



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

In Open Session

Members of the Board of Directors of the University of Louisville Real Estate Foundation, Inc. met at 8:40 a.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. Ken Payne, Chair  
Dr. Neeli Bendapudi  
Mr. Paul Carrico  
Ms. Jill Force  
Mr. Steve Gault  
Ms. Mariah Gratz  
Mr. Craig Hawley  
Mr. Bob Koetter  
Mr. Derrick Littlejohn  
Mr. Earl Reed  
Mr. Keith Sherman  
Ms. Sandy Metts Snowden

From the  
Foundation: 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

From the  
University: Mr. Dan Durbin, UofL Vice President for Finance and Administration/CFO

- I. Call to Order  
Having determined a quorum present, Chair Payne called the meeting to order at 8:40 a.m. No conflicts of interest or appearances of conflicts were identified.
- II. Consent Agenda  
Mr. Payne read the Consent Agenda as follows: approval of minutes from the regular meeting on January 30, 2020. Mr. Gault made a motion, which Mr. Hawley seconded, to approve the Consent Agenda. The motion passed.
- III. Action Item: Approval of Administrative Services Agreement  
In June 2017, the Board first approved the Administrative Services Agreement between the UofL Real Estate Foundation and the UofL Foundation. Mr. Sherman provided a high-level overview of the agreement and fee schedule. The UofL Foundation does not profit from the fees. Mr. Gault made a motion to approve the fiscal year 2021 services and fees as listed in the **attached** resolution. Mr. Carrico seconded the motion. The motion passed.
- IV. Action Item: Approval of 2020-2021 Operating Budget  
Mr. Sherman provided a high-level overview of the budget that was previously reviewed at informational sessions on April 8 and 9, 2020. Mr. Gault moved the **attached** resolution and budget summary be approved. Ms. Snowden seconded the motion. It passed.
- V. Audit, Compliance and Risk Management Committee Report  
Mr. Hawley reported the Committee recommends the Board authorize Mr. Sherman, subject to approval of legal counsel, to sign and file the UofL Real Estate Foundation's 990 and 990T tax forms as well as the Louisville Medical Center Development Corporation's 990 tax form. The drafts are unchanged since their review at the informational sessions on April 8 and 9, 2020. The Board approved the motion.
- VI. Information Item: Fiscal Year 2020 Third Quarter Financial Update  
Mr. Ruhl reviewed the **attached** third quarter financials.
- VII. Report of the Chair  
Mr. Payne reported that most tenants are currently meeting their rental obligations. Given the current situation, it is not likely the Foundation will be able to dispose of properties that are not strategic to the Foundation or the University at a favorable price.  
  
Mr. Payne stated the UofL Board of Trustees is encouraging all university-affiliated board members 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. Payne asked each board member to consider a donation.

VIII. Report of the Executive Director

Mr. Sherman provided an update on the Foundation's real estate holdings highlighting a few maintenance projects as well as a few tenant requests related to payment of their rent.

IX. Executive Session to Discuss Potential Acquisition or Sale of Real Property and a Specific Business Proposal

Mr. Hawley made a motion at 9:10 a.m., which Ms. Snowden seconded, to go into executive session to discuss the potential acquisition or sale of real property and a specific business proposal pursuant to KRS 61.810(1)(b) and (g).

X. Reconvene Open Session

Open session reconvened at 9:43 a.m., Mr. Payne reported the potential acquisition or sale of real property and a specific business proposal were discussed during the executive session. No action was taken.

XI. Adjournment

Having no other business come before the Board, Ms. Snowden made a motion to adjourn, which Mr. Gault seconded. The meeting adjourned at 9:43 a.m.



---

Craig Hawley, Secretary

University of Louisville Real Estate Foundation, Inc.

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

**April 28, 2020**

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

**Administrative Services Agreement**

WHEREAS, on June 9, 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 \_\_\_\_\_



Craig Hawley, Secretary  
University of Louisville Real Estate Foundation, Inc.

## EXHIBIT A

### ADMINISTRATIVE SERVICES AGREEMENT

**THIS ADMINISTRATIVE SERVICES AGREEMENT** (the "Agreement"), is made and entered into as of May 1, 2017 (the "Effective Date"), by and between the **UNIVERSITY OF LOUISVILLE REAL ESTATE FOUNDATION, INC.** ("ULREF"), and **UNIVERSITY OF LOUISVILLE FOUNDATION, INC.** ("Service Provider"; and with ULREF each a "Party" and collectively, the "Parties").

A. ULREF is organized and operated to receive, hold, invest, and administer property and to make expenditures to and for the benefit of the University of Louisville.

B. The Service Provider is organized and operated to receive, hold, invest, and administer property and to make expenditures to and for the benefit of the University of Louisville.

C. ULREF needs certain services which the Service Provider is able to provide.

D. ULREF and the Service Provider desire to enter into this Agreement in order to formalize and document their agreement concerning the Services (as that term is defined below).

**NOW, THEREFORE**, in consideration of the foregoing, and the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, ULREF and the Service Provider, intending to be legally bound, agree as follows:

1. Services. During the Term (as that term is defined in Section 4 below), the Service Provider will provide the services listed on Schedule A to ULREF (the "Services").

2. Monthly Service Fees. In exchange for each of the Services, each month during the Term, ULREF will pay to the Service Provider the Monthly Service Fee indicated next to each of the applicable Services on Schedule A. At the end of each month during the Term, the Service Provider will submit an invoice to ULREF in the amount of the total Monthly Service Fees incurred during such month. Such invoices will be due and payable within thirty (30) business days of receipt. Any invoice not paid within such 30 day period may be assessed finance charges equal to the lower of one and one-half percent (1.50%) per month or the maximum amount permitted by applicable law.

3. Increase of Monthly Service Fees during the Term. If, during the Term, the cost of providing any of the Services increases, the Service Provider may notify ULREF of such increase in cost and request an increase in the Monthly Service Fee applicable to such Service. Upon receipt of documentation establishing that the actual cost of providing the Service has increased directly proportionate to the amount of the requested increase in the Monthly Service Fee, ULREF shall have a period of sixty (60) days from ULREF's receipt of such document to either (i) reject the proposed Monthly Service Fee increase in which case the Service will be

deleted from this Agreement and the Service Provider will no longer be obligated to provide such Service to ULREF or (ii) accept the increase in Monthly Service Fee; in either case this shall be accomplished by an amendment to this Agreement.

4. Term. The term of this Agreement (the “Term”) shall begin on the Effective Date and continue through April 30, 2022. Either Party can terminate this Agreement upon thirty (30) days prior written notice to the other Party.

5. Financial Information and Reporting. ULREF shall provide to Service Provider during the Term of this Agreement the following financial information: (i) as soon as it is available after the end of each fiscal year of ULREF beginning with its fiscal year ending June 30, 2016, ULREF’s audited financial statements; and (ii) as soon as it is available after the end of the fiscal year of ULREF beginning with its fiscal year ending June 30, 2016, ULREF’s Form 990, Return of Organization Exempt from Income Tax; and (iii) as soon as it is available beginning with its fiscal year ending June 30, 2016, an operating budget for ULREF for the immediately succeeding fiscal year. ULREF shall also provide to Service Provider’s Board of Directors, a quarterly report, presented by the chairperson of ULREF or his or her designee, on the financial performance of ULREF during the immediately preceding quarter, such quarterly report to include an update on the financial performance of ULREF, any development projects underway or study, and the amount of Tax Increment Financing revenue received year-to-date and during the immediately preceding quarter. ULREF shall also provide to Service Provider, with reasonable promptness, such other financial data and information with respect to ULREF as from time to time may reasonably be requested, including without limitation, any such data or information which may be requested by any governmental or public body or agency having jurisdiction over Service Provider.

6. Performance. The failure of either Party to insist upon strict performance of any provision of this Agreement shall not constitute a waiver of the right to insist upon strict performance of any other provision or the obligation to perform such provision strictly thereafter.

7. Indemnification. The Service Provider agrees, to the extent permitted by law, to indemnify, defend, and hold harmless ULREF, its members, affiliates, officers, managers, employees, agents and clients from and against any and all damages, claims, suits, losses, penalties, judgments, costs, fines, liabilities or expenses of whatever nature that ULREF may incur or suffer relating in any way to (i) to any breach or failure of the Service Provider to perform any of its representations and warranties contained in this Agreement; or (ii) any actual or alleged personal injury, death, economic loss or property damage, whatsoever related to this Agreement caused by the negligence or willful misconduct of Service Provider. The Parties agree to the allocation of liability risk set forth in this Section.

8. Representations and Warranties. The Service Provider represents as follows: (i) it shall use established, sound and professional knowledge, skill, judgment, principles and practices in accordance with the highest professional and industry standards in its provision of the Services under this Agreement; (ii) all work product shall conform to its specifications, requirements and descriptions in Schedule A; (iii) the Service Provider shall comply with all applicable laws, ordinances, codes and regulations in performing the Services under this Agreement; and (iv) it has the right to enter into and provide the Services required by this Agreement. ULREF is

entitled to inspect and review all Services provided pursuant to this Agreement for conformity with the Service Provider's obligations under this Agreement.

9. Relationship of Parties. ULREF and the Service Provider understand and agree that, with respect to and for the purposes of this Agreement, ULREF and the Service Provider are not partners or joint venturers and nothing in this Agreement shall be construed so as to make them partners or joint venturers or impose any liability as such on either of them. The relationship between ULREF and the Service Provider with respect to and for the purposes of this Agreement shall be that of independent contractors. All employees furnished by the Service Provider are and shall be considered employees of the Service Provider. The Service Provider is solely responsible for the compensation of such employees, including without limitation salary, benefits, and insurance coverage, including but not limited to workers' compensation insurance and other liability insurance. No employee of the Service Provider shall receive any salary or other compensation or benefits from ULREF. The Service Provider shall pay all personnel, administrative, facilities and other costs and expenses necessary or required to provide the Services required to be rendered by it under this Agreement.

10. Notices. All notices and other communications under this Agreement shall be in writing and shall be delivered by hand or mailed by registered or certified mail (return receipt requested) or transmitted by facsimile to the Parties at the following addresses (or at such other addresses for a Party as shall be specified by like notice) and shall be deemed given on the date on which such notice is received:

If to ULREF:

University of Louisville Real Estate Foundation, Inc.  
215 Central Avenue, Suite 212  
Louisville, Kentucky 40208  
Attention: Justin Ruhl  
Email: Justin.ruhl@louisville.edu

If to the Service Provider:

University of Louisville Foundation, Inc.  
215 Central Avenue, Suite 212  
Louisville, Kentucky 40208  
Attention: Keith Sherman  
Email: keith.sherman@louisville.edu

11. Amendments. No amendments, waivers or modifications of this Agreement shall be made or deemed to have been made unless in writing executed by the Party to be bound thereby.

12. Confidentiality. As a condition to the provision of the Services, each Party agrees to treat any confidential information (i.e., information identified as such and if provided in writing marked as confidential) relating to the other in accordance with the provisions of this Section. Each Party agrees that the confidential information relating to the other will be used solely for the purpose of providing the Services and not for any other business purpose, and that such

confidential information will be kept strictly confidential during and after the Term for a period of two (2) years. Each Party agrees to give access to the confidential information of the other Party only to those of its representatives who need to have access to such confidential information in order to provide the Services. Notwithstanding the foregoing, nothing in this Agreement shall prevent either Party from making a disclosure to the extent that such disclosure has been consented to in writing by the other Party or is required by law, regulation, supervisory authority or other applicable judicial or governmental order. The term "confidential information", when used with respect to a Party, refers to any information concerning that Party, its affiliates and/or subsidiaries, including without limitation their businesses and future prospects, whether prepared by them or their representatives or otherwise, that is furnished or disclosed or learned in connection with this Agreement, whether furnished or disclosed or learned before or after the date of this Agreement, together with any analyses, compilations, studies or other documents prepared by the other Party or any of its representatives that contain or otherwise reflect such information; *provided that*, the term "confidential information" does not include information (i) about a Party that was or becomes generally available to the public other than as a result of a disclosure by the other Party or its representatives or (ii) that was or becomes available on a non-confidential basis from a source other than one of the Parties or its representatives, provided that such source was not known to be bound by any agreement to keep such information confidential, and was not otherwise prohibited from transmitting the information by a contractual, legal or fiduciary obligation.

13. Force Majeure. Neither Party shall be in default of this Agreement or liable to the other Party for any delay or default in performance where occasioned by any cause of any kind or extent beyond its control, including but not limited to, armed conflict or economic dislocation resulting therefrom; embargoes; shortages of labor, raw materials, production facilities or transportation; labor difficulties; civil disorders of any kind; action of any civil or military authorities (including priorities and allocations); fires; floods; and accidents. The dates on which the obligations of a Party are to be fulfilled shall be extended for a period equal to the time lost by reason of any delay arising directly or indirectly from:

A. Any of the foregoing causes, or

B. Inability of that Party, as a result of causes beyond its reasonable control, to obtain instruction or information from the other Party in time to perform its obligations by such dates.

14. Severability. If any provision in this Agreement or the application of such provision to any person or circumstance shall be invalid, illegal or unenforceable, the remainder of this Agreement or the application of such provision to persons or circumstances other than those to which it is held invalid, illegal or unenforceable shall not be affected thereby.

15. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute this Agreement.



16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky, without giving effect to its conflict of law rules.

17. Specific Performance. Each Party acknowledges that the rights and obligations granted under this Agreement are of a special character which gives them a peculiar and unique value, the loss of which cannot be reasonably or adequately compensated in damages in an action at law. Without limiting either Party's right to pursue all other legal and equitable remedies available to it, each of the Parties agrees that the other Party shall be entitled to injunctive and other equitable relief (including specific performance) to prevent any violation or continuing violation of this Agreement without the need to introduce evidence of the inadequacy of money damages to remedy such violation.

[REMAINDER OF PAGE INTENTIONALLY BLANK.]

## 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.
<b>Total Fees</b>	<b>\$56,578.97/month</b>	

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

**April 28, 2020**

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

**Operating Budget for 2020-2021**

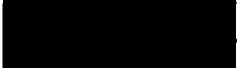
RESOLVED, the University of Louisville Real Estate Foundation, Inc. Board of Directors approves the operating budget for the fiscal year 2020-2021 for the University of Louisville Real Estate Foundation, Inc. as presented. (Summary attached)

BOARD ACTION:

Passed   X  

Did Not Pass           

Other           

  
\_\_\_\_\_  
Craig Hawley, Secretary  
University of Louisville Real Estate Foundation, Inc.

**UNIVERSITY OF LOUISVILLE REAL ESTATE FOUNDATION, INC.**  
**FY2021**  
**Consolidated Operating Budget**  
*(in thousands)*

	ULREF Operating	Real Estate	Subtotal	Campus Housing	Total 2021 Consolidated Operating Budget	FY2020 Forecast (Excluding Campus Housing)	FY2020 Budget (Excluding Campus Housing)	FY2020 Forecast Campus Housing	FY2020 Budget Campus Housing	Total 2020 Consolidated Forecast	Total 2020 Consolidated Operating Budget
<b>Source of Funds</b>											
Rental Income	-	3,980	3,980	-	3,980	3,990	3,868	-	-	3,990	3,868
Imputed Rent	-	837	837	-	837	692	971	-	-	692	971
Rental Income - Campus Housing	-	-	-	8,348	8,348	-	-	8,000	8,323	8,000	8,323
Net Investment Return	441	(248)	193	-	193	204	73	-	-	204	73
Tax Incremental Financing Revenues	7,800	-	7,800	-	7,800	7,700	7,700	-	-	7,700	7,700
Other Income:											
Parking	-	787	787	-	787	776	800	-	-	776	800
Gain on Disposal	-	-	-	-	-	650	-	-	-	650	-
Other Income:											
Tenant Bill Backs	-	68	68	-	68	100	118	-	-	100	118
Training/Conference	-	1	1	-	1	2	45	-	-	2	45
Discounts	-	22	22	-	22	18	16	-	-	18	16
Insurance Recovery	-	-	-	-	-	46	-	-	-	46	-
Application & Termination Fees, Vending	-	-	-	304	304	-	-	337	171	337	171
<b>Total Source of Funds</b>	<b>\$ 8,241</b>	<b>\$ 5,447</b>	<b>\$ 13,688</b>	<b>\$ 8,652</b>	<b>\$ 22,340</b>	<b>\$ 14,178</b>	<b>\$ 13,591</b>	<b>\$ 8,337</b>	<b>\$ 8,494</b>	<b>\$ 22,515</b>	<b>\$ 22,085</b>
<b>Distributions</b>											
Imputed Rent Support to UofL	-	837	837	-	837	692	971	-	-	692	971
<b>Total Distributions</b>	<b>\$ -</b>	<b>\$ 837</b>	<b>\$ 837</b>	<b>\$ -</b>	<b>\$ 837</b>	<b>\$ 692</b>	<b>\$ 971</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 692</b>	<b>\$ 971</b>
<b>Administrative Expenses</b>											
Personnel	-	174	174	1,097	1,271	169	180	1,036	998	1,205	1,178
Utilities	-	479	479	1,040	1,519	461	612	870	975	1,331	1,587
General and administrative	59	742	801	1,156	1,957	773	924	735	585	1,508	1,509
Professional services:											
Legal Fees	100	-	100	19	119	21	500	-	-	21	500
Audit Fees	137	9	146	-	146	146	213	23	60	169	273
IT Support	-	-	-	35	35	-	25	160	323	160	348
NTS-Property Management	-	154	154	-	154	154	174	-	-	154	174
Service Agreement-Property Management	-	177	177	-	177	181	181	-	-	181	181
Service Agreement-Accounting Services	374	90	464	-	464	458	458	-	20	458	478
Service Agreement-Operating Expenses	38	-	38	-	38	-	-	-	-	-	-
Repairs and maintenance	-	753	753	1,048	1,801	685	665	700	1,255	1,385	1,920
Interest expense	-	633	633	1,875	2,508	900	1,195	1,939	1,939	2,839	3,134
<b>Total Administrative Expenses</b>	<b>\$ 708</b>	<b>\$ 3,211</b>	<b>\$ 3,919</b>	<b>\$ 6,270</b>	<b>\$ 10,189</b>	<b>\$ 3,948</b>	<b>\$ 5,127</b>	<b>\$ 5,463</b>	<b>\$ 6,155</b>	<b>\$ 9,411</b>	<b>\$ 11,282</b>
<b>Other Expenses</b>											
Bad Debts	-	899	899	-	899	-	-	83	83	83	83
Depreciation	-	1,720	1,720	2,786	4,506	1,835	1,820	2,709	2,207	4,544	4,027
Amortization	4,490	44	4,534	44	4,578	4,534	4,534	46	46	4,580	4,580
<b>Total Other Expenses</b>	<b>\$ 4,490</b>	<b>\$ 2,663</b>	<b>\$ 7,153</b>	<b>\$ 2,830</b>	<b>\$ 9,983</b>	<b>\$ 6,369</b>	<b>\$ 6,354</b>	<b>\$ 2,838</b>	<b>\$ 2,336</b>	<b>\$ 9,207</b>	<b>\$ 8,690</b>
<b>Total Uses of Funds</b>	<b>\$ 5,198</b>	<b>\$ 6,711</b>	<b>\$ 11,909</b>	<b>\$ 9,100</b>	<b>\$ 21,009</b>	<b>\$ 11,009</b>	<b>\$ 12,452</b>	<b>\$ 8,301</b>	<b>\$ 8,491</b>	<b>\$ 19,310</b>	<b>\$ 20,943</b>
<b>Change in Net Assets</b>	<b>\$ 3,043</b>	<b>\$ (1,264)</b>	<b>\$ 1,779</b>	<b>\$ (448)</b>	<b>\$ 1,331</b>	<b>\$ 3,169</b>	<b>\$ 1,139</b>	<b>\$ 36</b>	<b>\$ 3</b>	<b>\$ 3,205</b>	<b>\$ 1,142</b>



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

**April 28, 2020**

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

**Filing of Tax Forms**

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 Real Estate Foundation (Form 990, 990-T)
2. Louisville Medical Center Development Corporation (Form 990)

BOARD ACTION:

Passed   X  

Did Not Pass           

Other           

  
\_\_\_\_\_  
Mr. Craig Hawley, Secretary  
University of Louisville Real Estate Foundation, Inc.



**Fiscal Year 2020 – Third Quarter  
Financial Update**

# Executive Summary

---

Due to COVID-19, ULREF staff have been encouraged to work remotely through May 31.

---

At this time COVID-19 has not had the same adverse impact on ULREF operations that it has on the Foundation.

---

TIF payments from the city and state are under review and could possibly be delayed until FY2021 due to COVID-19.



# ULREF's COVID-19 Responses

---

Staff remote work planned through May 31

---

- Liquidity review; net free cash flow monitoring and risk analysis

---

- Insurance coverage review: business interruption, D&O, cyber liability, etc.

---

- Meeting UofL's needs for cash flows; making additional payment on payable

---

- Developing response plan for potential tenant(s) requests for abatement

---

# ULREF Consolidated Statements of Position

Days Cash on Hand: 274

- A. Variance primarily due to the \$2.8 million sale of the T-Lot.
- B. Difference in Dorm, LLC assets due to \$10 million adjustment to purchase price in 4<sup>th</sup> quarter FY2019.

	March 2020	March 2019
in thousands		
<b>Assets</b>		
Cash and cash equivalents	\$ 3,410	\$ 3,433
Accounts receivable, net	389	301
Prepays and other assets	299	186
<b>Total current assets</b>	<b>4,098</b>	<b>3,920</b>
Investments in joint ventures	5,532	6,177
TIF intangibles, net	96,634	100,998
Lease intangibles, net	2,417	2,711
Capital assets, net (A)	89,162	92,702
<b>Total long-term assets</b>	<b>193,745</b>	<b>202,588</b>
<b>Total assets</b>	<b>197,841</b>	<b>206,508</b>
Total Dorm, LLC assets (B)	62,375	73,374
<b>Total ULREF consolidated assets</b>	<b>\$ 260,218</b>	<b>\$ 279,882</b>

See Appendix A for financial statements

# ULREF Consolidated Statements of Position (cont'd)

- A. Reduction due to \$4 million principal payment on KYT note.
- B. ULREF made a \$3 million and \$1 million principal payment to ULF in June 2019 and September 2019, respectively.

	March 2020	March 2019
	in thousands	
<b>Liabilities and net assets</b>		
Liabilities:		
Accounts payable	\$ 325	\$ 190
Other liabilities	352	808
Debt (A)	20,947	25,289
Due to the University of Louisville	2,757	4,683
Due to ULF (B)	19,898	23,895
Total ULREF liabilities	44,279	54,865
Dorm, LLC liabilities	41,639	41,343
Total Liabilities	85,913	96,208
Net assets:		
ULREF net assets	153,563	151,643
Dorm, LLC net assets (C)	20,737	32,031
Total net assets	174,305	183,674
<b>Total consolidated liabilities and net assets</b>	<b>\$ 260,218</b>	<b>\$ 279,882</b>

See Appendix A for financial statements

# ULREF Consolidated Income Statements

EBITDA (Excluding Housing):  
\$2,136

A. ULF transferred dorms to ULREF in November 2018. ULREF recognized a \$32,310 contribution from ULF as a result of this transaction.

B. Interest expense is under budget due to decrease in principal balances and interest rates on variable-rate debt.

	Fiscal Year to Date March 31,				
	2020	2019	Variance	2020 Budget	2020 Variance
	(in thousands)				
<b>Revenues and gains</b>					
Rental revenues	\$ 3,579	\$ 3,116	\$ 463	\$ 3,446	\$ 133
Other revenues (A)	941	36,877	(35,936)	186	755
<b>Total revenues and gains</b>	<b>4,520</b>	<b>39,993</b>	<b>(35,473)</b>	<b>3,632</b>	<b>888</b>
<b>Expenses</b>					
Salaries	122	131	(9)	134	(12)
General and administrative	609	516	93	696	(87)
Professional services	717	764	(47)	1,114	(397)
Utilities	415	436	(21)	465	(50)
Repairs and maintenance	521	463	58	501	20
Depreciation and amortization	4,783	4,841	(58)	4,763	20
Interest expense (B)	650	921	(271)	905	(255)
<b>Total expenses (excluding dorms)</b>	<b>7,817</b>	<b>8,072</b>	<b>(255)</b>	<b>8,578</b>	<b>(761)</b>
<b>Other income (expenses)</b>					
Student housing-related revenues	7,461	3	7,458	6,642	819
Student housing-related expenses	(6,328)	(333)	(5,995)	(6,453)	125
<b>Total other income (expenses)</b>	<b>1,133</b>	<b>(330)</b>	<b>1,463</b>	<b>189</b>	<b>944</b>
<b>Change in net assets</b>	<b>\$ (2,164)</b>	<b>\$ 31,591</b>	<b>\$ (33,755)</b>	<b>\$ (4,757)</b>	<b>\$ 2,593</b>

See Appendix A for financial statements

# ULREF Debt

Loan	Terms	Fiscal Year of Maturity	Outstanding Principal at March 31, 2020 (in thousands)
220 S. Preston - Permanent Financing \$9.3 million	<ul style="list-style-type: none"> <li>Fixed 3.65% rate</li> <li>5-year maturity and 20-year amortization, balloon payment at maturity</li> <li>Quarterly principal and interest payments</li> </ul>	2024	\$8,990
KYT, LLC – Note Payable \$19.5 million	<ul style="list-style-type: none"> <li>Variable rate - LIBOR plus 1.95%</li> <li>Monthly interest-only payments</li> <li>Principal due in full at maturity</li> </ul>	2022	\$12,000
Dorm, LLCs - Northwestern Mutual Loan \$42.0 million	<ul style="list-style-type: none"> <li>Fixed 4.77% rate</li> <li>20-year amortization</li> <li>Monthly principal and interest payments</li> </ul>	2038	\$40,270

Schedule of Remaining Payments	
(in thousands)	
Year ending June 30,	
2020	\$341
2021	1,849
2022	13,917
2023	1,987
2024	9,067
Thereafter	34,099
	<b>\$61,260</b>

# Real Estate Performance

- Top 10 properties by asset value
- Annualized NOI based on YTD figures
- Interest expense has been subtracted from Net Operating Income for the purpose of this exhibit
- Campus Two and Campus Three are non-consolidated joint ventures. PP&E values are not included on ULREF's balance sheet.

	Annualized Cash Flows (Deficit)	Total Cash Investment	Annualized Return (Loss) on Investment
(\$ in thousands)			
<b><u>Strategic Properties</u></b>			
JD Nichols Garage	214	8,184	2.61%
One Innovation Center	135	7,579	1.78%
KYT Research Park	(529)	3,900	-13.56%
Solae	191	3,600	5.31%
Dulworth	59	3,546	1.67%
K-I Lumber	150	3,441	4.37%
South Preston Lot	44	2,885	1.53%
301 Lot Surface Parking	18	2,826	0.64%
<b><u>Investment Properties</u></b>			
Cardinal Station	792	12,621	6.27%
Bed Bath and Beyond	459	7,000	6.55%
<b><u>Joint Ventures</u></b>			
Campus Two	732	3,013	24.29%
Campus Three	333	4,775	6.97%

# Appendix A

**University of Louisville Real Estate Foundation, Inc.**  
**Consolidated Statements of Financial Position**

*(in thousands)*

	<b>March</b>	<b>March</b>	<b>Variance</b>
	<b>2020</b>	<b>2019</b>	<b>\$</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,352	\$ 3,737	\$ 3,615
Accounts receivable, net	755	301	454
Prepays and other assets	922	1,257	(335)
Total current assets	<b>9,029</b>	5,295	3,734
Investments in joint ventures	5,532	6,177	(645)
Tax incremental financing intangibles, net	96,634	100,998	(4,364)
Lease intangibles, net	2,418	2,710	(292)
Capital assets, net	146,605	164,702	(18,097)
Total long-term assets	<b>251,189</b>	274,587	(23,398)
 Total assets	 <b>\$ 260,218</b>	 \$ 279,882	 \$ (19,664)
<b>Liabilities and net assets</b>			
Liabilities:			
Accounts payable	\$ 362	\$ 190	\$ 172
Unearned grant revenue	81	386	(305)
Other liabilities	2,086	415	1,671
Debt - current	1,860	1,860	-
Due to the University of Louisville - current	1,560	1,560	-
Total current liabilities	<b>5,949</b>	4,411	1,538
Debt	58,869	64,779	(5,910)
Due to the University of Louisville	1,197	3,123	(1,926)
Due to the University of Louisville Foundation, Inc.	19,898	23,895	(3,997)
Total long-term liabilities	<b>79,964</b>	91,797	(11,833)
 Total liabilities	 <b>85,913</b>	 96,208	 (10,295)
 Net assets	 <b>174,305</b>	 183,674	 (9,369)
Total liabilities and net assets	<b>\$ 260,218</b>	\$ 279,882	\$ (19,664)



**University of Louisville Real Estate Foundation, Inc.**  
**Consolidated Statements of Activities**  
*(in thousands)*

For the Three Months Ended March 31,				
2020	2019	Variance	Budget	Variance
\$ 1,065	\$ 1,010	\$ 55	\$ 1,004	\$ 61
196	177	19	197	(1)
<u>1,261</u>	<u>1,187</u>	<u>74</u>	<u>1,201</u>	<u>60</u>
-	-	-	-	-
-	182	(182)	-	-
6	(72)	78	33	(27)
(3)	(13)	10	47	(50)
-	-	-	-	-
<u>1,264</u>	<u>1,284</u>	<u>(20)</u>	<u>1,281</u>	<u>(17)</u>
44	45	(1)	46	(2)
280	382	(102)	232	48
237	247	(10)	332	(95)
127	150	(23)	158	(31)
173	143	30	176	(3)
1,611	1,614	(3)	1,586	25
193	344	(151)	301	(108)
<u>2,665</u>	<u>2,925</u>	<u>(260)</u>	<u>2,831</u>	<u>(166)</u>
2,872	-	2,872	2,375	497
<u>(2,116)</u>	<u>-</u>	<u>(2,116)</u>	<u>(2,166)</u>	<u>50</u>
<u>756</u>	<u>-</u>	<u>756</u>	<u>209</u>	<u>547</u>
<u>\$ (645)</u>	<u>\$ (1,641)</u>	<u>\$ 996</u>	<u>\$ (1,341)</u>	<u>\$ 696</u>

For the Nine Months Ended March 31,				
2020	2019	Variance	Budget	Variance
<b>Revenues, gains, and other support</b>				
\$ 2,997	\$ 2,563	\$ 434	\$ 2,854	\$ 143
582	553	29	592	(10)
<u>3,579</u>	<u>3,116</u>	<u>463</u>	<u>3,446</u>	<u>133</u>
-	32,361	(32,361)	-	-
-	2,485	(2,485)	-	-
132	18	114	52	80
159	119	40	134	25
650	1,894	(1,244)	-	650
<u>4,520</u>	<u>39,993</u>	<u>(35,473)</u>	<u>3,632</u>	<u>888</u>
122	131	(9)	134	(12)
609	516	93	696	(87)
717	764	(47)	1,114	(397)
415	436	(21)	465	(50)
521	463	58	501	20
4,783	4,841	(58)	4,763	20
650	921	(271)	905	(255)
<u>7,817</u>	<u>8,072</u>	<u>(255)</u>	<u>8,578</u>	<u>(761)</u>
<b>Other income (expenses)</b>				
7,461	3	7,458	6,642	819
<u>(6,328)</u>	<u>(333)</u>	<u>(5,995)</u>	<u>(6,453)</u>	<u>125</u>
<u>1,133</u>	<u>(330)</u>	<u>1,463</u>	<u>189</u>	<u>944</u>
<b>Total student-housing-related income (expenses)</b>				
<u>\$ (2,164)</u>	<u>\$ 31,591</u>	<u>\$ (33,755)</u>	<u>\$ (4,757)</u>	<u>\$ 2,593</u>
<b>Change in net assets</b>				