – Immediate deferred maintenance	\$950,000
Contingency	\$40,000
Total	\$990,000
Phase 2 – Upgrade remaining HVAC system	\$2,050,000
Contingency	\$200,000
Total	\$2,250,000

FUNDING:

Funding request of \$990,000 to complete immediately needed deferred maintenance for the Music School HVAC Phase. Phase 1 will extend the life of the system for another 10 years. Funding for Phase 2 in the amount of \$2.05M will be explored after completion of Phase 1. Total cost for both Phases plus contingency is \$3.24.

RECOMMENDATION:

The recommendation is to continue implementation of Phase 1 at the estimated cost of \$990,000. This upgrade will help to protect our investment in the facility and valuable musical instruments.

HVAC Law School

November 8, 2021

TO: Mark Watkins
Chief Operating Officer
FROM: Sajid Mian
AVP for Facilities Management
RE: Law School Library HVAC in Rare Book Area

BUSINESS CASE: The Law School Library has many rare books in an area approximately 3,800 sq. ft., which need to be stored in a humidity-controlled area to prevent damage. Humidity issues have resulted in the need for books to be professionally cleaned several times over the past decade. The University of Louisville requested the vendor, CMTA, to evaluate the rare book area and provide mitigation options. Current conditions consist of a 40-year-old HVAC system that has exceeded its life expectancy.

Risk identified are as follows:

- HVAC system past its life expectancy
- Hot water coils not functioning in the summer causing humidity issues
- Unable to cool area in the winter if temperatures rise in space
- Possible damage to rare books
- Additional cost to professionally clean rare books (Cleaning services approximately \$50,000 per event)

CMTA has provided a high-level overview of the repairs needed with projected cost as of 12/13/19. Contingency added to account for market changes in materials and labor.

DELIVERABLE	BUDGET ESTIMATE
HVAC deferred maintenance	\$250,000
Contingency	\$20,000
Total	\$270,000

FUNDING:

This funding request of \$270,000 will covered the HVAC upgrade in the Rare Book section of the Law Library.

RECOMMENDATION:

The recommendation is to implement project plan in an effort to protect the value of the rare books in the Law Library.

HVAC Thrust Theatre

November 8, 2021

TO: Mark Watkins
Chief Operating Officer

FROM: Sajid Mian
AVP for Facilities Management

RE: Thrust Theatre AHU’s Replacement

BUSINESS CASE: The Thrust Theatre relocated to this building approximately 1988. The current Thrust Theatre air handling unit (AHU) was relocated from its previous location to this building in 1988. This unit remains in place and is well beyond life expectancy.

Last Spring, we had a significant mold remediation project in the ‘Thrust Theatre’ portion of the building. This required cleaning and sealing interior surfaces of the system. (More than \$40,000 was spent on the remediation cleaning process.) Replacing the air handlers will give the University the best assurance against reoccurrence.

The scope of this project includes replacing two air handlers, with a single variable air volume AHU with terminal reheat. This system will provide active humidity control and better zone space temperatures. MERV 13 filters with a prefilter that will be utilized to enhance and sustain the indoor air quality to a higher level. (Ionization will be considered in this project as an effective tool for COVID-19 mitigation measures.) A hot water reheat coil will be used for terminal reheat for the dehumidifying cycle. Outside air economizer cycle will be installed to provide ‘easily adjustable’ – outside air. All of these elements are recommended by the COVID ASHRAE Group and CDC guidelines. ‘Year round’ – chilled & hot water systems will be utilized for optimum space conditions.

CMTA has provided a high-level overview of the repairs needed with projected cost. Contingency added to account for market changes in materials and labor.

DELIVERABLE	BUDGET ESTIMATE
Phase 1 – Immediate Deferred Maintenance	\$400,000
Contingency	\$32,000
Total	\$432,000
Phase 2 – Upgrade HVAC System	900,000
Contingency	\$72,000
Total	\$972,000

FUNDING: One time funding request of \$432,000 for the replacement of air handlers. Phase 2 in the amount of \$972,000 will be revisited once Phase 1 project has been completed. Estimated project cost for both Phases and contingency is \$1.404M.

RECOMMENDATION: Recommendation is to implement Phase 1 which is to replace the air handlers to support the growth of the Theatre Department’s mission. (Space temperatures, indoor air quality, and better humidity control, will be accomplished.

HVAC Strickler Hall Building

November 8, 2021

TO: Mark Watkins
Chief Operating Officer

FROM: Sajid Mian
AVP for Facilities Management

RE: Strickler Hall HVAC

BUSINESS CASE: The air handling unit (AHU) #8 was replaced in 2011. Future upgrades for AHU#7 were taken into consideration when determining the placement and size of AHU #8. The full project would remove AHU #7 and install VAV terminal units with hot water reheat, new ceiling, lights and diffusers, supply and return ductwork similar to 2nd, 3rd, and 4th floor scope in 2011.

In an effort to spread cost over two fiscal year budgets, the suggestion is to implement the most critical deferred maintenance. This would include removing AHU #7, installing 12 VAV terminals with reheat and installation of ceiling and diffusers. Phase 2 would install new return ductwork.

CMTA has provided a high-level overview of the repairs needed with projected cost. Contingency added to account for market changes in materials and labor.

DELIVERABLE	BUDGET ESTIMATE
Phase 1 –Immediate deferred maintenance	\$220,000
Contingency	\$18,000
Total	\$238,000
Phase 2 – Implement remaining project items	\$130,000
Contingency	\$11,000
Total	\$141,000

FUNDING:

Phase 1 of replacing AHU #7 at an approximate cost of \$238,000. Funding for Phase 2 in the amount of \$141,000 will be explored after Phase 1 has been implemented.

Based on CMTA recommendation the implementation cost of both Phases is \$350,000 plus contingency of \$29,000 sums up to a total estimated budget of \$379,000.

RECOMMENDATION:

Recommendation is to implement Phase 1, removal of AHU #7 and replace with 12 VAV terminals, ceiling, and diffusers. This will aid in providing a quality space for students, faculty, and staff.

ADA – HSC Kornhauser Library

Kornhauser Auditorium ADA Budget Worksheet

Administrative Costs:		Unit Cost	Budget
VBNA	<i>Architect</i>	NTE	\$ 15,327.00
Stagg & Fisher	<i>MEP Engineer</i>	NTE	\$ 20,436.00
Senler Campbell	<i>Structural Engineer</i>	NTE	\$ 12,772.50
	<i>TAB Pretest</i>	Estimate	\$ 1,200.00
	<i>Plan Review Fees</i>	Estimate	\$ 1,800.00
	<i>Sprinkler Review fee</i>	Estimate	included
	<i>Plumbing Review Fee (Local & State)</i>	Estimate	-
	<i>State Electrical Inspection</i>	LS	included
	<i>UPDC Fee</i>	5%	\$ 17,881.50
	<i>Subtotal</i>		\$ 69,417.00
	<i>Contingency</i>	20%	\$ 13,883.40
	Total Administrative Costs		\$ 83,300.40

Construction Costs		Estimate/Allowance	
	<i>Environmental Remediation Costs</i>	Estimate	\$ 10,000.00
	<i>Demolition Costs</i>	Estimate	\$ 10,600.00
	<i>Concrete</i>	Estimate	\$ 15,000.00
	<i>Gyp. Bd. walls</i>	Estimate	\$ 50,000.00
	<i>New Lifts- Quantity 2</i>	Estimate	\$ 60,000.00
	<i>Doors and Hardware</i>	Estimate	\$ 8,500.00
	<i>Painting, new floors, new ACT ceiling</i>	Estimate	\$ 30,000.00
	<i>HVAC</i>	Estimate	\$ 5,800.00
	<i>Masonry- CMU walls</i>	Estimate	\$ 6,000.00
	<i>Electrical/Emergency backup</i>	Estimate	\$ 25,000.00
	<i>Fire Suppression and duress button</i>	Estimate	\$ 2,500.00
	<i>Furniture retrofit</i>	Estimate	\$ 10,000.00
	<i>UL Security- Door Hardware</i>	Estimate	\$ 8,000.00
	<i>UL Door Hardware and Inspection</i>	Estimate	\$ 50.00
	<i>Signage</i>	Allowance	\$ 500.00
	<i>PPD Moving Cost</i>		\$ 10,000.00
	<i>PPD Cleanup</i>		Included
	<i>Voice/Data Install (UL IT)</i>	Allowance	\$ 3,500.00
	<i>Subtotal</i>		\$ 255,450.00
	<i>General Conditions</i>	15%	\$ 38,317.50
	<i>Bond & Insurance</i>	5%	\$ 12,772.50
	<i>Contingency (20%)</i>		\$ 51,090.00
	Total Construction Costs		\$ 357,630.00

TOTAL PROJECT SCOPE	\$ 440,930.40
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Pricing provided are estimates only. Actual costs may not be the same

Demolition of Med/Dent Apartments

November 29, 2021

TO: Mark J. Watkins
Chief Operating Officer

FROM: Meg Campbell
Executive Director, UPDC

RE: Demolition of Medical Dental Apartment Building

BUSINESS CASE: The Medical Dental Apartments (MDA) building was constructed in 1962 and has an external gross square footage of 84,852. The building is in poor condition and would be too costly to renovate the space. Mechanical systems have exceeded life expectancy, which is causing moisture damage to the building, equipment, and other systems. Since the building is now vacant, there could be liability issues in regard to vandalism and the possibility of unauthorized people in the building. Vacant building will still require Physical Plant to maintain the building security and basic services, which will be an ongoing cost of utilities, insurance, and employee time.

The MDA building does not provide the quality lab and office space that is needed on the Health Sciences Campus. Request is to demolish the building and begin a study to research construction of a new building that would provide much needed office, lab, and classroom space for the campus. The building would also provide the ability to connect the School of Public Health building with a possible skywalk, which would provide the Public Health students a state-of-the-art space to study and conduct research.

While a study is being conducted to settle on a final land usage and funding decisions, research will be conducted to determine a revenue generating option for the land after demolition.

Project Budget and Funding:
Cost of demolition is approximately \$836,000.00

Recommendation:
Recommendation is to approve the demolition of the Medical Dental Apartments and begin the study to construct a new state of the art building. In addition, research will be conducted to identify a revenue generating option for the land while future plans are being developed.

Locations on Belknap Campus:
Medical Dental Apartments, 627 S. Preston Street, Louisville, KY 40202

Natorium Structural Issues

November 29, 2021

TO: Mark Watkins
Chief Operating Officer

FROM: Meg Campbell
Executive Director, University Planning Design and Construction

RE: Natatorium Structural Repair

BUSINESS CASE: The Natatorium has been the practice facility for over 15 years for thousands of swimmers among them many Olympian swimmers. This repair will support the longevity of this building for many years to come.

Risk identified are as follows:

- The structure is showing deficiencies which translates to deflections / displacements at the vertical supports (columns). If this deficiency will not be addressed, it can cause structural failure to the building.

Brown & Kubican, Structural Engineers have provided a report and in connection with Whittenberg Construction have provided an estimated cost. Contingency has been added to account for market changes in materials and labor.

DELIVERABLE	BUDGET ESTIMATE
Structural Repair	\$273,000
Contingency	\$27,000
Total	<u>\$300,000</u>

FUNDING:

This funding request of \$300,000 will cover the cost to fix the structural repairs.

RECOMMENDATION:

The recommendation is to move forward with the repair in an effort to fix the structure to provide safe conditions.

MASTER LEASE PROGRAM – SCHEDULE 02 PROPOSAL

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

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

Project Description Deferred Maintenance Reduction for Belknap and Health Sciences Campuses

Draw Amount \$3,901,930.00

Pricing Summary

Tax-Exempt Lease Purchase (TELP)		
Payment Frequency	Semi-Annual, Arrears	Semi-Annual, Arrears
Lease Term	84 Months	120 Months
Implicit Lease Rates	2.49%	2.59%

Taxable Finance Lease (\$1 Buyout)		
Payment Frequency	Semi-Annual, Arrears	Semi-Annual, Arrears
Lease Term	84 Months	120 Months
Implicit Lease Rates	3.26%	3.36%

Additional Fees None

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

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

\$1 Buyout Lease At the end of a \$1 Buyout Lease, you will own the equipment.

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

Lease Rates Your rates are based on the seven (7) and ten (10) year swaps of 1.43% and 1.53% (referred to as the Index Rate) as of December 3, 2021. Your rate may be adjusted proportionately for any change in the Index Rate prior to funding and will be fixed for the duration of the lease term.

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



Concierge Service

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

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

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

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

First American welcomes the opportunity to serve your school. This proposal expires on December 17, 2021. To accept, please sign below and send an electronic copy to First American.

Offered by:
First American Education Finance

Accepted by:
University of Louisville

Nick Borkowski

Vice President

December 3, 2021

By

Name.....

Title

Date.....

7yrs

Annual interest rate 2.49%
 Years 7
 Payments per year 1
 Payment amount
 Principal amount 3,901,930.00

Annual interest rate 2.49%
 Years 7
 Payments per year 2
 Payment amount
 Principal amount 3,901,930.00

Payment #	Payment	Principal	Interest	balance
1	(614,302.26)	(517,144.21)	(97,158.06)	3,384,785.79
2	(614,302.26)	(530,021.10)	(84,281.17)	2,854,764.70
3	(614,302.26)	(543,218.62)	(71,083.64)	2,311,546.08
4	(614,302.26)	(556,744.77)	(57,557.50)	1,754,801.31
5	(614,302.26)	(570,607.71)	(43,694.55)	1,184,193.60
6	(614,302.26)	(584,815.84)	(29,486.42)	599,377.76
7	(614,302.26)	(599,377.76)	(14,924.51)	-
8	-	-	-	-
9	-	-	-	-
10	-	-	-	-
11	-	-	-	-
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15	-	-	-	-
16	-	-	-	-
17	-	-	-	-
18	-	-	-	-
19	-	-	-	-
20	-	-	-	-
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	(4,300,115.84)	(3,901,930.00)	(398,185.84)	

Payment #	Payment	Principal	Interest	balance
1	(305,431.09)	(256,852.06)	(48,579.03)	3,645,077.94
2	(305,431.09)	(260,049.87)	(45,381.22)	3,385,028.07
3	(305,431.09)	(263,287.49)	(42,143.60)	3,121,740.58
4	(305,431.09)	(266,565.42)	(38,865.67)	2,855,175.15
5	(305,431.09)	(269,884.16)	(35,546.93)	2,585,290.99
6	(305,431.09)	(273,244.22)	(32,186.87)	2,312,046.78
7	(305,431.09)	(276,646.11)	(28,784.98)	2,035,400.67
8	(305,431.09)	(280,090.35)	(25,340.74)	1,755,310.31
9	(305,431.09)	(283,577.48)	(21,853.61)	1,471,732.84
10	(305,431.09)	(287,108.02)	(18,323.07)	1,184,624.82
11	(305,431.09)	(290,682.51)	(14,748.58)	893,942.31
12	(305,431.09)	(294,301.51)	(11,129.58)	599,640.80
13	(305,431.09)	(297,965.56)	(7,465.53)	301,675.23
14	(305,431.09)	(301,675.23)	(3,755.86)	-
15	-	-	-	-
16	-	-	-	-
17	-	-	-	-
18	-	-	-	-
19	-	-	-	-
20	-	-	-	-
<hr/>				
	(4,276,035.28)	(3,901,930.00)	(374,105.28)	

10yrs

Annual interest rate 2.49%
 Years 10
 Payments per year 1
 Payment amount
 Principal amount 3,901,930.00

Annual interest rate 2.49%
 Years 10
 Payments per year 2
 Payment amount
 Principal amount 3,901,930.00

Payment #	Payment	Principal	Interest	balance
1	(445,599.35)	(348,441.30)	(97,158.06)	3,553,488.70
2	(445,599.35)	(357,117.48)	(88,481.87)	3,196,371.22
3	(445,599.35)	(366,009.71)	(79,589.64)	2,830,361.51
4	(445,599.35)	(375,123.35)	(70,476.00)	2,455,238.16
5	(445,599.35)	(384,463.92)	(61,135.43)	2,070,774.24
6	(445,599.35)	(394,037.07)	(51,562.28)	1,676,737.16
7	(445,599.35)	(403,848.60)	(41,750.76)	1,272,888.57
8	(445,599.35)	(413,904.43)	(31,694.93)	858,984.14
9	(445,599.35)	(424,210.65)	(21,388.71)	434,773.49
10	(445,599.35)	(434,773.49)	(10,825.86)	-
11	-	-	-	-
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15	-	-	-	-
16	-	-	-	-
17	-	-	-	-
18	-	-	-	-
19	-	-	-	-
20	-	-	-	-
	(4,455,993.53)	(3,901,930.00)	(554,063.53)	

Payment #	Payment	Principal	Interest	balance
1	(221,598.76)	(173,019.73)	(48,579.03)	3,728,910.27
2	(221,598.76)	(175,173.82)	(46,424.93)	3,553,736.45
3	(221,598.76)	(177,354.74)	(44,244.02)	3,376,381.71
4	(221,598.76)	(179,562.80)	(42,035.95)	3,196,818.91
5	(221,598.76)	(181,798.36)	(39,800.40)	3,015,020.55
6	(221,598.76)	(184,061.75)	(37,537.01)	2,830,958.80
7	(221,598.76)	(186,353.32)	(35,245.44)	2,644,605.48
8	(221,598.76)	(188,673.42)	(32,925.34)	2,455,932.06
9	(221,598.76)	(191,022.40)	(30,576.35)	2,264,909.66
10	(221,598.76)	(193,400.63)	(28,198.13)	2,071,509.03
11	(221,598.76)	(195,808.47)	(25,790.29)	1,875,700.56
12	(221,598.76)	(198,246.28)	(23,352.47)	1,677,454.27
13	(221,598.76)	(200,714.45)	(20,884.31)	1,476,739.82
14	(221,598.76)	(203,213.35)	(18,385.41)	1,273,526.48
15	(221,598.76)	(205,743.35)	(15,855.40)	1,067,783.13
16	(221,598.76)	(208,304.86)	(13,293.90)	859,478.27
17	(221,598.76)	(210,898.25)	(10,700.50)	648,580.02
18	(221,598.76)	(213,523.93)	(8,074.82)	435,056.09
19	(221,598.76)	(216,182.31)	(5,416.45)	218,873.78
20	(221,598.76)	(218,873.78)	(2,724.98)	-
	(4,431,975.12)	(3,901,930.00)	(530,045.12)	

RECOMMENDATION TO THE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES
REGARDING THE CONSTRUCTION OF A PARKING LOT AT
2401 SOUTH BROOK STREET

Finance Committee – December 16, 2021
Executive and Compensation Committee – December 16, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees authorize approval to construct a 295-space surface parking lot located at 2401 South Brook Street at an approximate cost of \$799,253.21.

BACKGROUND:

UofL Parking and Transportation Services has developed a plan to construct a 295-space asphalt surface parking lot located at [2401 South Brook Street](#). This would alleviate traffic and congestion issues on campus arising from an increased number of residents living on the east side of campus and the loss of 178 spaces due to the construction of the two residence halls. Parking and Transportation Services has existing funds set aside for the project.

The new parking lot will generate an estimated \$80,000 in new annual permit revenue, and will help to retain \$88,500 of retail revenue in the Floyd garage by not having to convert visitor parking to resident parking.

The new parking lot will be accessible from the east side of campus by way of University Boulevard, or from the west side of campus by turning on Brook Street from Third Street.

Projected Construction Start Date: March 2022
Projected Construction Completion Date: August 2022

COMMITTEE ACTION:

Passed X

Did Not Pass _____

Other _____


Signature on file _____
Assistant Secretary

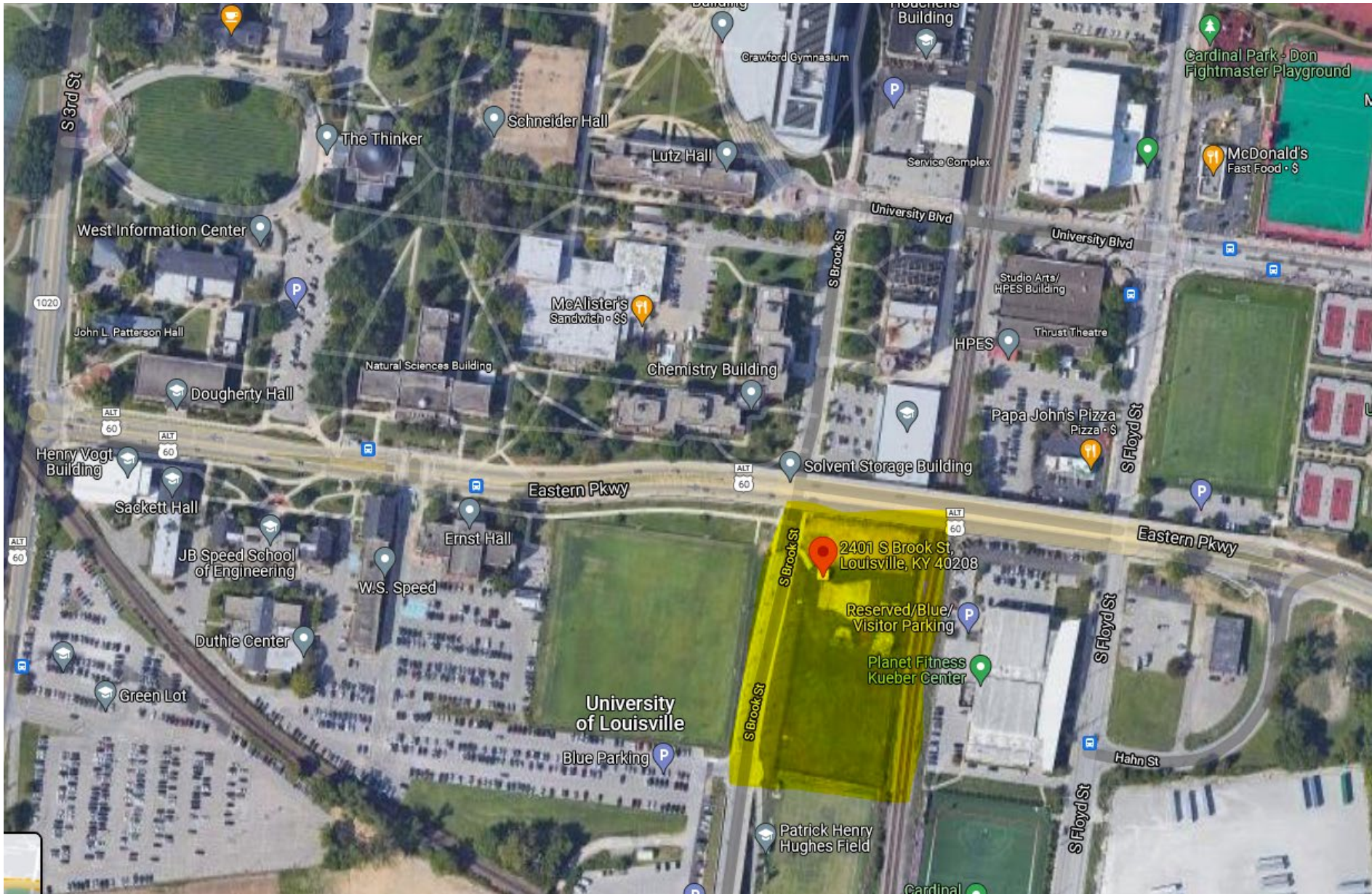
BOARD ACTION:

Passed X

Did Not Pass _____

Other _____


Signature on file _____
Assistant Secretary



RECOMMENDATION TO THE
UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES REGARDING
THE EKSTROM LIBRARY ARCHIVES & SPECIAL COLLECTIONS COLD STORAGE
RENOVATION PROJECT

Finance Committee – December 16, 2021
Executive and Compensation Committee – December 16, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees approve the renovation of Rooms 022, 023, and 024 in the lower level of Ekstrom Library, at an estimated cost of \$517,400, to create a cold storage space which will accommodate photographic negative collections, including the Courier-Journal photographic archive and the Julius Friedman Photographs.

BACKGROUND:

This project will involve the renovation of rooms 022, 023, and 024 in the lower level of Ekstrom Library. Rooms 022 and 023 were originally dark rooms and are no longer in use. These three spaces will be converted into a single cold storage space. The cold storage is needed to preserve photographic negatives, particularly color negatives, which require storage in colder temperatures in order to prevent deterioration and maximize viability.

The estimated budget is \$517,400. Funding will be provided by several endowment and gift accounts. Currently available funds committed to the project are approximately \$200,000 with the remaining project balance pledged by donors. Work will not commence on the project until all pledged funds are in hand.

The current photo storage space (which is climate controlled for mixed print and negative collections) is full. This additional climate-controlled space will allow Archives and Collections to continue to acquire significant photographic collections, such as the Courier-Journal's photographic archive and the photographs of Julius Friedman. The photographic collections are used by a wide variety of researchers, including UofL students and faculty, Louisville community members, and other researchers from around the globe.

Projected Construction Start Date: January 2022
Projected Construction Completion Date: August 2022

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

RECOMMENDATION TO THE UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES
CONCERNING STUDENT HOUSING MANAGEMENT AGREEMENTS FOR
COMMUNITY PARK, KURZ HALL, AND JOHNSON HALL

Finance Committee – December 16, 2021
Executive and Compensation Committee – December 16, 2021

RECOMMENDATION:

The President recommends that the Board of Trustees approve the Student Housing Management Agreements attached to this recommendation, which are related to the University's Management of [Herman and Heddy Kurz Hall](#), [Bettie Johnson Hall](#), and [Community Park](#).

Furthermore, the President recommends that the Board of Trustees authorize her or her designee to execute the Student Housing Management Agreements in substantially the same forms as attached.

BACKGROUND:

The University of Louisville Real Estate Foundation is the owner of the residence halls that are known as Herman and Heddy Kurz Hall, Bettie Johnson Hall, and Community Park. The University currently serves as the property manager for each of those residence halls and manages the operations at each building. The University must execute a written agreement related to its management of each building to ensure the proper operation of each building.

COMMITTEE ACTION:

Passed _____
Did Not Pass _____
Other _____

__Signature on file _____
Assistant Secretary

BOARD ACTION:

Passed _____
Did Not Pass _____
Other _____

__Signature on file _____
Assistant Secretary

STUDENT HOUSING MANAGEMENT AGREEMENT
Herman and Hedly Kurz Hall

This **STUDENT HOUSING MANAGEMENT AGREEMENT** (“Agreement”) is executed and made effective on _____, 2021 (the “Effective Date”) between **KURZ HALL, LLC**, a Kentucky limited liability company, having an address of 215 Central Avenue, Suite 212, Louisville, Kentucky 40208 (“Lessee”), and **UNIVERSITY OF LOUISVILLE**, a public institution of higher education of the Commonwealth of Kentucky, whose address is c/o University of Louisville, Campus Housing, Stevenson Hall, 2301 South Third Street, Louisville, Kentucky 40292, in its capacity as manager (the “Manager”).

WHEREAS, Lessee has entered into that certain Amended and Restated Ground Lease Agreement dated as of November 7, 2018 (the “Ground Lease”), as may be amended from time to time, by and between the Lessee and the **COMMONWEALTH OF KENTUCKY, FOR THE USE AND BENEFIT OF THE UNIVERSITY OF LOUISVILLE**, in its capacity as lessor (the “Lessor”).

WHEREAS, Lessee desires to appoint Manager as its sole and exclusive agent to manage, supervise, rent, lease, maintain and operate the Project (as hereinafter defined), and Manager desires to accept such appointment, upon the terms, covenants, conditions and provisions of this Agreement, all as of the Effective Date;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessee and Manager hereby covenant and agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 Definitions. In this Agreement, unless otherwise specified, the following terms have the following meanings, and any capitalized terms used herein which are not otherwise defined herein shall have the meanings given to such terms in the Ground Lease:

“Affiliate” means with respect to any Person, any relative of the Person in question, if such Person is an individual, or any other Person directly or indirectly controlled by, controlling or under common control with the Person in question. For the purposes hereof, with respect to any Person that is not an individual, “control” means ownership, directly or indirectly, of at least 50% of the equity interests in such Person.

“Agreement” is defined in the Preamble to this Agreement.

“Annual Budget” means that certain annual budget, management and leasing plan including a comprehensive and detailed description of the practices and procedures to be followed in the management and leasing of the Project, that has been prepared by Manager and approved by Lessee and Lessor, and all revised and replacement annual budgets approved by

Lessee and Lessor in accordance with the terms and provisions hereof and of the Ground Lease and the Loan Agreement.

“Bettie Johnson Hall Management Agreement” means that certain Student Housing Management Agreement dated as of the date of this Agreement and effective as of the Effective Date between Lessee and Manager which appoints Manager as its sole and exclusive agent to manage, supervise, rent, lease, maintain and operate the Bettie Johnson Hall Project (as hereinafter defined), all pursuant to the terms therein.

“Bettie Johnson Hall Project” means that certain parcel of real property commonly known as “Bettie Johnson Hall” consisting of approximately 1.905 acres located at 401 W. Cardinal Boulevard, Louisville, Jefferson County, Kentucky.

“Borrowers” means, collectively, (i) Lessee, (ii) Johnson Hall, LLC, a Kentucky limited liability company, and (iii) Community Park, LLC, a Kentucky limited liability company.

“Business Day(s)” means any day that is not a Saturday, Sunday, a recognized government holiday in Louisville, Kentucky, or a day in which the University of Louisville is closed pursuant to the University’s publicly available calendar.

“Calendar Year” means a calendar year, and, with respect to the last Calendar Year, such year shall end on the date this Agreement expires or terminates.

“Capital Costs” means any costs, expenses or expenditures for repairs or replacements at the Project which are considered “capital expenditures” according to generally accepted accounting principles or are funded from the Capital Reserve Escrow Agreement and paid from the Escrow Account as defined in and established by the Capital Reserve Escrow Agreement.

“Capital Reserve Escrow Agreement” means that certain Capital Reserve Escrow Agreement entered into between NWM and Borrowers dated as of November 8, 2018.

“Casualty” means any damage to, or destruction of, the Project or any part thereof.

“Community Park Management Agreement” means that certain Student Housing Management Agreement dated as of the date of this Agreement and effective as of the Effective Date, between Lessee and Manager which appoints Manager as its sole and exclusive agent to manage, supervise, rent, lease, maintain and operate the Community Park Project (as hereinafter defined), all pursuant to the terms therein.

“Community Park Project” means that certain parcel of real property commonly known as “Community Park” consisting of approximately 1.6734 acres located at 2033 South Fourth Street, Louisville, Jefferson County, Kentucky.

“Condemnation” shall mean either a Total Taking or a Partial Taking, as such terms are defined in Article 9 of the Ground Lease.

“Contracts” means the agreements, contracts, documents and obligations (other than the Leases or this Agreement) now or hereafter in effect relating to the Project entered into in accordance with the terms hereof, except any agreements, contracts, documents and obligations relating to Financing.

“Debt Service” means any and all amounts owed by Lessee pursuant to the Financing, including amounts owed by Lessee to NWM pursuant to the terms and conditions of the Loan Documents.

“Default” means any condition or event which constitutes an Event of Default or which with the giving of notice or the lapse of time would, unless cured or waived, become an Event of Default.

“Effective Date” is as set forth in the Preamble to this Agreement.

“Event of Default” is defined in Section 7.2 hereof.

“Financing” means any financing or refinancing by debt, sale and leaseback or other form of financing with respect to the Project or any debt or other obligation of Lessee relating to the Project, including, without limitation, the Loan.

“First Class Manner” means, in a high-quality manner, standard or condition (as applicable) for the type, style, class, age and location (including submarkets) of the Project consistent with the Annual Budget.

“Fiscal Year” means a twelve-month period beginning July 1 and ending the next succeeding June 30.

“Gross Revenue” is defined in Section 4.1 of the Ground Lease.

“Ground Lease” means that certain Ground Lease defined in the Preamble to this Agreement and referenced throughout this Agreement.

“Insurance Requirements” is defined in Article V of this Agreement.

“Leases” means the leases, licenses, and other occupancy agreements now or hereafter in effect and relating to the housing which is part of the Project (specifically including temporary housing agreements for attendees of summer camp programs and the use of any guest apartment at the Project, if applicable), including all renewals, extensions, amendments and other modifications thereof and all guaranties of the obligations of any Resident thereunder.

“Legal Requirements” means all Permits, laws, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, directions and requirements of, and agreements with, governmental bodies, agencies or officials, now or hereafter applicable to the Project, or the management, leasing or any use or condition thereof.

“Lessee” is defined in the Preamble to this Agreement.

“Lessor” is defined in the Preamble to this Agreement.

“Loan” means that certain mortgage loan transaction with NWM, pursuant to which NWM loaned \$42,000,000.00 to Borrowers, jointly and severally, and secured by a lien on, among other real property, the Project, the terms of which are more particularly set forth in that certain Loan Application UofL Portfolio Loan Number 342235 dated July 27, 2018, as amended by that certain Loan Application Amendment dated September 25, 2018, as further amended by that certain Loan Application Second Amendment dated October 1, 2018, as further amended by that certain modified acceptance letter dated October 12, 2018, each executed by the Borrowers.

“Loan Agreement” means that certain Master Loan Agreement entered into between NWM and Borrowers dated as of November 8, 2018.

“Loan Documents” means all documents executed and delivered in connection with the issuance of the Loan, including, without limitation, the Loan Agreement, the Capital Reserve Escrow Agreement, leases, mortgages, reimbursement agreements, security agreements and similar documents.

“Manager” is defined in the Preamble to this Agreement.

“Manager’s Office” is defined in Section 2.2 hereof.

“NWM” means The Northwestern Mutual Life Insurance Company, together with its successors and/or assigns.

“Operating Expenses” or “Operating Expense” means, for any period, all expenditures made for such period with respect to the Project determined by generally accepted accounting principles on an accrual basis, including, without duplication (subject to the exclusions described below), (a) all Debt Service, (b) the cost of reimbursing Manager for Manager’s employees operating and maintaining the Project to the extent set forth in the Annual Budget or otherwise approved by Lessee, (c) expenses paid for the operation, maintenance, rehabilitation or Restoration of the Project pursuant to the Annual Budget or with the approval of Lessee, (d) any taxes or special assessments of any kind levied or assessed against the Project (including the land on which the Project is located), (e) any and all costs and expenses incurred by Lessee in order to remain in compliance with Legal Requirements, Insurance Requirements and the other terms and conditions of the Ground Lease and Loan Documents, and (f) other expenses paid as permitted hereunder.

“Permits” means all licenses, authorizations, certificates, variances, consents, approvals and other permits now or hereafter required relating to the use, operation, management or leasing of the Project.

“Person” means any individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or agency or instrumentality thereof.

“Project” means that certain student housing development consisting of the land, buildings, other improvements and personal property as more particularly described in Section 2.1 of this Agreement and having the meaning ascribed to the term “Property” as defined in the Ground Lease.

“Project Statement” means a statement or invoice for services rendered or materials provided under any Contract or purchase order made in accordance with the terms hereof (i) which Manager has identified to a specific line item in the Annual Budget and (ii) with respect to which Manager is willing to certify to Lessee that the services or materials to be provided have been provided in accordance with such Contract or purchase order.

“Rent(s)” means any payments made by Residents in connection with their housing at the Project, whether such payments are made monthly, prior to each University term, or prior to a summer camp or other University-sponsored program.

“Residents” means the residents, licensees, and other occupants under the Leases.

“Restoration” means the restoration, repair, replacement, rebuilding or demolition of the Project after any Casualty or Condemnation to the extent decided by Lessee.

“Standard Housing Application” shall mean the form of application or lease used by Manager as the standard form of housing agreement for the Residents at the Project (being the same standard housing application used for all University owned or operated dormitories).

“Standard Rates” shall mean monthly rates for each type of student housing unit included in the Project as specified in the Annual Budget, or such rates as may be specified or approved by Lessee from time to time.

“Standard Term” means a lease term of at least twelve months or such other period of time as provided in the Standard Housing Application.

“Term” is defined in Section 7.1 hereof.

“Total Reserves” means the establishment of or addition to the amounts set aside in reserve for any and all reasonable purposes in connection with the maintenance and operation of the Project, including, but not limited to, reserves for repair and replacement of machinery, equipment, fixtures, appliances, furniture, furnishings and other personal property, reserves for maintenance and capital expenditures, and such other reserves as required in connection with the Loan, including the reserves required by the Ground Lease.

“University” means the University of Louisville, a public institution of higher education of the Commonwealth of Kentucky, in its capacity as a university.

“University Dorm Account” is defined in Section 3.3 hereof.

1.2 Interpretation. In this Agreement, unless otherwise specified, (a) singular words include the plural and plural words include the singular; (b) words which import a number of constituent parts, things or elements, shall be construed as referring separately to each constituent part, thing or element thereof, as well as to all of such constituent parts, things or elements as a whole; (c) words importing any gender include the other genders; (d) references to any Person include such Person’s successors and assigns to the extent permitted herein, (e) the word “successors”, when it refers to an individual, includes the heirs, devisees, legatees, executors, administrators and personal representatives of such individual; (f) references to any statute or other law include all rules, regulations and orders adopted or made thereunder and all statutes or other laws amending, consolidating or replacing the statute or law referred to, (g) references to any agreement or other document include all subsequent amendments or other modifications thereof entered into in accordance with the provisions thereof; (h) the words “approve”, “consent”, or “agree”, and any derivations thereof or words of similar import, mean the prior written approval, consent or agreement of the Person holding the right to approve, consent or agree in such Person’s discretion, the exercise of which shall be reasonable; (i) the words “include” and “including”, and words of similar import, shall be deemed to be followed by the words “without limitation”; (j) the words “hereof”, “hereto”, “herein” and “hereunder”, and words of similar import, refer to this Agreement in its entirety; (k) the Schedules and Exhibits hereto are part of this Agreement and are incorporated herein by reference; (l) the words “Article”, “Section”, “Schedule” or “Exhibit” refer to the articles, sections, schedules and exhibits of and to this Agreement; (m) headings of Articles, Sections, Schedules, Exhibits and paragraphs are inserted as a matter of convenience and shall not affect the construction of this Agreement; and subparagraphs thereof; and (n) no inference in favor or against any Person shall be drawn from the fact that such Person or its attorneys drafted any portion hereof.

1.3 Accounting Terms and Determinations. In this Agreement, unless otherwise specified, all (a) accounting terms used herein, (b) accounting determinations hereunder and (c) books, records, financial statements and reports required to be kept and prepared hereunder shall be interpreted, made or kept and prepared, as applicable, in accordance with generally accepted accounting principles as in effect from time to time, consistently applied, on an accrual basis except as reasonably directed or approved by Lessee.

ARTICLE II APPOINTMENT AND GENERAL PROVISIONS

2.1 Appointment. Lessee hereby appoints Manager and Manager hereby accepts appointment on the terms and conditions hereinafter provided as sole and exclusive agent of Lessee to manage, supervise, rent, lease, maintain and operate a student housing facility known as “Herman and Heddy Kurz Hall,” located on land leased by the Lessee from the Lessor on the Belknap Campus of the University of Louisville in Louisville/Jefferson County Metro, Commonwealth of Kentucky and consisting of approximately 402 beds in a three-story Class A residence hall style student housing facility with other facilities. Manager will operate the premises as a student housing and meeting room facility to serve Residents in accordance with

the terms and conditions set forth in this Agreement and the Ground Lease. The only approved uses of the Project shall be, and Manager shall only operate the Project as, a student housing and meeting room facility, which approved uses shall include such other ancillary uses as may be permitted as part of the Project, including, but not limited, housing for summer camp resident and activities related thereto.

2.2 Management Duties and Authority. Manager is hereby charged with the sole and exclusive right to supervise and direct the management and operation of the Project, and shall provide Lessee with the services customarily provided for in such instances, and shall, as agent of Lessee, do and perform any and all things reasonably necessary for the rental, maintenance, operation and service of said Project (the “Manager Functions”) including, but not limited to any and all acts necessary and appropriate to be undertaken for the (i) successful management and operation of the Project, (ii) successful leasing of the Project to Residents, (iii) successful management of the Leases, (iv) successful supervision of the finances and operation of the Project, and (v) adherence to and compliance with the terms of the Ground Lease and the Loan Documents. The Ground Lease and Loan Documents have been provided to Manager and the terms of such documents are incorporated herein by reference as if they were set forth in full herein. Manager shall be responsible for compliance and performance of all obligations and terms contained in the Ground Lease and Loan Agreement to the extent they relate to Manager Functions. In the event of any conflict or discrepancy between the terms of the Ground Lease and the terms of this Agreement, including, but not limited to, any terms pertaining to Manager’s duties, the terms of this Agreement shall control and shall preempt any inconsistent terms therein. In the event of any conflict between the terms of this Agreement and the Loan Documents, the terms of the Loan Documents shall control and shall preempt any inconsistent terms herein. All Manager Functions shall be in accordance (i) with reasonable professional practice for a property of similar like and kind to the Project, (ii) the directive that all Debt Service be paid as it becomes due and payable, and (iii) with and subject to the terms and conditions of the Ground Lease and Loan Documents, it being specifically understood that the Manager (on behalf of Lessee) shall be responsible for performing all Manager Functions included in Section 5 of the Ground Lease and accompanying exhibits (i.e., fulfilling all obligations of Lessee under the Ground Lease) and that Manager shall be responsible for Lessee maintaining compliance with the terms of the Loan Agreement. It shall be the duty of Manager at all times during the Term to use, operate and maintain the Project according to the terms and conditions of this Agreement. It is expressly understood and agreed that so long as this Agreement is in force and effect, Lessee shall not interfere or involve itself in any way with the day-to-day operation of the Project and shall at no time give or communicate any orders or instructions to employees or personnel employed at the Project. Lessee, however, reserves the right to address itself to Manager on any matter connected with the Project. The Project shall include reasonable and sufficient office, operating, storage and maintenance space and facilities (if necessary), including telephone, facsimile and internet access as required for the Manager’s management of the Project (the “Manager’s Office”).

2.3 Leasing Duties and Authority. Subject to the provisions of this Agreement, and in accordance with the Annual Budget, Manager shall offer space in the Project for lease to qualified Residents consistent with the terms of the Ground Lease and the Loan Documents with such care, skill, prudence and diligence as is reasonably appropriate for a building of similar like

and kind to the Project. Manager's appointment as a leasing agent for the Project hereunder shall apply only to the leasing of the Project. Manager agrees to abide by the "First Fill Requirement" set forth in Section 20.12 of the Ground Lease as well as the "First to Fill Covenants" set forth in the Loan Documents, as well as all of the other terms and conditions included within the Ground Lease and Loan Documents which are applicable to Manager.

2.4 Relationship of the Parties. Manager's relationship to Lessee hereunder is that of agent of Lessee strictly for the operation and management of the Project and all matters incident thereto as set forth in this Agreement and for no other purpose, and neither Manager nor Lessee shall represent to any other Person that Manager's relationship to Lessee hereunder is otherwise.

2.5 Licenses. Manager represents that it and its personnel are, and while this Agreement remains in effect, Manager and its personnel shall be qualified, to the extent required by applicable law and the Ground Lease, to perform Manager's duties thereunder. Manager shall fully comply with all applicable laws, rules, regulations and orders relating to the performance of its duties hereunder, including applicable local, state and federal anti-discrimination laws.

2.6 Cooperation. Manager shall consult with Lessee to the extent necessary, appropriate or desirable to enable Manager to perform its duties hereunder. Manager shall conduct meetings between Lessee, Lessor and Manager from time to time as necessary, appropriate or desirable to enable Manager to perform its duties hereunder. Each party to this Agreement shall cooperate fully in all matters relating to the management, leasing, operation and Financing of the Project (including, compiling any reports or other information required to be furnished by Lessee to NWM under the Loan Documents) and the defense of any claim, action or proceeding relating thereto or to this Agreement, and Manager shall respond to all reasonable requests for information by Lessee or Lessor within five (5) Business Days, including furnishing all documents and services relating thereto reasonably required by Lessee in connection with the management, leasing, or operation of the Project. Lessee shall promptly respond to all reasonable requests by Manager for information or consultation necessary for the management, leasing and operation of the Project.

2.7 Representatives.

(a) Whenever any consent, approval or other action of Lessee is required or permitted hereunder, such consent, approval or other action shall be effective if given or taken by the chief executive of the University of Louisville Real Estate Foundation, Inc. ("ULREF"), or his/her designee, acting in ULREF's role as manager of Lessee. Such representative of Lessee may be changed at any time by Lessee by notice to Manager pursuant to Section 8.1 hereof.

(b) Whenever any consent, approval or other action of Manager is required or permitted hereunder and is specifically related to the responsibilities and operations of Manager under this Agreement, such consent, approval or other action shall be effective if given or taken by Manager's Director of Campus Housing, acting on behalf of Manager. Such representative may be changed by Manager by notice to Lessee pursuant to Section 8.1 hereof.

(c) Whenever any consent, approval or other action of Lessor is required or permitted hereunder, such consent, approval or other action shall be effective if given or taken by either the Provost, the President, or the Chief Operating Officer of the University, acting on behalf of Lessor, or by any other party with appropriate written authority to bind the Lessor. Such representative of Lessor may be changed at any time by Lessor by notice to Manager pursuant to Section 8.1 hereof.

ARTICLE III MANAGEMENT DUTIES AND AUTHORITY

3.1 Project Management Generally.

(a) Subject to Section 2.2 of this Agreement and the terms of the Ground Lease and Loan Agreement (including Article XV of the Loan Agreement), Manager shall manage, operate and care for the Project in a First Class Manner consistent with the Annual Budget and do all things necessary, desirable or appropriate therefore or customarily performed by managing agents of properties similar to the Project, including, performance of the Manager Functions. Without limiting the generality of the foregoing, Manager shall:

(i) implement the Annual Budget, including the monthly payment of funds sufficient to timely pay any and all Debt Service;

(ii) prepare and, subject to the terms of this Agreement, execute all Contracts for water, sanitary and storm sewer, drainage, electricity, steam, gas, telephone, fuel, cleaning, garbage removal, pest control, electronic door access control, closed circuit camera system, Internet access, Project security and other utilities and services necessary or appropriate for the management and operation of the Project in accordance with the Annual Budget and the Ground Lease, unless otherwise provided herein;

(iii) purchase all supplies and materials necessary or appropriate for the management and operation of the Project in accordance with the Annual Budget, unless otherwise provided herein;

(iv) consult with, and make recommendations to, Lessee with respect to any Condemnation or threatened Condemnation of the Project; and take such reasonable action as the Lessee may direct with respect to any Condemnation or threatened Condemnation of the Project;

(v) subject to the provisions of the Loan Documents, consult with, and make recommendations to, Lessee and Lessor with respect to any Casualty or other claim covered by the insurance required to be maintained hereunder; and, unless directed otherwise by Lessee or Lessor, take action which Manager reasonably believes to be in the best interest of the Project with respect to any claim in respect of any Casualty or other claim covered by the insurance required to be maintained hereunder; and

(vi) subject to the provisions of the Loan Documents and the other provisions of this Section 3.1, consult with, and make recommendations to, Lessee concerning the condition of the Project and the necessity for maintenance, repair, alteration or Restoration thereof in accordance with Lessee's duties under Article 10 of the Ground Lease and Article V of the Loan Agreement; provide through employees or third party contractors all work, labor and services necessary or appropriate to maintain and repair the Project in a First Class Manner in accordance with the Annual Budget unless otherwise provided herein; promptly notify Lessee upon learning that the condition of the Project materially fails to meet the standard of First Class manner of maintenance and repair; promptly notify Lessee upon learning of any Casualty or Condemnation (or threatened Condemnation) with respect to the Project; consult with, and make recommendations to, Lessee concerning Restoration after any Casualty or Condemnation; and in accordance with the Annual Budget and the terms hereof, prepare and, subject to the terms of this Section 3.1 hereof, monitor the performance of such Contracts.

(b) All Contracts prepared and purchases made hereunder as an Operating Expense in accordance with the Annual Budget shall be made in the name of Manager. In the event that the Project is no longer managed by Manager, Manager will make reasonable efforts to assign all applicable Contracts to Lessee or the substitute manager, as appropriate.

(c) Notwithstanding any term or provision of this Agreement to the contrary, Manager may enter into Contracts with an Affiliate of Manager if (i) such Contracts are necessary for management of the Project, (ii) the terms of any such Contracts shall be substantially similar to those that would be obtained with an unrelated third party, and (iii) all such costs incurred by Manager pursuant to such Contracts are incurred pursuant to the Annual Budget.

(d) Subject to Sections 3.1 (b) and 3.1(c) hereof, Manager may execute Contracts for the provision of services to the Project so long as (i) the cost of such services under any such Contract are reasonable for such services in the market where the Project is located, (ii) any such Contract is terminable by Manager or Lessee without cost or penalty on not more than thirty (30) days' notice, and (iii) any such Contract (other than utility providers) requires the service provider to carry insurance in amounts that are reasonably sufficient given the types of services being provided by such party. Upon request by Lessee, Manager shall provide any proposed Contracts to Lessee for Lessee's review within (5) Business Days of Lessee's request.

(e) Subject to the provisions hereof, including Section 3.1(c) hereof, Manager may elect to have the maintenance, repair, furnishing, replacement, cleaning and other services with respect to the Project performed by employees of Manager and the reasonable costs of performing such services shall be considered an Operating Expense of the Project; provided, however, that any such costs for such services shall not materially exceed the costs that would have been incurred had such services been provided by unrelated third parties and in no event shall any such cost exceed the amount allocated for such cost in the Annual Budget.

3.2 Management Employees.

(a) Manager shall have in its employ (or under contract as independent contractors) at all times sufficient staff of capable personnel for the proper maintenance, leasing and operation of the Project. Such personnel shall be employees of Manager (or independent contractors) and all matters pertaining to such personnel, including their employment, supervision, compensation, promotion and discharge (or management of the contracts of independent contractors), shall be the responsibility of Manager.

(b) Subject to the provisions of Section 3.8 hereof and Article VI, Manager shall be reimbursed from the University Dorm Account for all or an equitably apportioned pro rata share of Manager's costs of gross salary or wages including all standardized benefits provided by the University of Louisville, reasonable vacation pay, sick leave, payroll taxes, insurance, worker's compensation and other benefits and payroll burdens of Manager's personnel required to properly, adequately and safely maintain the Project.

(c) Manager shall fully comply with all applicable laws, rules, regulations and orders relating to worker's compensation, social security, unemployment insurance, wages, hours, working conditions and other matters pertaining to Manager's personnel.

(d) Manager shall be solely responsible for its personnel and contractors in the event of the termination of this Agreement.

3.3 Rents Collection and Services with Respect to Leases.

(a) Other than for supervisory personnel assigned to the Project (including any Resident managers or advisors), Manager shall not, without the consent of Lessee, permit any Person to occupy any space in the Project without a written Lease. Manager shall supervise the moving in and out of all Residents in a manner which, (i) as far as reasonably possible, causes a minimum of disturbance to other Residents, and (ii) is not violative of the Lease of any other Resident.

(b) Manager shall administer the provisions of the Leases, ensure that the Residents receive the services required to be provided under their Leases, daily and punctually observe and perform all of the landlord's obligations under the Leases, and enforce, preserve and keep unimpaired the rights of landlord and the obligations of the Residents under the Leases.

(c) All Gross Revenues shall be deposited by Manager directly into a bank account as required by the Loan Documents for payment of expenses for the Project (the "University Dorm Account"). Manager shall immediately deposit all Rents and sums received by Manager, if any, into the University Dorm Account. Any outstanding Rents will be enforced by the Bursar of the University, and Manager may work with the Bursar on the enforcement of the payment of Rents, as appropriate.

(d) In the event of any default or event which, with the giving of notice or the passage of time or both, would constitute a default or event of default by any Resident, Manager shall take such action as Manager reasonably believes to be appropriate in the circumstances with respect to such default or event of default, including instituting legal proceedings at the sole

cost and as an Operating Expense of the Project, for the enforcement of the obligations of the Residents under their Leases and for the dispossession of any Residents in default under their Leases, subject to the policies of the University and the rights of Residents under the Leases. Manager shall have the right to designate the attorneys for any such legal proceedings.

(e) Notwithstanding anything herein to the contrary, all Rents, charges and other amounts receivable in connection with the management and operation of the Project will be collected, deposited and expended in accordance with the terms of the Loan Documents, it being specifically understood that the terms of the Loan Documents shall control the terms hereof with respect thereto.

3.4 Services with Respect to Contracts.

(a) Manager shall, in accordance with the Annual Budget, duly and punctually perform Manager's obligations under the Contracts and enforce, preserve and keep unimpaired its rights and the obligations of other parties under the Contracts. Manager shall timely pay any amounts due under such Contracts.

(b) Manager shall promptly notify Lessee upon receiving notice of any default, event of default or event that, with the giving of notice or the passage of time or both, would constitute a material default or material event of default by any other party under any Contract. In the event Manager receives notice of any default, event of default, or event which, with the giving of notice or the passage of time or both, would constitute a default or event of default by any other party under any Contract, Manager shall take such action as Manager reasonably believes to be appropriate in the circumstances with respect to such default or event of default, including instituting legal proceedings, at the sole cost and as an Operating Expense of the Project to enforce the obligations of such other party under such Contract. Manager shall have the right to designate the attorneys for any such legal proceedings.

(c) Without the consent of Lessee, Manager shall not take any action, or omit to take any action or give any notice, the taking, omission or giving of which might result in an expenditure in connection with any Contract in excess of the budgeted amount therefore (unless otherwise permitted herein), except in the event of an emergency or as necessary, in Manager's reasonable discretion, to prevent damage to the Project.

(d) Manager and Lessee shall each promptly notify the other upon receiving any notice of a material default under any Contract (and furnish a copy of the notice received by it with its notice to the other party). In the event of any such notice, Manager shall consult with Lessee concerning the action to be taken with respect thereto and, as an Operating Expense of the Project, Manager shall take such action as Manager reasonably believes to be in the best interest of the Project.

(e) Upon termination of the Ground Lease, all such Contracts may be assigned, at Lessor's discretion, to the Lessor upon termination of this Agreement.

3.5 Services with Respect to Legal and Insurance Requirements.

(a) Manager shall, as an Operating Expense of the Project, duly and punctually comply with all (i) Legal Requirements applicable to the Project and the management and operation thereof under this Agreement, and (ii) all Insurance Requirements applicable to the Project and the management and operation thereof, both pursuant to and as set forth in this Agreement, Article 8 of the Ground Lease and Article V of the Loan Agreement.

(b) Each of Manager and Lessee shall promptly notify the other and Lessor upon receiving any notice of any default or event of default by Manager or Lessee or related to the Project in connection with any Legal Requirements or Insurance Requirements. In the event of any such notice, default or event of default, Manager shall consult with Lessee concerning the action to be taken with respect thereto and, as an Operating Expense, shall take such action with respect thereto as Manager reasonably believes to be in the best interest of the Project.

3.6 Records and Reports. All reporting to Lessee will be completed in electronic form unless Lessee specifically requests otherwise.

(a) Budget. Manager shall timely provide Lessee with the information Lessee requires for compliance with Lessee's obligations under Article II of the Loan Agreement as well as all other reporting required under the Loan Documents or Ground Lease, provided, however, that Manager shall have no duty to provide any information or reports more often than as required for Lessee's monthly reporting. If, due to an extenuating circumstance, Lessee requires that Manager provide any reporting or information more often than monthly, Lessee shall provide Manager with a written request for such information, which request shall include an explanation for the immediate need of such information, and Manager shall have no fewer than five (5) Business Days to respond. As it relates to an operating budget for the Project, Manager shall prepare and submit to Lessee an annual operating budget for the Project, which annual operating budget shall be subject to Lessee's approval, which approval shall not be unreasonably withheld.

(b) Records. Manager shall maintain and keep at the Manager's Office accurate copies or originals, as applicable, of all records and all written correspondence (including with Lessee) or reports received or made by the Manager related to the Project or Manager's duties hereunder. All such records shall be kept as follows:

(i) Lessee shall retain title to such records so long as Lessee has title to the Project. Manager shall retain such records for at least five (5) years after the close of the Calendar Year to which they apply, after which period Manager may destroy such records. If Lessee requests copies of any such records prior to the expiration of such period, Manager shall make reasonable efforts to deliver such records to Lessee within a reasonable time;

(ii) upon at least ten (10) Business Days' notice to Manager, Lessee or accountants or other representatives of Lessee may (as an Operating Expense) inspect, audit and copy such records during normal business hours, and Manager shall reasonably cooperate with Lessee in connection with the same; and

(iii) in the event this Agreement is terminated or expires, Manager shall deliver such records (or copies thereof) to Lessee, along with a final accounting, no later than sixty (60) days after such termination or expiration.

3.7 Bank Accounts and Handling of Funds. Manager shall maintain bank accounts pursuant to the requirements of the Loan Documents.

3.8 Payment of Expenses

(a) Except as otherwise set forth in this Agreement, Manager shall pay all expenses of operating the Project from the University Dorm Account. Manager shall obtain Lessee's prior written consent prior to incurring any Capital Costs in excess of \$500,000. If Manager recommends any new improvements, repairs or replacements of existing improvements to the Project which would result in the expenditure of Capital Costs in excess of \$500,000, Manager shall provide written notification to Lessee, which written notification shall provide the cost, scope and description of such improvement, repair or replacement and any other information that Lessee may reasonably request. Capital Costs shall be paid by requisitions from the Escrow Account as defined in and established by the Capital Reserve Escrow Agreement. Each expense paid by Manager will be supported by a Project Statement and, upon reasonable request by Lessee, Manager shall provide copies of any such Project Statement to Lessee and Lessor. To the extent Lessee is required by the Ground Lease or Loan Documents to contribute funds to any escrow account or capital reserve account, Manager shall be obligated to make such contribution on behalf of Lessee.

(b) If the funds in the University Dorm Account are at any time thereafter insufficient to pay the expenses of operating the Project, Manager shall immediately give written notice of such insufficiency to Lessee. Upon any such notice, Manager, Lessor and Lessee shall promptly meet to negotiate a resolution to such insufficiency. Manager may advance Manager's own funds to pay any expenses that the University Dorm Account was insufficient to cover. If Manager makes any such advance from Manager's own funds, Manager shall be entitled to reimbursement from the Project through the University Dorm Account within five (5) Business Days as long as sufficient funds are available for Debt Service.

(c) Notwithstanding any term or provision to the contrary contained herein, Manager's first priority shall be payment of the Debt Service and compliance with the Loan Documents and Ground Lease. Manager shall not make payment of any Operating Expenses if, immediately following payment of such Operating Expenses, funds remaining in the University Dorm Account would be insufficient to pay the Debt Service.

3.9 Constraints on Manager's Authority

(a) It is understood and agreed by Lessee and Manager that Manager's authority (i) to act for or on behalf of Lessee hereunder or in conjunction with the Project or (ii) to bind or subject Lessee or its assets, including the Project or any portion thereof, is expressly limited as provided in this Agreement and the Ground Lease. Such constraints include, among the other restrictions and required approvals in this Agreement, that (A) all of Manager's actions

are subject to the standard of care set forth herein, (B) except as specifically authorized herein, all of Manager's actions are subject to the constraints of the Annual Budget or receipt of Lessee's approval, as applicable, (C) Manager's leasing of the Project is subject to the Annual Budget and Article IV hereof, (D) the handling of funds generated from the Project is subject to the provisions of Section 3.8 hereof, (E) the authority of the Manager to act as leasing agent for the Project is as set forth in Article II hereof and does not otherwise give Manager any authority to obligate Lessee, (F) Manager shall not execute any deed, note, mortgage or security agreement binding on the Lessee or Lessor, and (G) Manager shall not commit or authorize any act or omission which results in the imposition of any lien or encumbrance on the Project.

(b) Except as otherwise specifically set forth herein, Manager may appear in, commence or respond to legal or other proceedings on behalf of Lessee only upon the direction of Lessee. Manager may appear in or commence legal or other proceedings on its own behalf as an Operating Expense of the Project with the consent of Lessee and at its own expense at any time without the consent of Lessee, provided that the same shall result in no cost or liability to Lessee if commenced without Lessee's consent. Manager shall promptly notify Lessee if it appears in any proceedings with regard to the Project on behalf of the Lessee or on its own behalf and, if requested by Lessee, promptly furnish copies of any documents it files in connection with any such proceedings.

ARTICLE IV LEASING DUTIES AND AUTHORITY

4.1 Duties and Authority. Subject to Section 2.3 hereof and in accordance with the Annual Budget, Manager shall provide all services necessary, proper, desirable or appropriate for leasing the Project, as follows:

(a) Manager shall, subject always to applicable Legal Requirements and Section 4.2 hereof, follow the policies of the University of Louisville;

(b) Manager shall make proposals to and show space in the Project to prospective Residents;

(c) Manager shall take and process applications from prospective Residents;
and

(d) All residents shall apply for residence at the Project on the Standard Housing Application. A copy of the Standard Housing Application by each Resident and all correspondence with the Resident named thereon shall be maintained by Manager as a record of the Project in accordance with Section 3.6 hereof.

4.2 Non Discrimination. Space in the Project shall be leased without regard to race, creed, color, religion, sex, age, disability or national origin in accordance with applicable federal, state and local laws.

ARTICLE V INSURANCE

Throughout the Term, Manager shall cause to be carried and maintained, with NWM and Lessee listed as additional insureds (or otherwise in a manner which is acceptable to NWM and Lessor), all insurance described in Article 8 of the Ground Lease and Article V of the Loan Agreement such that Lessee shall be in full compliance with all of its insurance related obligations under the Ground Lease and Loan Documents (the “Insurance Requirements”). Further, Manager shall take all such other action with respect to insurance (delivering certificates, evidence of payment, etc.) sufficient to keep Lessee in compliance with the Insurance Requirements, including payment of all premiums, which shall be an Operating Expense. Lessee and Manager each release each other from and against any and all claims, demands, liabilities, or obligations whatsoever for damage to the Project, and for loss of rents or profits, of the releasing party resulting from or in any way connected with any fire, accident, or other casualty to the Project. The all-risk policies carried by the parties hereunder shall contain a provision whereby the respective carriers shall waive all rights or recovery by way of subrogation, as applicable, to the extent of any insurance proceeds

ARTICLE VI MANAGER’S COMPENSATION

The Manager shall not receive a direct fee for its management of the Project. As provided in the Ground Lease, University shall receive all Gross Revenues that are available after the payment of all Debt Service, funding of Total Reserves and payment of all other Operating Expenses. However, for the avoidance of doubt, nothing in this Article or this Agreement shall affect any rental payments, reserves, or other fees due to the University pursuant to the Ground Lease, and all such payments shall continue to be due as provided therein.

ARTICLE VII TERM

7.1 Term. The initial term of this Agreement shall begin on the Effective Date and continue until 11:59 PM on June 30, 2024 (the “Initial Term”), subject to earlier termination as set forth in Section 7.2 below. Upon expiration of the Initial Term, this Agreement shall automatically renew for a three-year renewal term (through June 30, 2027), and thereafter for additional successive three-year renewal terms (each a “Renewal Term”), unless either party shall provide the other with written notice of non-renewal not less than 180 days before expiration of the then current term. The Initial Term and any Renewal Terms are referred to collectively herein as the “Term”.

7.2 Termination. This Agreement may be terminated by either Manager or Lessee immediately in the event that Lessor elects to exercise the Option or the Second Option pursuant to Section 8.14 below, the total demolition or a Casualty affecting a substantial portion of the Project (such that the same shall become unrecoverable and the Project shall not be promptly restored), the termination by Lessor of the Ground Lease, or Condemnation of a substantial

portion of the Project. Further, this Agreement may be terminated as set forth below if any one or more of the following events (each an “Event of Default”) shall occur and be continuing:

(a) by Lessee if Manager shall assign this Agreement or delegate its duties hereunder to any entity (other than an Affiliate of Manager) without the prior written consent of Lessee;

(b) by Lessee if Manager or any of its directors, officers, employees or agents shall misappropriate any funds of Lessee or otherwise be guilty of gross negligence, willful misconduct, fraud, malfeasance or breach of fiduciary duty in connection with Manager’s duties hereunder and Manager shall not (i) make full restitution thereof (if applicable) within fifteen (15) Business Days after Manager’s discovery thereof and (ii) thereafter (A) permanently bar the director, officer, employee, agent or other representative who misappropriated such funds or committed such act from acting in any capacity with respect to the Project or (B) make other arrangements reasonably satisfactory to Lessee;

(c) by Lessee if Manager shall fail to maintain the insurance required by Article V of this Agreement;

(d) by either Lessee or Manager (i) if a party to this Agreement shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of its or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or (ii) if an involuntary case or other proceeding shall be commenced against a party to this Agreement seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days; or (iii) if an order for relief shall be entered against a party under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect; or

(e) if either Lessee or Manager shall fail to comply in any material respect with any provision of the Ground Lease or this Agreement (other than those described in clauses (a) through (e) of this Section 7.2 hereof) and such Default shall continue for thirty (30) days after notice of such Default given by one party to the other party; then, while any such Event of Default shall be continuing, the party giving notice shall have the right to terminate this Agreement by notice and to exercise any and all other rights and remedies available under this Agreement and at law or in equity.

7.3 Cross Default. Any default by Manager under (i) this Agreement, (ii) the Bettie Johnson Hall Management Agreement, or (iii) the Community Park Management Agreement

beyond any applicable notice and cure period shall constitute an Event of Default under this Agreement.

7.4 Determination of Fees. All fees and other sums payable to Manager hereunder shall cease and be determined as of the expiration or termination of this Agreement pursuant to this Article VII hereof.

7.5 Termination of Ground Lease. Upon termination of the Ground Lease, this Agreement may be assigned by Lessee to Lessor, at Lessor's discretion.

ARTICLE VIII MISCELLANEOUS

8.1 Notices. All notices to either party hereunder shall be in writing (including telegram, telex, telecopy or similar writing) and, unless otherwise specified herein, shall be delivered by hand, mailed by United States registered or certified mail, return receipt requested, sent by United States Express Mail or any other reliable overnight express delivery service or transmitted by facsimile (in each case postage, delivery or transmission charges paid by the party giving such communication) addressed to the party to whom such communication is given at its address or facsimile number set forth below, provided however, any notice made by facsimile shall also be sent on the same day of the transmission by first class U.S. mail, postage prepaid:

If to Lessee:

Kurz Hall, LLC
c/o University of Louisville Real Estate Foundation, Inc.
215 Central Avenue, Suite 212
Louisville, KY 40208
Attention: Executive Director
Telephone: (502) 406-8240
Fax: (502) 637-5112

and with a copy (which shall not constitute notice to Lessee) to:

Wyatt, Tarrant & Combs, LLP
400 West Market Street, Suite 2000
Louisville, KY 40202
Attention: Franklin Jelsma
Telephone: (502) 562-7285
Fax: (502) 589-0309

If to Lessor or University:

University of Louisville
Grawemeyer Hall
Office of the President
Louisville, KY 40292
Attn: University President

Fax: (502) 852-7226

and with a copy to:

University of Louisville
206 Grawemeyer Hall
2301 S. Third Street
Louisville, KY 40292
Attn: General Counsel
Fax: (502) 852-5618

If to Manager:

University of Louisville
Campus Housing
Stevenson Hall
2301 South Third Street
Louisville, KY 40292
Attn: Director of Housing
Telephone: (502) 854-3732
Fax: (502) 852-5427

Unless otherwise specified herein, each such communication addressed and given as set forth above shall be effective, (i) if given by overnight delivery, the date of receipt, or attempted delivery, of such communication; (ii) if given by facsimile or e-mail, the date on which such facsimile or e-mail is transmitted and confirmation of delivery, or attempted delivery, thereof is received; and (iii) if sent by mail as aforesaid, the date which is seventy-two (72) hours after such communication is deposited in the mail, postage prepaid as aforesaid. Any party listed above may change its address under this Section by notice to the other parties listed above; provided, however, that no such address shall be located outside of the United States of America.

8.2 Representations and Warranties of Manager and Lessee.

(a) Manager represents to Lessee that (i) Manager has all requisite power and authority to carry on its business as now conducted and to execute, deliver and perform this Agreement; (ii) the execution, delivery and performance by Manager of this Agreement are within its power, have been authorized by all necessary action and do not contravene any provision of its articles of incorporation and by-laws, each as in effect on the date hereof; (iii) this Agreement has been duly executed and delivered by an authorized Person of Manager; (iv) this Agreement, assuming that it has been duly and validly executed by Lessee, is the valid and binding obligation of Manager, enforceable against Manager in accordance with its terms, subject to general equitable principles and applicable provisions of law related to bankruptcy, insolvency and creditor's rights generally; (v) to Manager's knowledge, the execution, delivery and performance by Manager of this Agreement do not conflict with or result in a breach of any of the provisions of, or constitute a default under, any bond, note or other evidence of indebtedness, indenture, mortgage, deed of trust, loan agreement or similar instrument, any lease or any other material agreement or contract by which Manager, its activities or property is bound or any applicable law or order, rule or regulation of any court or governmental authority having jurisdiction over Manager, its activities or property and no approval not already obtained is

required for the execution, delivery or performance by Manager of this Agreement. Manager further represents to Lessee that Manager is not owed any fees or other consideration in connection with the management of the Project pursuant to any other agreement.

(b) Lessee represents and warrants to Manager that Lessee is a limited liability company duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky, is qualified to transact business in the state in which the Project is located, and has the full and complete right, power and authority to enter into this Agreement and perform Lessee's duties and obligations under this Agreement in accordance with the terms and conditions of this Agreement.

8.3 No Partnership: etc. Nothing in this Agreement shall be construed as making Lessee or Manager partners, joint ventures or members of a joint enterprise or as creating between Lessee and Manager any employer-employee relationship.

8.4 Subordination. This Agreement shall be subject and subordinate to the Ground Lease and to any deed of trust, mortgage or other instrument securing any Financing of the Project or hereinafter constituting a lien upon the Project or any part thereof. The subordination provided in this Section shall be self-operative and shall not require any further instrument or document. However, upon the request of Lessee, Manager shall promptly execute, acknowledge and deliver to the holder of such Financing an instrument in form and substance satisfactory to Lessee and such holder confirming such subordination and containing such other provisions as Lessee or such holder shall reasonably request. Without limiting the generality of the foregoing, and notwithstanding anything herein to the contrary, it is understood and agreed that, in the event of foreclosure of any deed of trust, mortgage or other instrument to which this Agreement is subordinated pursuant to this Section, the purchaser or other transferee of the Project shall have no obligation which it might otherwise have to pay or perform any of Lessee's obligations to which it might otherwise be subject.

8.5 Severability. If any provision of this Agreement or the application thereof to any Person or circumstances shall be held invalid or unenforceable, the other provisions of this Agreement or the application of such provision to the Persons or circumstances shall not be affected thereby but shall continue to be valid and enforceable to the fullest extent permitted under applicable law.

8.6 Modification. Except as specified herein, no provision of this Agreement shall be modified, waived or terminated except by an instrument in writing signed by the party against whom such modification, waiver or termination is to be enforced and in no event without the consent of the Lessor.

8.7 Successors and Assigns.

(a) This Agreement shall be binding upon and inure to the benefit of Manager and Lessee and their respective permitted successors and assigns, and all references in this Agreement to "Manager" and "Lessee" shall include their respective permitted successors and assigns.

- (b) Manager shall not assign or delegate all or any portion of its rights or duties hereunder.
- (c) Lessee may assign this Agreement to any successor Lessee under the Ground Lease.
- (d) Any assignment made in contravention of this Section 8.7 shall be void.
- (e) Notwithstanding the foregoing, Manager and Lessee acknowledge and agree to assignments of this Agreement to NWM.

8.8 Limitation of Liability. Notwithstanding anything to the contrary in this Agreement, the liability of the Lessee under this Agreement will be “non-recourse” except to the extent of the Lessee’s interest in the Project and accordingly no party shall have any right to obtain payment from any Person comprising the Lessee or from any assets of Lessee other than the Project. If Manager shall recover any judgment against Lessee in connection with this Agreement, Manager shall look solely to Lessee’s then interest in the Project for collection or enforcement of any such judgment, and no other assets of Lessee shall be subject to levy, execution or other process for the satisfaction or enforcement of such judgment, and neither Lessee nor any Person having an interest in Lessee shall be liable for any deficiency.

8.9 Entire Agreement. This Agreement, together with the Loan Documents and the Ground Lease, contains the entire agreement of Lessee and Manager with respect to the engagement of Manager as the manager and leasing agent for the Project and supersedes, in their entirety, all prior engagements, oral or otherwise, between Lessee and Manager concerning the subject matter thereof.

8.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which, taken together, shall constitute one and the same instrument.

8.11 Governing Law. This Agreement shall be governed by and construed in accordance with the substantive internal laws (other than conflicts of laws rules) of the Commonwealth of Kentucky.

8.12 Tax Exemption. In the event any of the terms hereof would adversely affect the tax-exempt status of the Lessee, this Agreement shall be deemed amended in such manner as is necessary to avoid any such adverse impact.

8.13 Time is of the Essence. All time limits stated in this Agreement are of the essence of this Agreement.

8.14 Purchase by University.

(a) Lessor, Lessee, and Manager each hereby agree and acknowledge that during the term of the Ground Lease, Lessor shall have the right and option to purchase Lessee's right, title and interest in and to the Project by delivering written notice of Lessor's exercise of such right to Lessee (the "Option"). In the event that Lessor exercises the Option to acquire the Project, if there is any Financing currently outstanding on the Project, Lessor shall acquire all rights and responsibilities under any such Financing (subject to compliance with all terms and conditions of the Loan Documents), and Lessor shall be solely responsible for any fees or charges in connection with Lessor stepping into and assuming such financing.

(b) On and after July 1, 2045, if Lessor has not exercised the Option and there is no Financing then outstanding on the Project (and the Project is not encumbered by mortgage, lien or otherwise) and there is no uncured breach existing under this Agreement or the Ground Lease, then Lessor shall have the right and option to purchase all of Lessee's right, title and interest in the Project for one dollar (\$1.00) upon delivery of written notice to Lessee (the "Second Option").

(c) In the event that either the Option or the Second Option is exercised, the Lessee and Lessor agree that effective as of the closing of the transfer of the Project to Lessor, the Ground Lease shall be terminated by the mutual consent of Lessee and Lessor.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the Lessee and Manager have executed and delivered this Agreement as of the date first above written.

LESSEE:

KURZ HALL, LLC

By: University of Louisville Real Estate
Foundation, Inc., its Manager

By: _____
Keith Sherman
Executive Director and COO

MANAGER:

UNIVERSITY OF LOUISVILLE

By: _____
Name: _____
Title: _____

Recommended by:

By: _____
Name: Dr. Thomas Hardy
Title: Director, Campus Housing

LESSOR:

By execution hereof, the undersigned Lessor hereby provides its consent pursuant to the Ground Lease.

COMMONWEALTH OF KENTUCKY, FOR THE
USE AND BENEFIT OF THE UNIVERSITY OF
LOUISVILLE

By: _____
Name: _____
Title: _____

STUDENT HOUSING MANAGEMENT AGREEMENT
Bettie Johnson Hall

This **STUDENT HOUSING MANAGEMENT AGREEMENT** ("Agreement") is executed and made effective on _____, 2021 (the "Effective Date") between **JOHNSON HALL, LLC**, a Kentucky limited liability company, having an address of 215 Central Avenue, Suite 212, Louisville, Kentucky 40208 ("Lessee"), and **UNIVERSITY OF LOUISVILLE**, a public institution of higher education of the Commonwealth of Kentucky, whose address is c/o University of Louisville, Campus Housing, Stevenson Hall, 2301 South Third Street, Louisville, Kentucky 40292, in its capacity as manager (the "Manager").

WHEREAS, Lessee has entered into that certain Amended and Restated Ground Lease Agreement dated as of November 7, 2018 (the "Ground Lease"), as may be amended from time to time, by and between the Lessee and the **COMMONWEALTH OF KENTUCKY, FOR THE USE AND BENEFIT OF THE UNIVERSITY OF LOUISVILLE**, in its capacity as lessor (the "Lessor").

WHEREAS, Lessee desires to appoint Manager as its sole and exclusive agent to manage, supervise, rent, lease, maintain and operate the Project (as hereinafter defined), and Manager desires to accept such appointment, upon the terms, covenants, conditions and provisions of this Agreement, all as of the Effective Date;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessee and Manager hereby covenant and agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 Definitions. In this Agreement, unless otherwise specified, the following terms have the following meanings, and any capitalized terms used herein which are not otherwise defined herein shall have the meanings given to such terms in the Ground Lease:

"Affiliate" means with respect to any Person, any relative of the Person in question, if such Person is an individual, or any other Person directly or indirectly controlled by, controlling or under common control with the Person in question. For the purposes hereof, with respect to any Person that is not an individual, "control" means ownership, directly or indirectly, of at least 50% of the equity interests in such Person.

"Agreement" is defined in the Preamble to this Agreement.

"Annual Budget" means that certain annual budget, management and leasing plan including a comprehensive and detailed description of the practices and procedures to be followed in the management and leasing of the Project, that has been prepared by Manager and approved by Lessee and Lessor, and all revised and replacement annual budgets approved by

Lessee and Lessor in accordance with the terms and provisions hereof and of the Ground Lease and the Loan Agreement.

“Borrowers” means, collectively, (i) Lessee, (ii) Kurz Hall, LLC, a Kentucky limited liability company, and (iii) Community Park, LLC, a Kentucky limited liability company.

“Business Day(s)” means any day that is not a Saturday, Sunday, a recognized government holiday in Louisville, Kentucky, or a day in which the University of Louisville is closed pursuant to the University’s publicly available calendar.

“Calendar Year” means a calendar year, and, with respect to the last Calendar Year, such year shall end on the date this Agreement expires or terminates.

“Capital Costs” means any costs, expenses or expenditures for repairs or replacements at the Project which are considered “capital expenditures” according to generally accepted accounting principles or are funded from the Capital Reserve Escrow Agreement and paid from the Escrow Account as defined in and established by the Capital Reserve Escrow Agreement.

“Capital Reserve Escrow Agreement” means that certain Capital Reserve Escrow Agreement entered into between NWM and Borrowers dated as of November 8, 2018.

“Casualty” means any damage to, or destruction of, the Project or any part thereof.

“Community Park Management Agreement” means that certain Student Housing Management Agreement dated as of the date of this Agreement and effective as of the Effective Date, between Lessee and Manager which appoints Manager as its sole and exclusive agent to manage, supervise, rent, lease, maintain and operate the Community Park Project (as hereinafter defined), all pursuant to the terms therein.

“Community Park Project” means that certain parcel of real property commonly known as “Community Park” consisting of approximately 1.6734 acres located at 2033 South Fourth Street, Louisville, Jefferson County, Kentucky.

“Condemnation” shall mean either a Total Taking or a Partial Taking, as such terms are defined in Article 9 of the Ground Lease.

“Contracts” means the agreements, contracts, documents and obligations (other than the Leases or this Agreement) now or hereafter in effect relating to the Project entered into in accordance with the terms hereof, except any agreements, contracts, documents and obligations relating to Financing.

“Debt Service” means any and all amounts owed by Lessee pursuant to the Financing, including amounts owed by Lessee to NWM pursuant to the terms and conditions of the Loan Documents.

“Default” means any condition or event which constitutes an Event of Default or which with the giving of notice or the lapse of time would, unless cured or waived, become an Event of Default.

“Effective Date” is as set forth in the Preamble to this Agreement.

“Event of Default” is defined in Section 7.2 hereof.

“Financing” means any financing or refinancing by debt, sale and leaseback or other form of financing with respect to the Project or any debt or other obligation of Lessee relating to the Project, including, without limitation, the Loan.

“First Class Manner” means, in a high-quality manner, standard or condition (as applicable) for the type, style, class, age and location (including submarkets) of the Project consistent with the Annual Budget.

“Fiscal Year” means a twelve-month period beginning July 1 and ending the next succeeding June 30.

“Gross Revenue” is defined in Section 4.1 of the Ground Lease.

“Ground Lease” means that certain Ground Lease defined in the Preamble to this Agreement and referenced throughout this Agreement.

“Insurance Requirements” is defined in Article V of this Agreement.

“Kurz Hall Management Agreement” means that certain Student Housing Management Agreement dated as of the date of this Agreement and effective as of the Effective Date, between Lessee and Manager which appoints Manager as its sole and exclusive agent to manage, supervise, rent, lease, maintain and operate the Kurz Hall Project (as hereinafter defined), all pursuant to the terms therein.

“Kurz Hall Project” means that certain parcel of real property commonly known as “Kurz Hall” consisting of approximately 2.101 acres located at 1900 South Fourth Street, Louisville, Jefferson County, Kentucky.

“Leases” means the leases, licenses, and other occupancy agreements now or hereafter in effect and relating to the housing which is part of the Project (specifically including temporary housing agreements for attendees of summer camp programs and the use of any guest apartment at the Project, if applicable), including all renewals, extensions, amendments and other modifications thereof and all guaranties of the obligations of any Resident thereunder.

“Legal Requirements” means all Permits, laws, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, directions and requirements of, and agreements with, governmental bodies, agencies or officials, now or hereafter applicable to the Project, or the management, leasing or any use or condition thereof.

“Lessee” is defined in the Preamble to this Agreement.

“Lessor” is defined in the Preamble to this Agreement.

“Loan” means that certain mortgage loan transaction with NWM, pursuant to which NWM loaned \$42,000,000.00 to Borrowers, jointly and severally, and secured by a lien on, among other real property, the Project, the terms of which are more particularly set forth in that certain Loan Application UofL Portfolio Loan Number 342235 dated July 27, 2018, as amended by that certain Loan Application Amendment dated September 25, 2018, as further amended by that certain Loan Application Second Amendment dated October 1, 2018, as further amended by that certain modified acceptance letter dated October 12, 2018, each executed by the Borrowers.

“Loan Agreement” means that certain Master Loan Agreement entered into between NWM and Borrowers dated as of November 8, 2018.

“Loan Documents” means all documents executed and delivered in connection with the issuance of the Loan, including, without limitation, the Loan Agreement, the Capital Reserve Escrow Agreement, leases, mortgages, reimbursement agreements, security agreements and similar documents.

“Manager” is defined in the Preamble to this Agreement.

“Manager’s Office” is defined in Section 2.2 hereof.

“NWM” means The Northwestern Mutual Life Insurance Company, together with its successors and/or assigns.

“Operating Expenses” or “Operating Expense” means, for any period, all expenditures made for such period with respect to the Project determined by generally accepted accounting principles on an accrual basis, including, without duplication (subject to the exclusions described below), (a) all Debt Service, (b) the cost of reimbursing Manager for Manager’s employees operating and maintaining the Project to the extent set forth in the Annual Budget or otherwise approved by Lessee, (c) expenses paid for the operation, maintenance, rehabilitation or Restoration of the Project pursuant to the Annual Budget or with the approval of Lessee, (d) any taxes or special assessments of any kind levied or assessed against the Project (including the land on which the Project is located), (e) any and all costs and expenses incurred by Lessee in order to remain in compliance with Legal Requirements, Insurance Requirements and the other terms and conditions of the Ground Lease and Loan Documents, and (f) other expenses paid as permitted hereunder.

“Permits” means all licenses, authorizations, certificates, variances, consents, approvals and other permits now or hereafter required relating to the use, operation, management or leasing of the Project.

“Person” means any individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or agency or instrumentality thereof.

“Project” means that certain student housing development consisting of the land, buildings, other improvements and personal property as more particularly described in Section 2.1 of this Agreement and having the meaning ascribed to the term “Property” as defined in the Ground Lease.

“Project Statement” means a statement or invoice for services rendered or materials provided under any Contract or purchase order made in accordance with the terms hereof (i) which Manager has identified to a specific line item in the Annual Budget and (ii) with respect to which Manager is willing to certify to Lessee that the services or materials to be provided have been provided in accordance with such Contract or purchase order.

“Rent(s)” means any payments made by Residents in connection with their housing at the Project, whether such payments are made monthly, prior to each University term, or prior to a summer camp or other University-sponsored program.

“Residents” means the residents, licensees, and other occupants under the Leases.

“Restoration” means the restoration, repair, replacement, rebuilding or demolition of the Project after any Casualty or Condemnation to the extent decided by Lessee.

“Standard Housing Application” shall mean the form of application or lease used by Manager as the standard form of housing agreement for the Residents at the Project (being the same standard housing application used for all University owned or operated dormitories).

“Standard Rates” shall mean monthly rates for each type of student housing unit included in the Project as specified in the Annual Budget, or such rates as may be specified or approved by Lessee from time to time.

“Standard Term” means a lease term of at least twelve months or such other period of time as provided in the Standard Housing Application.

“Term” is defined in Section 7.1 hereof.

“Total Reserves” means the establishment of or addition to the amounts set aside in reserve for any and all reasonable purposes in connection with the maintenance and operation of the Project, including, but not limited to, reserves for repair and replacement of machinery, equipment, fixtures, appliances, furniture, furnishings and other personal property, reserves for maintenance and capital expenditures, and such other reserves as required in connection with the Loan, including the reserves required by the Ground Lease.

“University” means the University of Louisville, a public institution of higher education of the Commonwealth of Kentucky, in its capacity as a university.

“University Dorm Account” is defined in Section 3.3 hereof.

1.2 Interpretation. In this Agreement, unless otherwise specified, (a) singular words include the plural and plural words include the singular; (b) words which import a number of constituent parts, things or elements, shall be construed as referring separately to each constituent part, thing or element thereof, as well as to all of such constituent parts, things or elements as a whole; (c) words importing any gender include the other genders; (d) references to any Person include such Person’s successors and assigns to the extent permitted herein, (e) the word “successors”, when it refers to an individual, includes the heirs, devisees, legatees, executors, administrators and personal representatives of such individual; (f) references to any statute or other law include all rules, regulations and orders adopted or made thereunder and all statutes or other laws amending, consolidating or replacing the statute or law referred to, (g) references to any agreement or other document include all subsequent amendments or other modifications thereof entered into in accordance with the provisions thereof; (h) the words “approve”, “consent”, or “agree”, and any derivations thereof or words of similar import, mean the prior written approval, consent or agreement of the Person holding the right to approve, consent or agree in such Person’s discretion, the exercise of which shall be reasonable; (i) the words “include” and “including”, and words of similar import, shall be deemed to be followed by the words “without limitation”; (j) the words “hereof”, “hereto”, “herein” and “hereunder”, and words of similar import, refer to this Agreement in its entirety; (k) the Schedules and Exhibits hereto are part of this Agreement and are incorporated herein by reference; (l) the words “Article”, “Section”, “Schedule” or “Exhibit” refer to the articles, sections, schedules and exhibits of and to this Agreement; (m) headings of Articles, Sections, Schedules, Exhibits and paragraphs are inserted as a matter of convenience and shall not affect the construction of this Agreement; and subparagraphs thereof; and (n) no inference in favor or against any Person shall be drawn from the fact that such Person or its attorneys drafted any portion hereof.

1.3 Accounting Terms and Determinations. In this Agreement, unless otherwise specified, all (a) accounting terms used herein, (b) accounting determinations hereunder and (c) books, records, financial statements and reports required to be kept and prepared hereunder shall be interpreted, made or kept and prepared, as applicable, in accordance with generally accepted accounting principles as in effect from time to time, consistently applied, on an accrual basis except as reasonably directed or approved by Lessee.

ARTICLE II APPOINTMENT AND GENERAL PROVISIONS

2.1 Appointment. Lessee hereby appoints Manager and Manager hereby accepts appointment on the terms and conditions hereinafter provided as sole and exclusive agent of Lessee to manage, supervise, rent, lease, maintain and operate a student housing facility known as “Bettie Johnson Hall,” located on land leased by the Lessee from the Lessor on the Belknap Campus of the University of Louisville in Louisville/Jefferson County Metro, Commonwealth of Kentucky and consisting of approximately 490 beds in a Class A apartment style student housing facility with other facilities. Manager will operate the premises as a student housing and meeting room facility to serve Residents in accordance with the terms and conditions set forth in this

Agreement and the Ground Lease. The only approved uses of the Project shall be, and Manager shall only operate the Project as, a student housing and meeting room facility, which approved uses shall include such other ancillary uses as may be permitted as part of the Project, including, but not limited, housing for summer camp resident and activities related thereto.

2.2 Management Duties and Authority. Manager is hereby charged with the sole and exclusive right to supervise and direct the management and operation of the Project, and shall provide Lessee with the services customarily provided for in such instances, and shall, as agent of Lessee, do and perform any and all things reasonably necessary for the rental, maintenance, operation and service of said Project (the "Manager Functions") including, but not limited to any and all acts necessary and appropriate to be undertaken for the (i) successful management and operation of the Project, (ii) successful leasing of the Project to Residents, (iii) successful management of the Leases, (iv) successful supervision of the finances and operation of the Project, and (v) adherence to and compliance with the terms of the Ground Lease and the Loan Documents. The Ground Lease and Loan Documents have been provided to Manager and the terms of such documents are incorporated herein by reference as if they were set forth in full herein. Manager shall be responsible for compliance and performance of all obligations and terms contained in the Ground Lease and Loan Agreement to the extent they relate to Manager Functions. In the event of any conflict or discrepancy between the terms of the Ground Lease and the terms of this Agreement, including, but not limited to, any terms pertaining to Manager's duties, the terms of this Agreement shall control and shall preempt any inconsistent terms therein. In the event of any conflict between the terms of this Agreement and the Loan Documents, the terms of the Loan Documents shall control and shall preempt any inconsistent terms herein. All Manager Functions shall be in accordance (i) with reasonable professional practice for a property of similar like and kind to the Project, (ii) the directive that all Debt Service be paid as it becomes due and payable, and (iii) with and subject to the terms and conditions of the Ground Lease and Loan Documents, it being specifically understood that the Manager (on behalf of Lessee) shall be responsible for performing all Manager Functions included in Section 5 of the Ground Lease and accompanying exhibits (i.e., fulfilling all obligations of Lessee under the Ground Lease) and that Manager shall be responsible for Lessee maintaining compliance with the terms of the Loan Agreement. It shall be the duty of Manager at all times during the Term to use, operate and maintain the Project according to the terms and conditions of this Agreement. It is expressly understood and agreed that so long as this Agreement is in force and effect, Lessee shall not interfere or involve itself in any way with the day-to-day operation of the Project and shall at no time give or communicate any orders or instructions to employees or personnel employed at the Project. Lessee, however, reserves the right to address itself to Manager on any matter connected with the Project. The Project shall include reasonable and sufficient office, operating, storage and maintenance space and facilities (if necessary), including telephone, facsimile and internet access as required for the Manager's management of the Project (the "Manager's Office").

2.3 Leasing Duties and Authority. Subject to the provisions of this Agreement, and in accordance with the Annual Budget, Manager shall offer space in the Project for lease to qualified Residents consistent with the terms of the Ground Lease and the Loan Documents with such care, skill, prudence and diligence as is reasonably appropriate for a building of similar like and kind to the Project. Manager's appointment as a leasing agent for the Project hereunder shall

apply only to the leasing of the Project. Manager agrees to abide by the “First Fill Requirement” set forth in Section 20.12 of the Ground Lease as well as the “First to Fill Covenants” set forth in the Loan Documents, as well as all of the other terms and conditions included within the Ground Lease and Loan Documents which are applicable to Manager.

2.4 Relationship of the Parties. Manager’s relationship to Lessee hereunder is that of agent of Lessee strictly for the operation and management of the Project and all matters incident thereto as set forth in this Agreement and for no other purpose, and neither Manager nor Lessee shall represent to any other Person that Manager’s relationship to Lessee hereunder is otherwise.

2.5 Licenses. Manager represents that it and its personnel are, and while this Agreement remains in effect, Manager and its personnel shall be qualified, to the extent required by applicable law and the Ground Lease, to perform Manager’s duties thereunder. Manager shall fully comply with all applicable laws, rules, regulations and orders relating to the performance of its duties hereunder, including applicable local, state and federal anti-discrimination laws.

2.6 Cooperation. Manager shall consult with Lessee to the extent necessary, appropriate or desirable to enable Manager to perform its duties hereunder. Manager shall conduct meetings between Lessee, Lessor and Manager from time to time as necessary, appropriate or desirable to enable Manager to perform its duties hereunder. Each party to this Agreement shall cooperate fully in all matters relating to the management, leasing, operation and Financing of the Project (including, compiling any reports or other information required to be furnished by Lessee to NWM under the Loan Documents) and the defense of any claim, action or proceeding relating thereto or to this Agreement, and Manager shall respond to all reasonable requests for information by Lessee or Lessor within five (5) Business Days, including furnishing all documents and services relating thereto reasonably required by Lessee in connection with the management, leasing, or operation of the Project. Lessee shall promptly respond to all reasonable requests by Manager for information or consultation necessary for the management, leasing and operation of the Project.

2.7 Representatives.

(a) Whenever any consent, approval or other action of Lessee is required or permitted hereunder, such consent, approval or other action shall be effective if given or taken by the chief executive of the University of Louisville Real Estate Foundation, Inc. (“ULREF”), or his/her designee, acting in ULREF’s role as manager of Lessee. Such representative of Lessee may be changed at any time by Lessee by notice to Manager pursuant to Section 8.1 hereof.

(b) Whenever any consent, approval or other action of Manager is required or permitted hereunder and is specifically related to the responsibilities and operations of Manager under this Agreement, such consent, approval or other action shall be effective if given or taken by Manager’s Director of Campus Housing, acting on behalf of Manager. Such representative may be changed by Manager by notice to Lessee pursuant to Section 8.1 hereof.

(c) Whenever any consent, approval or other action of Lessor is required or permitted hereunder, such consent, approval or other action shall be effective if given or taken by

either the Provost, the President, or the Chief Operating Officer of the University, acting on behalf of Lessor, or by any other party with appropriate written authority to bind the Lessor. Such representative of Lessor may be changed at any time by Lessor by notice to Manager pursuant to Section 8.1 hereof.

ARTICLE III MANAGEMENT DUTIES AND AUTHORITY

3.1 Project Management Generally.

(a) Subject to Section 2.2 of this Agreement and the terms of the Ground Lease and Loan Agreement (including Article XV of the Loan Agreement), Manager shall manage, operate and care for the Project in a First Class Manner consistent with the Annual Budget and do all things necessary, desirable or appropriate therefore or customarily performed by managing agents of properties similar to the Project, including, performance of the Manager Functions. Without limiting the generality of the foregoing, Manager shall:

(i) implement the Annual Budget, including the monthly payment of funds sufficient to timely pay any and all Debt Service;

(ii) prepare and, subject to the terms of this Agreement, execute all Contracts for water, sanitary and storm sewer, drainage, electricity, steam, gas, telephone, fuel, cleaning, garbage removal, pest control, electronic door access control, closed circuit camera system, Internet access, Project security and other utilities and services necessary or appropriate for the management and operation of the Project in accordance with the Annual Budget and the Ground Lease, unless otherwise provided herein;

(iii) purchase all supplies and materials necessary or appropriate for the management and operation of the Project in accordance with the Annual Budget, unless otherwise provided herein;

(iv) consult with, and make recommendations to, Lessee with respect to any Condemnation or threatened Condemnation of the Project; and take such reasonable action as the Lessee may direct with respect to any Condemnation or threatened Condemnation of the Project;

(v) subject to the provisions of the Loan Documents, consult with, and make recommendations to, Lessee and Lessor with respect to any Casualty or other claim covered by the insurance required to be maintained hereunder; and, unless directed otherwise by Lessee or Lessor, take action which Manager reasonably believes to be in the best interest of the Project with respect to any claim in respect of any Casualty or other claim covered by the insurance required to be maintained hereunder; and

(vi) subject to the provisions of the Loan Documents and the other provisions of this Section 3.1, consult with, and make recommendations to, Lessee concerning the condition of the Project and the necessity for maintenance, repair, alteration or Restoration

thereof in accordance with Lessee's duties under Article 10 of the Ground Lease and Article V of the Loan Agreement; provide through employees or third party contractors all work, labor and services necessary or appropriate to maintain and repair the Project in a First Class Manner in accordance with the Annual Budget unless otherwise provided herein; promptly notify Lessee upon learning that the condition of the Project materially fails to meet the standard of First Class manner of maintenance and repair; promptly notify Lessee upon learning of any Casualty or Condemnation (or threatened Condemnation) with respect to the Project; consult with, and make recommendations to, Lessee concerning Restoration after any Casualty or Condemnation; and in accordance with the Annual Budget and the terms hereof, prepare and, subject to the terms of this Section 3.1 hereof, monitor the performance of such Contracts.

(b) All Contracts prepared and purchases made hereunder as an Operating Expense in accordance with the Annual Budget shall be made in the name of Manager. In the event that the Project is no longer managed by Manager, Manager will make reasonable efforts to assign all applicable Contracts to Lessee or the substitute manager, as appropriate.

(c) Notwithstanding any term or provision of this Agreement to the contrary, Manager may enter into Contracts with an Affiliate of Manager if (i) such Contracts are necessary for management of the Project, (ii) the terms of any such Contracts shall be substantially similar to those that would be obtained with an unrelated third party, and (iii) all such costs incurred by Manager pursuant to such Contracts are incurred pursuant to the Annual Budget.

(d) Subject to Sections 3.1 (b) and 3.1(c) hereof, Manager may execute Contracts for the provision of services to the Project so long as (i) the cost of such services under any such Contract are reasonable for such services in the market where the Project is located, (ii) any such Contract is terminable by Manager or Lessee without cost or penalty on not more than thirty (30) days' notice, and (iii) any such Contract (other than utility providers) requires the service provider to carry insurance in amounts that are reasonably sufficient given the types of services being provided by such party. Upon request by Lessee, Manager shall provide any proposed Contracts to Lessee for Lessee's review within (5) Business Days of Lessee's request.

(e) Subject to the provisions hereof, including Section 3.1(c) hereof, Manager may elect to have the maintenance, repair, furnishing, replacement, cleaning and other services with respect to the Project performed by employees of Manager and the reasonable costs of performing such services shall be considered an Operating Expense of the Project; provided, however, that any such costs for such services shall not materially exceed the costs that would have been incurred had such services been provided by unrelated third parties and in no event shall any such cost exceed the amount allocated for such cost in the Annual Budget.

3.2 Management Employees.

(a) Manager shall have in its employ (or under contract as independent contractors) at all times sufficient staff of capable personnel for the proper maintenance, leasing and operation of the Project. Such personnel shall be employees of Manager (or independent contractors) and all matters pertaining to such personnel, including their employment,

supervision, compensation, promotion and discharge (or management of the contracts of independent contractors), shall be the responsibility of Manager.

(b) Subject to the provisions of Section 3.8 hereof and Article VI, Manager shall be reimbursed from the University Dorm Account for all or an equitably apportioned pro rata share of Manager's costs of gross salary or wages including all standardized benefits provided by the University of Louisville, reasonable vacation pay, sick leave, payroll taxes, insurance, worker's compensation and other benefits and payroll burdens of Manager's personnel required to properly, adequately and safely maintain the Project.

(c) Manager shall fully comply with all applicable laws, rules, regulations and orders relating to worker's compensation, social security, unemployment insurance, wages, hours, working conditions and other matters pertaining to Manager's personnel.

(d) Manager shall be solely responsible for its personnel and contractors in the event of the termination of this Agreement.

3.3 Rents Collection and Services with Respect to Leases.

(a) Other than for supervisory personnel assigned to the Project (including any Resident managers or advisors), Manager shall not, without the consent of Lessee, permit any Person to occupy any space in the Project without a written Lease. Manager shall supervise the moving in and out of all Residents in a manner which, (i) as far as reasonably possible, causes a minimum of disturbance to other Residents, and (ii) is not violative of the Lease of any other Resident.

(b) Manager shall administer the provisions of the Leases, ensure that the Residents receive the services required to be provided under their Leases, daily and punctually observe and perform all of the landlord's obligations under the Leases, and enforce, preserve and keep unimpaired the rights of landlord and the obligations of the Residents under the Leases.

(c) All Gross Revenues shall be deposited by Manager directly into a bank account as required by the Loan Documents for payment of expenses for the Project (the "University Dorm Account"). Manager shall immediately deposit all Rents and sums received by Manager, if any, into the University Dorm Account. Any outstanding Rents will be enforced by the Bursar of the University, and Manager may work with the Bursar on the enforcement of the payment of Rents, as appropriate.

(d) In the event of any default or event which, with the giving of notice or the passage of time or both, would constitute a default or event of default by any Resident, Manager shall take such action as Manager reasonably believes to be appropriate in the circumstances with respect to such default or event of default, including instituting legal proceedings at the sole cost and as an Operating Expense of the Project, for the enforcement of the obligations of the Residents under their Leases and for the dispossession of any Residents in default under their Leases, subject to the policies of the University and the rights of Residents under the Leases. Manager shall have the right to designate the attorneys for any such legal proceedings.

(e) Notwithstanding anything herein to the contrary, all Rents, charges and other amounts receivable in connection with the management and operation of the Project will be collected, deposited and expended in accordance with the terms of the Loan Documents, it being specifically understood that the terms of the Loan Documents shall control the terms hereof with respect thereto.

3.4 Services with Respect to Contracts.

(a) Manager shall, in accordance with the Annual Budget, duly and punctually perform Manager's obligations under the Contracts and enforce, preserve and keep unimpaired its rights and the obligations of other parties under the Contracts. Manager shall timely pay any amounts due under such Contracts.

(b) Manager shall promptly notify Lessee upon receiving notice of any default, event of default or event that, with the giving of notice or the passage of time or both, would constitute a material default or material event of default by any other party under any Contract. In the event Manager receives notice of any default, event of default, or event which, with the giving of notice or the passage of time or both, would constitute a default or event of default by any other party under any Contract, Manager shall take such action as Manager reasonably believes to be appropriate in the circumstances with respect to such default or event of default, including instituting legal proceedings, at the sole cost and as an Operating Expense of the Project to enforce the obligations of such other party under such Contract. Manager shall have the right to designate the attorneys for any such legal proceedings.

(c) Without the consent of Lessee, Manager shall not take any action, or omit to take any action or give any notice, the taking, omission or giving of which might result in an expenditure in connection with any Contract in excess of the budgeted amount therefore (unless otherwise permitted herein), except in the event of an emergency or as necessary, in Manager's reasonable discretion, to prevent damage to the Project.

(d) Manager and Lessee shall each promptly notify the other upon receiving any notice of a material default under any Contract (and furnish a copy of the notice received by it with its notice to the other party). In the event of any such notice, Manager shall consult with Lessee concerning the action to be taken with respect thereto and, as an Operating Expense of the Project, Manager shall take such action as Manager reasonably believes to be in the best interest of the Project.

(e) Upon termination of the Ground Lease, all such Contracts may be assigned, at Lessor's discretion, to the Lessor upon termination of this Agreement.

3.5 Services with Respect to Legal and Insurance Requirements.

(a) Manager shall, as an Operating Expense of the Project, duly and punctually comply with all (i) Legal Requirements applicable to the Project and the management and operation thereof under this Agreement, and (ii) all Insurance Requirements applicable to the

Project and the management and operation thereof, both pursuant to and as set forth in this Agreement, Article 8 of the Ground Lease and Article V of the Loan Agreement.

(b) Each of Manager and Lessee shall promptly notify the other and Lessor upon receiving any notice of any default or event of default by Manager or Lessee or related to the Project in connection with any Legal Requirements or Insurance Requirements. In the event of any such notice, default or event of default, Manager shall consult with Lessee concerning the action to be taken with respect thereto and, as an Operating Expense, shall take such action with respect thereto as Manager reasonably believes to be in the best interest of the Project.

3.6 Records and Reports. All reporting to Lessee will be completed in electronic form unless Lessee specifically requests otherwise.

(a) Budget. Manager shall timely provide Lessee with the information Lessee requires for compliance with Lessee's obligations under Article II of the Loan Agreement as well as all other reporting required under the Loan Documents or Ground Lease, provided, however, that Manager shall have no duty to provide any information or reports more often than as required for Lessee's monthly reporting. If, due to an extenuating circumstance, Lessee requires that Manager provide any reporting or information more often than monthly, Lessee shall provide Manager with a written request for such information, which request shall include an explanation for the immediate need of such information, and Manager shall have no fewer than five (5) Business Days to respond. As it relates to an operating budget for the Project, Manager shall prepare and submit to Lessee an annual operating budget for the Project, which annual operating budget shall be subject to Lessee's approval, which approval shall not be unreasonably withheld.

(b) Records. Manager shall maintain and keep at the Manager's Office accurate copies or originals, as applicable, of all records and all written correspondence (including with Lessee) or reports received or made by the Manager related to the Project or Manager's duties hereunder. All such records shall be kept as follows:

(i) Lessee shall retain title to such records so long as Lessee has title to the Project. Manager shall retain such records for at least five (5) years after the close of the Calendar Year to which they apply, after which period Manager may destroy such records. If Lessee requests copies of any such records prior to the expiration of such period, Manager shall make reasonable efforts to deliver such records to Lessee within a reasonable time;

(ii) upon at least ten (10) Business Days' notice to Manager, Lessee or accountants or other representatives of Lessee may (as an Operating Expense) inspect, audit and copy such records during normal business hours, and Manager shall reasonably cooperate with Lessee in connection with the same; and

(iii) in the event this Agreement is terminated or expires, Manager shall deliver such records (or copies thereof) to Lessee, along with a final accounting, no later than sixty (60) days after such termination or expiration.

3.7 Bank Accounts and Handling of Funds. Manager shall maintain bank accounts pursuant to the requirements of the Loan Documents.

3.8 Payment of Expenses

(a) Except as otherwise set forth in this Agreement, Manager shall pay all expenses of operating the Project from the University Dorm Account. Manager shall obtain Lessee's prior written consent prior to incurring any Capital Costs in excess of \$500,000. If Manager recommends any new improvements, repairs or replacements of existing improvements to the Project which would result in the expenditure of Capital Costs in excess of \$500,000, Manager shall provide written notification to Lessee, which written notification shall provide the cost, scope and description of such improvement, repair or replacement and any other information that Lessee may reasonably request. Capital Costs shall be paid by requisitions from the Escrow Account as defined in and established by the Capital Reserve Escrow Agreement. Each expense paid by Manager will be supported by a Project Statement and, upon reasonable request by Lessee, Manager shall provide copies of any such Project Statement to Lessee and Lessor. To the extent Lessee is required by the Ground Lease or Loan Documents to contribute funds to any escrow account or capital reserve account, Manager shall be obligated to make such contribution on behalf of Lessee.

(b) If the funds in the University Dorm Account are at any time thereafter insufficient to pay the expenses of operating the Project, Manager shall immediately give written notice of such insufficiency to Lessee. Upon any such notice, Manager, Lessor and Lessee shall promptly meet to negotiate a resolution to such insufficiency. Manager may advance Manager's own funds to pay any expenses that the University Dorm Account was insufficient to cover. If Manager makes any such advance from Manager's own funds, Manager shall be entitled to reimbursement from the Project through the University Dorm Account within five (5) Business Days as long as sufficient funds are available for Debt Service.

(c) Notwithstanding any term or provision to the contrary contained herein, Manager's first priority shall be payment of the Debt Service and compliance with the Loan Documents and Ground Lease. Manager shall not make payment of any Operating Expenses if, immediately following payment of such Operating Expenses, funds remaining in the University Dorm Account would be insufficient to pay the Debt Service.

3.9 Constraints on Manager's Authority

(a) It is understood and agreed by Lessee and Manager that Manager's authority (i) to act for or on behalf of Lessee hereunder or in conjunction with the Project or (ii) to bind or subject Lessee or its assets, including the Project or any portion thereof, is expressly limited as provided in this Agreement and the Ground Lease. Such constraints include, among the other restrictions and required approvals in this Agreement, that (A) all of Manager's actions are subject to the standard of care set forth herein, (B) except as specifically authorized herein, all of Manager's actions are subject to the constraints of the Annual Budget or receipt of Lessee's approval, as applicable, (C) Manager's leasing of the Project is subject to the Annual Budget and Article IV hereof, (D) the handling of funds generated from the Project is subject to

the provisions of Section 3.8 hereof, (E) the authority of the Manager to act as leasing agent for the Project is as set forth in Article II hereof and does not otherwise give Manager any authority to obligate Lessee, (F) Manager shall not execute any deed, note, mortgage or security agreement binding on the Lessee or Lessor, and (G) Manager shall not commit or authorize any act or omission which results in the imposition of any lien or encumbrance on the Project.

(b) Except as otherwise specifically set forth herein, Manager may appear in, commence or respond to legal or other proceedings on behalf of Lessee only upon the direction of Lessee. Manager may appear in or commence legal or other proceedings on its own behalf as an Operating Expense of the Project with the consent of Lessee and at its own expense at any time without the consent of Lessee, provided that the same shall result in no cost or liability to Lessee if commenced without Lessee's consent. Manager shall promptly notify Lessee if it appears in any proceedings with regard to the Project on behalf of the Lessee or on its own behalf and, if requested by Lessee, promptly furnish copies of any documents it files in connection with any such proceedings.

ARTICLE IV LEASING DUTIES AND AUTHORITY

4.1 Duties and Authority. Subject to Section 2.3 hereof and in accordance with the Annual Budget, Manager shall provide all services necessary, proper, desirable or appropriate for leasing the Project, as follows:

(a) Manager shall, subject always to applicable Legal Requirements and Section 4.2 hereof, follow the policies of the University of Louisville;

(b) Manager shall make proposals to and show space in the Project to prospective Residents;

(c) Manager shall take and process applications from prospective Residents;
and

(d) All residents shall apply for residence at the Project on the Standard Housing Application. A copy of the Standard Housing Application by each Resident and all correspondence with the Resident named thereon shall be maintained by Manager as a record of the Project in accordance with Section 3.6 hereof.

4.2 Non Discrimination. Space in the Project shall be leased without regard to race, creed, color, religion, sex, age, disability or national origin in accordance with applicable federal, state and local laws.

ARTICLE V INSURANCE

Throughout the Term, Manager shall cause to be carried and maintained, with NWM and Lessee listed as additional insureds (or otherwise in a manner which is acceptable to NWM and Lessor), all insurance described in Article 8 of the Ground Lease and Article V of the Loan

Agreement such that Lessee shall be in full compliance with all of its insurance related obligations under the Ground Lease and Loan Documents (the “Insurance Requirements”). Further, Manager shall take all such other action with respect to insurance (delivering certificates, evidence of payment, etc.) sufficient to keep Lessee in compliance with the Insurance Requirements, including payment of all premiums, which shall be an Operating Expense. Lessee and Manager each release each other from and against any and all claims, demands, liabilities, or obligations whatsoever for damage to the Project, and for loss of rents or profits, of the releasing party resulting from or in any way connected with any fire, accident, or other casualty to the Project. The all-risk policies carried by the parties hereunder shall contain a provision whereby the respective carriers shall waive all rights or recovery by way of subrogation, as applicable, to the extent of any insurance proceeds

ARTICLE VI MANAGER’S COMPENSATION

The Manager shall not receive a direct fee for its management of the Project. As provided in the Ground Lease, University shall receive all Gross Revenues that are available after the payment of all Debt Service, funding of Total Reserves and payment of all other Operating Expenses. However, for the avoidance of doubt, nothing in this Article or this Agreement shall affect any rental payments, reserves, or other fees due to the University pursuant to the Ground Lease, and all such payments shall continue to be due as provided therein.

ARTICLE VII TERM

7.1 Term. The initial term of this Agreement shall begin on the Effective Date and continue until 11:59 PM on June 30, 2024 (the “Initial Term”), subject to earlier termination as set forth in Section 7.2 below. Upon expiration of the Initial Term, this Agreement shall automatically renew for a three-year renewal term (through June 30, 2027), and thereafter for additional successive three-year renewal terms (each a “Renewal Term”), unless either party shall provide the other with written notice of non-renewal not less than 180 days before expiration of the then current term. The Initial Term and any Renewal Terms are referred to collectively herein as the “Term”.

7.2 Termination. This Agreement may be terminated by either Manager or Lessee immediately in the event that Lessor elects to exercise the Option or the Second Option pursuant to Section 8.14 below, the total demolition or a Casualty affecting a substantial portion of the Project (such that the same shall become unrecoverable and the Project shall not be promptly restored), the termination by Lessor of the Ground Lease, or Condemnation of a substantial portion of the Project. Further, this Agreement may be terminated as set forth below if any one or more of the following events (each an “Event of Default”) shall occur and be continuing:

(a) by Lessee if Manager shall assign this Agreement or delegate its duties hereunder to any entity (other than an Affiliate of Manager) without the prior written consent of Lessee;

(b) by Lessee if Manager or any of its directors, officers, employees or agents shall misappropriate any funds of Lessee or otherwise be guilty of gross negligence, willful misconduct, fraud, malfeasance or breach of fiduciary duty in connection with Manager's duties hereunder and Manager shall not (i) make full restitution thereof (if applicable) within fifteen (15) Business Days after Manager's discovery thereof and (ii) thereafter (A) permanently bar the director, officer, employee, agent or other representative who misappropriated such funds or committed such act from acting in any capacity with respect to the Project or (B) make other arrangements reasonably satisfactory to Lessee;

(c) by Lessee if Manager shall fail to maintain the insurance required by Article V of this Agreement;

(d) by either Lessee or Manager (i) if a party to this Agreement shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of its or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or (ii) if an involuntary case or other proceeding shall be commenced against a party to this Agreement seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days; or (iii) if an order for relief shall be entered against a party under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect; or

(e) if either Lessee or Manager shall fail to comply in any material respect with any provision of the Ground Lease or this Agreement (other than those described in clauses (a) through (e) of this Section 7.2 hereof) and such Default shall continue for thirty (30) days after notice of such Default given by one party to the other party; then, while any such Event of Default shall be continuing, the party giving notice shall have the right to terminate this Agreement by notice and to exercise any and all other rights and remedies available under this Agreement and at law or in equity.

7.3 Cross Default. Any default by Manager under (i) this Agreement, (ii) the Kurz Hall Management Agreement, or (iii) the Community Park Management Agreement beyond any applicable notice and cure period shall constitute an Event of Default under this Agreement.

7.4 Determination of Fees. All fees and other sums payable to Manager hereunder shall cease and be determined as of the expiration or termination of this Agreement pursuant to this Article VII hereof.

7.5 Termination of Ground Lease. Upon termination of the Ground Lease, this Agreement may be assigned by Lessee to Lessor, at Lessor's discretion.

**ARTICLE VIII
MISCELLANEOUS**

8.1 Notices. All notices to either party hereunder shall be in writing (including telegram, telex, telecopy or similar writing) and, unless otherwise specified herein, shall be delivered by hand, mailed by United States registered or certified mail, return receipt requested, sent by United States Express Mail or any other reliable overnight express delivery service or transmitted by facsimile (in each case postage, delivery or transmission charges paid by the party giving such communication) addressed to the party to whom such communication is given at its address or facsimile number set forth below, provided however, any notice made by facsimile shall also be sent on the same day of the transmission by first class U.S. mail, postage prepaid:

If to Lessee:

Johnson Hall, LLC
c/o University of Louisville Real Estate Foundation, Inc.
215 Central Avenue, Suite 212
Louisville, KY 40208
Attention: Executive Director
Telephone: (502) 406-8240
Fax: (502) 637-5112

and with a copy (which shall not constitute notice to Lessee) to:

Wyatt, Tarrant & Combs, LLP
400 West Market Street, Suite 2000
Louisville, KY 40202
Attention: Franklin Jelsma
Telephone: (502) 562-7285
Fax: (502) 589-0309

If to Lessor or University:

University of Louisville
Grawemeyer Hall
Office of the President
Louisville, KY 40292
Attn: University President
Fax: (502) 852-7226

and with a copy to:

University of Louisville
206 Grawemeyer Hall
2301 S. Third Street
Louisville, KY 40292

Attn: General Counsel
Fax: (502) 852-5618

If to Manager:

University of Louisville
Campus Housing
Stevenson Hall
2301 South Third Street
Louisville, KY 40292
Attn: Director of Housing
Telephone: (502) 854-3732
Fax: (502) 852-5427

Unless otherwise specified herein, each such communication addressed and given as set forth above shall be effective, (i) if given by overnight delivery, the date of receipt, or attempted delivery, of such communication; (ii) if given by facsimile or e-mail, the date on which such facsimile or e-mail is transmitted and confirmation of delivery, or attempted delivery, thereof is received; and (iii) if sent by mail as aforesaid, the date which is seventy-two (72) hours after such communication is deposited in the mail, postage prepaid as aforesaid. Any party listed above may change its address under this Section by notice to the other parties listed above; provided, however, that no such address shall be located outside of the United States of America.

8.2 Representations and Warranties of Manager and Lessee.

(a) Manager represents to Lessee that (i) Manager has all requisite power and authority to carry on its business as now conducted and to execute, deliver and perform this Agreement; (ii) the execution, delivery and performance by Manager of this Agreement are within its power, have been authorized by all necessary action and do not contravene any provision of its articles of incorporation and by-laws, each as in effect on the date hereof; (iii) this Agreement has been duly executed and delivered by an authorized Person of Manager; (iv) this Agreement, assuming that it has been duly and validly executed by Lessee, is the valid and binding obligation of Manager, enforceable against Manager in accordance with its terms, subject to general equitable principles and applicable provisions of law related to bankruptcy, insolvency and creditor's rights generally; (v) to Manager's knowledge, the execution, delivery and performance by Manager of this Agreement do not conflict with or result in a breach of any of the provisions of, or constitute a default under, any bond, note or other evidence of indebtedness, indenture, mortgage, deed of trust, loan agreement or similar instrument, any lease or any other material agreement or contract by which Manager, its activities or property is bound or any applicable law or order, rule or regulation of any court or governmental authority having jurisdiction over Manager, its activities or property and no approval not already obtained is required for the execution, delivery or performance by Manager of this Agreement. Manager further represents to Lessee that Manager is not owed any fees or other consideration in connection with the management of the Project pursuant to any other agreement.

(b) Lessee represents and warrants to Manager that Lessee is a limited liability company duly organized, validly existing and in good standing under the laws of the

Commonwealth of Kentucky, is qualified to transact business in the state in which the Project is located, and has the full and complete right, power and authority to enter into this Agreement and perform Lessee's duties and obligations under this Agreement in accordance with the terms and conditions of this Agreement.

8.3 No Partnership: etc. Nothing in this Agreement shall be construed as making Lessee or Manager partners, joint ventures or members of a joint enterprise or as creating between Lessee and Manager any employer-employee relationship.

8.4 Subordination. This Agreement shall be subject and subordinate to the Ground Lease and to any deed of trust, mortgage or other instrument securing any Financing of the Project or hereinafter constituting a lien upon the Project or any part thereof. The subordination provided in this Section shall be self-operative and shall not require any further instrument or document. However, upon the request of Lessee, Manager shall promptly execute, acknowledge and deliver to the holder of such Financing an instrument in form and substance satisfactory to Lessee and such holder confirming such subordination and containing such other provisions as Lessee or such holder shall reasonably request. Without limiting the generality of the foregoing, and notwithstanding anything herein to the contrary, it is understood and agreed that, in the event of foreclosure of any deed of trust, mortgage or other instrument to which this Agreement is subordinated pursuant to this Section, the purchaser or other transferee of the Project shall have no obligation which it might otherwise have to pay or perform any of Lessee's obligations to which it might otherwise be subject.

8.5 Severability. If any provision of this Agreement or the application thereof to any Person or circumstances shall be held invalid or unenforceable, the other provisions of this Agreement or the application of such provision to the Persons or circumstances shall not be affected thereby but shall continue to be valid and enforceable to the fullest extent permitted under applicable law.

8.6 Modification. Except as specified herein, no provision of this Agreement shall be modified, waived or terminated except by an instrument in writing signed by the party against whom such modification, waiver or termination is to be enforced and in no event without the consent of the Lessor.

8.7 Successors and Assigns.

(a) This Agreement shall be binding upon and inure to the benefit of Manager and Lessee and their respective permitted successors and assigns, and all references in this Agreement to "Manager" and "Lessee" shall include their respective permitted successors and assigns.

(b) Manager shall not assign or delegate all or any portion of its rights or duties hereunder.

(c) Lessee may assign this Agreement to any successor Lessee under the Ground Lease.

(d) Any assignment made in contravention of this Section 8.7 shall be void.

(e) Notwithstanding the foregoing, Manager and Lessee acknowledge and agree to assignments of this Agreement to NWM.

8.8 Limitation of Liability. Notwithstanding anything to the contrary in this Agreement, the liability of the Lessee under this Agreement will be “non-recourse” except to the extent of the Lessee’s interest in the Project and accordingly no party shall have any right to obtain payment from any Person comprising the Lessee or from any assets of Lessee other than the Project. If Manager shall recover any judgment against Lessee in connection with this Agreement, Manager shall look solely to Lessee’s then interest in the Project for collection or enforcement of any such judgment, and no other assets of Lessee shall be subject to levy, execution or other process for the satisfaction or enforcement of such judgment, and neither Lessee nor any Person having an interest in Lessee shall be liable for any deficiency.

8.9 Entire Agreement. This Agreement, together with the Loan Documents and the Ground Lease, contains the entire agreement of Lessee and Manager with respect to the engagement of Manager as the manager and leasing agent for the Project and supersedes, in their entirety, all prior engagements, oral or otherwise, between Lessee and Manager concerning the subject matter thereof.

8.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which, taken together, shall constitute one and the same instrument.

8.11 Governing Law. This Agreement shall be governed by and construed in accordance with the substantive internal laws (other than conflicts of laws rules) of the Commonwealth of Kentucky.

8.12 Tax Exemption. In the event any of the terms hereof would adversely affect the tax-exempt status of the Lessee, this Agreement shall be deemed amended in such manner as is necessary to avoid any such adverse impact.

8.13 Time is of the Essence. All time limits stated in this Agreement are of the essence of this Agreement.

8.14 Purchase by University.

(a) Lessor, Lessee, and Manager each hereby agree and acknowledge that during the term of the Ground Lease, Lessor shall have the right and option to purchase Lessee’s right, title and interest in and to the Project by delivering written notice of Lessor’s exercise of such right to Lessee (the “Option”). In the event that Lessor exercises the Option to acquire the Project, if there is any Financing currently outstanding on the Project, Lessor shall acquire all rights and responsibilities under any such Financing (subject to compliance with all terms and

conditions of the Loan Documents), and Lessor shall be solely responsible for any fees or charges in connection with Lessor stepping into and assuming such financing.

(b) On and after July 1, 2045, if Lessor has not exercised the Option and there is no Financing then outstanding on the Project (and the Project is not encumbered by mortgage, lien or otherwise) and there is no uncured breach existing under this Agreement or the Ground Lease, then Lessor shall have the right and option to purchase all of Lessee's right, title and interest in the Project for one dollar (\$1.00) upon delivery of written notice to Lessee (the "Second Option").

(c) In the event that either the Option or the Second Option is exercised, the Lessee and Lessor agree that effective as of the closing of the transfer of the Project to Lessor, the Ground Lease shall be terminated by the mutual consent of Lessee and Lessor.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the Lessee and Manager have executed and delivered this Agreement as of the date first above written.

LESSEE:

JOHNSON HALL, LLC

By: University of Louisville Real Estate
Foundation, Inc., its Manager

By: _____
Keith Sherman
Executive Director and COO

MANAGER:

UNIVERSITY OF LOUISVILLE

By: _____
Name: _____
Title: _____

Recommended by:

By: _____
Name: Dr. Thomas Hardy
Title: Director, Campus Housing

LESSOR:

By execution hereof, the undersigned Lessor hereby provides its consent pursuant to the Ground Lease.

COMMONWEALTH OF KENTUCKY, FOR THE
USE AND BENEFIT OF THE UNIVERSITY OF
LOUISVILLE

By: _____
Name: _____
Title: _____

STUDENT HOUSING MANAGEMENT AGREEMENT
Community Park

This **STUDENT HOUSING MANAGEMENT AGREEMENT** (“Agreement”) is executed and made effective on _____, 2021 (the “Effective Date”) between **COMMUNITY PARK, LLC**, a Kentucky limited liability company, having an address of 215 Central Avenue, Suite 212, Louisville, Kentucky 40208 (“Lessee”), and **UNIVERSITY OF LOUISVILLE**, a public institution of higher education of the Commonwealth of Kentucky, whose address is c/o University of Louisville, Campus Housing, Stevenson Hall, 2301 South Third Street, Louisville, Kentucky 40292, in its capacity as manager (the “Manager”).

WHEREAS, Lessee has entered into that certain Amended and Restated Ground Lease Agreement dated as of November 7, 2018 (the “Ground Lease”), as may be amended from time to time, by and between the Lessee and the **COMMONWEALTH OF KENTUCKY, FOR THE USE AND BENEFIT OF THE UNIVERSITY OF LOUISVILLE**, in its capacity as lessor (the “Lessor”).

WHEREAS, Lessee desires to appoint Manager as its sole and exclusive agent to manage, supervise, rent, lease, maintain and operate the Project (as hereinafter defined), and Manager desires to accept such appointment, upon the terms, covenants, conditions and provisions of this Agreement, all as of the Effective Date;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessee and Manager hereby covenant and agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

1.1 Definitions. In this Agreement, unless otherwise specified, the following terms have the following meanings, and any capitalized terms used herein which are not otherwise defined herein shall have the meanings given to such terms in the Ground Lease:

“Affiliate” means with respect to any Person, any relative of the Person in question, if such Person is an individual, or any other Person directly or indirectly controlled by, controlling or under common control with the Person in question. For the purposes hereof, with respect to any Person that is not an individual, “control” means ownership, directly or indirectly, of at least 50% of the equity interests in such Person.

“Agreement” is defined in the Preamble to this Agreement.

“Annual Budget” means that certain annual budget, management and leasing plan including a comprehensive and detailed description of the practices and procedures to be followed in the management and leasing of the Project, that has been prepared by Manager and approved by Lessee and Lessor, and all revised and replacement annual budgets approved by

Lessee and Lessor in accordance with the terms and provisions hereof and of the Ground Lease and the Loan Agreement.

“Bettie Johnson Hall Management Agreement” means that certain Student Housing Management Agreement dated as of the date of this Agreement and effective as of the Effective Date between Lessee and Manager which appoints Manager as its sole and exclusive agent to manage, supervise, rent, lease, maintain and operate the Bettie Johnson Hall Project (as hereinafter defined), all pursuant to the terms therein.

“Bettie Johnson Hall Project” means that certain parcel of real property commonly known as “Bettie Johnson Hall” consisting of approximately 1.905 acres located at 401 W. Cardinal Boulevard, Louisville, Jefferson County, Kentucky.

“Borrowers” means, collectively, (i) Lessee, (ii) Johnson Hall, LLC, a Kentucky limited liability company, and (iii) Kurz Hall, LLC, a Kentucky limited liability company.

“Business Day(s)” means any day that is not a Saturday, Sunday, a recognized government holiday in Louisville, Kentucky, or a day in which the University of Louisville is closed pursuant to the University’s publicly available calendar.

“Calendar Year” means a calendar year, and, with respect to the last Calendar Year, such year shall end on the date this Agreement expires or terminates.

“Capital Costs” means any costs, expenses or expenditures for repairs or replacements at the Project which are considered “capital expenditures” according to generally accepted accounting principles or are funded from the Capital Reserve Escrow Agreement and paid from the Escrow Account as defined in and established by the Capital Reserve Escrow Agreement.

“Capital Reserve Escrow Agreement” means that certain Capital Reserve Escrow Agreement entered into between NWM and Borrowers dated as of November 8, 2018.

“Casualty” means any damage to, or destruction of, the Project or any part thereof.

“Condemnation” shall mean either a Total Taking or a Partial Taking, as such terms are defined in Article 9 of the Ground Lease.

“Contracts” means the agreements, contracts, documents and obligations (other than the Leases or this Agreement) now or hereafter in effect relating to the Project entered into in accordance with the terms hereof, except any agreements, contracts, documents and obligations relating to Financing.

“Debt Service” means any and all amounts owed by Lessee pursuant to the Financing, including amounts owed by Lessee to NWM pursuant to the terms and conditions of the Loan Documents.

“Default” means any condition or event which constitutes an Event of Default or which with the giving of notice or the lapse of time would, unless cured or waived, become an Event of Default.

“Effective Date” is as set forth in the Preamble to this Agreement.

“Event of Default” is defined in Section 7.2 hereof.

“Financing” means any financing or refinancing by debt, sale and leaseback or other form of financing with respect to the Project or any debt or other obligation of Lessee relating to the Project, including, without limitation, the Loan.

“First Class Manner” means, in a high-quality manner, standard or condition (as applicable) for the type, style, class, age and location (including submarkets) of the Project consistent with the Annual Budget.

“Fiscal Year” means a twelve-month period beginning July 1 and ending the next succeeding June 30.

“Gross Revenue” is defined in Section 4.1 of the Ground Lease.

“Ground Lease” means that certain Ground Lease defined in the Preamble to this Agreement and referenced throughout this Agreement.

“Insurance Requirements” is defined in Article V of this Agreement.

“Kurz Hall Management Agreement” means that certain Student Housing Management Agreement dated as of the date of this Agreement and effective as of the Effective Date, between Lessee and Manager which appoints Manager as its sole and exclusive agent to manage, supervise, rent, lease, maintain and operate the Kurz Hall Project (as hereinafter defined), all pursuant to the terms therein.

“Kurz Hall Project” means that certain parcel of real property commonly known as “Kurz Hall” consisting of approximately 2.101 acres located at 1900 South Fourth Street, Louisville, Jefferson County, Kentucky.

“Leases” means the leases, licenses, and other occupancy agreements now or hereafter in effect and relating to the housing which is part of the Project (specifically including temporary housing agreements for attendees of summer camp programs and the use of any guest apartment at the Project, if applicable), including all renewals, extensions, amendments and other modifications thereof and all guaranties of the obligations of any Resident thereunder.

“Legal Requirements” means all Permits, laws, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, directions and requirements of, and agreements with, governmental bodies, agencies or officials, now or hereafter applicable to the Project, or the management, leasing or any use or condition thereof.

“Lessee” is defined in the Preamble to this Agreement.

“Lessor” is defined in the Preamble to this Agreement.

“Loan” means that certain mortgage loan transaction with NWM, pursuant to which NWM loaned \$42,000,000.00 to Borrowers, jointly and severally, and secured by a lien on, among other real property, the Project, the terms of which are more particularly set forth in that certain Loan Application UofL Portfolio Loan Number 342235 dated July 27, 2018, as amended by that certain Loan Application Amendment dated September 25, 2018, as further amended by that certain Loan Application Second Amendment dated October 1, 2018, as further amended by that certain modified acceptance letter dated October 12, 2018, each executed by the Borrowers.

“Loan Agreement” means that certain Master Loan Agreement entered into between NWM and Borrowers dated as of November 8, 2018.

“Loan Documents” means all documents executed and delivered in connection with the issuance of the Loan, including, without limitation, the Loan Agreement, the Capital Reserve Escrow Agreement, leases, mortgages, reimbursement agreements, security agreements and similar documents.

“Manager” is defined in the Preamble to this Agreement.

“Manager’s Office” is defined in Section 2.2 hereof.

“NWM” means The Northwestern Mutual Life Insurance Company, together with its successors and/or assigns.

“Operating Expenses” or “Operating Expense” means, for any period, all expenditures made for such period with respect to the Project determined by generally accepted accounting principles on an accrual basis, including, without duplication (subject to the exclusions described below), (a) all Debt Service, (b) the cost of reimbursing Manager for Manager’s employees operating and maintaining the Project to the extent set forth in the Annual Budget or otherwise approved by Lessee, (c) expenses paid for the operation, maintenance, rehabilitation or Restoration of the Project pursuant to the Annual Budget or with the approval of Lessee, (d) any taxes or special assessments of any kind levied or assessed against the Project (including the land on which the Project is located), (e) any and all costs and expenses incurred by Lessee in order to remain in compliance with Legal Requirements, Insurance Requirements and the other terms and conditions of the Ground Lease and Loan Documents, and (f) other expenses paid as permitted hereunder.

“Permits” means all licenses, authorizations, certificates, variances, consents, approvals and other permits now or hereafter required relating to the use, operation, management or leasing of the Project.

“Person” means any individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or agency or instrumentality thereof.

“Project” means that certain student housing development consisting of the land, buildings, other improvements and personal property as more particularly described in Section 2.1 of this Agreement and having the meaning ascribed to the term “Property” as defined in the Ground Lease.

“Project Statement” means a statement or invoice for services rendered or materials provided under any Contract or purchase order made in accordance with the terms hereof (i) which Manager has identified to a specific line item in the Annual Budget and (ii) with respect to which Manager is willing to certify to Lessee that the services or materials to be provided have been provided in accordance with such Contract or purchase order.

“Rent(s)” means any payments made by Residents in connection with their housing at the Project, whether such payments are made monthly, prior to each University term, or prior to a summer camp or other University-sponsored program.

“Residents” means the residents, licensees, and other occupants under the Leases.

“Restoration” means the restoration, repair, replacement, rebuilding or demolition of the Project after any Casualty or Condemnation to the extent decided by Lessee.

“Standard Housing Application” shall mean the form of application or lease used by Manager as the standard form of housing agreement for the Residents at the Project (being the same standard housing application used for all University owned or operated dormitories).

“Standard Rates” shall mean monthly rates for each type of student housing unit included in the Project as specified in the Annual Budget, or such rates as may be specified or approved by Lessee from time to time.

“Standard Term” means a lease term of at least twelve months or such other period of time as provided in the Standard Housing Application.

“Term” is defined in Section 7.1 hereof.

“Total Reserves” means the establishment of or addition to the amounts set aside in reserve for any and all reasonable purposes in connection with the maintenance and operation of the Project, including, but not limited to, reserves for repair and replacement of machinery, equipment, fixtures, appliances, furniture, furnishings and other personal property, reserves for maintenance and capital expenditures, and such other reserves as required in connection with the Loan, including the reserves required by the Ground Lease.

“University” means the University of Louisville, a public institution of higher education of the Commonwealth of Kentucky, in its capacity as a university.

“University Dorm Account” is defined in Section 3.3 hereof.

1.2 Interpretation. In this Agreement, unless otherwise specified, (a) singular words include the plural and plural words include the singular; (b) words which import a number of constituent parts, things or elements, shall be construed as referring separately to each constituent part, thing or element thereof, as well as to all of such constituent parts, things or elements as a whole; (c) words importing any gender include the other genders; (d) references to any Person include such Person’s successors and assigns to the extent permitted herein, (e) the word “successors”, when it refers to an individual, includes the heirs, devisees, legatees, executors, administrators and personal representatives of such individual; (f) references to any statute or other law include all rules, regulations and orders adopted or made thereunder and all statutes or other laws amending, consolidating or replacing the statute or law referred to, (g) references to any agreement or other document include all subsequent amendments or other modifications thereof entered into in accordance with the provisions thereof; (h) the words “approve”, “consent”, or “agree”, and any derivations thereof or words of similar import, mean the prior written approval, consent or agreement of the Person holding the right to approve, consent or agree in such Person’s discretion, the exercise of which shall be reasonable; (i) the words “include” and “including”, and words of similar import, shall be deemed to be followed by the words “without limitation”; (j) the words “hereof”, “hereto”, “herein” and “hereunder”, and words of similar import, refer to this Agreement in its entirety; (k) the Schedules and Exhibits hereto are part of this Agreement and are incorporated herein by reference; (l) the words “Article”, “Section”, “Schedule” or “Exhibit” refer to the articles, sections, schedules and exhibits of and to this Agreement; (m) headings of Articles, Sections, Schedules, Exhibits and paragraphs are inserted as a matter of convenience and shall not affect the construction of this Agreement; and subparagraphs thereof; and (n) no inference in favor or against any Person shall be drawn from the fact that such Person or its attorneys drafted any portion hereof.

1.3 Accounting Terms and Determinations. In this Agreement, unless otherwise specified, all (a) accounting terms used herein, (b) accounting determinations hereunder and (c) books, records, financial statements and reports required to be kept and prepared hereunder shall be interpreted, made or kept and prepared, as applicable, in accordance with generally accepted accounting principles as in effect from time to time, consistently applied, on an accrual basis except as reasonably directed or approved by Lessee.

ARTICLE II APPOINTMENT AND GENERAL PROVISIONS

2.1 Appointment. Lessee hereby appoints Manager and Manager hereby accepts appointment on the terms and conditions hereinafter provided as sole and exclusive agent of Lessee to manage, supervise, rent, lease, maintain and operate a student housing facility known as “Community Park,” located on land leased by the Lessee from the Lessor on the Belknap Campus of the University of Louisville in Louisville/Jefferson County Metro, Commonwealth of Kentucky and consisting of approximately 358 beds in a four-story Class A residence hall style student housing facility with other facilities. Manager will operate the premises as a student housing and meeting room facility to serve Residents in accordance with the terms and

conditions set forth in this Agreement and the Ground Lease. The only approved uses of the Project shall be, and Manager shall only operate the Project as, a student housing and meeting room facility, which approved uses shall include such other ancillary uses as may be permitted as part of the Project, including, but not limited to, housing for summer camp resident and activities related thereto.

2.2 Management Duties and Authority. Manager is hereby charged with the sole and exclusive right to supervise and direct the management and operation of the Project, and shall provide Lessee with the services customarily provided for in such instances, and shall, as agent of Lessee, do and perform any and all things reasonably necessary for the rental, maintenance, operation and service of said Project (the “Manager Functions”) including, but not limited to any and all acts necessary and appropriate to be undertaken for the (i) successful management and operation of the Project, (ii) successful leasing of the Project to Residents, (iii) successful management of the Leases, (iv) successful supervision of the finances and operation of the Project, and (v) adherence to and compliance with the terms of the Ground Lease and the Loan Documents. The Ground Lease and Loan Documents have been provided to Manager and the terms of such documents are incorporated herein by reference as if they were set forth in full herein. Manager shall be responsible for compliance and performance of all obligations and terms contained in the Ground Lease and Loan Agreement to the extent they relate to Manager Functions. In the event of any conflict or discrepancy between the terms of the Ground Lease and the terms of this Agreement, including, but not limited to, any terms pertaining to Manager’s duties, the terms of this Agreement shall control and shall preempt any inconsistent terms therein. In the event of any conflict between the terms of this Agreement and the Loan Documents, the terms of the Loan Documents shall control and shall preempt any inconsistent terms herein. All Manager Functions shall be in accordance (i) with reasonable professional practice for a property of similar like and kind to the Project, (ii) the directive that all Debt Service be paid as it becomes due and payable, and (iii) with and subject to the terms and conditions of the Ground Lease and Loan Documents, it being specifically understood that the Manager (on behalf of Lessee) shall be responsible for performing all Manager Functions included in Section 5 of the Ground Lease and accompanying exhibits (i.e., fulfilling all obligations of Lessee under the Ground Lease) and that Manager shall be responsible for Lessee maintaining compliance with the terms of the Loan Agreement. It shall be the duty of Manager at all times during the Term to use, operate and maintain the Project according to the terms and conditions of this Agreement. It is expressly understood and agreed that so long as this Agreement is in force and effect, Lessee shall not interfere or involve itself in any way with the day-to-day operation of the Project and shall at no time give or communicate any orders or instructions to employees or personnel employed at the Project. Lessee, however, reserves the right to address itself to Manager on any matter connected with the Project. The Project shall include reasonable and sufficient office, operating, storage and maintenance space and facilities (if necessary), including telephone, facsimile and internet access as required for the Manager’s management of the Project (the “Manager’s Office”).

2.3 Leasing Duties and Authority. Subject to the provisions of this Agreement, and in accordance with the Annual Budget, Manager shall offer space in the Project for lease to qualified Residents consistent with the terms of the Ground Lease and the Loan Documents with such care, skill, prudence and diligence as is reasonably appropriate for a building of similar like

and kind to the Project. Manager's appointment as a leasing agent for the Project hereunder shall apply only to the leasing of the Project. Manager agrees to abide by the "First Fill Requirement" set forth in Section 20.12 of the Ground Lease as well as the "First to Fill Covenants" set forth in the Loan Documents, as well as all of the other terms and conditions included within the Ground Lease and Loan Documents which are applicable to Manager.

2.4 Relationship of the Parties. Manager's relationship to Lessee hereunder is that of agent of Lessee strictly for the operation and management of the Project and all matters incident thereto as set forth in this Agreement and for no other purpose, and neither Manager nor Lessee shall represent to any other Person that Manager's relationship to Lessee hereunder is otherwise.

2.5 Licenses. Manager represents that it and its personnel are, and while this Agreement remains in effect, Manager and its personnel shall be qualified, to the extent required by applicable law and the Ground Lease, to perform Manager's duties thereunder. Manager shall fully comply with all applicable laws, rules, regulations and orders relating to the performance of its duties hereunder, including applicable local, state and federal anti-discrimination laws.

2.6 Cooperation. Manager shall consult with Lessee to the extent necessary, appropriate or desirable to enable Manager to perform its duties hereunder. Manager shall conduct meetings between Lessee, Lessor and Manager from time to time as necessary, appropriate or desirable to enable Manager to perform its duties hereunder. Each party to this Agreement shall cooperate fully in all matters relating to the management, leasing, operation and Financing of the Project (including, compiling any reports or other information required to be furnished by Lessee to NWM under the Loan Documents) and the defense of any claim, action or proceeding relating thereto or to this Agreement, and Manager shall respond to all reasonable requests for information by Lessee or Lessor within five (5) Business Days, including furnishing all documents and services relating thereto reasonably required by Lessee in connection with the management, leasing, or operation of the Project. Lessee shall promptly respond to all reasonable requests by Manager for information or consultation necessary for the management, leasing and operation of the Project.

2.7 Representatives.

(a) Whenever any consent, approval or other action of Lessee is required or permitted hereunder, such consent, approval or other action shall be effective if given or taken by the chief executive of the University of Louisville Real Estate Foundation, Inc. ("ULREF"), or his/her designee, acting in ULREF's role as manager of Lessee. Such representative of Lessee may be changed at any time by Lessee by notice to Manager pursuant to Section 8.1 hereof.

(b) Whenever any consent, approval or other action of Manager is required or permitted hereunder and is specifically related to the responsibilities and operations of Manager under this Agreement, such consent, approval or other action shall be effective if given or taken by Manager's Director of Campus Housing, acting on behalf of Manager. Such representative may be changed by Manager by notice to Lessee pursuant to Section 8.1 hereof.

(c) Whenever any consent, approval or other action of Lessor is required or permitted hereunder, such consent, approval or other action shall be effective if given or taken by either the Provost, the President, or the Chief Operating Officer of the University, acting on behalf of Lessor, or by any other party with appropriate written authority to bind the Lessor. Such representative of Lessor may be changed at any time by Lessor by notice to Manager pursuant to Section 8.1 hereof.

ARTICLE III MANAGEMENT DUTIES AND AUTHORITY

3.1 Project Management Generally.

(a) Subject to Section 2.2 of this Agreement and the terms of the Ground Lease and Loan Agreement (including Article XV of the Loan Agreement), Manager shall manage, operate and care for the Project in a First Class Manner consistent with the Annual Budget and do all things necessary, desirable or appropriate therefore or customarily performed by managing agents of properties similar to the Project, including, performance of the Manager Functions. Without limiting the generality of the foregoing, Manager shall:

(i) implement the Annual Budget, including the monthly payment of funds sufficient to timely pay any and all Debt Service;

(ii) prepare and, subject to the terms of this Agreement, execute all Contracts for water, sanitary and storm sewer, drainage, electricity, steam, gas, telephone, fuel, cleaning, garbage removal, pest control, electronic door access control, closed circuit camera system, Internet access, Project security and other utilities and services necessary or appropriate for the management and operation of the Project in accordance with the Annual Budget and the Ground Lease, unless otherwise provided herein;

(iii) purchase all supplies and materials necessary or appropriate for the management and operation of the Project in accordance with the Annual Budget, unless otherwise provided herein;

(iv) consult with, and make recommendations to, Lessee with respect to any Condemnation or threatened Condemnation of the Project; and take such reasonable action as the Lessee may direct with respect to any Condemnation or threatened Condemnation of the Project;

(v) subject to the provisions of the Loan Documents, consult with, and make recommendations, to Lessee and Lessor with respect to any Casualty or other claim covered by the insurance required to be maintained hereunder; and, unless directed otherwise by Lessee or Lessor, take action which Manager reasonably believes to be in the best interest of the Project with respect to any claim in respect of any Casualty or other claim covered by the insurance required to be maintained hereunder; and

(vi) subject to the provisions of the Loan Documents and the other provisions of this Section 3.1, consult with, and make recommendations to, Lessee concerning the condition of the Project and the necessity for maintenance, repair, alteration or Restoration thereof in accordance with Lessee's duties under Article 10 of the Ground Lease and Article V of the Loan Agreement; provide through employees or third party contractors all work, labor and services necessary or appropriate to maintain and repair the Project in a First Class Manner in accordance with the Annual Budget unless otherwise provided herein; promptly notify Lessee upon learning that the condition of the Project materially fails to meet the standard of First Class manner of maintenance and repair; promptly notify Lessee upon learning of any Casualty or Condemnation (or threatened Condemnation) with respect to the Project; consult with, and make recommendations to, Lessee concerning Restoration after any Casualty or Condemnation; and in accordance with the Annual Budget and the terms hereof, prepare and, subject to the terms of this Section 3.1 hereof, monitor the performance of such Contracts.

(b) All Contracts prepared and purchases made hereunder as an Operating Expense in accordance with the Annual Budget shall be made in the name of Manager. In the event that the Project is no longer managed by Manager, Manager will make reasonable efforts to assign all applicable Contracts to Lessee or the substitute manager, as appropriate.

(c) Notwithstanding any term or provision of this Agreement to the contrary, Manager may enter into Contracts with an Affiliate of Manager if (i) such Contracts are necessary for management of the Project, (ii) the terms of any such Contracts shall be substantially similar to those that would be obtained with an unrelated third party, and (iii) all such costs incurred by Manager pursuant to such Contracts are incurred pursuant to the Annual Budget.

(d) Subject to Sections 3.1 (b) and 3.1(c) hereof, Manager may execute Contracts for the provision of services to the Project so long as (i) the cost of such services under any such Contract are reasonable for such services in the market where the Project is located, (ii) any such Contract is terminable by Manager or Lessee without cost or penalty on not more than thirty (30) days' notice, and (iii) any such Contract (other than utility providers) requires the service provider to carry insurance in amounts that are reasonably sufficient given the types of services being provided by such party. Upon request by Lessee, Manager shall provide any proposed Contracts to Lessee for Lessee's review within (5) Business Days of Lessee's request.

(e) Subject to the provisions hereof, including Section 3.1(c) hereof, Manager may elect to have the maintenance, repair, furnishing, replacement, cleaning and other services with respect to the Project performed by employees of Manager and the reasonable costs of performing such services shall be considered an Operating Expense of the Project; provided, however, that any such costs for such services shall not materially exceed the costs that would have been incurred had such services been provided by unrelated third parties and in no event shall any such cost exceed the amount allocated for such cost in the Annual Budget.

3.2 Management Employees.

(a) Manager shall have in its employ (or under contract as independent contractors) at all times sufficient staff of capable personnel for the proper maintenance, leasing and operation of the Project. Such personnel shall be employees of Manager (or independent contractors) and all matters pertaining to such personnel, including their employment, supervision, compensation, promotion and discharge (or management of the contracts of independent contractors), shall be the responsibility of Manager.

(b) Subject to the provisions of Section 3.8 hereof and Article VI, Manager shall be reimbursed from the University Dorm Account for all or an equitably apportioned pro rata share of Manager's costs of gross salary or wages including all standardized benefits provided by the University of Louisville, reasonable vacation pay, sick leave, payroll taxes, insurance, worker's compensation and other benefits and payroll burdens of Manager's personnel required to properly, adequately and safely maintain the Project.

(c) Manager shall fully comply with all applicable laws, rules, regulations and orders relating to worker's compensation, social security, unemployment insurance, wages, hours, working conditions and other matters pertaining to Manager's personnel.

(d) Manager shall be solely responsible for its personnel and contractors in the event of the termination of this Agreement.

3.3 Rents Collection and Services with Respect to Leases.

(a) Other than for supervisory personnel assigned to the Project (including any Resident managers or advisors), Manager shall not, without the consent of Lessee, permit any Person to occupy any space in the Project without a written Lease. Manager shall supervise the moving in and out of all Residents in a manner which, (i) as far as reasonably possible, causes a minimum of disturbance to other Residents, and (ii) is not violative of the Lease of any other Resident.

(b) Manager shall administer the provisions of the Leases, ensure that the Residents receive the services required to be provided under their Leases, daily and punctually observe and perform all of the landlord's obligations under the Leases, and enforce, preserve and keep unimpaired the rights of landlord and the obligations of the Residents under the Leases.

(c) All Gross Revenues shall be deposited by Manager directly into a bank account as required by the Loan Documents for payment of expenses for the Project (the "University Dorm Account"). Manager shall immediately deposit all Rents and sums received by Manager, if any, into the University Dorm Account. Any outstanding Rents will be enforced by the Bursar of the University, and Manager may work with the Bursar on the enforcement of the payment of Rents, as appropriate.

(d) In the event of any default or event which, with the giving of notice or the passage of time or both, would constitute a default or event of default by any Resident, Manager shall take such action as Manager reasonably believes to be appropriate in the circumstances with respect to such default or event of default, including instituting legal proceedings at the sole

cost and as an Operating Expense of the Project, for the enforcement of the obligations of the Residents under their Leases and for the dispossession of any Residents in default under their Leases, subject to the policies of the University and the rights of Residents under the Leases. Manager shall have the right to designate the attorneys for any such legal proceedings.

(e) Notwithstanding anything herein to the contrary, all Rents, charges and other amounts receivable in connection with the management and operation of the Project will be collected, deposited and expended in accordance with the terms of the Loan Documents, it being specifically understood that the terms of the Loan Documents shall control the terms hereof with respect thereto.

3.4 Services with Respect to Contracts.

(a) Manager shall, in accordance with the Annual Budget, duly and punctually perform Manager's obligations under the Contracts and enforce, preserve and keep unimpaired its rights and the obligations of other parties under the Contracts. Manager shall timely pay any amounts due under such Contracts.

(b) Manager shall promptly notify Lessee upon receiving notice of any default, event of default or event that, with the giving of notice or the passage of time or both, would constitute a material default or material event of default by any other party under any Contract. In the event Manager receives notice of any default, event of default, or event which, with the giving of notice or the passage of time or both, would constitute a default or event of default by any other party under any Contract, Manager shall take such action as Manager reasonably believes to be appropriate in the circumstances with respect to such default or event of default, including instituting legal proceedings, at the sole cost and as an Operating Expense of the Project to enforce the obligations of such other party under such Contract. Manager shall have the right to designate the attorneys for any such legal proceedings.

(c) Without the consent of Lessee, Manager shall not take any action, or omit to take any action or give any notice, the taking, omission or giving of which might result in an expenditure in connection with any Contract in excess of the budgeted amount therefore (unless otherwise permitted herein), except in the event of an emergency or as necessary, in Manager's reasonable discretion, to prevent damage to the Project.

(d) Manager and Lessee shall each promptly notify the other upon receiving any notice of a material default under any Contract (and furnish a copy of the notice received by it with its notice to the other party). In the event of any such notice, Manager shall consult with Lessee concerning the action to be taken with respect thereto and, as an Operating Expense of the Project, Manager shall take such action as Manager reasonably believes to be in the best interest of the Project.

(e) Upon termination of the Ground Lease, all such Contracts may be assigned, at Lessor's discretion, to the Lessor upon termination of this Agreement.

3.5 Services with Respect to Legal and Insurance Requirements.

(a) Manager shall, as an Operating Expense of the Project, duly and punctually comply with all (i) Legal Requirements applicable to the Project and the management and operation thereof under this Agreement, and (ii) all Insurance Requirements applicable to the Project and the management and operation thereof, both pursuant to and as set forth in this Agreement, Article 8 of the Ground Lease and Article V of the Loan Agreement.

(b) Each of Manager and Lessee shall promptly notify the other and Lessor upon receiving any notice of any default or event of default by Manager or Lessee or related to the Project in connection with any Legal Requirements or Insurance Requirements. In the event of any such notice, default or event of default, Manager shall consult with Lessee concerning the action to be taken with respect thereto and, as an Operating Expense, shall take such action with respect thereto as Manager reasonably believes to be in the best interest of the Project.

3.6 Records and Reports. All reporting to Lessee will be completed in electronic form unless Lessee specifically requests otherwise.

(a) Budget. Manager shall timely provide Lessee with the information Lessee requires for compliance with Lessee's obligations under Article II of the Loan Agreement as well as all other reporting required under the Loan Documents or Ground Lease, provided, however, that Manager shall have no duty to provide any information or reports more often than as required for Lessee's monthly reporting. If, due to an extenuating circumstance, Lessee requires that Manager provide any reporting or information more often than monthly, Lessee shall provide Manager with a written request for such information, which request shall include an explanation for the immediate need of such information, and Manager shall have no fewer than five (5) Business Days to respond. As it relates to an operating budget for the Project, Manager shall prepare and submit to Lessee an annual operating budget for the Project, which annual operating budget shall be subject to Lessee's approval, which approval shall not be unreasonably withheld.

(b) Records. Manager shall maintain and keep at the Manager's Office accurate copies or originals, as applicable, of all records and all written correspondence (including with Lessee) or reports received or made by the Manager related to the Project or Manager's duties hereunder. All such records shall be kept as follows:

(i) Lessee shall retain title to such records so long as Lessee has title to the Project. Manager shall retain such records for at least five (5) years after the close of the Calendar Year to which they apply, after which period Manager may destroy such records. If Lessee requests copies of any such records prior to the expiration of such period, Manager shall make reasonable efforts to deliver such records to Lessee within a reasonable time;

(ii) upon at least ten (10) Business Days' notice to Manager, Lessee or accountants or other representatives of Lessee may (as an Operating Expense) inspect, audit and copy such records during normal business hours, and Manager shall reasonably cooperate with Lessee in connection with the same; and

(iii) in the event this Agreement is terminated or expires, Manager shall deliver such records (or copies thereof) to Lessee, along with a final accounting, no later than sixty (60) days after such termination or expiration.

3.7 Bank Accounts and Handling of Funds. Manager shall maintain bank accounts pursuant to the requirements of the Loan Documents.

3.8 Payment of Expenses

(a) Except as otherwise set forth in this Agreement, Manager shall pay all expenses of operating the Project from the University Dorm Account. Manager shall obtain Lessee's prior written consent prior to incurring any Capital Costs in excess of \$500,000. If Manager recommends any new improvements, repairs or replacements of existing improvements to the Project which would result in the expenditure of Capital Costs in excess of \$500,000, Manager shall provide written notification to Lessee, which written notification shall provide the cost, scope and description of such improvement, repair or replacement and any other information that Lessee may reasonably request. Capital Costs shall be paid by requisitions from the Escrow Account as defined in and established by the Capital Reserve Escrow Agreement. Each expense paid by Manager will be supported by a Project Statement and, upon reasonable request by Lessee, Manager shall provide copies of any such Project Statement to Lessee and Lessor. To the extent Lessee is required by the Ground Lease or Loan Documents to contribute funds to any escrow account or capital reserve account, Manager shall be obligated to make such contribution on behalf of Lessee.

(b) If the funds in the University Dorm Account are at any time thereafter insufficient to pay the expenses of operating the Project, Manager shall immediately give written notice of such insufficiency to Lessee. Upon any such notice, Manager, Lessor and Lessee shall promptly meet to negotiate a resolution to such insufficiency. Manager may advance Manager's own funds to pay any expenses that the University Dorm Account was insufficient to cover. If Manager makes any such advance from Manager's own funds, Manager shall be entitled to reimbursement from the Project through the University Dorm Account within five (5) Business Days as long as sufficient funds are available for Debt Service.

(c) Notwithstanding any term or provision to the contrary contained herein, Manager's first priority shall be payment of the Debt Service and compliance with the Loan Documents and Ground Lease. Manager shall not make payment of any Operating Expenses if, immediately following payment of such Operating Expenses, funds remaining in the University Dorm Account would be insufficient to pay the Debt Service.

3.9 Constraints on Manager's Authority

(a) It is understood and agreed by Lessee and Manager that Manager's authority (i) to act for or on behalf of Lessee hereunder or in conjunction with the Project or (ii) to bind or subject Lessee or its assets, including the Project or any portion thereof, is expressly limited as provided in this Agreement and the Ground Lease. Such constraints include, among the other restrictions and required approvals in this Agreement, that (A) all of Manager's actions

are subject to the standard of care set forth herein, (B) except as specifically authorized herein, all of Manager's actions are subject to the constraints of the Annual Budget or receipt of Lessee's approval, as applicable, (C) Manager's leasing of the Project is subject to the Annual Budget and Article IV hereof, (D) the handling of funds generated from the Project is subject to the provisions of Section 3.8 hereof, (E) the authority of the Manager to act as leasing agent for the Project is as set forth in Article II hereof and does not otherwise give Manager any authority to obligate Lessee, (F) Manager shall not execute any deed, note, mortgage or security agreement binding on the Lessee or Lessor, and (G) Manager shall not commit or authorize any act or omission which results in the imposition of any lien or encumbrance on the Project.

(b) Except as otherwise specifically set forth herein, Manager may appear in, commence or respond to legal or other proceedings on behalf of Lessee only upon the direction of Lessee. Manager may appear in or commence legal or other proceedings on its own behalf as an Operating Expense of the Project with the consent of Lessee and at its own expense at any time without the consent of Lessee, provided that the same shall result in no cost or liability to Lessee if commenced without Lessee's consent. Manager shall promptly notify Lessee if it appears in any proceedings with regard to the Project on behalf of the Lessee or on its own behalf and, if requested by Lessee, promptly furnish copies of any documents it files in connection with any such proceedings.

ARTICLE IV LEASING DUTIES AND AUTHORITY

4.1 Duties and Authority. Subject to Section 2.3 hereof and in accordance with the Annual Budget, Manager shall provide all services necessary, proper, desirable or appropriate for leasing the Project, as follows:

(a) Manager shall, subject always to applicable Legal Requirements and Section 4.2 hereof, follow the policies of the University of Louisville;

(b) Manager shall make proposals to and show space in the Project to prospective Residents;

(c) Manager shall take and process applications from prospective Residents;
and

(d) All residents shall apply for residence at the Project on the Standard Housing Application. A copy of the Standard Housing Application by each Resident and all correspondence with the Resident named thereon shall be maintained by Manager as a record of the Project in accordance with Section 3.6 hereof.

4.2 Non Discrimination. Space in the Project shall be leased without regard to race, creed, color, religion, sex, age, disability or national origin in accordance with applicable federal, state and local laws.

ARTICLE V INSURANCE

Throughout the Term, Manager shall cause to be carried and maintained, with NWM and Lessee listed as additional insureds (or otherwise in a manner which is acceptable to NWM and Lessor), all insurance described in Article 8 of the Ground Lease and Article V of the Loan Agreement such that Lessee shall be in full compliance with all of its insurance related obligations under the Ground Lease and Loan Documents (the “Insurance Requirements”). Further, Manager shall take all such other action with respect to insurance (delivering certificates, evidence of payment, etc.) sufficient to keep Lessee in compliance with the Insurance Requirements, including payment of all premiums, which shall be an Operating Expense. Lessee and Manager each release each other from and against any and all claims, demands, liabilities, or obligations whatsoever for damage to the Project, and for loss of rents or profits, of the releasing party resulting from or in any way connected with any fire, accident, or other casualty to the Project. The all-risk policies carried by the parties hereunder shall contain a provision whereby the respective carriers shall waive all rights or recovery by way of subrogation, as applicable, to the extent of any insurance proceeds

ARTICLE VI MANAGER’S COMPENSATION

The Manager shall not receive a direct fee for its management of the Project. As provided in the Ground Lease, University shall receive all Gross Revenues that are available after the payment of all Debt Service, funding of Total Reserves and payment of all other Operating Expenses. However, for the avoidance of doubt, nothing in this Article or this Agreement shall affect any rental payments, reserves, or other fees due to the University pursuant to the Ground Lease, and all such payments shall continue to be due as provided therein.

ARTICLE VII TERM

7.1 Term. The initial term of this Agreement shall begin on the Effective Date and continue until 11:59 PM on June 30, 2024 (the “Initial Term”), subject to earlier termination as set forth in Section 7.2 below. Upon expiration of the Initial Term, this Agreement shall automatically renew for a three-year renewal term (through June 30, 2027), and thereafter for additional successive three-year renewal terms (each a “Renewal Term”), unless either party shall provide the other with written notice of non-renewal not less than 180 days before expiration of the then current term. The Initial Term and any Renewal Terms are referred to collectively herein as the “Term”.

7.2 Termination. This Agreement may be terminated by either Manager or Lessee immediately in the event that Lessor elects to exercise the Option or the Second Option pursuant to Section 8.14 below, the total demolition or a Casualty affecting a substantial portion of the Project (such that the same shall become unrecoverable and the Project shall not be promptly restored), the termination by Lessor of the Ground Lease, or Condemnation of a substantial

portion of the Project. Further, this Agreement may be terminated as set forth below if any one or more of the following events (each an “Event of Default”) shall occur and be continuing:

(a) by Lessee if Manager shall assign this Agreement or delegate its duties hereunder to any entity (other than an Affiliate of Manager) without the prior written consent of Lessee;

(b) by Lessee if Manager or any of its directors, officers, employees or agents shall misappropriate any funds of Lessee or otherwise be guilty of gross negligence, willful misconduct, fraud, malfeasance or breach of fiduciary duty in connection with Manager’s duties hereunder and Manager shall not (i) make full restitution thereof (if applicable) within fifteen (15) Business Days after Manager’s discovery thereof and (ii) thereafter (A) permanently bar the director, officer, employee, agent or other representative who misappropriated such funds or committed such act from acting in any capacity with respect to the Project or (B) make other arrangements reasonably satisfactory to Lessee;

(c) by Lessee if Manager shall fail to maintain the insurance required by Article V of this Agreement;

(d) by either Lessee or Manager (i) if a party to this Agreement shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of its or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or (ii) if an involuntary case or other proceeding shall be commenced against a party to this Agreement seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days; or (iii) if an order for relief shall be entered against a party under any bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect; or

(e) if either Lessee or Manager shall fail to comply in any material respect with any provision of the Ground Lease or this Agreement (other than those described in clauses (a) through (e) of this Section 7.2 hereof) and such Default shall continue for thirty (30) days after notice of such Default given by one party to the other party; then, while any such Event of Default shall be continuing, the party giving notice shall have the right to terminate this Agreement by notice and to exercise any and all other rights and remedies available under this Agreement and at law or in equity.

7.3 Cross Default. Any default by Manager under (i) this Agreement, (ii) the Bettie Johnson Hall Management Agreement, or (iii) the Kurz Hall Management Agreement beyond any applicable notice and cure period shall constitute an Event of Default under this Agreement.

7.4 Determination of Fees. All fees and other sums payable to Manager hereunder shall cease and be determined as of the expiration or termination of this Agreement pursuant to this Article VII hereof.

7.5 Termination of Ground Lease. Upon termination of the Ground Lease, this Agreement may be assigned by Lessee to Lessor, at Lessor's discretion.

ARTICLE VIII MISCELLANEOUS

8.1 Notices. All notices to either party hereunder shall be in writing (including telegram, telex, telecopy or similar writing) and, unless otherwise specified herein, shall be delivered by hand, mailed by United States registered or certified mail, return receipt requested, sent by United States Express Mail or any other reliable overnight express delivery service or transmitted by facsimile (in each case postage, delivery or transmission charges paid by the party giving such communication) addressed to the party to whom such communication is given at its address or facsimile number set forth below, provided however, any notice made by facsimile shall also be sent on the same day of the transmission by first class U.S. mail, postage prepaid:

If to Lessee:

Community Park, LLC
c/o University of Louisville Real Estate Foundation, Inc.
215 Central Avenue, Suite 212
Louisville, KY 40208
Attention: Executive Director
Telephone: (502) 406-8240
Fax: (502) 637-5112

and with a copy (which shall not constitute notice to Lessee) to:

Wyatt, Tarrant & Combs, LLP
400 West Market Street, Suite 2000
Louisville, KY 40202
Attention: Franklin Jelsma
Telephone: (502) 562-7285
Fax: (502) 589-0309

If to Lessor or University:

University of Louisville
Grawemeyer Hall
Office of the President
Louisville, KY 40292

Attn: University President
Fax: (502) 852-7226

and with a copy to:

University of Louisville
206 Grawemeyer Hall
2301 S. Third Street
Louisville, KY 40292
Attn: General Counsel
Fax: (502) 852-5618

If to Manager:

University of Louisville
Campus Housing
Stevenson Hall
2301 South Third Street
Louisville, KY 40292
Attn: Director of Housing
Telephone: (502) 854-3732
Fax: (502) 852-5427

Unless otherwise specified herein, each such communication addressed and given as set forth above shall be effective, (i) if given by overnight delivery, the date of receipt, or attempted delivery, of such communication; (ii) if given by facsimile or e-mail, the date on which such facsimile or e-mail is transmitted and confirmation of delivery, or attempted delivery, thereof is received; and (iii) if sent by mail as aforesaid, the date which is seventy-two (72) hours after such communication is deposited in the mail, postage prepaid as aforesaid. Any party listed above may change its address under this Section by notice to the other parties listed above; provided, however, that no such address shall be located outside of the United States of America.

8.2 Representations and Warranties of Manager and Lessee.

(a) Manager represents to Lessee that (i) Manager has all requisite power and authority to carry on its business as now conducted and to execute, deliver and perform this Agreement; (ii) the execution, delivery and performance by Manager of this Agreement are within its power, have been authorized by all necessary action and do not contravene any provision of its articles of incorporation and by-laws, each as in effect on the date hereof; (iii) this Agreement has been duly executed and delivered by an authorized Person of Manager; (iv) this Agreement, assuming that it has been duly and validly executed by Lessee, is the valid and binding obligation of Manager, enforceable against Manager in accordance with its terms, subject to general equitable principles and applicable provisions of law related to bankruptcy, insolvency and creditor's rights generally; (v) to Manager's knowledge, the execution, delivery and performance by Manager of this Agreement do not conflict with or result in a breach of any of the provisions of, or constitute a default under, any bond, note or other evidence of indebtedness, indenture, mortgage, deed of trust, loan agreement or similar instrument, any lease or any other material agreement or contract by which Manager, its activities or property is bound or any applicable law or order, rule or regulation of any court or governmental authority having

jurisdiction over Manager, its activities or property and no approval not already obtained is required for the execution, delivery or performance by Manager of this Agreement. Manager further represents to Lessee that Manager is not owed any fees or other consideration in connection with the management of the Project pursuant to any other agreement.

(b) Lessee represents and warrants to Manager that Lessee is a limited liability company duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky, is qualified to transact business in the state in which the Project is located, and has the full and complete right, power and authority to enter into this Agreement and perform Lessee's duties and obligations under this Agreement in accordance with the terms and conditions of this Agreement.

8.3 No Partnership: etc. Nothing in this Agreement shall be construed as making Lessee or Manager partners, joint ventures or members of a joint enterprise or as creating between Lessee and Manager any employer-employee relationship.

8.4 Subordination. This Agreement shall be subject and subordinate to the Ground Lease and to any deed of trust, mortgage or other instrument securing any Financing of the Project or hereinafter constituting a lien upon the Project or any part thereof. The subordination provided in this Section shall be self-operative and shall not require any further instrument or document. However, upon the request of Lessee, Manager shall promptly execute, acknowledge and deliver to the holder of such Financing an instrument in form and substance satisfactory to Lessee and such holder confirming such subordination and containing such other provisions as Lessee or such holder shall reasonably request. Without limiting the generality of the foregoing, and notwithstanding anything herein to the contrary, it is understood and agreed that, in the event of foreclosure of any deed of trust, mortgage or other instrument to which this Agreement is subordinated pursuant to this Section, the purchaser or other transferee of the Project shall have no obligation which it might otherwise have to pay or perform any of Lessee's obligations to which it might otherwise be subject.

8.5 Severability. If any provision of this Agreement or the application thereof to any Person or circumstances shall be held invalid or unenforceable, the other provisions of this Agreement or the application of such provision to the Persons or circumstances shall not be affected thereby but shall continue to be valid and enforceable to the fullest extent permitted under applicable law.

8.6 Modification. Except as specified herein, no provision of this Agreement shall be modified, waived or terminated except by an instrument in writing signed by the party against whom such modification, waiver or termination is to be enforced and in no event without the consent of the Lessor.

8.7 Successors and Assigns.

(a) This Agreement shall be binding upon and inure to the benefit of Manager and Lessee and their respective permitted successors and assigns, and all references in this

Agreement to “Manager” and “Lessee” shall include their respective permitted successors and assigns.

(b) Manager shall not assign or delegate all or any portion of its rights or duties hereunder.

(c) Lessee may assign this Agreement to any successor Lessee under the Ground Lease.

(d) Any assignment made in contravention of this Section 8.7 shall be void.

(e) Notwithstanding the foregoing, Manager and Lessee acknowledge and agree to assignments of this Agreement to NWM.

8.8 Limitation of Liability. Notwithstanding anything to the contrary in this Agreement, the liability of the Lessee under this Agreement will be “non-recourse” except to the extent of the Lessee’s interest in the Project and accordingly no party shall have any right to obtain payment from any Person comprising the Lessee or from any assets of Lessee other than the Project. If Manager shall recover any judgment against Lessee in connection with this Agreement, Manager shall look solely to Lessee’s then interest in the Project for collection or enforcement of any such judgment, and no other assets of Lessee shall be subject to levy, execution or other process for the satisfaction or enforcement of such judgment, and neither Lessee nor any Person having an interest in Lessee shall be liable for any deficiency.

8.9 Entire Agreement. This Agreement, together with the Loan Documents and the Ground Lease, contains the entire agreement of Lessee and Manager with respect to the engagement of Manager as the manager and leasing agent for the Project and supersedes, in their entirety, all prior engagements, oral or otherwise, between Lessee and Manager concerning the subject matter thereof.

8.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which, taken together, shall constitute one and the same instrument.

8.11 Governing Law. This Agreement shall be governed by and construed in accordance with the substantive internal laws (other than conflicts of laws rules) of the Commonwealth of Kentucky.

8.12 Tax Exemption. In the event any of the terms hereof would adversely affect the tax-exempt status of the Lessee, this Agreement shall be deemed amended in such manner as is necessary to avoid any such adverse impact.

8.13 Time is of the Essence. All time limits stated in this Agreement are of the essence of this Agreement.

8.14 Purchase by University.

(a) Lessor, Lessee, and Manager each hereby agree and acknowledge that during the term of the Ground Lease, Lessor shall have the right and option to purchase Lessee's right, title and interest in and to the Project by delivering written notice of Lessor's exercise of such right to Lessee (the "Option"). In the event that Lessor exercises the Option to acquire the Project, if there is any Financing currently outstanding on the Project, Lessor shall acquire all rights and responsibilities under any such Financing (subject to compliance with all terms and conditions of the Loan Documents), and Lessor shall be solely responsible for any fees or charges in connection with Lessor stepping into and assuming such financing.

(b) On and after July 1, 2045, if Lessor has not exercised the Option and there is no Financing then outstanding on the Project (and the Project is not encumbered by mortgage, lien or otherwise) and there is no uncured breach existing under this Agreement or the Ground Lease, then Lessor shall have the right and option to purchase all of Lessee's right, title and interest in the Project for one dollar (\$1.00) upon delivery of written notice to Lessee (the "Second Option").

(c) In the event that either the Option or the Second Option is exercised, the Lessee and Lessor agree that effective as of the closing of the transfer of the Project to Lessor, the Ground Lease shall be terminated by the mutual consent of Lessee and Lessor.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the Lessee and Manager have executed and delivered this Agreement as of the date first above written.

LESSEE:

COMMUNITY PARK, LLC

By: University of Louisville Real Estate
Foundation, Inc., its Manager

By: _____
Keith Sherman
Executive Director and COO

MANAGER:

UNIVERSITY OF LOUISVILLE

By: _____
Name: _____
Title: _____

Recommended by:

By: _____
Name: Dr. Thomas Hardy
Title: Director, Campus Housing

LESSOR:

By execution hereof, the undersigned Lessor hereby provides its consent pursuant to the Ground Lease.

COMMONWEALTH OF KENTUCKY, FOR THE
USE AND BENEFIT OF THE UNIVERSITY OF
LOUISVILLE

By: _____
Name: _____
Title: _____



Financial Statements Update

December 16, 2021

Dan Durbin
EVP Finance/CFO

Summary of Revenues, Expenses and Changes in Net Position

YTD Period Ended October 31, 2021 and 2020 (reflected in thousands)

	FY 2022	FY 2021	\$ Diff	% Diff
REVENUES				
Student tuition and fees, net	\$ 123,955	\$ 120,814	\$ 3,141	2.6%
Clinical services and practice plan	124,650	111,048	13,602	12.2%
State appropriations	71,584	70,643	940	1.3%
Grants and contracts	83,219	49,105	34,114	69.5%
Intercollegiate athletics	38,021	24,743	13,278	53.7%
Affiliate contributions, net	10,456	10,456	0	0.0%
Capital appropriations & gifts	22,595	24,812	(2,217)	(8.9%)
Other revenue	26,392	19,629	6,763	34.5%
Total Revenue	500,873	431,251	69,622	16.1%
EXPENSES				
Salaries and wages	175,523	172,200	3,323	1.9%
Employee benefits	47,144	38,079	9,066	23.8%
Utilities	4,695	4,839	(145)	(3.0%)
Scholarships and fellowships	33,859	19,789	14,070	71.1%
Depreciation and amortization	16,852	17,915	(1,063)	(5.9%)
Supplies and services	118,521	87,961	30,560	34.7%
Total Expenses	396,594	340,783	55,811	16.4%
Increase/(decrease) in net position	104,279	90,468	13,811	15.3%

Significant Revenue Fluctuations:

- Student tuition and fee revenue increased due to 1.75% rate increase with an offset due to slightly fewer students.
- Clinical revenue: Rent and lease payments from UL Health received monthly during FY22; payments during FY21 not consistently received/recorded month to month.
- Grant revenue: Increase primarily due to timing of CARES funding year-over-year, \$15.1 million additional in FY22 in, and increase in other various grants of \$10.3 million and \$5.2 million, respectively.
- Intercollegiate athletic: increase in FY22 due to release of COVID capacity restrictions and game cancellations for the football and men's basketball seasons in FY21.
- Other revenue increased primarily due to F&A cost recoveries related to increased grant activities.

Summary of Revenues, Expenses and Changes in Net Position

YTD Period Ended October 31, 2021 and 2020 (reflected in thousands)

	FY 2022	FY 2021	\$ Diff	% Diff
REVENUES				
Student tuition and fees, net	\$ 123,955	\$ 120,814	\$ 3,141	2.6%
Clinical services and practice plan	124,650	111,048	13,602	12.2%
State appropriations	71,584	70,643	940	1.3%
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Intercollegiate athletics	38,021	24,743	13,278	53.7%
Affiliate contributions, net	10,456	10,456	0	0.0%
Capital appropriations & gifts	22,595	24,812	(2,217)	(8.9%)
Other revenue	26,392	19,629	6,763	34.5%
Total Revenue	500,873	431,251	69,622	16.1%
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Salaries and wages	175,523	172,200	3,323	1.9%
Employee benefits	47,144	38,079	9,066	23.8%
Utilities	4,695	4,839	(145)	(3.0%)
Scholarships and fellowships	33,859	19,789	14,070	71.1%
Depreciation and amortization	16,852	17,915	(1,063)	(5.9%)
Supplies and services	118,521	87,961	30,560	34.7%
Total Expenses	396,594	340,783	55,811	16.4%
Increase/(decrease) in net position	104,279	90,468	13,811	15.3%

Significant Expense Fluctuations:

- Salaries increased primarily due to 1% COLA adjustment and increased hiring.
- Employee benefits increased due to the university reinstating the full 7.5% 403b contribution in FY22.
- Scholarships increase due to HEERF grants to students given during the Fall 2021 semester.
- The increase in supplies and services expense is generally driven by normal return to campus activities vs. COVID restrictions in FY21. Operational expenditures have risen partially in response to purchases delayed from prior year and increased campus activity.

Statement of Net Position (Balance Sheet)

Fiscal Year Period Ending October 30, 2021 and 2020 (Reflected in Thousands)

	FY 2022	FY 2021	Difference	Percent
ASSETS				
Unrestricted cash and cash equivalents	\$ 303,694	\$ 102,389	\$ 201,305	197 %
Restricted cash and cash equivalents	49,234	44,822	4,412	10 %
Accounts receivable, net	125,185	129,789	(4,604)	(4)%
Due from affiliates	49,864	33,869	15,995	47 %
Other investments	41,605	145,367	(103,763)	(71)%
Other assets	27,999	31,219	(3,221)	(10)%
Capital assets, net	1,052,683	1,065,137	(12,454)	(1)%
Total assets	1,650,265	1,552,593	97,671	6 %
DEFERRED OUTFLOWS OF RESOURCES				
	17,305	13,687	3,618	26 %
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	\$ 1,667,569	\$ 1,566,280	\$ 101,290	6 %
LIABILITIES				
Accounts payable and accrued liabilities	93,669	86,255	7,414	9 %
Advances	10,741	24,757	(14,016)	(57)%
Bonds and notes payable	301,182	279,322	21,859	8 %
Amounts due to federal govt for student loans	17,311	17,145	166	1 %
Other post-retirement benefits	80,238	74,239	5,999	8 %
Other liabilities	18,704	12,819	5,885	46 %
Total liabilities	521,844	494,536	27,308	6 %
DEFERRED INFLOWS OF RESOURCES				
	61,480	65,829	(4,348)	(7)%
NET POSITION				
Net investment in capital assets	781,031	812,188	(31,158)	(4)%
Restricted:				
Nonexpendable	1,868	1,349	520	38 %
Expendable	83,215	88,508	(5,293)	(6)%
Unrestricted	218,130	103,870	114,261	110 %
Total net position	\$ 1,084,245	\$ 1,005,915	\$ 78,329	8 %
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
	\$ 1,667,569	\$ 1,566,280	\$ 101,288	6 %

Significant Balance Sheet Fluctuations: Assets

- Unrestricted Cash & CE increased \$201 million but partially offset by shift in investments of (\$104) million. Also includes \$20.6 million from FICA deferrals.
- Due from affiliates increased primarily due to UofL Health margin share receivable of \$33.2 million, partially offset by UMC note receivable payoff.

Liabilities

- Accounts payable includes \$20.6 million FICA deferrals due (½ December 2021 and ½ December 2022) vs \$13.5 million prior year.
- Advances decreased due to utilization of athletic ticket deposits collected during FY21 for FY22 athletic season (Football); decrease in grant deferred revenue.
- Bonds & note payable increased due to new residence hall financing.

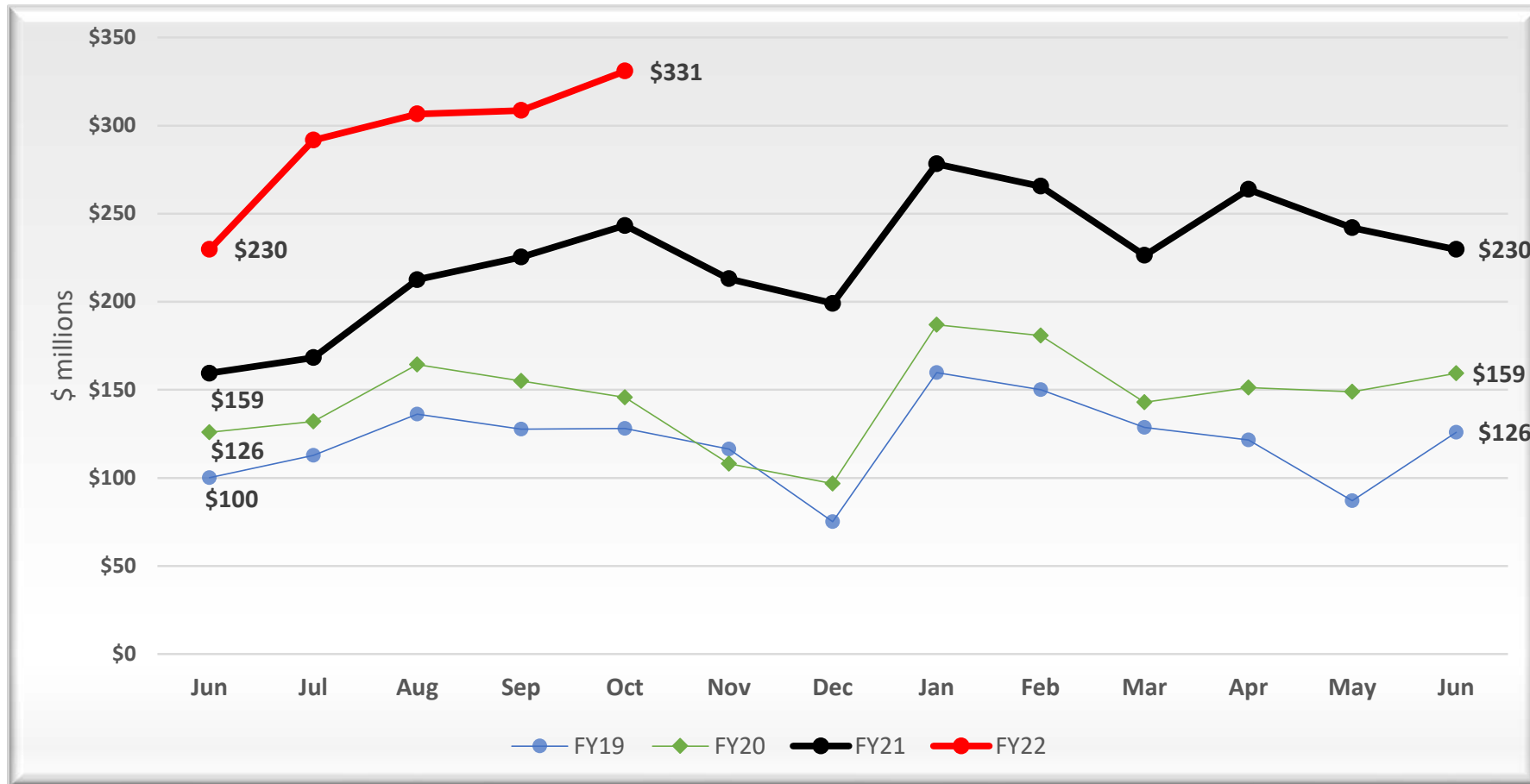
Revenue and Expense Activity by Component Unit

Year to Date FY2022 and FY2021

	FY 2022				FY 2021			
	Consolidated	ULSA (mostly general fund)	ULRF	ULAA	Consolidated	ULSA (mostly general fund)	ULRF	ULAA
Total Revenues	500,873	235,264	202,808	62,800	431,251	223,358	154,963	52,930
Total Expenses	396,594	171,922	180,793	43,878	340,783	154,573	154,316	31,894
Total Increase in Net Position	104,279	63,342	22,015	18,922	90,468	68,784	648	21,036
Year-Over-Year Change	13,811	(5,442)	21,367	(2,114)				

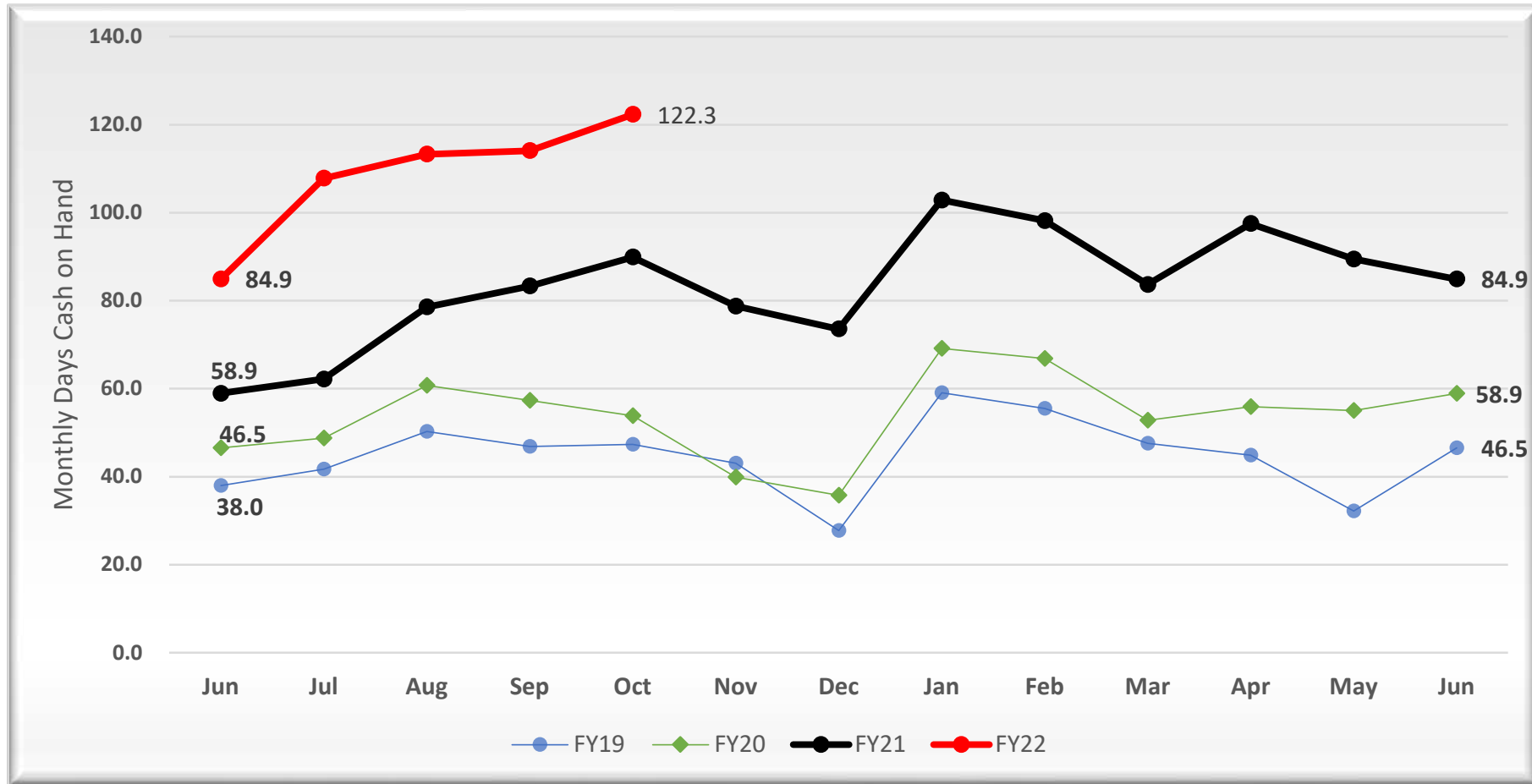
Liquid Cash – FY 2019 to FY 2022

(Actual Dollar Amounts through October FY 2022)



Liquid Cash – FY 2019 to FY 2022

(Actuals Days Cash on Hand Amounts through October FY 2022)



Questions?
Thank you!



University of Louisville and Affiliated Corporations
A Component Unit of the Commonwealth of Kentucky
Statements of Net Position (UNAUDITED)
October 31, 2021 and 2020

	FY 2022	FY 2021	Difference	Percent
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 303,694	\$ 102,389	\$ 201,305	197 %
Short-term investments	40,848	144,411	(103,564)	(72)%
Deposit with bond trustee and escrow agent	688	6,257	(5,569)	(89)%
Loans, accounts and contributions receivable, net	77,136	75,817	1,319	2 %
Due from affiliates	37,442	10,632	26,810	252 %
Inventories	6,439	6,511	(71)	(1)%
Investments held with University of Louisville Foundation, Inc.	3,440	5,344	(1,904)	(36)%
Other assets	1,688	2,045	(357)	(17)%
Total current assets	471,375	353,406	117,969	33 %
Noncurrent Assets				
Restricted cash and cash equivalents	49,234	44,822	4,412	10 %
Deposit with bond trustee and escrow agent	15,361	10,803	4,558	42 %
Loans, accounts and contributions receivable, net	48,049	53,972	(5,923)	(11)%
Due from affiliates	12,423	23,237	(10,814)	(47)%
Other long-term investments	757	956	(199)	(21)%
Other long-term assets	382	260	122	47 %
Capital assets, net	1,052,683	1,065,137	(12,454)	(1)%
Total noncurrent assets	1,178,889	1,199,187	(20,298)	(2)%
Total assets	1,650,264	1,552,593	97,671	8 %
DEFERRED OUTFLOWS OF RESOURCES				
	17,305	13,687	3,618	26 %
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	1,667,569	1,566,280	101,289	6 %
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	93,669	86,255	7,414	9 %
Line of credit	9,000	-	9,000	0%
Unearned compensation and wages payable	878	2,699	(1,820)	(67)%
Advances	4,208	17,768	(13,560)	(76)%
Bonds and notes payable	23,002	23,996	(994)	(4)%
Total current liabilities	130,757	130,718	39	17 %
Noncurrent Liabilities				
Note payable to University of Louisville Foundation, Inc.	1,000	1,000	-	- %
Unearned compensation and wages payable	949	1,897	(949)	(50)%
Deposits	1,832	1,092	739	68 %
Advances	6,533	6,989	(456)	(7)%
Amounts due to federal government for student loan programs	17,311	17,145	166	1 %
Other post-retirement benefits	80,238	74,239	5,999	8 %
Other long-term liabilities	5,045	6,130	(1,085)	(18)%
Bonds and notes payable	278,180	255,326	22,854	9 %
Total noncurrent liabilities	391,088	363,818	27,270	10 %
Total liabilities	521,845	494,536	27,309	8 %
DEFERRED INFLOWS OF RESOURCES				
	61,480	65,829	(4,348)	(7)%
NET POSITION				
Net investment in capital assets	781,031	812,188	(31,158)	(4)%
Restricted:				
Nonexpendable	1,868	1,349	520	38 %
Expendable	83,215	88,508	(5,293)	(6)%
Unrestricted	218,130	103,870	114,261	110 %
Total net position	1,084,244	1,005,915	78,329	8 %
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
	\$ 1,667,569	\$ 1,566,280	\$ 101,289	6 %

University of Louisville and Affiliated Corporations
A Component Unit of the Commonwealth of Kentucky
Statements of Revenues, Expenses, and Changes in Net Position (UNAUDITED)
October 31, 2021 and 2020

	FY 2022	FY 2021	Difference	Variance
OPERATING REVENUES				
Gross student tuition and fees	\$ 169,329	\$ 167,852	\$ 1,477	1 %
Less: Discount	(45,374)	(47,038)	1,664	(4)%
Net student tuition and fees	123,955	120,814	3,141	3 %
Clinical services and practice plan	124,650	111,048	13,602	12 %
Federal grants and contracts	33,155	22,847	10,308	45 %
State and local grants and contracts	7,414	2,187	5,228	239 %
Nongovernmental grants and contracts	6,606	4,149	2,457	59 %
Sales and services of educational departments	3,574	3,082	492	16 %
Facilities and administrative cost recoveries	12,946	9,132	3,814	42 %
Auxiliary enterprises	6,724	5,747	977	17 %
Intercollegiate athletics	38,021	24,743	13,277	54 %
Other operating revenue	6,221	4,192	2,029	48 %
Total operating revenue	363,266	307,940	55,325	18 %
OPERATING EXPENSES				
Instruction	85,833	79,547	6,286	8 %
Research	51,208	43,577	7,631	18 %
Public service	45,253	39,165	6,088	16 %
Academic support	53,260	52,215	1,044	2 %
Student services	11,097	9,285	1,812	20 %
Institutional support	32,358	28,694	3,664	13 %
Operation and maintenance of plant	29,425	24,330	5,095	21 %
Scholarships and fellowships	32,191	19,039	13,153	69 %
Auxiliary enterprises	2,891	2,398	494	21 %
Intercollegiate athletics	36,226	24,618	11,607	47 %
Depreciation and amortization	16,852	17,915	(1,063)	(6)%
Total operating expense	396,593	340,782	55,811	16 %
Operating gain/(loss)	(33,327)	(32,842)	(485)	1 %
NONOPERATING REVENUES (EXPENSES)				
State appropriations	71,584	70,643	940	1 %
Gifts and donations	20,741	20,105	635	3 %
Nonexchange grants and contracts	36,044	19,923	16,121	81 %
Contributions from University of Louisville Foundation, Inc.	10,456	10,456	0	0 %
Investment income	342	522	(180)	(35)%
Realized and unrealized gain on investments	(63)	(19)	(44)	226 %
Interest on capital asset-related debt	(3,557)	(3,151)	(406)	13 %
Other nonoperating revenue (expense)	207	126	82	65 %
Net nonoperating revenue	135,753	118,605	17,147	14 %
Income (Loss) before other revenue, expense, gains and losses	102,426	85,763	16,663	19 %
Capital appropriations	169	-	169	100%
Capital gifts	1,685	4,707	(3,022)	(64)%
Total other revenue	1,854	4,707	(2,853)	(61)%
Increase (decrease) in net position	104,280	90,470	13,810	15 %
NET POSITION				
Net position - beginning of year	979,964	915,446	64,518	7 %
Cumulative effect of change in accounting principle	-	-	-	-
Net position - end of year	1,084,244	\$ 1,005,915	\$ 78,329	8 %