

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

In Open Session

Members of the Board of Directors of the University of Louisville Foundation, Inc. met at 12:01 p.m. on April 28, 2020. As a result of the state of emergency in Kentucky the regular meeting was conducted by live audio and/or video teleconference. Members of the public and media were able to access the meeting on a live stream. Members were present and absent as follows:

Present: Mr. Earl Reed, Chair
Mr. David Anderson
Dr. Neeli Bendapudi
Mr. Jim Boone
Mr. Paul Carrico
Mr. John Chilton
Ms. Jill Force
Ms. Sandra Frazier
Mr. David Krebs
Mr. Larry McDonald
Mr. Mark Nickel
Ms. Mary Nixon
Mr. Ken Payne
Mr. Jim Rogers
Mr. John Smith, *ex-officio*
Mr. John Thompson
Dr. Krista Wallace-Boaz, *ex-officio*

Absent: Mr. Jasper Noble

Board Advisors

Present: Mr. Ernest Brooks, Member of Investment Subcommittee
Ms. Jessica Cole, Member of Audit, Compliance & Risk Management Committee
Ms. Deborah Lawson, Member of Investment Subcommittee

From the
Foundation:

Mr. Keith Sherman, Executive Director/COO
Ms. Julie Kroger, Executive Assistant
Ms. Gina Lankswert, Director of Administration
Ms. Susan Magness, Director of Budget
Mr. Chris Montgomery, Manager of Investment and Tax Reporting
Mr. Justin Ruhl, Controller

From Legal
Counsel:

Mr. Franklin Jelsma, Wyatt, Tarrant & Combs

Guests: Mr. Dan Durbin, UofL Vice President for Finance & Administration/CFO
Mr. Tom Keith, UofL Associate Vice President of Development
Mr. Brad Shafer, UofL Vice President of Advancement
Mr. Vince Tyra, UofL Vice President of Athletics

I. Call to Order

Having determined a quorum present, Chair Reed called the meeting to order at 12:01 p.m. No conflicts of interest or appearances of conflicts were identified.

II. Consent Agenda

Next, Mr. Reed read the **attached** consent agenda as follows:

- Approval of Minutes, January 30, 2020
- Resolutions Regarding Quasi-Endowments and Testamentary Gifts
- Resolution Regarding Underwater Endowments

Ms. Nixon made a motion to approve the Consent Agenda which Mr. Boone seconded. The motion passed.

III. Audit, Compliance, & Risk Management Committee Report

Mr. Boone reported the Audit, Compliance & Risk Management Committee approved two recommendations at their April 28, 2020 meeting. They recommend the Board engage Ernst & Young for the purpose of providing financial statement audit services for the fiscal year ending June 30, 2020. They also recommend the Board authorize the Executive Director, subject to the approval of legal counsel, to sign and file tax forms. Mr. Boone moved the adoption of the two **attached** resolutions on behalf of the Audit, Compliance & Risk Management Committee. The motion passed.

IV. Investment Subcommittee Report

Mr. Nickel reported the market peaked during the third quarter on February 19 and since then it has fallen 35% in the fastest bear market in history. The Foundation's Main Endowment Pool lost 12.3% in the quarter, but it performed better than the S&P 500 and all global stocks because it is highly diversified portfolio. During the Investment Subcommittee's meeting the previous day Prime Buchholz provided an update on the endowment and the progress they have made in implementing their asset allocation. It will take 12-18 months to fully implement. Mr. Nickel believes they are going to be a good partner.

Finance Committee Report

Ms. Force reported the Finance Committee reviewed their third quarter financials, re-appointed Ms. Deborah Lawson to an additional two-year term on the Investment Subcommittee and approved three recommendations during their meeting on April 28, 2020. She stated Mr. Nickel will present a recommendation regarding planned giving

and Mr. Sherman will present a recommendation regarding the creation of new endowments during his Executive Director report.

Ms. Force stated the Finance Committee approved a recommendation that the Board approve the 2020-2021 operating budget. She noted the budget does not include spending policy which will be discussed at a future meeting before the end of the fiscal year. In light of the significant drop in assets it is prudent to complete an extensive review of the 1,600 endowment accounts to assess existing carryover and to determine to what extent spending policy can be funded from non-endowed sources. Foundation staff will work with Mr. Durbin and his staff on the comprehensive review.

On behalf of the Finance Committee Ms. Force moved the adoption of the **attached** 2020-2021 operating budget. The motion was approved.

Mr. Nickel reported that University Advancement intends to increase their focus on planned giving. The Investment Subcommittee and the Finance Committee recommend the Board outsource the administrative components currently administered by the Foundation. The Board approved the **attached** resolution.

V. Report of the Chair

Mr. Reed expressed his appreciation to Ms. Force and Mr. Nickel. He said a comprehensive review of the endowment accounts is necessary because several accounts are now underwater as a result of the recent market drop. He noted the amount of carryover funds and current use gift funds currently available equal the amount the University has been receiving on an annual basis from the Foundation. He reminded the Board that the Foundation is responsible for managing donations to the University as well as maintaining the corpus of endowments.

Mr. Reed reported the UofL Board of Trustees is encouraging all university affiliated boards to make a donation towards a UofL COVID-related fund. The Trustees have 100% participation in this effort and they are challenging other boards to do the same. Mr. Reed asked the Board to consider making a donation.

Mr. Ruhl provided a brief overview of the third quarter financials. He noted the Foundation has begun receiving donations on behalf of UofL Health. He stated that during the Finance Committee meeting they discussed investment losses, fundraising, and liquidity.

VI. ULREF Update

Mr. Payne reported the University of Louisville Real Estate Foundation has not been as adversely impacted by COVID-19 as the Foundation has been, however, they have begun receiving some inquiries from tenants regarding rent abatement and deferment. During their April 28, 2020 meeting the Board reviewed their third quarter financials, approved the 2020-2021 operating budget, and authorized the filing of the 990 and 990T tax forms.

The Real Estate Board also approved the initial services and fee schedule for the Administrative Services Agreement with the Foundation. He made a motion the Board approve the **attached** resolution and service and fee schedule. Mr. Nickel seconded the motion. The motion passed.

VII. Reports from the University of Louisville

Dr. Bendapudi expressed her appreciation to the Board for their work and their consideration of a COVID-19 donation to the University. She said it has been a very challenging time. Dr. Bendapudi noted the five areas she has been focused on recently: academics, research, athletics, health sciences, and external relationships, especially those in government. She expressed her appreciation to the students and faculty who made a quick and successful transition to an online format for all classes. She also expressed her appreciation to the University's leadership team for their work.

Mr. Durbin provided a high-level overview of the **attached** University financial report. Several Board members expressed their appreciation to Dr. Bendapudi and Mr. Durbin.

Mr. Shafer reviewed the **attached** University Advancement update which focused on the recent shift in focus to COVID-19 as well as philanthropy during the current fiscal year. He expressed his appreciation to the Board for their consideration of a donation and for approving the planned giving resolution.

Mr. Tyra provided an overview of Athletics' recent actions in response to COVID-19.

VIII. Report of the Executive Director

Mr. Sherman stated the last quarter was challenging. The work of the Board and the staff the past few years to restructure the Foundation's operations, practices and policies just recently resulted in a level of fiscal health the Foundation had not seen in several prior years. Unfortunately, the endowment had not been healthy long enough to bank earnings and create a cushion therefore many endowment accounts are now underwater again. The Main Endowment Pool is well position for when the economy rebounds.

The Foundation's new endowment management software will allow it to more quickly analyze individual accounts. This will aid the Foundation in working with the University as they determine their specific needs and how the Foundation may be able to help fill the gaps. Mr. Sherman echoed what Mr. Reed and Ms. Force previously stated about the importance of balancing the short term needs of the University with the long term need to provide spending policy, especially next year when the market may not have fully rebounded yet.

Mr. Sherman reported he has received inquiries from the University about why the Foundation can't just fill the gap the University is currently facing. He stated that most funds, endowed and non-endowed, have donor restrictions.

Mr. Sherman expressed his appreciation to Dr. Bendapudi and her leadership team as well as to the Foundation staff.

Mr. Sherman stated the Finance Committee approved a recommendation at their meeting to raise the minimum amount required to create a new endowment account to \$25,000. The Board approved the recommendation.

IX. Executive Session to Discuss Proposed or Pending Litigation and Personnel Matters Pursuant to KRS 61.810 (1)(c) and (f)

Mr. Reed asked for a motion to go into executive session to discuss proposed or pending litigation and personnel matters pursuant to KRS 61.810(1)(c) and (f). Mr. Boone made the motion, which Ms. Nixon seconded, to go into executive session at 1:24 p.m. The motion passed.

X. Reconvene Open Session

Open session was reconvened at 1:39 p.m. Mr. Reed reported that proposed or pending litigation and personnel matters were discussed during the executive session. No action was taken.

XI. Other Business

Mr. Reed stated the Board will have a special meeting before the end of the fiscal year regarding the 2020-2021 spending policy.

XII. Adjournment

Having no other business the motion to adjourn the meeting made by Ms. Nixon and seconded by Mr. Boone passed at 1:39 p.m.

Approved by:



James E. Boone, Secretary
University of Louisville Foundation, Inc.

**RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE
UNIVERSITY OF LOUISVILLE FOUNDATION, INC.**

April 28, 2020

At a duly convened meeting of the Board of Directors (the “**Board**”) of the University of Louisville Foundation, Inc., a Kentucky nonprofit corporation (“**ULF**”), held on April 28, 2020, the Board adopted the following resolutions:

**Creation of Quasi-Endowment in the College of Business:
College of Business Emergency Grant Fund Endowment**

WHEREAS, the College of Business wants to create a College of Business Emergency Grant Fund Endowment. The quasi-endowment will be used to provide student persistence funding to students in need, with no requirements that the student repay the support. In keeping with the original intent of the loan fund, these funds will be awarded in accordance with College and University policy, based on the recommendation of the Assistant Dean for Advising and approval of the Dean. The fund may also be used, at the discretion of the Dean, for additional student support needs.

WHEREAS, the University of Louisville Board of Trustees approved the creation of the quasi-endowment on April 23, 2020.

RESOLVED, the Board approves the creation of the College of Business Emergency Grant Fund Endowment quasi-endowment.

**Creation of Quasi-Endowment in the School of Public Health and Information Sciences:
School of Public Health and Information Sciences Alumni Scholarship Fund**

WHEREAS, the School of Public Health and Information Sciences requested a quasi-endowment be created to support scholarships for their students. The amount to establish the new account is below \$25,000. The Foundation’s Executive Director recommends the Board approve the request since it was submitted prior to April 1, 2020.

WHEREAS, the University of Louisville Board of Trustees approved the creation of the quasi-endowment on April 23, 2020.

RESOLVED, the Board approves the creation of the School of Public Health and Information Sciences Alumni Scholarship Fund.

Allocation of the Marth P. Chafin Testamentary Gift in the College of Arts and Sciences

WHEREAS, Board policy requires funds over \$100,000 be endowed unless a waiver from the University of Louisville President is granted.

WHEREAS, Ms. Martha P. Chafin designated her entire gift for the “University of Louisville Liberal Arts College” without any restrictions. University of Louisville President Neeli Bendapudi and University of Louisville Executive Vice President and University Provost Beth A. Boehm recommend the entire amount of the realized bequest be applied to the Recruitment Package for the new Dean of the College of Arts and Sciences who may use it to benefit the college. (Exhibit A)

RESOLVED, the Board approves the current use allocation of the Martha P. Chafin testamentary gift of \$258,899.05 (as of 12-31-19).

Allocation of the Hedly Kurz Testamentary Gift in the School of Medicine

WHEREAS, Board policy requires funds over \$100,000 be endowed unless a waiver from the University of Louisville President is granted.

WHEREAS, Ms. Hedwig Heil Kurz left a \$7,081,500 bequest to the University of Louisville of which \$400,000 was allocated to the Department of Ophthalmology and Visual Sciences in the School of Medicine. University of Louisville President Neeli Bendapudi recommends \$300,000 of the of the gift be used to support general research in the Department. The remaining \$100,000 will be added to an existing quasi-endowment to support the ongoing maintenance of the lab. (Exhibit B)

RESOLVED, the Board authorizes the \$300,000 current use allocation benefitting the Department of Ophthalmology and Visual Sciences.

BOARD ACTION:

Passed X

Did Not Pass

Other

Date 4-28-2020


James. E. Boone, Secretary
University of Louisville Foundation, Inc.

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF LOUISVILLE FOUNDATION, INC.**

April 28, 2020

At a duly convened meeting of the Board of Directors (the “**Board**”) of the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (“**ULF**”), held on April 28, 2020, the Board adopted the following resolution:

Underwater Endowment Scholarship Accounts

WHEREAS, on January 30, 2020, upon the recommendation of the Finance Committee the Board of Directors approved the infusion of \$5.1M from the operating reserve account into the underwater financial aid accounts. In discussions with the University, and consistent with her vision to make the University of Louisville a greater place to learn, University President Bendapudi requested that the Foundation specifically target scholarship accounts.

WHEREAS, in reviewing the endowment accounts, and working with the University’s Chief Financial Officer Dan Durbin and his team, it has been determined that the amount needed to replenish the accounts requested by the University actually is \$5,311,878.57. As a result of the replenishment process, 330 scholarship accounts will be replenished effective December 31, 2019 and will receive full spending in Fiscal Year 2020-2021. There remains a small number of scholarship accounts that will not be replenished at this time.

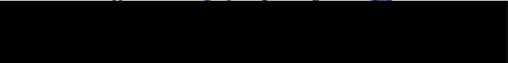
RESOLVED, upon the recommendation of Finance Committee, the Board authorizes the replenishment of the 330 underwater scholarship accounts, effective December 31, 2019.

BOARD ACTION:

Passed X

Did Not Pass

Other


Mr. James E. Boone, Secretary
University of Louisville Foundation, Inc.

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF LOUISVILLE FOUNDATION, INC.**

April 28, 2020

At a duly convened meeting of the Board of Directors (the “**Board**”) of the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (“**ULF**”), held on April 28, 2020, the Board adopted the following resolution:

AUDIT SERVICES PROVIDER

WHEREAS, on June 22, 2017 the University of Louisville Foundation Board of Directors approved engaging Ernst & Young (EY) for the purpose of providing financial statement audit services for the fiscal year ending June 30, 2017, with the option for four one-year renewals, for the following 4 entities: University of Louisville Foundation, Inc.; University of Louisville Real Estate Foundation, Inc.; the Nucleus Real Properties, Inc., a consolidated affiliate of the University of Louisville Foundation, Inc.; and ULH, Inc., a consolidated affiliate of the University of Louisville Foundation, Inc.

WHEREAS, on April 25, 2019, the University of Louisville Foundation Board of Directors approved a one-year renewal for the purpose of providing financial statement audit services for the fiscal year ending June 30, 2019.

NOW THEREFORE, BE IT RESOLVED, upon the recommendation of the Audit Compliance, and Risk Management Committee, the Board approves the engagement of Ernst & Young for the purpose of providing financial statement audit services for the fiscal year ending June 30, 2020, for:

1. University of Louisville Foundation, Inc.,
2. University of Louisville Real Estate Foundation, Inc., and
3. The Nucleus Real Properties, Inc., a consolidated affiliate of the University of Louisville Foundation, Inc.

BOARD ACTION:

Passed X

Did Not Pass

Other


James E. Boone, Secretary
University of Louisville Foundation, Inc.

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF LOUISVILLE FOUNDATION, INC.**

April 28, 2020

At a duly convened meeting of the Board of Directors (the “**Board**”) of the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (“**ULF**”), held on April 28, 2020, the Board adopted the following resolution:

Filing of Tax Forms

WHEREAS, on November 21, 2017, the Board approved the engagement of Deming Malone Livesay & Ostroff (“**DMLO**”) for the purpose of providing tax preparation services for the fiscal year ending June 30, 2017, with the option of four one-year renewals.

WHEREAS, on October 31, 2019, the Board approved a one-year renewal for the purpose of providing Form 990 tax preparation services for the fiscal year ending June 30, 2019.

WHEREAS, Foundation staff worked with DMLO on the preparation of the Form 990s and Form 990Ts.

WHEREAS, the tax forms were shared with each Board member in advance of the informational sessions on April 8 and 9, 2020 for the Board to review and ask questions about the drafts of the same.

RESOLVED, upon the recommendation of the Audit, Compliance and Risk Management Committee, the Board hereby authorizes Keith Sherman, subject to approval of legal counsel, to sign and file the following:

1. University of Louisville, Foundation, Inc. (Form 990, 990T, 926, and 8665 (including review of applicable K-1s))
2. The Nucleus Real Properties, Inc. (Form 990)

BOARD ACTION:

Passed X

Did Not Pass

Other


James E. Boone, Secretary
University of Louisville Foundation, Inc.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
UNIVERSITY OF LOUISVILLE FOUNDATION, INC.**

April 28, 2020

At a duly convened meeting of the Board of Directors (the “**Board**”) of the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (“**ULF**”), held on April 28, 2020, the Board adopted the following resolutions:

Approval of 2020-2021 Operating Budget

RESOLVED, the Board approves the operating budget for the fiscal year 2020-2021 for the University of Louisville Foundation, Inc. as presented. (Summary attached)

BOARD ACTION:

Passed X

Did Not Pass

Other


James E. Boone, Secretary
University of Louisville Foundation, Inc.

UNIVERSITY OF LOUISVILLE FOUNDATION, INC.

FY2021

Consolidated Operating Budget

(in thousands)

| | ULF | Atria Support Center | Total ULF and Atria Support Center | Cardinal Club Golf | Total FY2021 ULF Consolidated Operating Budget | FY2020 Forecast ULF and Atria Support Center | FY2020 Budget ULF and Atria Support Center | FY2020 Forecast Cardinal Golf Club | FY2020 Budget Cardinal Golf Club | Total FY2020 ULF Consolidated Forecast | Total FY2020 ULF Consolidated Operating Budget |
|--|------------------|----------------------|------------------------------------|--------------------|--|--|--|------------------------------------|----------------------------------|--|--|
| Source of Funds (Revenues) | | | | | | | | | | | |
| Rental Revenue | 1,075 | 3,461 | 4,536 | 13 | 4,549 | 4,518 | 4,696 | 4 | 10 | 4,522 | 4,706 |
| Gifts: | | | | | | | | | | | |
| Current Use Cash Gifts | 10,000 | – | 10,000 | – | 10,000 | 30,000 | 19,083 | – | – | 30,000 | 19,083 |
| Endowment Cash Gifts | 2,750 | – | 2,750 | – | 2,750 | 5,000 | 6,360 | – | – | 5,000 | 6,360 |
| Pledges | 10,500 | – | 10,500 | – | 10,500 | 6,000 | 8,016 | – | – | 6,000 | 8,016 |
| Gifts in Kind | 2,000 | – | 2,000 | – | 2,000 | 2,700 | 2,541 | – | – | 2,700 | 2,541 |
| Gifts for UoFl Health, LLC | 10,000 | – | 10,000 | – | 10,000 | 8,000 | – | – | – | 8,000 | – |
| Net Investment Return | 32,000 | – | 32,000 | – | 32,000 | (50,000) | 37,634 | – | – | (50,000) | 37,634 |
| Other Revenues: | | | | | | | | | | | |
| FHITBO Income | – | – | – | – | – | 5,000 | – | – | – | 5,000 | – |
| Annuity and Unitrust Income | 760 | – | 760 | – | 760 | 1,000 | – | – | – | 1,000 | – |
| University Pointe Residence Life Fee | 109 | – | 109 | – | 109 | 106 | 206 | – | – | 106 | 206 |
| Forgiveness of Debt | – | 5,446 | 5,446 | – | 5,446 | – | – | – | – | – | – |
| Tenant Charge Backs | – | 90 | 90 | – | 90 | 87 | 54 | – | – | 87 | 54 |
| Prescient and Credit Card Rebates | 106 | – | 106 | – | 106 | 109 | 102 | – | – | 109 | 102 |
| Support to Cardinal Club Golf from ULAA | – | – | – | 500 | 500 | – | – | 650 | 658 | 650 | 658 |
| Cardinal Club Golf Operational Revenue | – | – | – | 2,853 | 2,853 | – | – | 2,245 | 2,763 | 2,245 | 2,763 |
| Total Revenues | \$ 69,300 | \$ 8,997 | \$ 78,297 | \$ 3,366 | \$ 81,663 | \$ 12,520 | \$ 78,692 | \$ 2,899 | \$ 3,431 | \$ 15,419 | \$ 82,123 |
| Distributions | | | | | | | | | | | |
| Current Use Support to UoFl | 26,000 | – | 26,000 | – | 26,000 | 26,000 | 28,000 | – | – | 26,000 | 28,000 |
| Endowment Support to UoFl: | | | | | | | | | | | |
| Endowment Spending Policy | – | – | – | – | – | 18,952 | 18,952 | – | – | 18,952 | 18,952 |
| Funds Held in Trust by Others | – | – | – | – | – | 2,000 | 1,315 | – | – | 2,000 | 1,315 |
| UoFl Trust | – | – | – | – | – | 1,000 | – | – | – | 1,000 | – |
| Internally Managed | – | – | – | – | – | 296 | – | – | – | 296 | – |
| Advancement | – | – | – | – | – | 6,000 | 6,000 | – | – | 6,000 | 6,000 |
| Endowment Carryover | – | – | – | – | – | 4,000 | – | – | – | 4,000 | – |
| Other Support to UoFl: | | | | | | | | | | | |
| Gifts in Kind | 2,000 | – | 2,000 | – | 2,000 | 2,700 | 1,300 | – | – | 2,700 | 1,300 |
| University Pointe Residence Life Fee | 109 | – | 109 | – | 109 | 106 | 106 | – | – | 106 | 106 |
| Contributions to UoFl Health, LLC | 10,000 | – | 10,000 | – | 10,000 | 8,000 | – | – | – | 8,000 | – |
| Distribution to ULF | 1,700 | – | 1,700 | – | 1,700 | 1,700 | 1,700 | – | – | 1,700 | 1,700 |
| Total Distributions | 39,809 | – | 39,809 | – | 39,809 | 70,754 | 57,373 | – | – | 70,754 | 57,373 |
| Administrative Expenses | | | | | | | | | | | |
| Personnel | 1,739 | 204 | 1,943 | 1,870 | 3,813 | 1,784 | 1,950 | 1,343 | 1,869 | 3,127 | 3,819 |
| General and Administrative | | | | | | | | | | | |
| Utilities | 21 | 380 | 401 | 199 | 600 | 383 | 413 | 187 | 194 | 570 | 607 |
| Public Relations | 24 | – | 24 | – | 24 | 72 | 69 | – | – | 72 | 69 |
| General and Administrative | 391 | 62 | 453 | 709 | 1,162 | 567 | 560 | 797 | 779 | 1,364 | 1,339 |
| Repairs and Maintenance | 126 | 540 | 666 | 398 | 1,064 | 662 | 574 | 367 | 386 | 1,029 | 960 |
| Legal Fees | 1,250 | – | 1,250 | – | 1,250 | 1,596 | 2,000 | – | – | 1,596 | 2,000 |
| Other Professional Services | 371 | 197 | 568 | 90 | 658 | 629 | 911 | 76 | 135 | 705 | 1,046 |
| Interest Expense | 1,786 | 24 | 1,810 | 2 | 1,812 | 1,973 | 1,911 | 59 | 68 | 2,032 | 1,979 |
| Service Agreement-Personnel | (641) | – | (641) | – | (641) | (639) | – | (639) | – | (639) | (639) |
| Service Agreement-Operating Expenses | (38) | – | (38) | – | (38) | – | – | – | – | – | – |
| ShelbyHurst Expenses | 654 | – | 654 | – | 654 | 575 | 654 | – | – | 575 | 654 |
| Total Administrative Expenses | \$ 5,683 | \$ 1,407 | \$ 7,090 | \$ 3,268 | \$ 10,358 | \$ 7,601 | \$ 8,403 | \$ 2,829 | \$ 3,431 | \$ 10,430 | \$ 11,834 |
| Less : Paid by endowment to Foundation | (1,700) | – | (1,700) | – | (1,700) | (1,700) | (1,700) | – | – | (1,700) | (1,700) |
| Net ULF Administrative Expenses | \$ 3,983 | \$ 1,407 | \$ 5,390 | \$ 3,268 | \$ 8,658 | \$ 5,901 | \$ 6,703 | \$ 2,829 | \$ 3,431 | \$ 8,730 | \$ 10,134 |
| Other Expenses | | | | | | | | | | | |
| Annuity and Unitrust Payments | 760 | – | 760 | – | 760 | 773 | 831 | – | – | 773 | 831 |
| Bad Debt (Gains)/Losses | 1,465 | 692 | 2,157 | – | 2,157 | 3,100 | (1,167) | – | – | 3,100 | (1,167) |
| Depreciation and Amortization | 607 | 1,612 | 2,219 | 239 | 2,458 | 2,330 | 1,831 | 213 | 264 | 2,543 | 2,095 |
| Total Other Expenses | \$ 2,832 | \$ 2,304 | \$ 5,136 | \$ 239 | \$ 5,375 | \$ 6,203 | \$ 1,495 | \$ 213 | \$ 264 | \$ 6,416 | \$ 1,759 |
| Total Uses of Funds (Distributions, Admin, Other) | \$ 46,624 | \$ 3,711 | \$ 50,335 | \$ 3,507 | \$ 53,842 | \$ 82,858 | \$ 65,571 | \$ 3,042 | \$ 3,695 | \$ 85,900 | \$ 69,266 |
| Change in Net Assets (net loss) | \$ 22,676 | \$ 5,286 | \$ 27,962 | \$ (141) | \$ 27,821 | \$ (70,338) | \$ 13,121 | \$ (143) | \$ (264) | \$ (70,481) | \$ 12,857 |

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF LOUISVILLE FOUNDATION, INC.**

April 28, 2020

At a duly convened meeting of the Board of Directors (the “**Board**”) of the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (“**ULF**”), held on April 28, 2020, the Board adopted the following resolution:

Planned Giving

WHEREAS, the University of Louisville Office of University Advancement would like to put additional emphasis on planned giving, especially offering annuity options as a complement to their fundraising efforts;

WHEREAS, currently the Foundation administers this work internally, providing annual and semi-annual payments to annuitants;

WHEREAS, the Vice President of University Advancement (VPUA) has informed the Foundation his organization intends to increase their focus on planned giving, the Executive Director of the Foundation and the VPUA believe that it makes sense to outsource the administration and compliance work, including state filings, to an outside third party;

WHEREAS, Foundation and Advancement have determined that PNC Bank, one of the largest providers of planned giving services would be a strong partner in this initiative; and

WHEREAS, Foundation staff and Advancement staff have met with PNC and negotiated what we believe is a very competitive pricing package for them to take over the administrative work related to annuities. The fees will be paid out of the annuity assets’ earnings.

RESOLVED, upon the recommendation of the Investment Subcommittee and the Finance Committee, the Board authorizes the outsourcing of the planned giving work currently administered by the Foundation to PNC Bank.

BOARD ACTION:

Passed X

Did Not Pass _____

Other _____


Mr. James E. Boone, Secretary
University of Louisville Foundation, Inc.

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF LOUISVILLE FOUNDATION, INC.**

April 28, 2020

At a duly convened meeting of the Board of Directors (the “**Board**”) of the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (“**ULF**”), held on April 28, 2020, the Board adopted the following resolution:

Administrative Services Agreement

WHEREAS, on March 28, 2017 the Board approved the Administrative Services Agreement between the University of Louisville Foundation, Inc. and the University of Louisville Real Estate Foundation, Inc. attached hereto as Exhibit A.

RESOLVED, the Board approves the services and initial fees for fiscal year 2021 as stated in Schedule A attached hereto as Exhibit B.

BOARD ACTION:

Passed X

Did Not Pass _____

Other _____


James E. Boone, Secretary
University of Louisville Foundation, Inc.

EXHIBIT B

SCHEDULE A

Services and Initial Fees

Effective July 1, 2020

The following Services are covered by this Agreement and the following fees will apply subject to adjustments in accordance with this Agreement. The Service Provider will charge ULREF for actual costs incurred. The initial fees represent the per unit cost of the Services. These amounts may not be exceeded without the mutual consent of the Parties.

| Services | Initial Fees / Unit | Description |
|--|----------------------------|---|
| Executive/Supervisory Services | \$14,932.34/month | All executive and supervisory services necessary for the operation and administration of ULREF. |
| Accounting, Tax and Audit Services | \$20,551.93/month | Accounting and tax services contributed by internal accounting staff to record, pay, track, and report financial activity of ULREF. Services provided by internal accounting staff to negotiate audit services and provide client assistance. |
| Operations/Development Services | \$7,311.08/month | Operational and real estate development services. Includes but not limited to I/T, legal, grant administration, program management, payroll and benefits, budget, and purchasing services |
| Property Management Services | \$10,616.95/month | Maintenance and administration of real estate, buildings and structures. |
| Public Relations/Janitorial/General & Administrative | \$3,166.67/month | Costs of public relations, janitorial service of Cardinal Station suite, and miscellaneous general & administrative such as copying services, postage, and office supplies. |
| Investment/Treasury/Cash Management Services | Actual Out of Pocket | Money management, investment and treasury services. |
| Copying / Postage / Office Supplies | Actual Out of Pocket | Actual cost of copying services, postage, and office supplies. |
| Travel Expenses | Actual Out of Pocket | Actual cost of travel and related expenses. |
| Miscellaneous | Actual Out of Pocket | All services and related expenses provided by Service Provider not otherwise described above. |
| Total Fees | \$56,578.97/month | |

A wide-angle photograph of the University of Louisville campus. In the foreground, a large, circular fountain with several water jets is set on a dark stone base. Behind the fountain, a low stone wall features the words "UNIVERSITY of LOUISVILLE" in capital letters. In the background, a large, red-brick building with a prominent white dome and classical columns is visible, surrounded by lush green trees under a clear blue sky. Three flagpoles with flags stand in front of the building.

Financial Results- Executive Summary
Period Ended March 31, 2020

**Accrual Based Financial Statement Results
Through March 31, 2020**

Summary of Revenues, Expenses, and Changes in Net Position

Quarter Ended March 31, 2020 and 2019

| | 3/31/20 | 3/31/19 | \$ Diff | % Diff |
|---|------------|-------------|------------|--------|
| REVENUES | | | | |
| Student tuition and fees, net | \$ 186,009 | \$ 183,137 | \$ 2,872 | 1.6% |
| State appropriations | 102,956 | 103,260 | (304) | (0.3%) |
| Clinical services and practice plans | 221,412 | 198,651 | 22,761 | 11.5% |
| Grants and contracts | 121,953 | 111,169 | 10,784 | 9.7% |
| Intercollegiate athletics | 60,467 | 64,883 | (4,416) | (6.8%) |
| Affiliate contributions, net | 39,297 | 43,203 | (3,906) | (9.0%) |
| Value of Capital/Building Assets Received | 143,984 | 25,405 | 118,579 | 466.8% |
| Other revenues | 88,581 | 86,466 | 2,115 | 2.4% |
| Total Revenues | 964,659 | 816,174 | 148,485 | 18.2% |
| EXPENSES | | | | |
| Salary & wages | 418,166 | 430,527 | (12,360) | (2.9%) |
| Employee benefits | 107,589 | 106,901 | 687 | 0.6% |
| Utilities | 14,124 | 12,707 | 1,418 | 11.2% |
| Travel | 15,001 | 14,706 | 295 | 2.0% |
| Scholarships and fellowships | 34,073 | 33,159 | 914 | 2.8% |
| Supplies & services | 174,621 | 160,143 | 14,479 | 9.0% |
| Depreciation | 39,423 | 35,750 | 3,673 | 10.3% |
| Interest on capital asset-related debt | 7,857 | 7,959 | (102) | (1.3%) |
| Total operating expenses | 810,855 | 801,852 | 9,003 | 1.1% |
| Increase (Decrease) in Net Position | \$ 153,804 | \$ 14,322 | \$ 139,482 | 973.9% |
| Less: Value of Capital/Building Assets Received | (143,984) | (25,405) | | |
| Non-Capital incr/(decr) in Net Position | \$ 9,820 | \$ (11,083) | \$ 20,903 | 188.6% |

Statement of Net Position

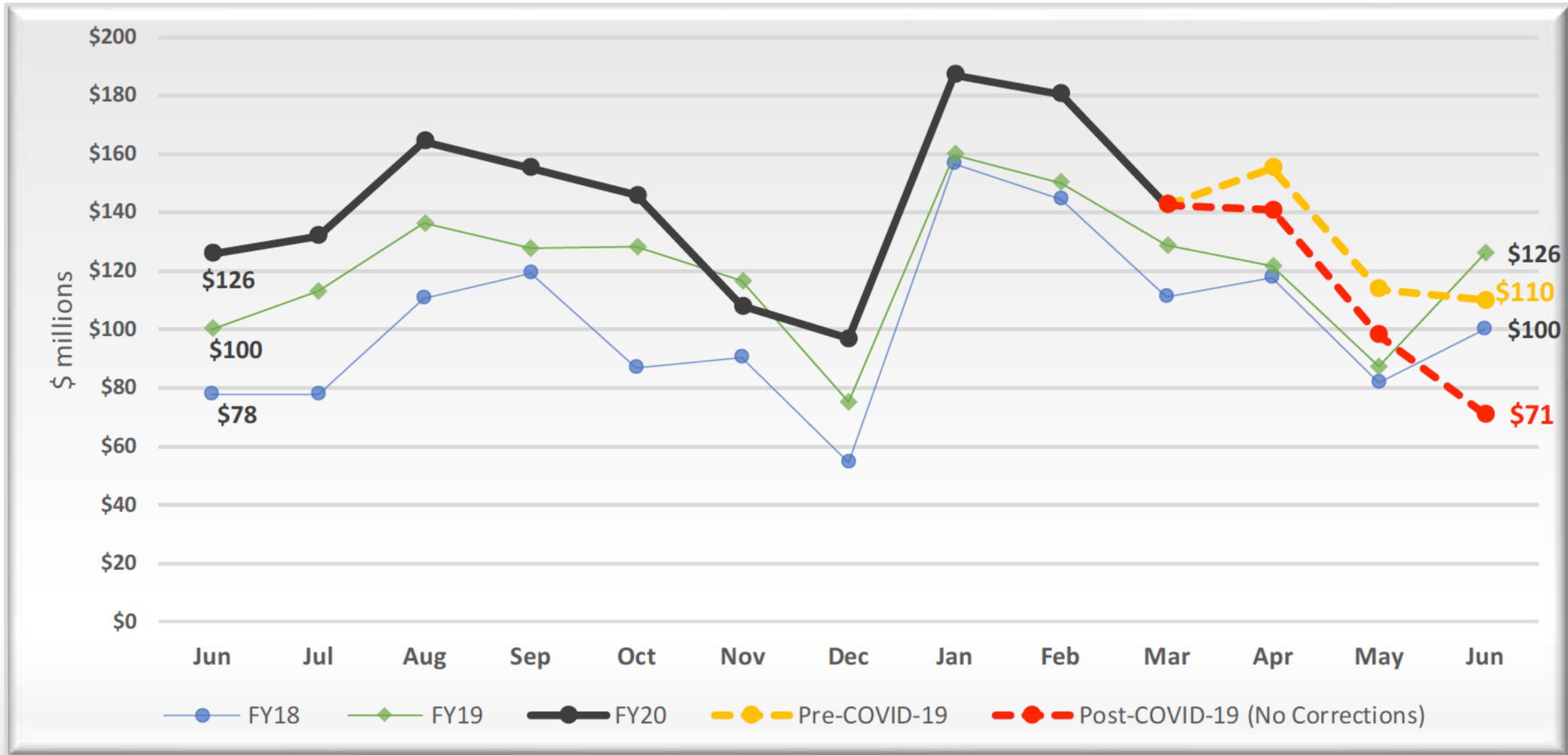
March 31, 2020 and 2019

| | 3/31/20 | 3/31/19 | \$ Diff | % Diff |
|---|-------------------|-------------------|--------------------|----------------|
| TOTAL ASSETS | | | | |
| Unrestricted cash and cash equivalents | \$ 118,029 | \$ 93,119 | \$ 24,910 | 26.8% |
| Restricted cash and cash equivalents | 3,265 | 16,494 | \$ (13,229) | (80.2%) |
| Short-term investments | 22,785 | 26,177 | (3,392) | (13.0%) |
| Accounts receivable, net | 130,995 | 110,784 | 20,211 | 18.2% |
| Due from Affiliates | 20,792 | 27,421 | (6,629) | (24.2%) |
| Investments held with ULF | 5,549 | 12,920 | (7,371) | (57.1%) |
| Capital assets, net | 1,082,057 | 961,023 | 121,034 | 12.6% |
| Other assets | 21,166 | 20,766 | 400 | 1.9% |
| Total assets | 1,404,638 | 1,268,704 | 135,934 | 10.7% |
| DEFERRED OUTFLOWS OF RESOURCES | \$ 8,080 | \$ 9,680 | \$ (1,600) | -16.5% |
| TOTAL LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 70,571 | \$ 79,646 | \$ (9,075) | (11.4%) |
| Bonds and notes payable | 244,957 | 256,417 | (11,460) | (4.5%) |
| Other liabilities | 130,225 | 159,035 | (28,810) | (18.1%) |
| Total liabilities | \$ 445,753 | \$ 495,098 | \$ (49,345) | (10.0%) |
| DEFERRED INFLOWS OF RESOURCES | \$ 82,129 | \$ 61,275 | \$ 20,854 | 34.0% |
| NET POSITION | | | | |
| Net investment in capital assets | \$ 832,728 | \$ 700,750 | \$ 131,978 | 18.8% |
| Restricted - nonexpendable | 4,710 | 4,710 | - | 0.0% |
| Restricted - expendable | 78,211 | 74,352 | 3,859 | 5.2% |
| Unrestricted | (30,813) | (57,801) | 26,988 | 46.7% |
| Total net position | \$ 884,836 | \$ 722,011 | \$ 162,825 | 22.6% |
| Unrestricted Net Position excluding GASB 75 & OPEB | 63,256 | 34,815 | 28,441 | 81.7% |

Cash Position Through March 31, 2020

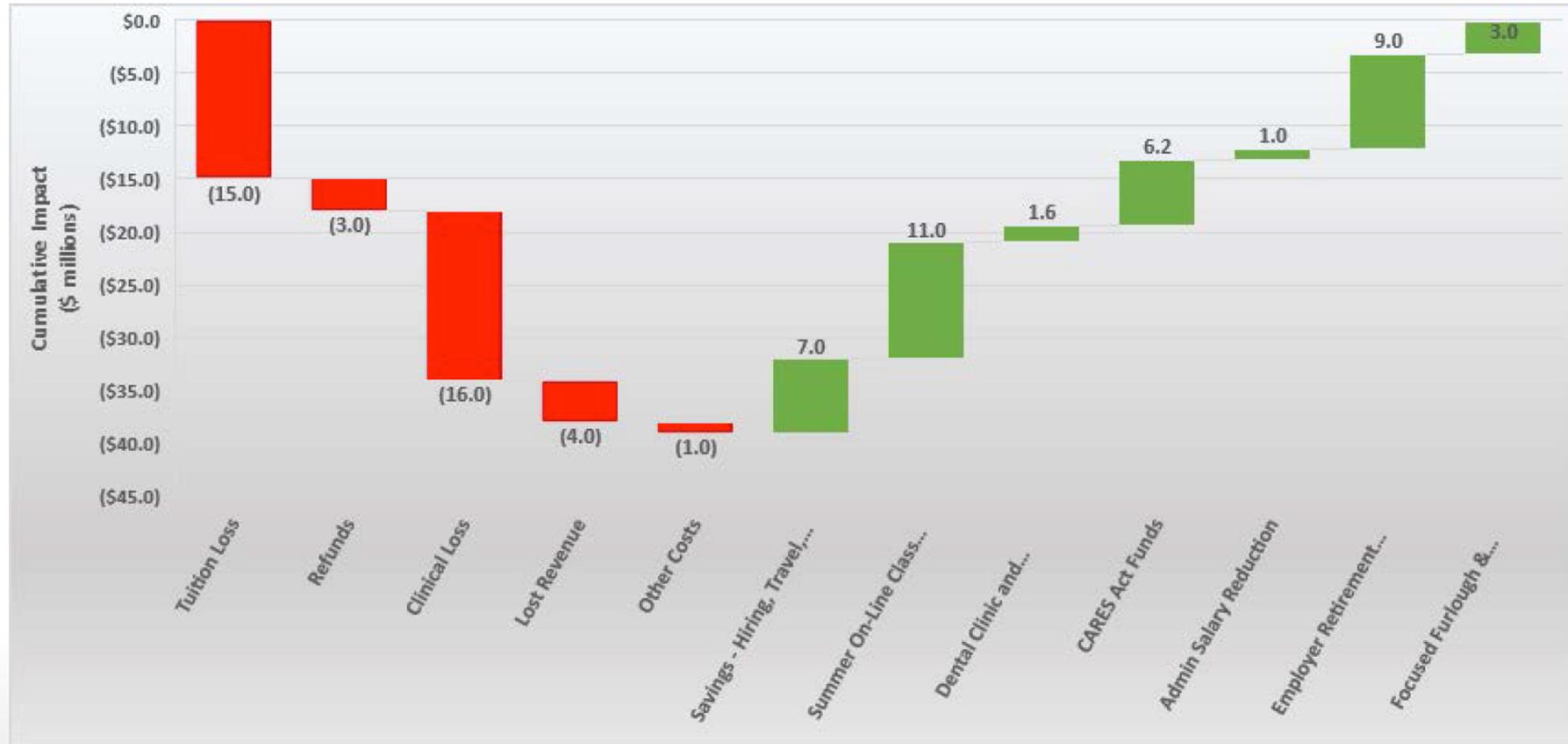
COVID-19 Projected Impact on Liquid Cash

Through June 30, 2020



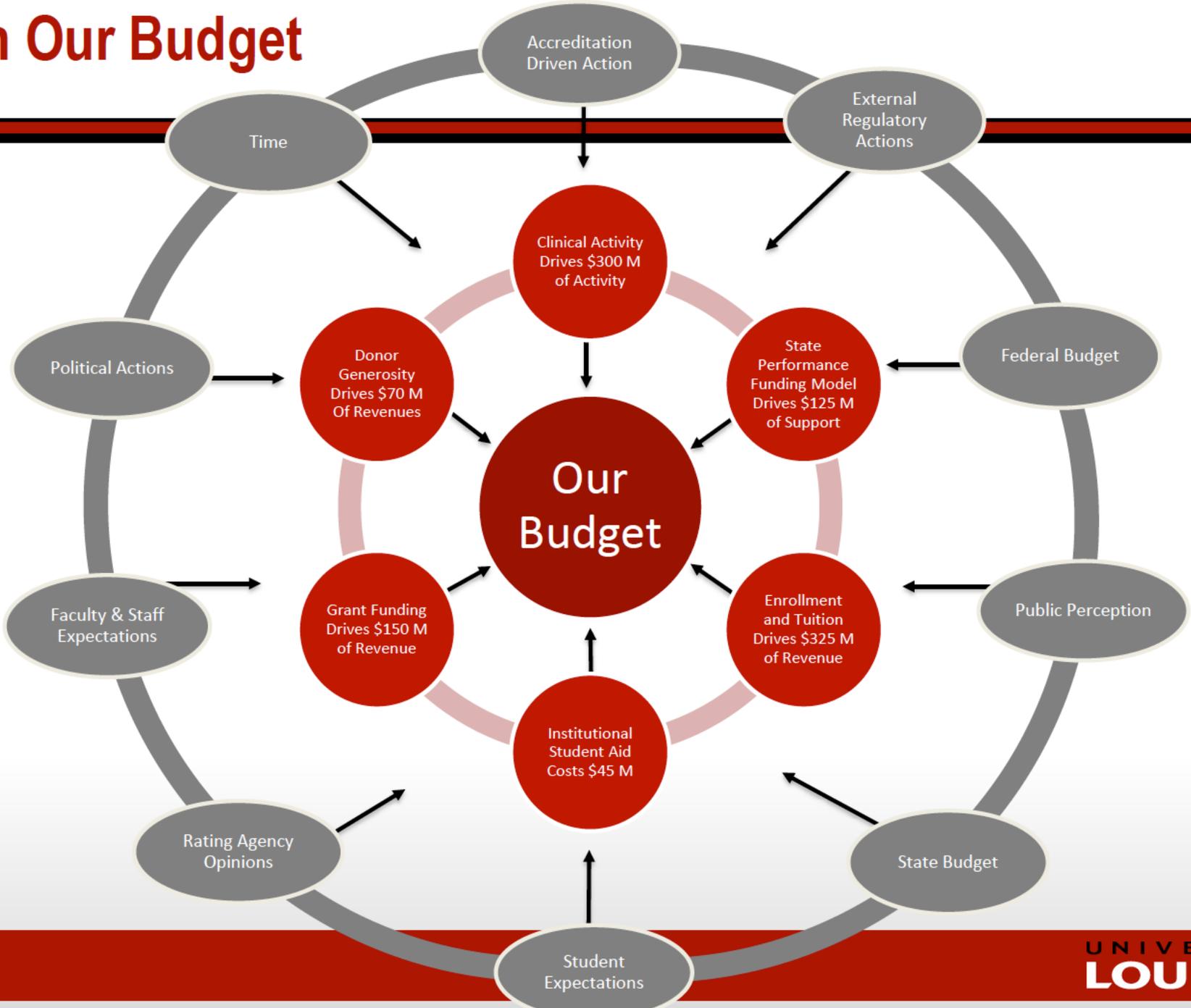
COVID-19 Risk and Remediation Plan

Through June 30, 2020



FY 2021 and Beyond Budget Process

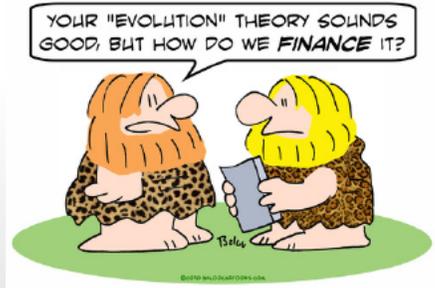
Pressures On Our Budget (in normal times)



Our Budget Evolution – Recent Changes to Meet Challenges

Incremental/Status Quo

Dawn of Time - 2016



The Budget Reset

2017
Our Dark Era!!!

- Gain Share
- Contingency Accts
- All Funds
- Multi Year
- Budget Model
- Budget Planning & Monitoring Committee

2019

Budget
"Inventory" to
Identify
Underlying Issues

2021

Two Significant Planning Changes for FY 2021

1. Provost and CFO created and charged Budget Planning and Monitoring Committee

- Promotes budget development transparency; disperses decision inputs; strengthens institutional financial and budget knowledge

2. Finalized and implemented new university budget model

- Based on activities and performance, in alignment with state performance funding model
- Keeps academic focus while providing mechanism to strategically allocate resources
- Main components
 - Undergraduate credit hours instructed
 - Graduate and professional tuition revenue generated
 - Unit-based revenues (e.g., lab fees; service centers; etc.)
- Advantages
 - Eliminates outdated incremental approach to resource allocation with transparent budget model
 - Incentivizes entrepreneurial activities and encourages focus on student success
 - Provides clear link between activities and resources
- Implementing model in Summer 2020 to align with an all-online instructional environment

University Budget Planning and Monitoring Committee (BPMC): About the Committee

- **Committee Charge:**
 - To advise the president and her leadership team about the allocation of current and future financial resources and ensure they are in alignment with the university's mission and strategic plan.
- **Why A Budget Committee:**
 - Promote transparency of the budget and process
 - Gain insight and input into budgetary decisions
 - Instill unity, ownership, and responsibility
- **Chairs:**
 - University Provost
 - University VP- Finance/CFO
- **Membership:**
 - Deans (6) • Staff (3)
 - Faculty (9) • Student (3)
 - Central (9)
- **Sub-Committees (to consolidate activities into the main committee):**
 - » Funding Request Sub-committee
 - » Budget Model Allocation Sub-committee
 - » Administrative Activity Review Sub\committee

Constant Stress Testing of the Budget

- **Leadership regularly meets to evaluate financial condition and outlook of the university;**
 - Implementing actions to reduce expenses to maintain financial stability
 - Line of sight to housing, enrollment, clinical, grants, and other revenues
 - Providing Deans, VPs, and fiscal staff with regular financial updates and guidance
- **Daily monitoring of cash position and weekly monitoring of AR, AP, procurement card, & investment income;**
- **Provost and CFO met with every Belknap Campus academic dean to review projected revenues and expenses through June 30; discussed short- and medium-term (through summer) financial impacts due to COVID-19. HSC campus engaged in similar process through HSC CFO and Budget Committee- direct link to University CFO;**
- **Monitoring state and federal economic reports and legislative actions**
- **Based on best-available enrollment, federal aid, and projected COVID-19 financial impacts, update budget and cash flow assumptions in May and present to the Finance Committee.**

FY 2021 Budget Process Update

| # | Process Description | Current | Expected Completion |
|--|--|---|---------------------|
| Information Gathering and Sharing | | | |
| 1 | Engaging with local, state, and federal officials as well as national professional organizations | Regular discussions with CPE about state budget impacts; participating in federal conference calls about CARES funding; | Ongoing |
| 2 | CFO updates to Board, leadership, deans, and university | Ongoing | Ongoing |
| Budget Development | | | |
| 3 | Issued university-wide budget assumptions & instructions | Revising budget assumptions* | May |
| 4 | Year-end revenue and expense projections | Compiling unit-developed expense estimates; finalizing university revenue projections | April 27 |
| 5 | Enrollment management strategies and opportunities | Closely monitoring applications and deposits; summer and fall registration | May/June |
| 6 | College, school, and administrative unit budgets | Pending** | April |
| 7 | Stress testing budget due to COVID-19 | Ongoing* | May |
| Decision Making | | | |
| 8 | Budget Planning and Monitoring Committee <ul style="list-style-type: none"> Provide guidance on tuition rates, online tuition pricing, and budget assumptions | Recent and pending meetings <ul style="list-style-type: none"> March 26 April 9 April 30 | May |
| 9 | FY 2021-22 tuition and fee recommendations | Rate recommendations nearly complete; professional school rates are pending | April 27 |
| 10 | Leadership and Board | Approve budget assumptions, establish tuition rates, allocate resources | May and June |



**UNIVERSITY OF
LOUISVILLE®**

**Bradley R. Shafer, J.D.
Vice President for University Advancement**

Shift in Focus: COVID-19 Efforts

- New Strategies being implemented
 - Transitioned meetings to over the phone and virtual
 - Increased capacity for online giving and implemented new focused efforts
 - Shift efforts to increase Corporate and Foundation Relations (CFR) giving
- Created 7 new student emergency funds
- Raised 425 gifts of \$1,710,000 for COVID related causes
- Focus on Students/PPE/Research & Testing Funds
- Created dedicated giving page for student emergency support and research/testing support: give.Louisville.edu/covid19

Team activity amid COVID-19

- Created and disseminated guidance for Development Officers (DOs) on how to maximize fundraising during remote work.
- DOs contacting underwater endowment and scholarship endowment holders whose accounts were made whole 12/31/19 by infusion or market performance (Nearly 400 calls).
- Provisions from the new CARES Act designed to help nonprofits facing economic hardship during the coronavirus pandemic. The new law temporarily suspends the requirements for required minimum distributions (RMD) for the 2020 tax year and provides for a \$300 above the line deduction.

Alumni, Annual Fund, and Stewardship

- Virtual Engagement – Exploring new ways to engage alumni/donors/friends via virtual channels. Hosting Cocktails with Cardinals, Cooking Classes, Home Organization session, Student Emergency Fund Info Session, continuation of virtual book club (500+ engaged).
- Engaging the entire Advancement team to connect with donors over the phone to thank them for recent gifts.
- Developed online giving plan including detailed email solicitation and social media strategies.

Philanthropy Breakout Comparison

7/01/19 – 3/31/20

| | <u>Current Use</u> | <u>Endowments</u> | <u>Athletics</u> | <u>Grants</u> | <u>Gifts-in-Kind</u> | <u>PMOB</u> | <u>Deferred</u> | <u>Hospital</u> | <u>SubTotal</u> | <u>Direct</u> | <u>Total</u> |
|---------------------------|---------------------|---------------------|---------------------|--------------------|----------------------|------------------|--------------------|---------------------|---------------------|------------------|---------------------|
| Philanthropy FY2019 | | | | | | | | | | | |
| Bequests/Insurance | \$667,000 | \$5,207,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,874,000 | \$0 | \$5,874,000 |
| Matching Gifts | \$13,133 | \$2,350 | \$18,200 | \$0 | \$0 | \$0 | \$0 | \$0 | \$33,683 | \$0 | \$33,683 |
| New Pledges | \$7,317,953 | \$3,791,647 | \$3,766,828 | \$2,835,933 | \$0 | \$156,150 | \$0 | \$0 | \$17,868,512 | \$0 | \$17,868,512 |
| Outright Gifts | \$11,630,392 | \$1,794,491 | \$10,141,979 | \$0 | \$533,552 | \$1,895 | \$0 | \$12,770 | \$24,115,079 | \$855,609 | \$24,970,688 |
| Total Philanthropy | \$19,628,478 | \$10,795,489 | \$13,927,008 | \$2,835,933 | \$533,552 | \$158,045 | \$0 | \$12,770 | \$47,891,274 | \$855,609 | \$48,746,883 |
| Philanthropy FY2020 | | | | | | | | | | | |
| Bequests/Insurance | \$613,497 | \$8,531,254 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$9,144,751 | \$0 | \$9,144,751 |
| Matching Gifts | \$7,483 | \$3,850 | \$22,380 | \$0 | \$0 | \$0 | \$0 | \$0 | \$33,713 | \$0 | \$33,713 |
| New Pledges | \$8,937,120 | \$834,612 | \$3,435,221 | \$434,231 | \$0 | \$0 | \$0 | \$50,000,000 | \$63,641,184 | \$0 | \$63,641,184 |
| Outright Gifts | \$9,687,062 | \$3,279,153 | \$10,971,673 | \$41,378 | \$938,505 | \$25 | \$1,752,069 | \$75 | \$26,669,939 | \$12,500 | \$26,682,439 |
| Total Philanthropy | \$19,245,162 | \$12,648,868 | \$14,429,274 | \$475,609 | \$938,505 | \$25 | \$1,752,069 | \$50,000,075 | \$99,489,587 | \$12,500 | \$99,502,087 |

Current Use = Funds immediately available for spending.

Endowment = Gifts permanently invested by the Foundation, the income from which is used to fund programs and scholarships.

Athletics = Gifts made to CAF or Stadium gifts.

Gifts-in-Kind = A physical (tangible) gift to the Foundation that is not cash, check or credit card.

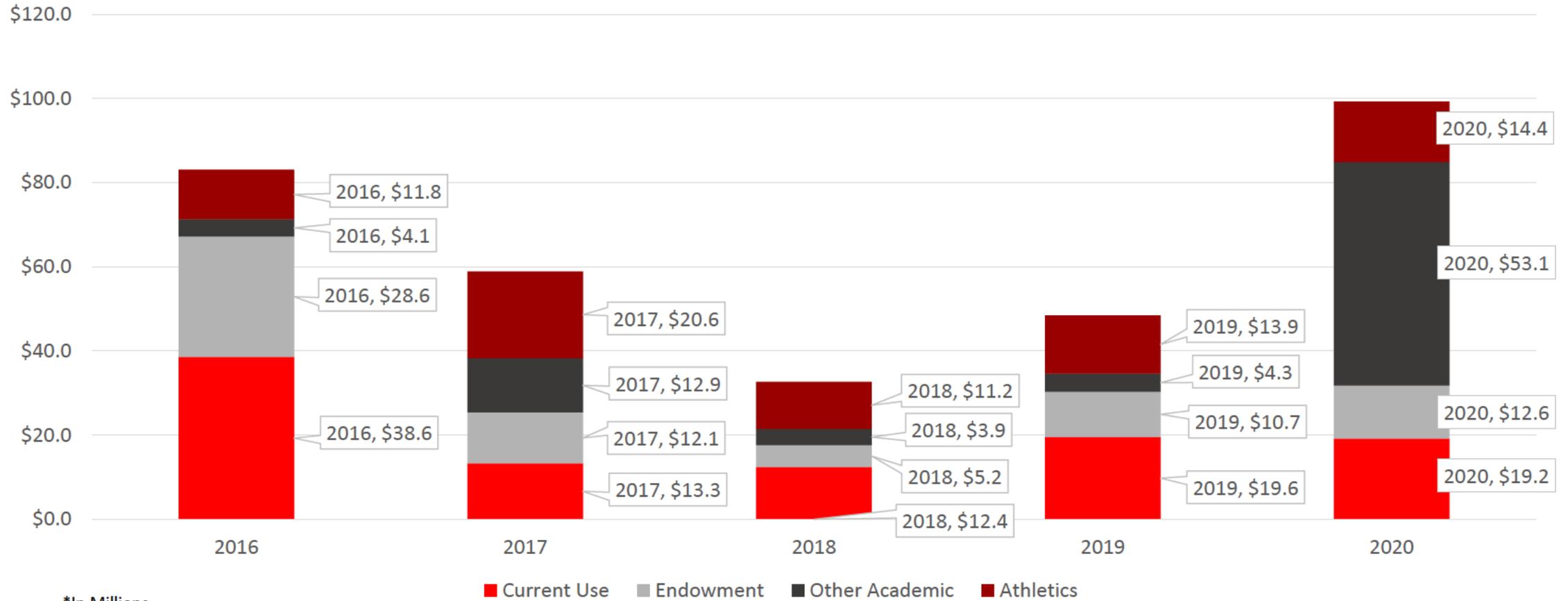
Deferred = Transactions, other than insurance and bequests, considered deferred, Trusts and gift annuities are examples.

PMOB = Pediatric Medical Office Building.

Direct Support = Donations which are not tax deductible according the IRS and CASE.

Philanthropy

2016 – 2020, Q1 – Q3



Cash Breakout Comparison

7/01/19 – 3/31/20

| | <u>Current Use</u> | <u>Endowments</u> | <u>Athletics</u> | <u>Grants</u> | <u>Gifts-in-Kind</u> | <u>PMOB</u> | <u>Deferred</u> | <u>Hospital</u> | <u>SubTotal</u> | <u>Direct</u> | <u>Total</u> |
|-------------------|---------------------|---------------------|---------------------|--------------------|----------------------|------------------|--------------------|--------------------|---------------------|------------------|---------------------|
| Cash FY2019 | | | | | | | | | | | |
| Matching Gifts | \$13,133 | \$2,350 | \$18,200 | \$0 | \$0 | \$0 | \$0 | \$0 | \$33,683 | \$0 | \$33,683 |
| Outright | \$11,630,392 | \$1,794,491 | \$10,141,979 | \$0 | \$533,552 | \$1,895 | \$0 | \$12,770 | \$24,115,079 | \$855,609 | \$24,970,688 |
| Pledge Payments | \$11,166,197 | \$6,598,638 | \$5,887,090 | \$2,976,569 | \$0 | \$156,350 | \$0 | \$0 | \$26,784,844 | \$0 | \$26,784,844 |
| Total Cash | \$22,809,722 | \$8,395,479 | \$16,047,269 | \$2,976,569 | \$533,552 | \$158,245 | \$0 | \$12,770 | \$50,933,606 | \$855,609 | \$51,789,215 |
| Cash FY2020 | | | | | | | | | | | |
| Matching Gifts | \$7,483 | \$3,850 | \$22,380 | \$0 | \$0 | \$0 | \$0 | \$0 | \$33,713 | \$0 | \$33,713 |
| Outright | \$9,687,062 | \$3,279,153 | \$10,971,673 | \$41,378 | \$938,505 | \$25 | \$1,752,069 | \$75 | \$26,669,939 | \$12,500 | \$26,682,439 |
| Pledge Payments | \$5,699,064 | \$9,263,283 | \$3,485,872 | \$830,760 | \$0 | \$0 | \$0 | \$7,500,000 | \$26,778,979 | \$0 | \$26,778,979 |
| Total Cash | \$15,393,609 | \$12,546,286 | \$14,479,924 | \$872,137 | \$938,505 | \$25 | \$1,752,069 | \$7,500,075 | \$53,482,631 | \$12,500 | \$53,495,131 |

Current Use = Funds immediately available for spending.

Endowment = Gifts permanently invested by the Foundation, the income from which is used to fund programs and scholarships.

Athletics = Gifts made to CAF or Stadium gifts.

Gifts-in-Kind = A physical (tangible) gift to the Foundation that is not cash, check or credit card.

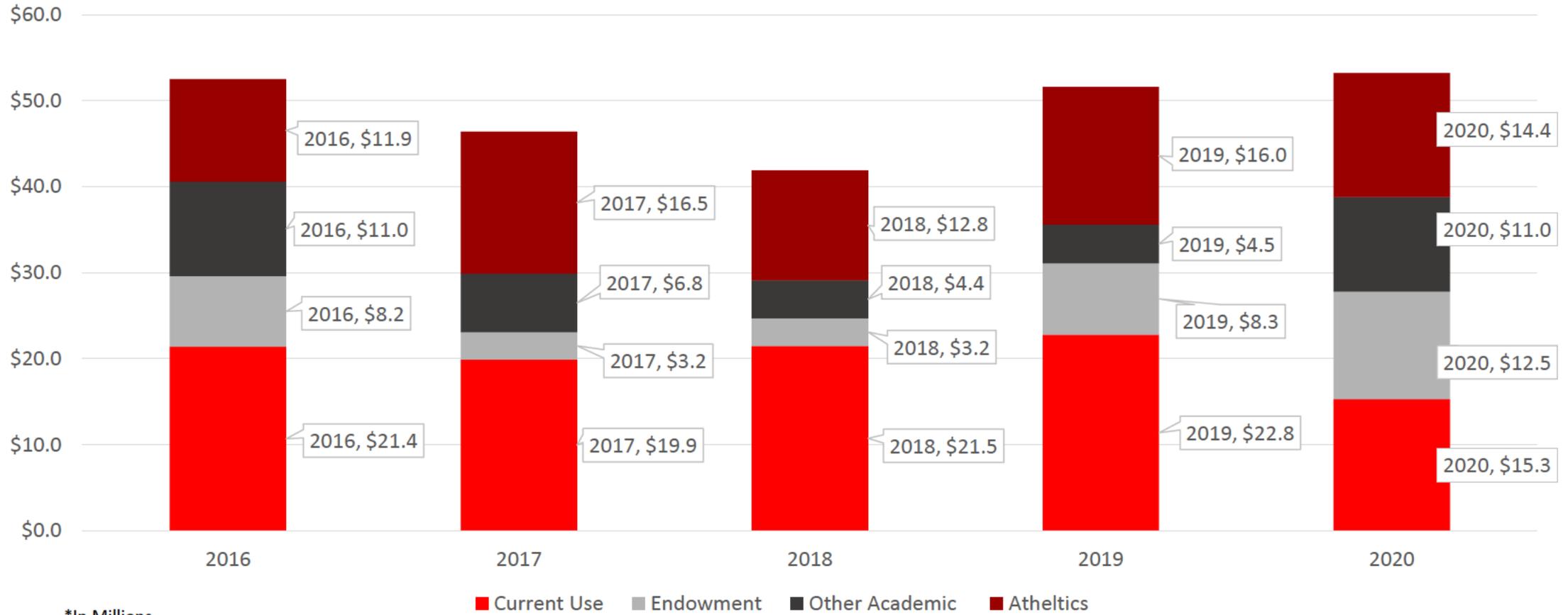
Deferred = Transactions, other than insurance and bequests, considered deferred, Trusts and gift annuities are examples.

PMOB = Pediatric Medical Office Building.

Direct Support = Donations which are not tax deductible according the IRS and CASE.

Cash

2016-2020, Q1 - Q3



Fundraising Definitions

- Total Philanthropy = Outright gifts + pledges + matching gifts.
- Cash = Outright gifts + pledge payments + matching gifts.
- Endowment = Gifts permanently invested by the Foundation, the income from which is used to fund programs and scholarships.
- Direct Support = Donations which are not tax deductible according the IRS and CASE.
- Gifts-in-Kind = A physical (tangible) gift to the Foundation that is not cash, check or credit card.
- Annual Giving = Gifts made annually through phone, email and mail.
- Conditional Pledges = Pledges that will be paid upon the fulfillment of a condition
- Deferred = Transactions, other than insurance and bequests, considered deferred, Trusts and gift annuities are examples.
- Bequests = A sum of money made available upon a donor's death
- PMOB = Pediatric Medical Office Building
- President's Fund = Gifts made to a fund for use for immediate impact by the President

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE UNIVERSITY OF LOUISVILLE FOUNDATION, INC.**

April 28, 2020

At a duly convened meeting of the Board of Directors (the “**Board**”) of the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (“**ULF**”), held on April 28, 2020, the Board adopted the following resolution:

Creation of New Endowment Funds

RESOLVED, upon the recommendation of the Finance Committee, a minimum gift of \$25,000 is required to create a new endowment fund, effective April 1, 2020.

BOARD ACTION:

Passed X

Did Not Pass

Other


Mr. James E. Boone, Secretary
University of Louisville Foundation, Inc.