



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 2:35 p.m. on April 26, 2023, in the 515 W. Market Street, First Floor Conference Room. Members were present as follows:

Present: Ms. Mariah Gratz, Chair Pro Tem
Mr. Scott Brinkman
Ms. Jessica Cole
Mr. Charlie Dahlem
Ms. Jill Force
Mr. Craig Hawley
Mr. Mark Nickel
Mr. Keith Sherman
Mr. Powell Spears

Absent: Mr. Steve Gault
Dr. Kim Schatzel

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

From the University: Mr. Dan Durbin, EVP for Finance & Administration (*via videoconference*)

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

Guest: Mr. Kevin Grout, RunSwitch

I. Call to Order

Having determined a quorum present, Ms. Gratz called the regular meeting to order at 2:35 p.m. No conflicts of interest or appearances of conflicts were identified.

- II. Consent Agenda
Ms. Cole made a motion, which Mr. Dahlem seconded, to approve the Consent Agenda as listed: Approval of Minutes, January 25, 2023. The motion passed.
- III. 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 University of Louisville Real Estate Foundation's 990 and 990T tax forms as well as the Louisville Medical Center Development Corporation's 990 tax form. The Board approved the recommendation.
- IV. Property Committee Report
Ms. Gratz reported the Property Committee met three times since the last Board meeting. She expressed her appreciation to the members of the Committee: Mr. Dahlem, Mr. Gault, Mr. Spears, and Mr. Durbin. She noted the Committee has a few business proposals for discussion during the executive session.
- V. Action Item: Approval of Administrative Services Agreement Schedule A
The fee schedule for the Administrative Services Agreement between the Real Estate Foundation and the University of Louisville Foundation is approved annually by both foundations. Ms. Gratz noted there is no mark-up in fees, the Real Estate Foundation pays the actual operational costs incurred by the UofL Foundation to operate the Real Estate Foundation. Upon a motion made by Mr. Hawley and seconded by Mr. Spears, the Board approved the **attached** fee schedule for FY2023-2024.
- VI. Action Item: Approval of 2023-2024 Operating Budget
Ms. Gratz stated drafts of the proposed budget and tax forms were reviewed at the informational workshops on April 18 and 19, 2023. Mr. Ruhl provided a high-level overview of the proposed budget. The Board discussed paying off the entirety of the note on the former Kentucky Trailer property this fiscal year. The Board, upon a motion made by Mr. Hawley and seconded by Mr. Brinkman, approved the proposed 2023-2024 operating budget with the addition of a reduction of interest payments since the Kentucky Trailer property note will be paid in full before the end of the current fiscal year.
- VII. Information Item: Fiscal Year 2023 Third Quarter Financial Update
Mr. Ruhl reviewed the **attached** third quarter financial presentation highlighting the TIF increment receipts, the consolidated income statements, and the statements of position.
- VIII. Report of the Executive Director
Mr. Sherman provided the following updates on the real estate portfolio:
- The property at 425 W. Lee Street is still listed for sale or lease.
 - The property at 248 E. Market Street is now listed for lease.
 - QK4 is in the process of completing site design options for the necessary roadway and infrastructure work on the research park.

IX. Executive Session to Discuss Potential Acquisition or Sale of Real Property, Specific Business Proposals and Proposed or Pending Litigation Pursuant to KRS 61.810(1)(b)(g) and (c)

Mr. Brinkman made a motion at 3:09 p.m., which Ms. Force seconded, to go into executive session to discuss the potential acquisition or sale of real property, specific business proposals, and proposed or pending litigation pursuant to KRS 61.810(1)(b)(g) and (c). The motion passed.

Ms. Gratz left the meeting at 3:40 p.m. and then rejoined it via videoconference.

X. Reconvene Open Session

Open session reconvened at 3:56 p.m., Ms. Force reported that the potential sale of real property, specific business proposals, and proposed or pending litigation were discussed during the executive session.

Upon a motion by Ms. Force that was seconded by Mr. Nickel, the Board approved the following action:

The Board approves and authorizes the sale of 996 Breckinridge Lane, the property commonly referred to as Bed, Bath & Beyond building. The Board authorizes and directs the Executive Director, on behalf of URLEF, to negotiate and finalize such sale, including definitive documentation on terms and conditions which he, in consultation with legal counsel, believes to be commercially reasonable.

XI. Adjournment

Having no other business, Mr. Hawley made a motion to adjourn, which Mr. Dahlem seconded. The meeting adjourned at 3:58 p.m.



Powell Spears, Secretary
University of Louisville Real Estate Foundation, Inc.

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

April 26, 2023

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 26, 2023, 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 18 and April 19, 2023, 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 the Executive Director, subject to approval of legal counsel, to sign and file the following:

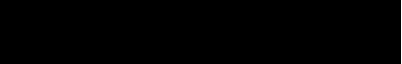
1. University of Louisville Real Estate Foundation (Form 990, 990-T)
2. Louisville Medical Center Development Corporation (Form 990)

BOARD ACTION:

Passed X

Did Not Pass

Other


Mr. Powell Spears, Secretary
University of Louisville Real Estate Foundation, Inc.

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

April 26, 2023

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 26, 2023, the Board adopted the following resolution:

Administrative Services Agreement Schedule A

WHEREAS, on April 28, 2022, 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 B.

RESOLVED, the Board approves the services and initial fees for fiscal year 2024, conditioned upon approval of the same by the University of Louisville Foundation, as stated in Schedule A attached hereto as Exhibit A.

BOARD ACTION:

Passed X

Did Not Pass _____

Other _____

 _____

Powell Spears, Secretary
University of Louisville Real Estate Foundation, Inc.

ADMINISTRATIVE SERVICES AGREEMENT

THIS ADMINISTRATIVE SERVICES AGREEMENT (the "Agreement"), is made and entered into as of May 1, 2022 (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 June 30, 2027. 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, 2021, 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, 2021, 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, 2021, 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.

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EXHIBIT A

SCHEDULE A

Services and Initial Fees

Effective July 1, 2023

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	Effective July 1, 2023 Initial Fees / Unit	Description
Executive Services	\$15,700/month	All executive and supervisory services necessary for the operation and administration of ULREF.
Accounting, Treasury, Tax, and other Finance Services	\$25,100/month	Accounting, treasury, cash, receivables, purchasing and payables, and tax services contributed by internal accounting staff to record, pay, track, and report financial activity of ULREF.
Property Manager	\$11,000/month	Maintenance and administration of real estate, buildings, and structures.
General & Administrative	\$4,500/month	Costs of postage, copying, I/T, software, payroll administration, training, travel, bank fees and related account charges, credit card and processing fees, and other miscellaneous general & administrative expenses for shared services vendors.
Legal	Actual Out of Pocket	External counsel for general business matters
Other	Actual Out of Pocket	All services and related expenses provided by a shared Service Provider not otherwise described above. Examples may include, but not limited to: <ul style="list-style-type: none">- External audit(s)- Landscaping- Janitorial- Architectural- Pest control- Appraisal services- Fire safety and security- Snow removal- Security- Dues/ memberships/ subscriptions- Maintenance supplies
Total Fees	\$56,300/month	

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

April 26, 2023

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 26, 2023, the Board adopted the following resolution:

Operating Budget for 2023-2024

RESOLVED, the Board approves the ULREF operating budget for Fiscal Year 2023-2024 as presented. (Summary attached)

BOARD ACTION:

Passed X

Did Not Pass

Other



Powell Spears, Secretary
University of Louisville Real Estate Foundation, Inc.



Fiscal Year 2023-2024 Budget

Key Budget Assumptions



- Rental Revenues

- Expected vacancies include the Ford lease at Solae ending in December and Cardinal Health vacating their space at Cardinal Station in April.



- Housing Revenues

- Student cost-per-semester rate to increase by 4%



- TIF Revenues

- TIF revenues were extraordinarily high in FYE23 due to receiving two years of increment from the State. We are current with the state and will only receive one year of increment.



- Expenses

- Increase in General and Administrative plus Repairs and Maintenance related to the Dorms.

Revenues Budget

(in thousands)

- **Rental revenues**

- Significant vacancies expected in FYE24:
 - Solae (old “Silos” property) - 6 months vacant
 - Cardinal Health – 2 months vacant
 - These tenants combined for \$175,000 in revenues during the current year

- **Dorms’ revenue**

- Expected to increase student cost-per-semester rate by 4% but with anticipated reduced occupancy.

- **Parking revenue**

- South Preston garage near I-65 downtown

- **Tax increment financing revenues**

- Only expecting one increment payment from State; multiple State payments received during the current year

	Proposed Budget	FYE 23 Forecast	FYE 23 Budget
Rental revenue	\$ 4,290	\$ 4,507	\$ 3,743
Dorms’ revenue	9,023	10,071	8,517
Parking revenue	873	881	794
Tax increment financing	9,000	17,180	9,300
Other revenues	1,054	1,390	793
Total revenues	\$ 24,240	\$ 34,029	\$ 23,147

Expense Budget

(in thousands)

- **Salaries**

- Third party managers, increase due to rising labor and benefits cost

- **Interest expense**

- KYT variable rate debt was retired in FY23.
- Interest expense includes loans for Dorms and 220 Preston garage.

- **Dorms' expenses**

- \$10.7 million of proposed budget total expenses are UofL-managed
- UofL responsible for any insufficient funds to pay expenses

	Proposed Budget	FYE 23 Forecast	FYE 23 Budget
Property mgr. salaries	\$1,500	\$1,166	\$ 1,278
General and admin.	3,379	2,133	2,037
Professional services	1,056	1,273	1,262
Utilities	1,749	1,753	1,436
Repairs and maintenance	3,024	2,982	2,013
Depreciation and amortization	8,824	8,781	8,869
Interest expense	1,941	2,413	2,350
Total expenses	21,473	\$20,501	\$ 19,245

Fiscal Year 2023-2024 Capital Expenditures

Property	Amount	Description
UofL Research Park	\$300,000	Engineering Fees
UofL Research Park	\$5,000,000	Site Development/Infrastructure
BJ Hall Dorm	1,650,000	Bathroom remodels, HVAC units, water heaters, Kitchen unit remodels
Community Park Hall Dorm	65,000	LED lights - 66 rooms
Kurz Hall Dorm	125,000	LED lighting in 66 rooms, 12 HVAC units
Total capital expenditures	7,140,000	

Dorms: The University of Louisville will fund the capital projects from the dorms' cash flows. The university will cover the deficit if there are insufficient funds in the dorms' accounts.

Fiscal Year 2023-2024 Proposed Debt Principal Payments

Property	Amount
220 S. Preston Permanent Financing	\$2,400,000
Due to ULF	\$3,000,000
Total Proposed Debt Payments	\$5,400,000

Appendix

University of Louisville Real Estate Foundation

Consolidated Operating Proposed Budget

(in thousands)

	ULREF Proposed Budget FY 2024	Haymarket (NTS-Managed) Proposed Budget FY 2024	515 W. Market (Fortis-Managed) Proposed Budget FY 2024	Housing Proposed Budget FY 2024	Total Proposed Budget FY 2024	Annual Budget FY 2023	Forecast FY 2023	% to Budget	Actual FY 2023
Revenues									
Net rental revenue	\$ 2,558	\$ 1,412	\$ 320	\$ -	\$ 4,290	3,743	4,507	120%	3,005
Dorm rental revenue	-	-	-	9,023	9,023	8,517	10,071	118%	6,714
Parking revenue	-	873	-	-	873	794	881	111%	587
Tax increment financing revenues	9,000	-	-	-	9,000	9,300	17,180	185%	8,680
Other revenues	712	27	-	315	1,054	793	1,390	175%	1,556
Total revenues	12,270	2,312	320	9,338	24,240	23,147	34,029	147%	20,542
Expenses									
Salaries	-	180	18	1,302	1,500	1,278	1,166	91%	778
General and administrative	689	84	160	2,446	3,379	2,037	2,133	105%	1,422
Professional services	849	155	33	19	1,056	1,262	1,273	101%	848
Utilities	321	239	262	927	1,749	1,436	1,753	122%	1,169
Repairs and maintenance	503	407	294	1,820	3,024	2,013	2,982	148%	1,988
Depreciation and amortization	5,236	873	155	2,560	8,824	8,869	8,781	99%	5,854
Interest expense	-	279	-	1,662	1,941	2,350	2,413	103%	1,609
Total expenses	7,598	2,217	922	10,736	21,473	19,245	20,501	107%	13,668
Net income (loss)	\$ 4,672	\$ 95	\$ (602)	\$ (1,398)	\$ 2,767	\$ 3,902	\$ 13,528	347%	\$ 6,874

University of Louisville Real Estate Foundation

Standalone Operating Proposed Budget

(in thousands)

	ULREF Proposed Budget FY 2024	Annual Budget FY 2023	FY 23 Forecast	% to Budget
Revenues				
Net rental revenue	\$ 2,558	\$ 2,286	\$ 2,821	123%
Tax increment financing revenues	9,000	9,300	17,260	186%
Other revenues	712	473	608	129%
Total revenues	12,270	12,059	20,689	172%
Expenses				
General and administrative	689	649	637	98%
Professional services	849	901	806	90%
Utilities	321	294	292	99%
Repairs and maintenance	503	325	507	156%
Depreciation and amortization	5,236	5,167	5,235	101%
Interest expense	-	330	376	114%
Total expenses	7,598	7,666	7,854	102%
Change in net assets	\$ 4,672	\$ 4,393	\$ 12,835	292%

University of Louisville Real Estate Foundation

Standalone Operating Proposed Budget By Property

(in thousands)

	Revenue	Expenses	Net Income
Proposed Budget			
ULREF Overhead	\$ 9,500	\$ 4,997	\$ 4,503
Campus Two	60	-	60
Campus Three	(170)	-	(170)
MedCenter One	300	123	177
UofL Research Park	-	73	(73)
Cardinal Station	1,285	1,074	211
Solae	150	45	105
Brook St. Warehouse	-	74	(74)
425 W. Lee St	-	36	(36)
K-I Lumber	210	225	(15)
Belknap Small Lots	-	20	(20)
Denny Crum Hall	81	-	81
Eastern Pkwy Property	-	7	(7)
ShelbyHurst	227	-	227
KDP	19	253	(234)
Amelia Place	-	44	(44)
Ray Avenue	-	17	(17)
Rowan Street	608	608	-
7th Street Lots	-	2	(2)
	\$ 12,270	\$ 7,598	4,672



Financial Update
April 2023

Executive Summary

In March, LMCDC received a \$8.6 million check from the state for 2021 Downtown TIF increment. ULREF invested \$19.4 million in a money market account while it explores opportunities to deploy its available cash.

Grant Thornton performed Agreed Upon Procedures (AUPs) related to the Downtown and Belknap TIFs, confirming compliance with local participation agreements. Reports were submitted to Louisville Metro on March 29th.

ULREF closed on the sale of the Humana Gym in February for \$1.4 million.

ULREF continues to work with QK4 to develop a master plan for the Louisville Research Park.

ULREF Consolidated Income Statements

- A.** Rental revenues exceeded budget because Solae (parking lot), Denny Crum Hall (ground rent), and the 515 Building were not included in the FY23 budget.
- B.** LMCDL received two TIF payments (tax years 2020 and 2021) from the state for the Downtown TIF as well as payments from the city for tax year 2019 for the Downtown and Belknap TIFs.
- C.** Gift of land located on 7th street road; held for sale
- D.** 515 Building was donated summer of 2022. Utilities were not budgeted.
- E.** Material variances are attributed to Dorm expenses that pass through to the University.

For the Nine Months Ended March 31,						
	2023	2022	Variance	Budget	Variance	
	<i>(in thousands)</i>					
Revenues						
Rental revenue (A)	\$ 3,380	\$ 3,269	\$ 111	\$ 2,808	\$ 572	
Dorm rental revenue	7,578	7,109	469	6,772	806	
Parking revenue	663	610	53	596	67	
Tax increment financing revenue (B)	17,260	6,836	10,424	9,300	7,960	
Gift revenue (C)	65	-	65	-	65	
Other revenues	832	773	59	595	237	
Gain on disposal	691	-	691	-	691	
Total revenues	30,469	18,597	11,872	20,071	10,398	
Expenses						
Salaries	854	882	(28)	958	(104)	
General and administrative	1,452	1,186	266	1,529	(77)	
Professional services	964	845	119	947	17	
Utilities (D)	1,309	1,031	278	1,077	232	
Repairs and maintenance (E)	2,138	1,370	768	1,510	628	
Total operating expenses	6,717	5,314	1,403	6,021	696	
Net operating income	23,752	13,283	10,469	14,050	9,702	
Other expenses after NOI						
Depreciation and amortization	6,697	6,708	(11)	6,651	46	
Interest expense	1,808	1,773	35	1,772	36	
Total other expenses after NOI	8,841	8,486	355	8,423	418	
Change in net assets	\$ 14,911	\$ 4,797	\$ 10,114	\$ 5,627	\$ 9,284	

See Appendix A for financial statements

ULREF Consolidated Statements of Position

- A. LMCDC is holding over \$24 million of TIF proceeds.
- B. Represents the future tax effect of net operating loss carryforwards, which will reduce future taxable income from investments in Campus Two and Campus Three.
- C. ULREF added the 515 Building, the 248 Market property, and sold the Humana Gym.

	March	
	2023	2022
	<i>(in thousands)</i>	
Assets		
Cash and cash equivalents (A)	\$ 32,557	\$ 18,369
Accounts receivable, net	855	584
Prepays and other assets	2,162	2,088
Deferred tax asset (B)	962	-
Investments in joint ventures	2,714	3,741
Intangibles, net	85,495	90,008
Capital assets, net (C)	142,793	137,572
Total assets	\$ 267,538	\$ 252,362

See Appendix A for financial statements

ULREF Consolidated Statements of Position (cont'd)

- A. Paid \$5.5 million in principal payments on the University of Louisville Research Park note during the calendar year 2022.
- B. ULREF made a \$2 million payment to ULF in June 2022.

	March	
	2023	2022
	<i>(in thousands)</i>	
Liabilities and net assets		
Liabilities:		
Accounts payable	\$ 122	\$ 266
Other liabilities	2,169	2,026
Debt (A)	49,042	56,517
Due to ULF (B)	10,897	12,883
Total liabilities	62,230	71,692
Net assets	205,308	180,670
Total liabilities and net assets	\$ 267,538	\$ 252,362

See Appendix A for financial statements

ULREF Debt

Loan	Terms	Fiscal Year of Maturity	Outstanding Principal March 31, 2022 (in thousands)
220 S. Preston - Permanent Financing \$9.3 million	<ul style="list-style-type: none"> Fixed 3.65% rate 5-year maturity and a 20-year amortization, balloon payment at maturity Quarterly principal and interest payments 	June 2024	\$ 7,589
KYT, LLC – Note Payable \$19.5 million	<ul style="list-style-type: none"> Variable rate - SOFR plus 2.05% Monthly interest-only payments Principal due in full at maturity 	July 2023	\$ 5,500
Dorm, LLCs - Northwestern Mutual Loan \$42 million	<ul style="list-style-type: none"> Fixed 4.77% rate 20-year amortization Monthly principal and interest payments 	December 2038	\$ 35,953

Schedule of Cumulative Remaining Required Payments

<i>(in thousands)</i>	
Year ending June 30,	
2023	\$ 259
2024	14,567
2025	1,672
2026	1,754
2027	1,839
Thereafter	28,951
	\$ 49,042

Debt without Payment Schedule

Outstanding Principal at March 31, 2022	
<i>(in thousands)</i>	
Due to ULF	\$ 10,897

Real Estate Performance

- Joint Ventures:
 - Campus Two and Campus Three are non-consolidated joint ventures. ULREF is a 51% partner in each joint venture.
 - Infrastructure investments at ShelbyHurst are included in the cash investment for the joint ventures.

	Annualized Cash Flows (Deficit)	Total Cash Investment <i>(in thousands)</i>	Cash Return (Loss) %
<u>Strategic Properties</u>			
Cardinal Station	681	12,752	5.3%
JD Nichols Garage	216	9,476	2.3%
UofL Research Park (LRP)	(485)	14,000	(3.5%)
One Innovation Center	100	7,579	1.3%
Bed Bath & Beyond	448	7,000	6.4%
Solae	260	3,600	7.2%
UofL Optimal Aging	59	3,567	1.7%
K-I Lumber	181	3,441	5.3%
South Preston Lot	55	2,885	1.9%
301 Lot Surface Parking	49	2,826	1.7%
<u>Joint Ventures</u>			
Campus Two	363	3,575	10.2%
Campus Three	1,308	5,226	25.0%

Historical TIF Increment Receipts

- 2021 State HSC TIF increment was received in March 2023.
- We are gathering employment data for tax year 2022 and plan to make an increment request in the coming months.

Tax Year	Health Science Campus TIF		Belknap Campus TIF		Total
	State	Metro	State	Metro	
	<i>(in thousands)</i>				
2011	4,632	775	-	-	5,407
2012	4,544	1,443	-	-	5,987
2013	3,819	1,083	-	-	4,902
2014	2,087	1,722	62	36	3,907
2015	2,648	1,653	62	86	4,449
2016	5,191	2,281	62	376	7,910
2017	6,794	2,298	-	360	9,452
2018	7,198	1,911	-	355	9,464
2019	6,837	1,687	-	433	8,957
2020	8,680	TBD	-	TBD	8,680
2021	8,580	TBD	-	TBD	TBD
Total	\$ 61,010	\$ 14,853	\$ 186	\$ 1,646	\$ 69,115

Appendix A

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

	March		Variance
	2023	2022	
Assets			
Cash and cash equivalents	\$ 32,557	\$ 18,369	\$ 14,188
Accounts receivable, net	855	584	271
Prepays and other assets	2,162	2,088	74
Deferred tax asset	962	-	962
Investments in joint ventures	2,714	3,741	(1,027)
Intangibles, net	85,495	90,008	(4,513)
Capital assets, net	142,793	137,572	5,221
Total assets	\$ 267,538	\$ 252,362	\$ 15,176
Liabilities and net assets			
Liabilities:			
Accounts payable	\$ 122	\$ 266	\$ (144)
Other liabilities	2,169	2,026	143
Debt	49,042	56,517	(7,475)
Due to ULF	10,897	12,883	(1,986)
Total liabilities	62,230	71,692	(9,462)
Net assets	205,308	180,670	24,638
Total liabilities and net assets	\$ 267,538	\$ 252,362	\$ 15,176

University of Louisville Real Estate Foundation, Inc.
Consolidated Income Statements and Budget Comparison
For the Nine Months Ended March 31,
(in thousands)

	<u>2023</u>	<u>2022</u>	<u>Variance</u>	<u>Budget</u>	<u>Variance</u>
Revenues					
Net rental revenue	\$ 3,380	\$ 3,269	\$ 111	\$ 2,808	\$ 572
Dorm rental revenue	7,578	7,109	469	6,772	806
Parking revenue	663	610	53	596	67
Tax increment financing revenue	17,260	6,836	10,424	9,300	7,960
Gift revenue	65	-	65	-	65
Other revenues	832	773	59	595	237
Gain on disposal	691	-	691	-	691
Total revenues	30,469	18,597	11,872	20,071	10,398
Operating Expenses					
Salaries	854	882	(28)	958	(104)
General and administrative	1,452	1,186	266	1,529	(77)
Professional services	964	845	119	947	17
Utilities	1,309	1,031	278	1,077	232
Repairs and maintenance	2,138	1,370	768	1,510	628
Total operating expenses	6,717	5,314	1,403	6,021	696
Net operating income (NOI)	23,752	13,283	10,469	14,050	9,702
Other expenses after NOI					
Tax expense	336	5	331	-	336
Depreciation and amortization	6,697	6,708	(11)	6,651	46
Interest expense	1,808	1,773	35	1,772	36
Total other expenses after NOI	8,841	8,486	355	8,423	418
Consolidated net income	\$ 14,911	\$ 4,797	\$ 10,114	\$ 5,627	\$ 9,284

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

April 26, 2023

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 26, 2023, the Board adopted the following resolutions:

996 Breckinridge Lane – Bed, Bath, & Beyond Property


RESOLVED, having been reviewed by the Property Committee, the Board hereby approves and authorizes the sale of 996 Breckinridge Lane, the property commonly referred to as Bed, Bath & Beyond building. The Board authorizes and directs the Executive Director, on behalf of URLEF, to negotiate and finalize such sale, including definitive documentation on terms and conditions which he, in consultation with legal counsel, believes to be commercially reasonable.

BOARD ACTION:

Passed X

Did Not Pass

Other



Powell Spears, Secretary
University of Louisville Real Estate Foundation, Inc.