

MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF THE
UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.

September 15, 2017

In Open Session

Members of the University of Louisville Research Foundation, Inc. Board of Directors met at 2:13 p.m. on September 15, 2017, in the Jefferson Room of Grawemeyer Hall, with members present and absent as follows:

Present: Mr. James Rogers, Chairman Pro Tempore
Mr. William Armstrong
Dr. Dale B. Billingsley, Vice President
Dr. Raymond Burse
Ms. Sandra Frazier
Mr. David Grissom
Ms. Susan Howarth, Vice President
Dr. Gregory C. Postel, President
Dr. William Pierce, Vice President
Mr. Nitin Sahney
Mr. Vishnu Tirumala
Prof. Enid Trucios-Haynes
Dr. Ron Wright

Absent: Ms. Bonita Black
Mr. Brian Cromer
Ms. Diane Medley
Mr. John Schnatter

From the
University: Ms. Leslie Strohm, Vice President for Strategy and General Counsel
Mr. Lee Smith, Interim Chief Operating Officer
Mr. John Drees, Interim Sr. Associate VP for Communications and Marketing
Mr. John Karman, Director of Media Relations
Dr. Michael Mardis, Dean of Students (arrived at 12:00 p.m.)
Mr. Jake Beamer, Boards Liaison and Assistant Secretary

From the
Foundation: Mr. Keith Sherman, Interim Executive Director (arrived at 12:13 p.m.)
Mr. Justin Ruhl, Financial Accountant (arrived at 12:13 p.m.)

Outside
Counsel: Mr. Craig Dilger, Stoll Keenon Ogden
Mr. Sam Hinkle, Stoll Keenon Ogden
Mr. Tony Schnell, Stoll Keenon Ogden

I. Call to Order

Having determined a quorum present, Chair Pro Tem Rogers called the meeting to order at 2:13 p.m.

Approval of Minutes, May 18, 2017

Dr. Billingsley made a motion, which Prof. Trucios-Haynes seconded, to approve the minutes of the May 18, 2017 meeting.

The motion passed.

Action Item: Approval of Pediatric Medical Office Building Refinancing

Dr. Postel briefed the board on the recommendation regarding the refinancing of the Pediatric Medical Office Building loan. He noted it was follow up to a previous approval and discussion about permanent financing of the Pediatric Medical Office Building. The recommendation authorizes the President to secure Tax Exempt Financing through Old National Bank.

Dr. Wright made a motion, which Ms. Frazier seconded, to approve the following resolution:

WHEREAS, the Research Foundation is a 501(c)(3) not for profit corporation affiliated with the University of Louisville and incorporated under the laws of the Commonwealth of Kentucky for the performance of charitable, educational and scientific purposes, including, inter alia, carrying out and supporting projects relating to the educational, scientific, literary, artistic, health care and public service missions of the University of Louisville (the "University"); and

WHEREAS, the Board of Directors of the Research Foundation is composed of all of the members of the University's Board of Trustees, plus the University's President, Chief Business Officer/ Chief Financial Officer, Chief Academic Officer, and Chief Research Officer; and

WHEREAS, the University of Louisville Physicians, Inc. ("ULP") is a large, multi-specialty physician practice with more than 700 primary care and specialty physicians; and

WHEREAS all of the physicians employed by ULP are also professors and/or researchers at the University of Louisville School of Medicine; and

WHEREAS, receipts generated from the clinical services provided by ULP/School of Medicine physicians are deposited into accounts maintained either by the Research Foundation (the "ULRF Clinical Receipts") or by ULP; and

WHEREAS, the majority of the ULRF Clinical Receipts are transferred to the University and ULP to pay the faculty physicians, staff, and practice expenses. Over the past three years, an average of Nine Million Dollars per year of ULRF Clinical Receipts have passed through from ULRF to ULP to support ULP programs and operations; and

WHEREAS, pediatric practices for 200 Department of Pediatrics faculty members currently provide patient care and do business in a number of facilities, with rent being paid to outside entities for this space; and

WHEREAS, a Pediatric Medical Office Building (PMOB) is under construction to be completed in the summer of 2018. The pediatric practices within ULP will be a major tenant of the PMOB; and

WHEREAS, in April 2017, Old National Bank (ONB) provided a construction loan in the maximum principal amount of Forty-Eight Million Six Hundred Ten Thousand Dollars (\$48,610,000) to PMOB, Inc. to finance the construction of the PMOB; and

WHEREAS, as a requirement to extending the construction loan, Old National Bank required that the Research Foundation enter into a Memorandum of Understanding with ULP pursuant to which the Research Foundation agreed to make ULRF Clinical Receipts available to backstop ULP's lease obligations to PMOB, Inc. and the fit-out of the leased space with furniture, fixtures, and equipment (the "Lease MOU"), so long as the Research Foundation is not obligated to transfer to or for the benefit of ULP any funds in excess of the ULRF Clinical Receipts; and

WHEREAS, with approval from the Board of Trustees and the Board of Directors of the Research Foundation, the Research Foundation entered into the Lease MOU attached as Exhibit A effective April 26, 2017; and

WHEREAS, Old National Bank has agreed to refinance the existing loan on a tax-exempt basis, which will provide substantial savings for PMOB, Inc. Louisville/Jefferson County Metro Government (the "Issuer") will issue the Louisville/Jefferson County Metro Government, Kentucky, Health Care Facilities Revenue Bonds, Series 2017 (PMOB, Inc. Project) in the maximum principal amount of Forty-Eight Million Six Hundred Ten Thousand and No/100 Dollars (\$48,610,000.00), the proceeds of which shall be used to (i) refinance the construction loan, (ii) pay all or an additional portion of the remaining costs of acquiring, constructing, installing, and equipping the Project, and (iii) pay all or a portion of the issuance costs of the bonds (collectively, the "Tax-Exempt Financing Credit Facility"); and

WHEREAS, as a condition to closing the Tax-Exempt Financing Credit Facility, Old National Bank is requiring each of ULRF and ULP to consent to the Tax-Exempt Financing Credit Facility and to ratify and reaffirm the terms, conditions and obligations of the Lease MOU entered into effective April 26, 2017; and

WHEREAS, this involves no change in the obligations of the Research Foundation; and

WHEREAS, pursuant to KRS 164A.610(3), the Board of Trustees of the University of Louisville has taken formal action today to request that the Board of Directors of the Research Foundation consent to the Tax-Exempt Financing Credit Facility and to the execution of the Reaffirmation Agreement substantially in the form attached hereto as Exhibit B with such changes, insertions and omissions as may be approved by the President and the Chair of the Research Foundation Board, so long as the Research Foundation is not obligated to transfer to or for the benefit of ULP any funds in excess of the ULRF Clinical Receipts.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Research Foundation that the President and other appropriate officers of the Research Foundation are authorized and directed to consent to the Tax-Exempt Financing Credit Facility and to execute a Reaffirmation Agreement substantially in the form attached hereto as Exhibit B with such changes, insertions and omissions as may be approved by the President and the Chair of the Research Foundation Board, so long as the Research Foundation is not obligated to transfer to or for the benefit of ULP any funds in excess of the ULRF Clinical Receipts. The President and other appropriate officers of the Research Foundation are further authorized and directed to take such further actions and execute such additional documents as may be necessary to effect this Resolution.

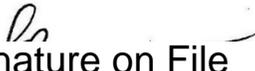
The motion passed.

II. Adjournment

Dr. Billingsley made a motion, which Prof. Trucios-Haynes seconded, to adjourn.

The motion passed and the meeting adjourned at 2:16 p.m.

Approved by:


Signature on File
Assistant Secretary

RECOMMENDATION TO THE BOARD OF DIRECTORS
OF THE UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
REGARDING UNIVERSITY OF LOUISVILLE PHYSICIANS, INC.

Board of Directors – September 15, 2017

RECOMMENDATION:

The President of the University of Louisville Research Foundation, Inc. (“ULRF” or the “Research Foundation”) recommends adoption of the following resolution:

WHEREAS, the Research Foundation is a 501(c)(3) not for profit corporation affiliated with the University of Louisville and incorporated under the laws of the Commonwealth of Kentucky for the performance of charitable, educational and scientific purposes, including, inter alia, carrying out and supporting projects relating to the educational, scientific, literary, artistic, health care and public service missions of the University of Louisville (the "University"); and

WHEREAS, the Board of Directors of the Research Foundation is composed of all of the members of the University’s Board of Trustees, plus the University’s President, Chief Business Officer/ Chief Financial Officer, Chief Academic Officer, and Chief Research Officer; and

WHEREAS, the University of Louisville Physicians, Inc. (“ULP”) is a large, multi-specialty physician practice with more than 700 primary care and specialty physicians; and

WHEREAS all of the physicians employed by ULP are also professors and/or researchers at the University of Louisville School of Medicine; and

WHEREAS, receipts generated from the clinical services provided by ULP/School of Medicine physicians are deposited into accounts maintained either by the Research Foundation (the “ULRF Clinical Receipts”) or by ULP; and

WHEREAS, the majority of the ULRF Clinical Receipts are transferred to the University and ULP to pay the faculty physicians, staff, and practice expenses. Over the past three years, an average of Nine Million Dollars per year of ULRF Clinical Receipts have passed through from ULRF to ULP to support ULP programs and operations; and

WHEREAS, pediatric practices for 200 Department of Pediatrics faculty members currently provide patient care and do business in a number of facilities, with rent being paid to outside entities for this space; and

WHEREAS, a Pediatric Medical Office Building (PMOB) is under construction to be completed in the summer of 2018. The pediatric practices within ULP will be a major tenant of the PMOB; and

WHEREAS, in April 2017, Old National Bank (ONB) provided a construction loan in the maximum principal amount of Forty-Eight Million Six Hundred Ten Thousand Dollars (\$48,610,000) to PMOB, Inc. to finance the construction of the PMOB; and

WHEREAS, as a requirement to extending the construction loan, Old National Bank required that the Research Foundation enter into a Memorandum of Understanding with ULP pursuant to which the Research Foundation agreed to make ULRF Clinical Receipts available to backstop ULP's lease obligations to PMOB, Inc. and the fit-out of the leased space with furniture, fixtures, and equipment (the "Lease MOU"), so long as the Research Foundation is not obligated to transfer to or for the benefit of ULP any funds in excess of the ULRF Clinical Receipts; and

WHEREAS, with approval from the Board of Trustees and the Board of Directors of the Research Foundation, the Research Foundation entered into the Lease MOU attached as Exhibit A effective April 26, 2017; and

WHEREAS, Old National Bank has agreed to refinance the existing loan on a tax-exempt basis, which will provide substantial savings for PMOB, Inc. Louisville/Jefferson County Metro Government (the "Issuer") will issue the Louisville/Jefferson County Metro Government, Kentucky, Health Care Facilities Revenue Bonds, Series 2017 (PMOB, Inc. Project) in the maximum principal amount of Forty-Eight Million Six Hundred Ten Thousand and No/100 Dollars (\$48,610,000.00), the proceeds of which shall be used to (i) refinance the construction loan, (ii) pay all or an additional portion of the remaining costs of acquiring, constructing, installing, and equipping the Project, and (iii) pay all or a portion of the issuance costs of the bonds (collectively, the "Tax-Exempt Financing Credit Facility"); and

WHEREAS, as a condition to closing the Tax-Exempt Financing Credit Facility, Old National Bank is requiring each of ULRF and ULP to consent to the Tax-Exempt Financing Credit Facility and to ratify and reaffirm the terms, conditions and obligations of the Lease MOU entered into effective April 26, 2017; and

WHEREAS, this involves no change in the obligations of the Research Foundation; and

WHEREAS, pursuant to KRS 164A.610(3), the Board of Trustees of the University of Louisville has taken formal action today to request that the Board of Directors of the Research Foundation consent to the Tax-Exempt Financing Credit Facility and to the execution of the Reaffirmation Agreement substantially in the form attached hereto as Exhibit B with such changes, insertions and omissions as may be approved by the President and the Chair of the Research Foundation Board, so long as the Research Foundation is not obligated to transfer to or for the benefit of ULP any funds in excess of the ULRF Clinical Receipts.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Research Foundation that the President and other appropriate officers of the Research Foundation are authorized and directed to consent to the Tax-Exempt Financing Credit Facility and to execute a Reaffirmation Agreement substantially in the form attached hereto as Exhibit B with such changes, insertions and omissions as may be approved by the President and the

Chair of the Research Foundation Board, so long as the Research Foundation is not obligated to transfer to or for the benefit of ULP any funds in excess of the ULRF Clinical Receipts. The President and other appropriate officers of the Research Foundation are further authorized and directed to take such further actions and execute such additional documents as may be necessary to effect this Resolution.

Board Action:

Passed: _____ X _____

Did Not Pass: _____

Other: _____


Signature on File
Assistant Secretary