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 25, 2024, in the 515 W. Market Street, First Floor Conference Room. Members were present and absent as follows:

Present:	Ms. Jill Force, Chair Mr. Jerry Abramson Ms. Sofya Alterman Mr. David Anderson *(via videoconference)* Mr. Jim Boone Mr. Scott Brinkman Mr. Ernest Brooks Mr. Matt Carper Ms. Jessica Cole Mr. Al Cornish Ms. Katie Hayden Mr. Kevin Ledford Mr. Larry McDonald Dr. Eugene Mueller Ms. Mary Nixon Mr. Jim Rogers *(via videoconference)* Dr. Kim Schatzel Mr. Rudy Spencer
Board Advisors:	Ms. Deborah Lawson Mr. Mark Nickel
From the Foundation:	Mr. Keith Sherman, Executive Director and COO Ms. Gina Lankswert, Director of Operations Mr. Jake Robertson, Senior Accountant Mr. Justin Ruhl, Controller Ms. Julie Soule, Executive Assistant
From Legal Counsel:	Mr. Franklin Jelsma, Wyatt, Tarrant & Combs
From the University:	Ms. Julie Dials, Interim Vice President for Advancement Ms. Amanda LeDuke, Chief of Staff for University Advancement Dr. Dayna Touron, Dean of College of Arts & Sciences *(arrived at 12:03)*
Guests:	Ms. Courtney Norris, RunSwitch

I. Call to Order

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

II. Consent Agenda

Ms. Force read the Consent Agenda as follows: Approval of Minutes from the January 31, 2024, meeting and a resolution regarding an exception to the quasi-endowment policy. Mr. Cornish made a motion, which Mr. McDonald seconded, to approve the **attached** Consent Agenda. The motion passed.

III. Audit, Compliance & Risk Management Committee Report

Mr. Boone reported the Audit, Compliance & Risk Management Committee met on April 25, 2024. The Committee recommends the Board authorize the Executive Director, subject to the approval of legal counsel, to sign and file the attached 990 and 990T tax forms. The Board approved the recommendation (**attached**).

Gift and Endowment Compliance

From July 2023 through March 2024, the Foundation reimbursed the University $37.8M from endowment and gift accounts. Year-over-year reimbursements are up slightly due to increased spending on endowments offset by decreased spending from current use funds. The average monthly reimbursement request was $4.2M with 95% of requests reimbursed. Most of the non-reimbursements were due to requests that exceeded the cash in the respective accounts. The compliance team continues to actively engage with University constituents on interpretation of donor intent and compliant use of funds.

The Committee also discussed Kentucky Senate Bill 70 that has now become law. It is a donor rights bill that applies to endowments held by charitable organizations.

Cyber-Risk Update

The Foundation is in the process of implementing recommendations made by Baker Tilly in response to last fall's cyber-risk assessment. The Foundation has completed the first phase of a server penetration test to identify potential vulnerabilities to hackers. Once a retest is completed, the outstanding significant cyber risk issues will have been addressed.

IV. Finance Committee Report

Investment Subcommittee Report

Mr. Carper stated the committee received an update from Prime Buchholz at the April 24, 2024, subcommittee meeting. He provided a high-level overview of the market's performance. The Foundation's Main Endowment Pool returned 5.1% for the quarter and 10.4% for the fiscal-year-to-date as of March 31, 2024.

Mr. Carper stated that the Committee had a lengthy discussion about the private equity manager that now represents 16.2% in the portfolio. The Committee approved a resolution requiring that if it reaches 18% of the portfolio the committee will meet to determine whether to require Prime to trim the holding, and in the interim Prime has the discretion to trim the holding.

The University of Louisville Trust was created in 1983 and has been managed by PNC. The trust agreement requires that a trustee be appointed every three years. The Investment Subcommittee and the Finance Committee recommend that PNC be reappointed trustee of the Trust. The Board approved the recommendation (resolution **attached**).

Finance Committee Report
Ms. Cole stated that the Finance Committee approved two actions at the April 25 meeting:

> The first is a recommendation that the Board approve the fee schedule for the Administrative Services Agreement between the Foundation and the University of Louisville Real Estate Foundation. The Board approved the motion (resolution **attached**).
>
> The second is a recommendation that the Board approve the FY2024-2025 operating budget. Mr. Ruhl provided a high-level overview of the **attached** summary. The Board approved the motion (resolution **attached**).

Ms. Cole and Mr. Ruhl reviewed a few highlights from the third quarter financials:

- The main endowment pool's market value at the end of March was over $909M. This was an all-time high and up from $811M at the same time last year. The total assets of the Foundation are more than $1.1B.

- Gift revenues (this includes outright gifts of cash, unconditional pledges, and gifts in kind) are ahead of budget. Total philanthropy, (which includes conditional pledges and bequests) is tracking closely to budget. One thing to note is that the pledge pipeline is dissipating. At the same time, more outright gifts of cash are being received.

- Total support payments to the University are less than budget. While total support payments are less than budget, support provided specifically by the endowment is up $3.6M over the prior year. Current use, FHITBO and other support are less than prior year actual.

- The Foundation continues to partner with the University to maximize philanthropic spending. As of March 31, 2024, $83 million of Foundation funds are available.

- The total operating expenses of the Foundation are less than budget and less than last year's actual expenses to date. This decrease in expenses is primarily driven by two fewer full-time employees than in the prior year. Note that one of these positions will be filled.

V. <u>Reports from the University of Louisville</u>
Dr. Schatzel reviewed the **attached** presentation highlighting state biennial budget impacts specific to the university. The state is funding three capital projects during the

next biennium, including $280M for construction of the Health Sciences Simulation Center and Collaboration Hub ($260M state funds plus $20M agency bonds).

Ms. Dials reviewed the **attached** Philanthropy and Alumni Engagement presentation.

In response to the Board seeking to better understand and appreciate what is happening across campus, Dr. Dayna Touron, Dean of the College of Arts & Sciences, provided a broad overview of the college. It has 21 academic departments; nine interdisciplinary programs, including the university Honors program; and twelve centers and institutes.

Mr. Cornish and Ms. Cole left the meeting.

VI. Report of the Executive Director

Mr. Sherman provided an overview of recent activity at the University of Louisville Foundation (ULF) and the University of Louisville Real Estate Foundation (ULREF):

Research Park

Dr. Schatzel formed a committee comprised of leaders from across campus to help develop a strategic plan for the research park to be located on ULREF's 37 acres behind the Speed School. Mr. Sherman is co-leading the group with Dr. Jon Klein, UofL's Interim Vice President for Research and Innovation.

Phase one is strategic planning to identify realized and potential research strengths across campus, Louisville, and the Commonwealth. That data will shape the pillars of focus for the park. The research park committee is in the process of interviewing the top three firms that submitted proposals. Once a firm is selected the work will commence and it should be completed in September.

Mr. Brooks, Mr. Boone, and Mr. McDonald left the meeting.

Senate Bill 70

The donor rights bill approved during the state's legislative session requires not for profits to ensure endowment funds are being spent in accordance with donor intent. The ULF compliance program and processes that were implemented six years ago ensure exactly what the new legislation now requires.

ShelbyHurst

Louisville Metro and the Kentucky Transportation Cabinet have approved the construction of a seventh building on Shelby Campus without the need for infrastructure work. The Board will need to determine if they wish to participate in this project.

Restructuring of the Foundations

For the restructuring of ULF and ULREF to be effectuated consents from various lenders and entities with whom the foundations have contracts must be obtained. There are few outstanding consents, all of which are in the process of being completed and returned.

As part of the restructuring, all ULF's real property assets, including their expenses and debts, will be transferred to ULREF. This includes the golf course (CCG-Louisville), the North Quad, the Atria building (TNRP, Inc.) and Campus One. ULREF will cover the operating expenses for ShelbyHurst and the obligation to pay the 2013 bond for the Atria building.

The ULF will be focused on receiving, investing, and stewarding philanthropic gifts and working with Philanthropy and Alumni Engagement to help enhance fundraising.

The ULF will have parent entity oversight over ULREF. The board of ULREF will function like a committee of ULF in that it will provide reports at quarterly ULF board meetings.

Mr. Sherman noted that in addition to endowment spending policy the foundations provide other means of support to the University. The construction of the new Health Sciences Simulation Center and Collaboration Hub will be on the site of a building ULREF owns that it will deed to the University. Other examples include free and reduced rent.

VII. Report of the Chair

Ms. Force stated one of the main takeaways from the retreat in January is that the Board is prepared to take a more active role in supporting Philanthropy and Alumni Engagement. To that end, an ad hoc Philanthropy Committee is being established. Its members will be Mark Nickel, Jerry Abramson, Ernest Brooks, Larry McDonald, and Rudy Spencer.

Ms. Dials has drafted a proposed committee charter based upon schools with a similar foundation structure. It describes different ways the committee, and the Foundation Board, can support the philanthropic function. The ad hoc Committee and then the Governance & Nominating Committee will review the proposed committee charter before the Board considers it.

VIII. Adjournment

Having no other business, a motion to adjourn the meeting, made by Mr. Abramson and seconded by Ms. Nixon, passed. The meeting adjourned at 1:55 p.m.

Approved by:

[redacted]

Larry M. McDonald, Secretary
University of Louisville Foundation, Inc.

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

April 25, 2024

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 25, 2024, the Board adopted the following resolutions:

<u>Allocation of the William Carner Estate Gift to University Libraries</u>

WHEREAS, the second amended and restated Memorandum of Understanding between the University of Louisville ("UofL") and ULF states the "Foundation shall not process any request to process the liquidation or transfer of any quasi-endowed account, in whole or in part, without the prior approval of the University's Board of Trustees and the Foundation's Board of Directors. As it relates to testamentary gifts, the Foundation shall automatically quasi-endow any gift of more than $100,000 unless otherwise requested in writing by the University's Board of Trustees."

WHEREAS, the Estate of William Carner has bequeathed $131,000 to University Libraries.

WHEREAS, at the request of the University President, Dean of University Libraries, and Executive Vice President for Finance and Administration/CFO the University of Louisville Board of Trustees approved an exception to this policy to allow the full amount of funds to be used as current use funds to process two major collections: the William Carner collection itself and the John Ranard collection.

WHEREAS, the University of Louisville Board of Trustees approved the request on June 22, 2023 (see attached).

RESOLVED, the Board approves the current use allocation of the $131,000 bequest from the Estate of William Carner.

BOARD ACTION:
Passed X
Did Not Pass ____________
Other [redacted]

Larry McDonald, Secretary
University of Louisville Foundation, Inc.

RECOMMENDATION TO THE BOARD OF TRUSTEES
CONCERNING AN EXEMPTION FOR THE WILLIAM CARNER QUASI-ENDOWED FUND TO BE USED BY UNIVERSITY LIBRARIES

Finance Committee – March 21, 2024
Executive and Compensation Committee – March 21, 2024

RECOMMENDATION:

The President recommends that the Board of Trustees approve a request for an exemption to the UofL Foundation, Inc., board policy on quasi-endowed funds to allow for the funds from the William Carner estate to be used for current use purposes.

BACKGROUND:

In March 2001, the ULF Board passed a policy that requires the endowment of all testamentary gifts of $100,000 or greater received without a clear preference from the donor making them available for current use. In limited circumstances, exceptions to the policy are allowed, provided all appropriate approvals have been received.

The Photographic Archives housed within University Libraries seeks to use the funds from the exempted William Carner gift to process two major collections: the William Carner collection itself and the John Ranard collection. These are significant collections that were received in a state of relative disarray. They must be arranged, described, and rehoused before they can be made available to the researchers, including our students and faculty.

Given the state of the materials, this work must be completed by an individual with archival training at the graduate level. The work is more complex than can be accomplished by a student worker and existing qualified staff are already over-extended. Further, the proceeds of an endowment simply would not be sufficient to cover the expense of hiring qualified personnel. Applying the exempted Carner gift to current use would enable the Library to make these collections available for use, rather than keeping them warehoused.

See attached memorandum for more detailed information.

Upon approval by the Board of Trustees, the request will be made to the UofL Foundation Board of Directors.

COMMITTEE ACTION:
Passed ____X____
Did Not Pass ____________
Other ____________________

[redacted]
Assistant Secretary

BOARD ACTION:
Passed ____X____
Did Not Pass ____________
Other ____________________

[redacted]
Assistant Secretary

UNIVERSITY OF
LOUISVILLE

BOARD OF TRUSTEE ACTION REQUEST FROM UNIVERSITY ADVANCEMENT:

1) Approval for an exemption from the ULF policy on quasi-endowed funds to allow for the funds from the William Carner estate to be used for current use purposes.

Background
In March 2001, the ULF Board passed a policy that requires the endowment of all testamentary gifts of $100,000 or greater received without a clear preference from the donor making them available for current use. In limited circumstances, exceptions to the policy are allowed, provided all appropriate approvals have been received.

Request
The Photographic Archives seeks to use the funds from the William Carner gift to process two major collections: the William Carner collection itself and the John Ranard collection. These collections total 205 linear feet. These are significant collections that were received in a state of relative disarray. They must be arranged, described, and rehoused before they can be made available to the researchers, including our students and faculty.

Given the state of the materials, this work must be completed by an individual with archival training at the graduate level. The work is more complex than can be accomplished by a student worker and our existing qualified staff are already over-extended. Further, the proceeds of an endowment simply would not be sufficient to cover the expense of hiring qualified personnel. Applying the Carner gift to current use would enable us to make these collections available for use, rather than keeping them warehoused in our backlog.

Therefore, our hope is to use the Carner bequest to hire a temporary archivist to process these two collections. Experience with similar materials (e.g., the Julius Friedman collection) argues for the employment of a professional archivist at the level of an instructor or assistant professor. This experience also indicates that collections received in this state can be processed at a rate of approximately 0.5 linear foot per day. Taking into account vacation time and winter recess, it will take two years to fully process these materials.

Approvals Needed
Attached is a memo from Bob Fox, Dean of University Libraries with the full request including budget. Per the ULF policy for these exemptions, the request has been approved by Dan Durbin, Executive VP for Finance and Administration and Kim Schatzel, President. Following approval of the Board of Trustees, the final approval will move to the ULF Board.

UNIVERSITY OF LOUISVILLE

MEMORANDUM

February 1, 2024

To: Kim Schatzel, President; Dan Durbin, Executive Vice President for Finance and Administration

From: Robert Fox, Dean of University Libraries

Cc: Brent Pieper, Vice President for University Advancement

Re: Request for Exemption from ULF Policy on Quasi-Endowments for Bill Carner Bequest

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The Photographic Archives seeks to use the funds from the William Carner gift to process two major collections: the William Carner collection itself and the John Ranard collection. These collections total 205 linear feet. These are significant collections that were received in a state of relative disarray. They must be arranged, described, and rehoused before they can be made available to the researchers, including our students and faculty.

Given the state of the materials, this work must be completed by an individual with archival training at the graduate level. The work is more complex than can be accomplished by a student worker and our existing qualified staff are already over-extended. Further, the proceeds of an endowment simply would not be sufficient to cover the expense of hiring qualified personnel. Applying the Carner gift to current use would enable us to make these collections available for use, rather than keeping them warehoused in our backlog.

Therefore, our hope is to use the Carner bequest to hire a temporary archivist to process these two collections. Experience with similar materials (e.g., the Julius Friedman collection) argues for the employment of a professional archivist at the level of an instructor or assistant professor. This experience also indicates that collections received in this state can be processed at a rate of approximately 0.5 linear foot per day. Taking into account vacation time and winter recess, it will take two years to fully process these materials.

Budget:

Year 1: Minimum salary, instructor:	$ 50,000
Benefits (25%)	$ 12,500
Year 2: Instructor salary + 2%:	$ 51,000
Benefits (25%)	$ 12,750
Relocation expenses:	$ 2,000
Professional development support ($1000/year)	$ 2,000
Total:	$130,250

Timeline:
May 1, 2024: Following Board of Trustees approval, initiate search to fill faculty position
January 1, 2025: Archivist (Term) appointment begins
December 31, 2026: Archivist (Term) appointment ends

Approved by:

[redacted]_______
Dan Durbin
Executive VP for Finance and Administration

[redacted]_________
Kim Schatzel, PhD
President, University of Louisville

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

April 25, 2024

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 25, 2024, 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.

WHEREAS, on July 27, 2023, the Board approved a one-year renewal for the purpose of providing Form 990 tax preparation services for the fiscal year ending June 30, 2023.

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

WHEREAS, the Forms 990 and Forms 990T were shared with each Board member in advance of the informational sessions on April 11 and 15, 2024 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, Foundation, Inc. (Form 990, 990T, 926, and 8665)

BOARD ACTION:
Passed X
Did Not Pass ________
Other ____________

[redacted]

Larry M. McDonald, Secretary
University of Louisville Foundation, Inc.

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

April 25, 2024

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 25, 2024, the Board adopted the following resolution:

Trustee of The University of Louisville Trust

WHEREAS, the University of Louisville ("UofL") and PNC Bank, National Association ("PNC") entered into the **attached** amended and restated trust agreement, effective January 1, 2020.

WHEREAS, PNC is the current Trustee of a trust known as "The University of Louisville Trust" ("Trust"). Annual distributions are made by the Trust to the University of Louisville Foundation ("Foundation") for the benefit of UofL.

WHEREAS, Section 6.4 of the Trust agreement states "every three years the Foundation Investment Committee shall appoint a successor Trustee, which shall be a bank or trust company having a capital and surplus of no less than $25,000,000 and authorized to administer trusts, to serve as Trustee for three years, or until its successor has been appointed and agreed to serve. The original Trustee and any successor Trustee may be reappointed and may serve any number of successive three-year terms."

RESOLVED, upon the recommendation of the Investment Subcommittee and the Finance Committee, the Board appoints PNC the Trustee of the Trust for another three-year term, or until its successor has been appointed and agreed to serve.

BOARD ACTION:
Passed X
Did Not Pass ________
Other

[redacted]

Larry M. McDonald, Secretary
University of Louisville Foundation, Inc.

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

April 25, 2024

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 25, 2024, 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, upon the recommendation of the Finance Committee, the Board approves the services and initial fees for fiscal year 2025, conditioned upon approval of the same by the University of Louisville Real Estate Foundation, as stated in Schedule A attached hereto as Exhibit A.

BOARD ACTION:
Passed X
Did Not Pass ___________
Other [redacted]

Larry M. McDonald, Secretary
University of Louisville Foundation, Inc.

EXHIBIT A

SCHEDULE A

Services and Initial Fees

Effective July 1, 2024

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, 2024** **Initial Fees / Unit**	**Description**
Executive Services	$16,200/month	All executive and supervisory services necessary for the operation and administration of ULREF.
Accounting, Treasury, Tax, and other Finance Services	$25,900/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	$11,400/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: - External audit(s) - Landscaping - Janitorial - Architectural - Pest control - Appraisal services - Fire safety and security - Snow removal - Security - Dues/ memberships/ subscriptions - Maintenance supplies
Total Fees	**$58,000/month**	

Exhibit B

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

April 25, 2024

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 25, 2024, the Board adopted the following resolution:

<u>Operating Budget for 2024-2025</u>

RESOLVED, upon the recommendation of the Finance Committee, the Board approves the ULF operating budget for Fiscal Year 2024-2025 as presented. (Summary attached)

BOARD ACTION:
Passed X
Did Not Pass ________
Other [redacted]

Larry M. McDonald, Secretary
University of Louisville Foundation, Inc.

UNIVERSITY *of* LOUISVILLE

FOUNDATION

Budget Proposal

Key Budget Assumptions

- Investment returns
  - Blended 6% annual return on total investments
  - Total investment assets estimated to be ~$1 billion on June 30
- UofL gifts
  - TBD; no change from the current year's goal
- Support payments to UofL
  - $55 million annual total; a slight increase from the current fiscal year payments
    - $28 million endowment, $24 million current use, $2.5 million FHITBO
  - Advancement support totals $5 million; same as the current year
- Foundation administrative expenses
  - Annual expenses total $5 million; a slight decrease from the current year's budget totaling $5.4 million. $1.7 million annual interest expense budget included in administrative expenses.

Revenues
(in thousands)

- **Investment returns:** blended 6% annual return on ~$1 billion of total investments.
  *FYE24 Forecast assumes a return equal to the 5-yr main endowment pool rate
- **University gifts:** TBD
- **UofL Health gifts:** TBD
- **Rental revenues:** derived from mainly Arthur Street property (North Quad) and three ground leases at ShelbyHurst
- **Other revenues:** Consists of the following:
  - $210,000 – UofL Campus housing residence life revenues for affiliate dorm; passed-through to UofL
  - $696,000 - ULREF service agreement revenues

	Proposed Budget	FYE24 Budget	FYE24 Forecast
Investment returns	$ 60,300	$ 57,303	* $ 90,000
University gifts	32,000	32,100	39,000
UofL Health gifts	3,000	11,000	13,500
Rental revenues	1,100	1,100	1,080
Other revenues	960	1,010	1,140
Total revenues	**$ 97,360**	**$ 102,513**	**$ 144,720**

Support to UofL

(in thousands)

- **Total support to UofL:** budgeted to approximate current year's forecast:
  - ~8% increase in endowment spending policy to departments.
  - No change in Advancement support from the current year.
- ***Other Support:** mainly in-kind ("non-cash") contributions
- **UofL health support:** Support expected to decrease due to payment in full of $40 million pledge
- ****Total Available:** estimated total as of July 1, 2024, does not include endowment carryover. Total fiscal year spending policy $40.5 million, see Slide 8.

	Proposed Budget	FYE24 Budget	FYE24 Forecast	Total Available**
Endowment support to UofL	$ 28,000	$ 24,000	27,000	$ 35,000
Current Use support to UofL	24,000	24,000	22,500	52,000
FHITBO support to UofL	2,500	3,200	2,000	5,200
Total Academic Support	**54,500**	**51,200**	**51,500**	**92,200**
Advancement support	5,000	5,000	5,000	
Other support to UofL*	360	150	430	
Total support to UofL	**59,860**	**56,200**	**56,930**	
UofL Health support	2,000	10,500	7,000	
Total expenditures	**$ 61,860**	**$ 66,850**	**$ 63,930**	

Administrative and Other Expenses

(in thousands)

- **Interest expense:**
  - 2013 fixed-rate bond (4.375%)
- **Salaries & benefits:**
  - 12 FTEs current plus 1 FTE for vacant unfilled position
  - Decrease in health insurance premiums from provider change
  - 3% wages increase assumption plus related benefits
- **General and other:**
  - Property insurance premium increase
  - 3% increase in utility costs
  - 3% increase for others (i.e., landscaping, janitorial)

	Proposed Budget	FYE24 Budget	FYE24 Forecast
Administrative Expenses:			
Interest expense	$ 1,650	$ 1,670	$ 1,670
Salaries and benefits	1,800	2,067	1,540
ShelbyHurst expenses	700	680	670
General and other	850	962	730
Total administrative	**5,000**	**5,397**	**4,610**
Other expenses (non-cash):			
Pledges allowance estimate	275	3,000	70
Depreciation and amort.	450	500	470
Total admin. and other	**$ 5,725**	**$ 8,879**	**$ 5,150**

Capital Projects

Property	Amount	Description
1820 Arthur Street	$ 150,000	Exterior facing and paint
1820 Arthur Street	40,000	Roof facade
Total capital projects	**$ 190,000**	

Affiliate Company Budgets

- Two affiliate companies included in the Foundation's consolidated budget:
  - **TNRP, LLC (Atria Building)**
    - Building is fully leased and occupied; no expected vacancies
    - $3.4 million in revenues from tenant leases
    - $1.6 million operating expenses total budget
    - $760,000 capital project estimate for tenant improvements for lease renewal
    - $1.3 million annual cash flow
  - **CCG, LLC (Golf Course)**
    - TBD

Endowment Spending Policy

(in thousands)

- Fiscal Year 2024-2025 spending policy approved in the January 2024 Board meeting.

	FYE 25		FYE 24	
	Amount	**Rate**	**Amount**	**Rate**
Spending Policy:				
Academic units	$32,724	4.00%	$30,262	4.00%
Administrative fee	6,133	0.75%	5,672	0.75%
Total	38,857	4.75%	35,934	4.75%
UofL Trust (PNC)	1,357		1,333	
Other PNC-managed funds	330		327	
Total endowment distributions available	**40,544**		**37,594**	

ULF Administrative Cash Sources & Uses

(in thousands)

- **Sources:**
  - **Investment pools:**

Pool	Amount	Rate (%)
Main Endowment	6,133	0.75%
Current Use	1,960	3.50%
FHITBO	175	3.50%
Operating Reserve	-	0.00%
Total	8,268	

- **Uses:**
  - **Advancement:** no change from the current year
  - **Principal payments on debt:** 2013 Series bond - $960,000, plus $306,000 on ULDC line of credit
  - **Capital expenditures:** $190,000 set aside for the Arthur Street (North Quad) property exterior facade and paint

Cash Sources	Amount
Beginning cash on hand	900
Investment pools	8,268
Atria building	1,300
Campus One JV distributions	490
Arthur Street (North Quad) rents	508
ShelbyHurst ground lease rents	300
UofL Health fees	15
ULREF service agreement fees	672
Total cash sources	12,453

Cash Uses	
Advancement	5,000
Interest expense	1,650
Salaries and benefits	1,800
ShelbyHurst	700
General and other	850
Principal payments on debt	1,266
Capital expenditures	190
Total cash uses	11,456

Ending cash	997

State Biennial Budget Update

Budgetary Impacts Specific to University of Louisville

General Operating Budget Additions:

+ **$5.1 million** in each year of the biennium to help offset inflationary cost increases

Restricted Program Budget Additions:

+ **$4.8 million** in each year to cover increases in property insurance premiums

+ **$1.5 million** in FY25 for an immigration law clinic at the Law School

+ **$1.25 million** in each year for pediatric cancer research

+ **$600k** over the biennium for cost-share for the Mid-South REACH Grant (NIH)

+ **$10 million** for construction, equipment, and operations for a cybersecurity academic program

+ **$10.6 million** for the KY Manufacturing Extension Partnership

+ **$900k** for the Rural Dental Outreach Program

Budgetary Impacts Specific to UofL Continued

State-funded Capital Projects:

+ $280 million for construction of the Health Sciences Simulation Center and Collaboration Hub ($260 million state funds plus $20 million agency bonds)

+ $69.1 million over the two-year biennium for a second round of Asset Preservation (requires a $17.3 million university match)

+ $25 million for UofL Health's Center for Rural Cancer Education and Research

The state budget authorizes the issuance of Agency Bonds up to **$302.2 million** for the university to fund 13 capital projects

Statewide Initiatives – FY25 and FY26
(UofL Portion is Uncertain)

+ $7.7 million in FY25 and **+ $17.7 million** in FY26 for the Postsecondary Education Performance Fund, which for UofL could amount to + $2 million in FY25 and $3.5 million in FY26 depending on performance in the measured metrics

+ $5 million in each year for a statewide scholarship program for refugee and displaced students

+ $10 million over the biennium for the Healthcare Workforce Investment Fund


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PHILANTHROPY AND ALUMNI ENGAGEMENT UPDATE

Julie Dials
Interim Vice President for Philanthropy
and Alumni Engagement

April 25, 2024

INTERNAL HIGHLIGHTS

- **Cardinal Station**
- **University Advancement rebranded as Philanthropy and Alumni Engagement**
- **Talent:**
  - Assistant Vice President for Advancement Services (Aimee Fitzgerald)
  - Retained key leaders in critical areas
- **BBCRM**
  - Continuing to optimize platform and improve efficiencies.

EXTERNAL HIGHLIGHTS

- **ULF Philanthropy Committee**

- **President's Council / Board Of Advisors**

- **Amelia Place Dinners – h**osted private donor dinners with President Schatzel at Amelia Place.
  - Gibbs Foundation,
  - Jewish Heritage Fund,
  - YUM! Brands,
  - Speed School donors

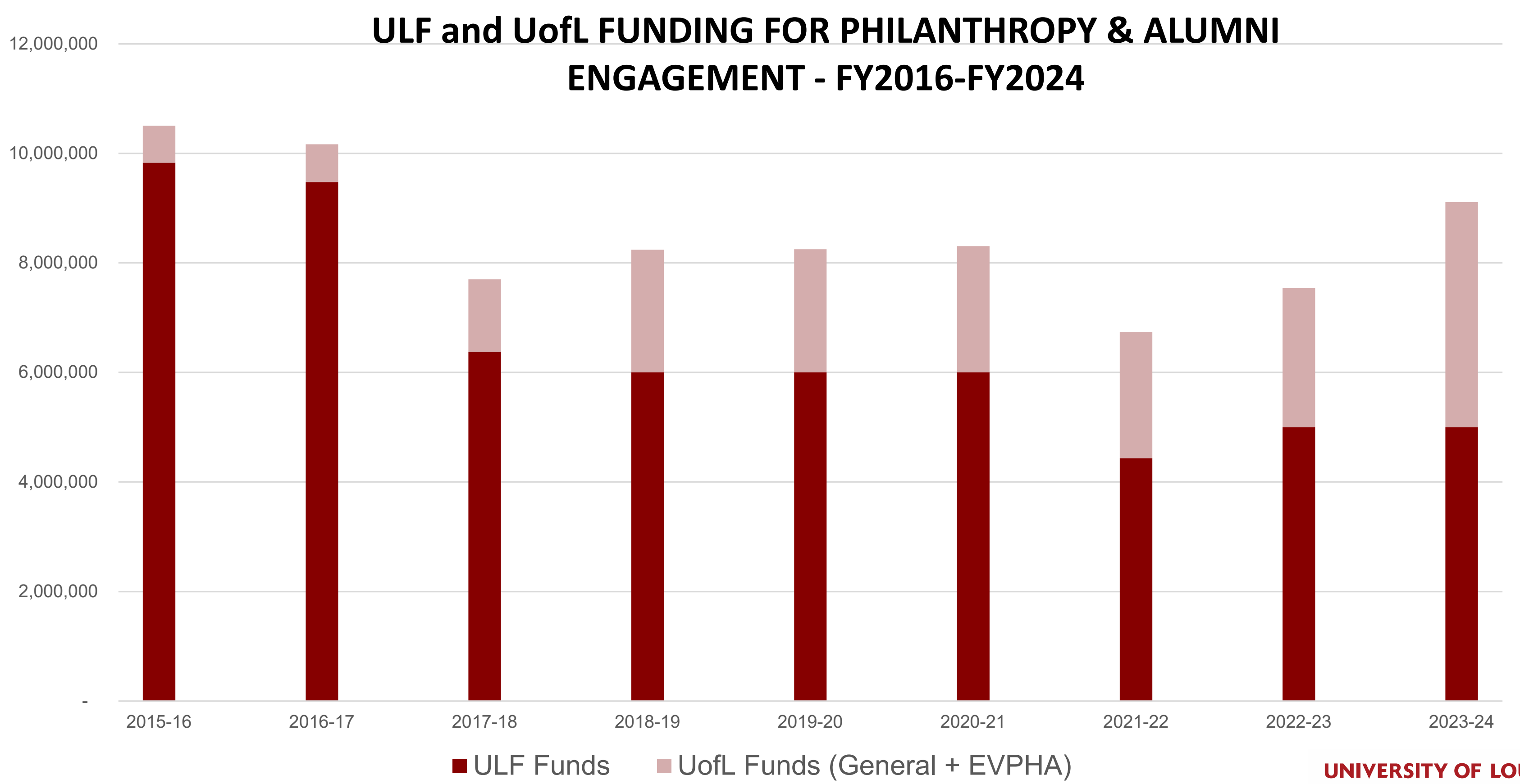
- **Notable Gifts**
  - $1M to Chemical Engineering Endowed Chair in Speed School + $200k for the building
  - $250k to Shelbyville Hospital
  - $1M estate gift match with $1M from the State through B4B (Browning)

SPEED SCHOOL BUILDING GROUND-BREAKING

The University of Louisville officially broke ground on a new four-story, 114,000-square-foot building that will serve as a hub for next-generation engineering for the Speed School.

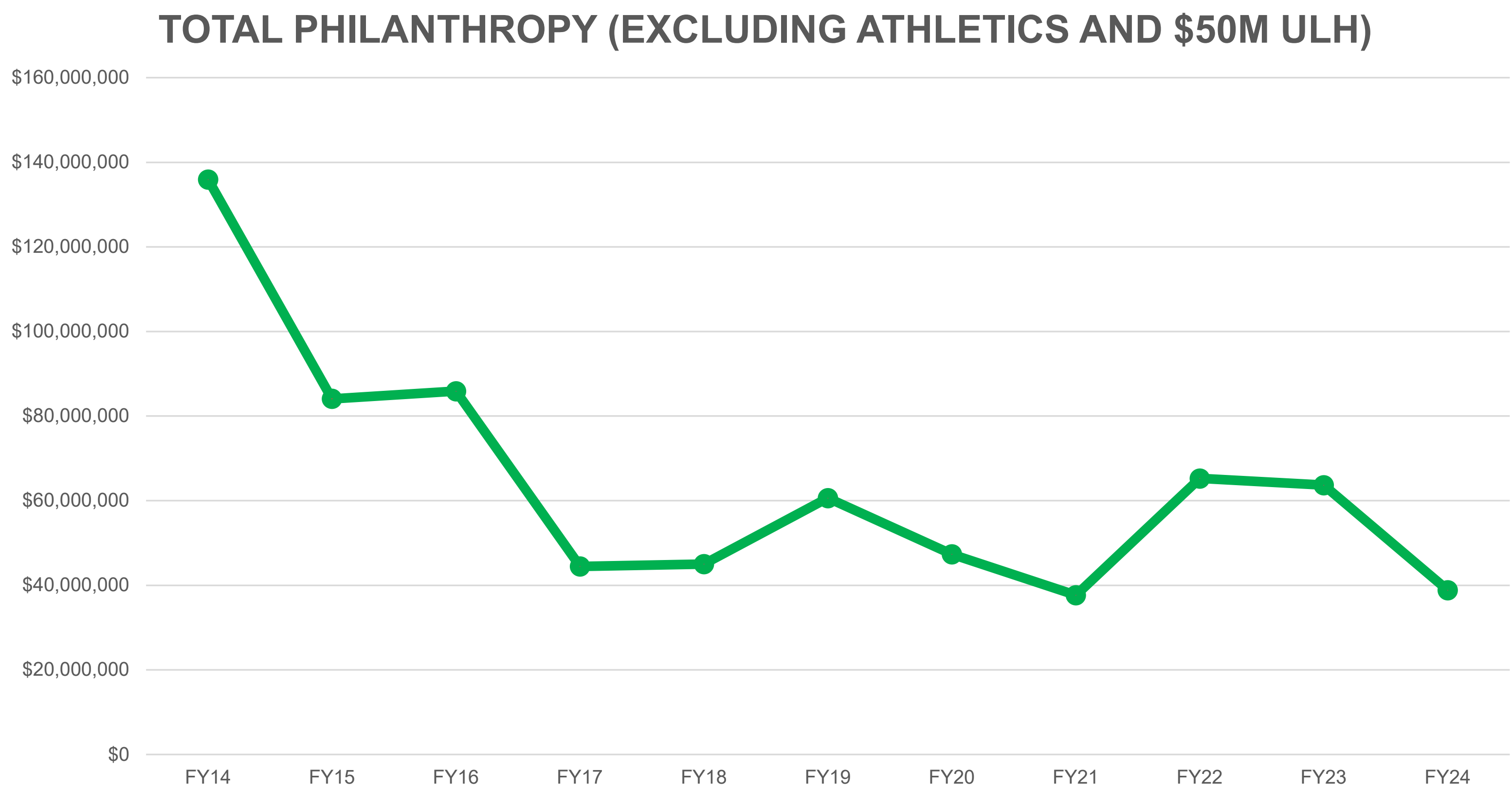
MOVING FORWARD

OVERVIEW



ULF and UofL FUNDING FOR PHILANTHROPY & ALUMNI ENGAGEMENT - FY2016-FY2024
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
2022-23
2023-24
ULF Funds
UofL Funds (General + EVPHA)

OVERVIEW



TOTAL PHILANTHROPY (EXCLUDING ATHLETICS AND $50M ULH)
$160,000,000
$140,000,000
$120,000,000
$100,000,000
$80,000,000
$60,000,000
$40,000,000
$20,000,000
$0
FY14
FY15
FY16
FY17
FY18
FY19
FY20
FY21
FY22
FY23
FY24

STRATEGIC PRIORITIES FOR FUTURE SUCCESS

- Create Robust Talent Management Program
- Increase Annual Giving & Alumni Engagement
- Identify New Prospects
- Enhance Donor Experience
- Increase Collaboration With UofL Health
- Improve Culture

CREATE ROBUST TALENT MANAGEMENT PROGRAM

Industry Data

- Average tenure of fundraiser = 18 months *(EAB)*
- The average time to make a new hire is 90+ days *(EAB)*

Implementation of Strategic Priority

- Collaborate with UofL HR to create a talent management strategy focused on recruitment, training, onboarding, and retention of staff
- Increase staff to implement strategy
- Provide industry standard fundraising training for all fundraisers
- Professional development programs available for all staff

INCREASE ANNUAL GIVING & ALUMNI ENGAGEMENT

Industry Data

- On average, it takes donors seven years to make an annual gift of over $1,000 *(EAB)*
- 80% of donors who give for three consecutive years continue to give *(EAB)*
- More than eight touch points are needed to acquire a new donor *(EAB)*

Implementation of Strategic Priority

- Establish a Digital Engagement Center to effectively engage alumni
- Increase staff to implement an annual giving strategy program to boost alumni giving and overall participation rates

MOVES MANAGEMENT

IDENTIFY NEW PROSPECTS

Industry Data

- 80% of high-potential prospects go uncultivated *(EAB)*

UofL Data

- 37,000 unmanaged prospects with $25K+ giving capacity.
  - 1% = $9.25M new dollars

Implementation of Strategic Priority

- Invest in a data analyst to enhance data accuracy and analysis
- Identify key geographic giving areas for targeted fundraising efforts
- Expand major gift portfolios by connecting with new prospects in strategic locations via new discovery fundraiser positions
- Utilization of ULF Philanthropy Committee

ENHANCE DONOR EXPERIENCE

Industry Data

- Acquiring a new donor can cost 7-10 times more than retaining current donor *(Kinetic Fundraising)*
- A donor should be thanked an average of seven times *(EAB)*

Implementation of Strategic Priority

- Consistent and improved stewardship to current donors
- Centrally align the Communications/Marketing and Donor Relations teams to enhance donor experience
- Develop a comprehensive donor relations strategy by hiring additional staff
  - Recognition
  - Acknowledgements
  - Reporting
  - Experiences

COLLABORATION AND ALIGNMENT WITH UofL HEALTH

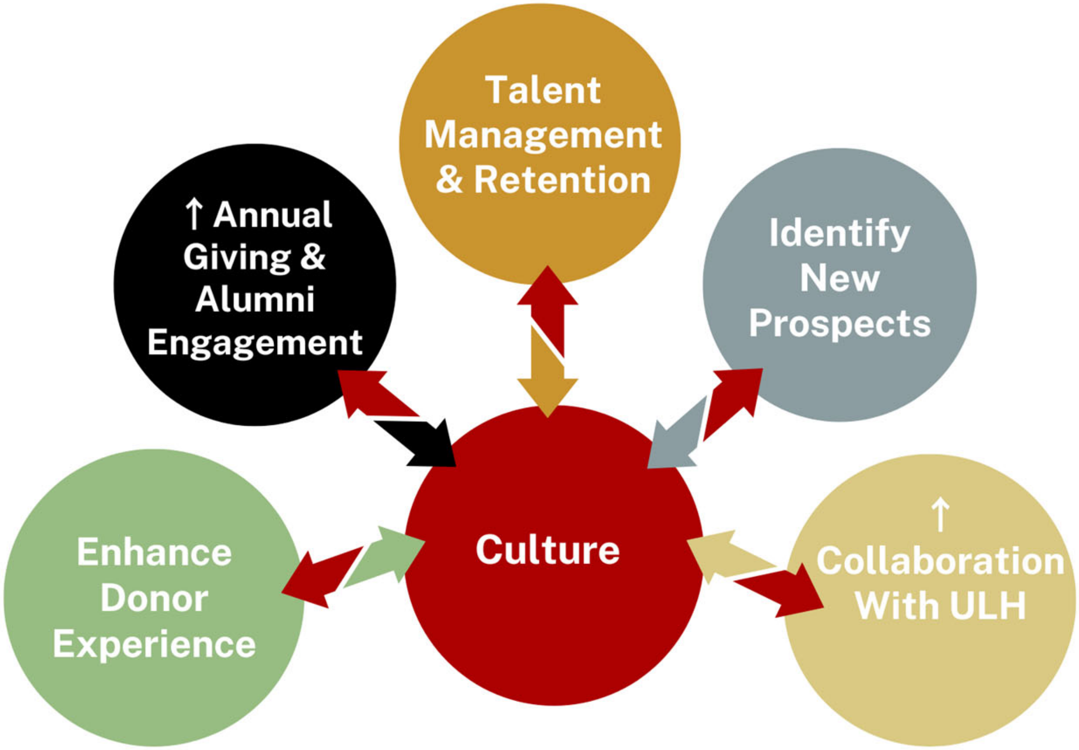
Industry Data

- 30-40% of campaign giving comes from academic medical centers *(BWF)*
- Philanthropy to support health is estimated to have grown 7.7% over the last three years *(AAMC)*

Implementation of Strategic Priority

- Benchmark with peer institutions with similar structures, specifically those with separate hospital systems
- Increase staff to support fundraising efforts on specific service lines, as established by UofL/ULH leadership
- Expand grateful patient program
- Customized fundraising training for physicians and researchers

IMPROVE CULTURE



"Culture eats strategy for breakfast!" – Peter Drucker (and Pat Kelsey)

QUESTIONS?

Please reach out any time

julie.dials@louisville.edu

THANK YOU FOR YOUR SUPPORT!

UNIVERSITY OF LOUISVILLE

UNIVERSITY OF LOUISVILLE

College of Arts & Sciences Foundation Board
4.24.2024

Arts & Sciences by the numbers

21 academic departments, from Fine Arts to Physics
9 interdisciplinary programs, including the university Honors program
12 centers and institutes

544 full-time faculty members

53% of undergraduate majors
33% of research doctoral degrees at UofL

Each year the UofL College of Arts & Sciences produces

dozens of books in top presses
~400 academic journal articles
~$8 million in research funding
numerous student and faculty Fulbright, Goldwater, and other prestigious awards

Arts & Sciences Advancement

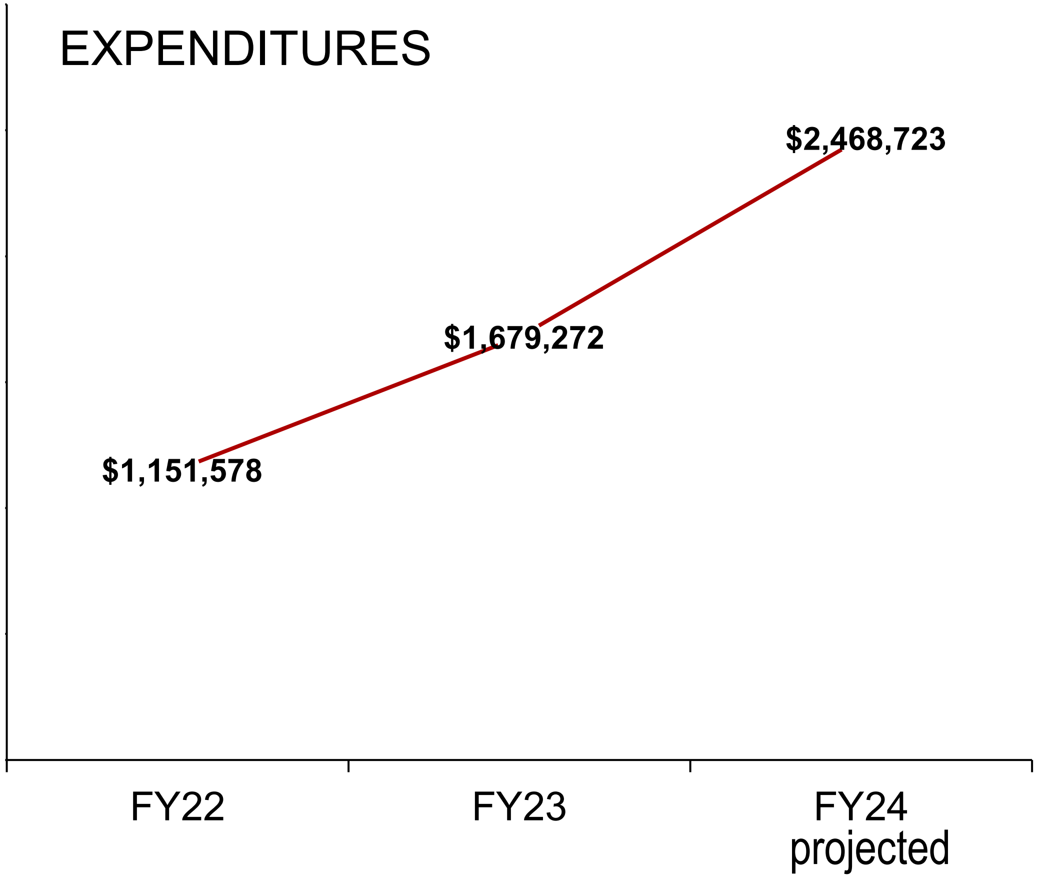
245 endowment funds

FY24 total $4,318,909
FY24 spend policy $2,824,042
FY24 expenditures projected at **87.4%** of spend policy

over **58,000** of ~160,000 living alumni are A&S grads

Fundraising total FY23 was $1,580,499
to date FY24 is **$2,127,966**

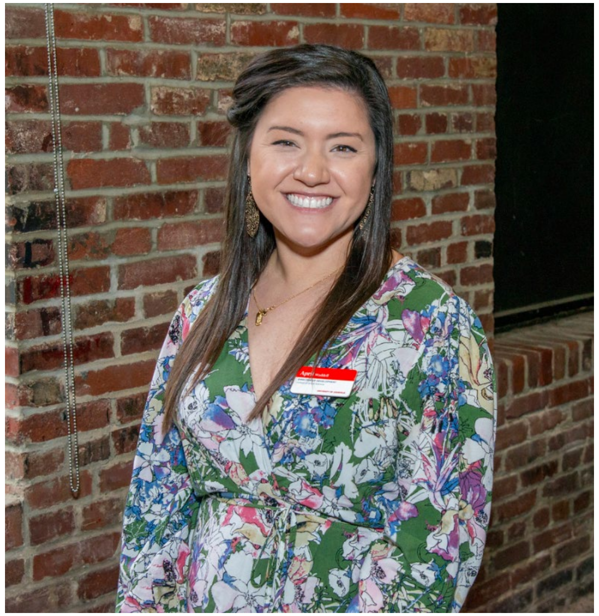
Raise some L FY23 **$38,554**
FY24 **$182,542**



A&S Advancement Initiatives

- Improved endowment spending by using endowed chairs to retain and recruit faculty and investing in student success and scholarships
- Processes to audit spending and revise outdated CGAs
- Communication and collaboration with A&S chairs and directors
- Efforts to improve stewardship and alumni engagement
- Discovery, cultivation, and solicitation of prospects to grow philanthropy

Denise Bohn, Senior Director of Development



April Waddell, Director of Development

Dean's Advisory Council

Spring 2024 Scholarship Luncheon