



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 9:00 a.m. on January 27, 2022 in the Foundation's Boardroom. Members were present and absent as follows:

Present: Mr. Ken Payne, Chair *(via videoconference)*
Mr. Paul Carrico *(via videoconference)*
Ms. Jill Force *(via videoconference)*
Mr. Steve Gault *(via videoconference)*
Ms. Mariah Gratz *(via videoconference)*
Mr. Craig Hawley *(via videoconference)*
Mr. Earl Reed *(via videoconference)*
Mr. Keith Sherman
Ms. Sandy Metts Snowden *(via videoconference)*
Mr. Powell Spears

Absent: Dr. Lori Gonzalez

From the
Foundation: Ms. Julie Kroger, Executive Assistant
Mr. Jake Robertson, Senior Accountant *(via videoconference)*
Mr. Justin Ruhl, Controller *(via videoconference)*

From Legal
Counsel: Mr. Franklin Jelsma, Wyatt, Tarrant & Combs *(via videoconference)*

Guest: Mr. Kevin Grout, RunSwitch

I. Call to Order

Having determined a quorum present, Chair Payne called the meeting to order at 9:00 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 October 28, 2021 meeting. Mr. Hawley made a motion to approve the minutes, which Mr. Spears seconded. The motion passed.

III. Property Committee Report

Mr. Gault reported the Property Committee met on January 12, 2022. The Committee received an update on leasing activities across the portfolio and they discussed a few specific business proposals that the Board will discuss in executive session.

IV. Information Item: Fiscal Year 2022 Second Quarter Financial Update

Mr. Ruhl reviewed the **attached** second quarter financial presentation highlighting the consolidated income statements and statements of position.

V. Report of the Chair

Mr. Payne stated the properties are performing well, expenses are being well-managed, and progress is being made on paying down debts.

VI. Report of the Executive Director

Mr. Sherman provided an overview of the real estate holdings around the Belknap Campus.

Mr. Sherman summarized the **attached** resolution that conditionally approves the dissolution of Nucleus: Kentucky's Life Sciences and Innovation Center, LLC. Upon a motion from Ms. Force that was seconded by Mr. Reed the resolution was adopted.

VII. Executive Session to Discuss Potential Acquisition or Sale of Real Property and Specific Business Proposals Pursuant to KRS 61.810(1)(b) and (g)


Mr. Hawley made a motion at 9:36 a.m., which Ms. Snowden seconded, to go into executive session to discuss the potential acquisition or sale of real property and specific business proposals pursuant to KRS 61.810(1)(b) and (g). The motion passed.

VIII. Reconvene Open Session

Open session reconvened at 10:38 a.m., Mr. Payne reported that the potential acquisition or sale of real property and specific business proposals were discussed during the executive session. No action was taken.

IX. Adjournment

Having no other business, Mr. Reed made a motion, which Ms. Gratz seconded, to adjourn. The motion passed and the meeting adjourned at 10:38 a.m.



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



**Fiscal Year 2022 – Second Quarter
Financial Update**

Executive Summary

ULREF continues to pay down outstanding debt principal balances. \$1 million was paid on the KYT loan and \$2 million was paid on the payable to ULF in December 2021.

TIF increment requests related to calendar years 2019 and 2020 were made to the State and Louisville Metro in the first half of FYE22. We have reached out for status updates.

The occupancy rate across our portfolio is very high. Belknap Campus properties have no vacancies and downtown properties are nearing 100% occupancy.

The dorm management agreements with the University are fully executed.

ULREF Consolidated Statements of Position

- A. Accounts Receivable is down from prior year due to the timing of billings and strong cash collections in the current year. There was also a large tenant billing related to a buildout at one of our properties included in the prior year AR balance.

	December 2021	December 2020
	in thousands	
Assets		
Cash and cash equivalents	\$ 4,416	\$ 4,569
Accounts receivable, net (A)	145	589
Prepays and other assets	719	437
Total current assets	5,280	5,595
Investments in joint ventures	3,775	4,630
TIF intangibles, net	88,997	93,361
Lease intangibles, net	2,151	2,266
Capital assets, net	85,839	87,743
Total non-current assets	180,762	188,000
Total assets	186,042	193,595
Total Dorm, LLC assets	58,331	59,834
Total ULREF consolidated assets	\$ 244,373	\$ 253,429

See Appendix A for financial statements

ULREF Consolidated Statements of Position (cont'd)

- A.** ULREF made its final payment on the promissory note to UofL in FY2021.
- B.** ULREF made \$5 million in principal payments to ULF during FY2021 and another \$2 million in payments in the first half of FY22.

	December 2021	December 2020
	in thousands	
Liabilities and net assets		
Liabilities:		
Accounts payable	\$ 149	\$ 159
Other liabilities	103	390
Debt	19,173	20,757
Due to the University of Louisville (A)	-	1,084
Due to ULF (B)	12,912	19,943
Total ULREF liabilities	32,337	42,333
Total Dorm, LLC liabilities	37,749	39,121
Total Liabilities	70,086	81,454
Net assets:		
ULREF net assets	153,705	151,262
Dorm, LLC net assets	20,582	20,713
Total net assets	174,287	171,975
Total consolidated liabilities and net assets	\$ 244,373	\$ 253,429

See Appendix A for financial statements

ULREF Consolidated Income Statements

- A.** Rental revenues have exceeded budget due to the filling of vacancies at the One Innovation Center and the UofL Innovation properties
- B.** Belknap TIF revenue for calendar year 2018 was received from Louisville Metro in the prior year. We have made increment requests but have not recorded any TIF revenue in the current year.
- C.** Bad debt expense is underbudget due to collections on a One Innovation Center tenant that was expected to be uncollectable

	Fiscal Year to Date December 31,				
	2021	2020	Variance	2021 Budget	2021 Variance
	(in thousands)				
Revenues and gains					
Rental revenues (A)	\$ 2,594	\$ 2,197	\$ 397	\$ 2,271	\$ 323
Other revenues (B)	194	553	(359)	209	(15)
Total revenues and gains	2,788	2,750	38	2,480	308
Expenses					
Salaries	88	81	7	84	4
General and administrative (C)	342	310	32	512	(170)
Professional services	510	527	(17)	538	(28)
Utilities	265	263	2	283	(18)
Repairs and maintenance	344	281	63	303	41
Depreciation and amortization	3,044	3,137	(93)	3,067	(23)
Interest expense	279	296	(17)	305	(26)
Total expenses (ex. Dorm, LLC)	4,872	4,895	(23)	5,092	(220)
Dorm, LLC income (expenses)					
Dorm, LLC revenues	4,666	4,723	(57)	4,050	616
Dorm, LLC expenses	(4,168)	(4,177)	9	(4,507)	339
Dorm, LLC income (expenses)	498	546	(48)	(457)	955
Change in net assets	\$ (1,586)	\$ (1,599)	\$ 13	\$ (3,069)	\$ 1,483

See Appendix A for financial statements

ULREF Debt

Loan	Terms	Fiscal Year of Maturity	Outstanding Principal at September 30, 2021 (in thousands)
220 S. Preston - Permanent Financing \$9.3 million	<ul style="list-style-type: none"> Fixed 3.65% rate 5-year maturity and 20-year amortization, balloon payment at maturity Quarterly principal and interest payments 	2024	\$8,173
KYT, LLC - Note Payable \$19.5 million	<ul style="list-style-type: none"> Variable rate - LIBOR plus 1.95% Monthly interest-only payments Principal due in full at maturity 	2024	\$11,000
Dorm, LLCs - Northwestern Mutual Loan \$42.0 million	<ul style="list-style-type: none"> Fixed 4.77% rate 20-year amortization Monthly principal and interest payments 	2038	\$37,827

Schedule of Cumulative Remaining Payments

(in thousands)	
Year ending June 30,	
2022	\$846
2023	1,987
2024	20,067
2025	1,672
2026	1,754
Thereafter	30,674
	\$57,000

Debt without Payment Schedule

Outstanding Principal at December 31, 2021	
(in thousands)	
Due to ULF	\$12,912

Real Estate Performance

- Campus Two and Campus Three are non-consolidated joint ventures. ULREF is a 51% partner in these JVs. PP&E values are not included on ULREF's balance sheet. JV total capital asset value includes infrastructure investments at ShelbyHurst incurred by the Foundation.

	Annualized Net Operating Income (Loss)	Capital Asset Value	Capitalization Rate
(in thousands)			
<u>Strategic Properties</u>			
Cardinal Station	1,058	12,752	8.3%
JD Nichols Garage	463	17,181	2.7%
One Innovation Center	216	7,579	2.8%
KYT Research Park	(67)	15,900	(0.4%)
Solae	160	3,600	4.4%
<u>Dorms</u>			
Bettie Johnson Hall	2,349	28,821	8.2%
Community Park Hall	1,469	16,349	9.0%
Kurz Hall	1,766	16,196	10.9%
<u>Joint Ventures</u>			
Campus Two	1,870	19,370	9.7%
Campus Three	1,954	19,541	10.0%

Appendix A

University of Louisville Real Estate Foundation, Inc.
Consolidated Statements of Financial Position
(in thousands)

	<u>December</u>		<u>Variance</u>
	<u>2021</u>	<u>2020</u>	<u>\$</u>
Assets			
Cash and cash equivalents	\$ 4,416	\$ 4,569	\$ (153)
Accounts receivable, net	145	589	(444)
Prepays and other assets	719	437	282
Total current assets	<u>5,280</u>	<u>5,595</u>	(315)
Investments in joint ventures	3,775	4,630	(855)
Tax increment financing intangibles, net	88,997	93,361	(4,364)
Lease intangibles, net	2,151	2,266	(115)
Capital assets, net	<u>85,839</u>	87,743	(1,904)
Total non-current assets	<u>180,762</u>	188,000	(7,238)
Total assets	<u>186,042</u>	193,595	(7,553)
Dorm, LLC assets	<u>58,331</u>	59,834	(1,503)
Total ULREF consolidated assets	<u>\$ 244,373</u>	<u>\$ 253,429</u>	<u>\$ (9,056)</u>
Liabilities and net assets			
Liabilities:			
Accounts payable	\$ 149	\$ 159	\$ (10)
Other liabilities	103	390	(287)
Debt	19,173	20,756	(1,583)
Due to the University of Louisville	-	1,084	(1,084)
Due to ULF	12,912	19,943	(7,031)
Total ULREF liabilities	<u>32,337</u>	<u>42,332</u>	(9,995)
Total Dorm, LLC liabilities	<u>37,749</u>	39,121	(1,372)
Total liabilities	<u>70,086</u>	<u>81,453</u>	(11,367)
Net assets:			
ULREF net assets	153,705	151,262	2,443
Dorm, LLC net assets	<u>20,582</u>	20,714	(132)
Total net assets	<u>174,287</u>	171,976	2,311
Total ULREF consolidated liabilities and net assets	<u>\$ 244,373</u>	<u>\$ 253,429</u>	<u>\$ (9,056)</u>

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

For the Month Ended December 31,				
2021	2020	Variance	Budget	Variance
\$ 350	\$ 313	\$ 37	\$ 317	\$ 33
68	64	4	62	6
418	377	41	379	39
-	-	-	-	-
48	49	(1)	6	42
466	426	40	385	81
19	12	7	14	5
70	62	8	85	(15)
69	76	(7)	74	(5)
40	39	1	48	(8)
48	92	(43)	48	0
518	516	2	512	6
45	49	(4)	50	(5)
809	846	(36)	831	(22)
655	904	(249)	660	(5)
(627)	(672)	45	(754)	127
28	232	(204)	(94)	122
\$ (315)	\$ (187)	\$ (128)	\$ (540)	\$ 225

For the Six Months Ended December 31,				
2021	2020	Variance	Budget	Variance
Revenues				
\$ 2,195	\$ 1,818	\$ 377	\$ 1,897	\$ 298
399	379	20	374	25
2,594	2,197	397	2,271	323
Total rental revenues				
-	355	(355)	-	-
194	198	(4)	209	(15)
2,788	2,750	38	2,480	308
Total revenues				
Expenses				
88	81	7	84	4
342	310	32	512	(170)
510	527	(17)	538	(28)
265	263	2	283	(18)
344	281	63	303	41
3,044	3,137	(93)	3,067	(23)
279	296	(17)	305	(26)
4,872	4,895	(23)	5,092	(220)
Total expenses, ex. dorms				
Dorm, LLC income (expenses)				
4,666	4,723	(57)	4,050	616
(4,168)	(4,177)	9	(4,507)	339
498	546	(48)	(457)	955
Dorm, LLC income (expenses)				
\$ (1,586)	\$ (1,599)	\$ 13	\$ (3,069)	\$ 1,483
Decrease in net assets				

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

January 27, 2022

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 January 27, 2022, the Board adopted the following resolutions:

Dissolution of Nucleus: Kentucky's Life Sciences and Innovation Center, LLC

WHEREAS, ULREF is the sole member of Nucleus: Kentucky’s Life Sciences and Innovation Center, LLC, a Kentucky limited liability company (“**Nucleus**”);

WHEREAS, ULREF, in its capacity as the sole member of Nucleus, is in the process of negotiating an amended and restated operating agreement of MedCenter Parking, LLC, a Kentucky limited liability company (“**MedCenter Parking**”), with Big A, LLC, the other fifty percent (50%) member of MedCenter Parking;

WHEREAS, upon the negotiation, delivery and execution of an amended and restated operating agreement of MedCenter Parking, ULREF, in its capacity as the sole member of Nucleus, desires to effect a transfer of Nucleus’ membership interest in MedCenter Parking to ULREF;

WHEREAS, contingent upon the negotiation, delivery and execution of an amended and restated operating agreement of MedCenter Parking, and the transfer of Nucleus’ membership interest in MedCenter Parking to ULREF (the “**Requirement**”), the Board deems it advisable and in the best interest of ULREF and Nucleus that Nucleus be liquidated and dissolved in accordance with the laws of the Commonwealth of Kentucky.

RESOLVED, that, upon satisfaction of the Requirement, the Board does hereby consent to, approve and authorize the liquidation and dissolution of Nucleus in accordance with the laws of the Commonwealth of Kentucky.

General Resolutions


RESOLVED, that the officers of ULREF be and hereby are each authorized, empowered and directed, for and on behalf of ULREF and in its name, to execute, deliver, file and record such agreements, instruments, documents and certificates and to take or cause to be taken such other and further action as they shall, in their reasonable discretion, deem necessary or appropriate in order to effectuate the purposes of, and implement, the foregoing resolutions and all actions heretofore taken by them in connection with the foregoing, are hereby ratified, confirmed, adopted and approved.

BOARD ACTION:

Passed _____

Did Not Pass _____

Other _____



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

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