

MINUTES OF THE EXECUTIVE COMMITTEE OF THE
UNIVERSITY OF LOUISVILLE FOUNDATION, INC.

In Open Session

Members of the Executive Committee of the University of Louisville Foundation, Inc., met at 9:00 a.m., on May 23, 2013, in the President's Conference Room, Grawemeyer Hall, Belknap Campus, with members present and absent as follows:

Present: Dr. William Selvidge, Chair
Mr. Burt Deutsch
Ms. Joyce Hagen
Mr. Eddy Roberts

Absent: Dr. James R. Ramsey, President, *ex officio*

Legal counsel: Mr. David Saffer, Stites & Harbison

From the
Foundation: Mr. Mike Curtin
Ms. Becky Simpson
Mrs. Kathleen Smith
Mr. Jake Beamer

I. Call to Order

Having determined a quorum present, Chair Selvidge called the meeting to order at 9:00 a.m.

Approval of Minutes, November 2, 2011

Mr. Deutsch made a motion, which Ms. Hagen seconded, to approve the minutes of November 2, 2011. The motion passed.

II. Action Item: Approval of Loan Guaranty Fee Agreement

Mr. Saffer explained the conditions of the agreement and fielded questions from board members. Mr. Deutsch made a motion, which Ms. Hagen seconded, to approve the following resolution:

**UNIVERSITY OF LOUISVILLE FOUNDATION, INC.
RESOLUTIONS OF THE EXECUTIVE COMMITTEE
REGARDING UNIVERSITY OF LOUISVILLE PHYSICIANS, INC.**

May 23, 2013

WHEREAS, the University of Louisville Physicians, Inc., a Kentucky non-profit corporation ("ULP"), desires to obtain certain credit facilities (the "Credit Facilities") in an aggregate amount not to exceed \$26,515,000.00 from PNC Bank, National Association ("PNC");

WHEREAS, the terms and conditions applicable to the Credit Facilities are more particularly described in that certain Memorandum of Terms and Conditions for University of Louisville Physicians dated March 28,

2013, a copy of which has been reviewed by the members of the Executive Committee, on behalf of the Board of Directors of the Foundation (the "Term Sheet");

WHEREAS, one of the conditions described in the Term Sheet is that the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (the "Foundation"), issue a guarantee (the "Guarantee") to PNC of \$7,500,000.00 of Credit Facilities (the "Guaranteed Amount"), which Guarantee will reduce under certain conditions more particularly described in the Term Sheet;

WHEREAS, the Foundation has agreed to issue the Guarantee provided ULP agrees to (i) pay to the Foundation an annual guarantee fee (the "Guarantee Fee") equal to one-half of one percent (.50%) of the Guaranteed Amount and (ii) pay to the Foundation any amounts paid by the Foundation to PNC pursuant to the Guarantee (the "Reimbursement Obligation");

WHEREAS, the Executive Committee, on behalf of the Board of Directors of the Foundation, deems it to be in the best interest of the Foundation to issue the Guarantee in connection with the Credit Facilities.

NOW, THEREFORE, BE IT RESOLVED, that the actions of the Foundation, acting through its President, the Assistant Secretary, or the Assistant Treasurer (individually an "Authorized Officer" and collectively, the "Authorized Officers"), in negotiating and approving the Guarantee be, and they hereby are, in all respects ratified, confirmed and approved by the Executive Committee, on behalf of the Board of Directors of the Foundation;

FURTHER RESOLVED, that the Executive Committee, on behalf of the Board of Directors of the Foundation, hereby authorizes the Authorized Officers, acting together or individually, to execute and deliver any and all documents required to issue the Guarantee (the "Guarantee Transaction"), including, without limitation, guarantee agreements, certificates and all other documents, instruments and certificates as any such Authorized Officer shall, in their sole discretion, deem necessary, convenient or desirable to evidence the Guarantee Transaction (collectively, the "Guarantee Documents"), in such form and with such changes, additions, deletions and/or amendments to the Guarantee Documents as may be approved by any such Authorized Officer, such approval to be conclusively evidenced by the execution thereof by such Authorized Officer, and when so executed, such Guarantee Documents, as modified or amended, shall be binding and enforceable against the Foundation;

FURTHER RESOLVED, that the Executive Committee, on behalf of the Board of Directors of the Foundation, hereby authorizes the Authorized Officers, acting together or individually, to execute and deliver any and all documents required to obtain the Guarantee Fee and the Reimbursement Obligation (collectively, the "Guarantee Fee Transaction"; and with the Guarantee Transaction collectively, the "Transactions"), including, without limitation, reimbursement and other agreements, certificates and all other documents, instruments and certificates as any such Authorized Officer shall, in their sole discretion, deem necessary, convenient or desirable to evidence the Guarantee Fee Transaction (collectively, the "Guarantee Fee Documents"; and with the Guarantee Documents collectively, the "Documents"), in such form and with such changes, additions, deletions and/or amendments to the Guarantee Fee Documents as may be approved by any such Authorized Officer, such approval to be conclusively evidenced by the execution thereof by such Authorized Officer, and when so executed, such Guarantee Fee Documents, as modified or amended, shall be binding and enforceable against the Foundation;

FURTHER, RESOLVED, that any and all Documents previously or hereafter executed and delivered on behalf of the Foundation in connection with the Transactions and pursuant to the foregoing resolutions shall be deemed to be the act and deed of the Foundation and shall be binding and enforceable against the Foundation in all respects; and

FURTHER RESOLVED, that all actions taken previously or hereafter by the officers of the Foundation, with respect to the preparation, execution and delivery of the Documents, and all other actions taken in connection with the Transactions referred to by the foregoing resolutions be, and they hereby are, in all respects, approved, ratified and confirmed.

The motion passed.

III. Action Item: Approval of Financing for 600 North Hurstbourne

Mr. Saffer explained the financing and fielded questions from board members. Mr. Deutsch made a motion, which Mr. Roberts seconded, to approve the following resolution:

**UNIVERSITY OF LOUISVILLE FOUNDATION, INC.
RESOLUTIONS OF THE EXECUTIVE COMMITTEE
REGARDING 600 N. HURSTBOURNE PARKWAY**

May 23, 2013

WHEREAS, on November 28, 2008, the University of Louisville (the "University") entered into a Ground Lease (the "Ground Lease") with the Foundation pursuant to which the University ground leased portions of the Shelby Campus Property (the "Ground Leased Property") to the Foundation;

WHEREAS, on September 16, 2009, University of Louisville Development Company, LLC, a Kentucky limited liability company which is a wholly-owned subsidiary of the Foundation ("ULDC"), and NTS Corporation (the "Development Partner") entered into the Office and Research Facility Term Sheet (the "Term Sheet") outlining the terms under which ULDC and the Development Partner would plan, design, develop, finance, construct, lease, manage, and use a building to be constructed at 600 N. Hurstbourne Parkway (the "Project") on approximately 8.4 acres of the Ground Leased Property (the "Site");

WHEREAS, working in accordance with and pursuant to the Term Sheet, ULDC and the Development Partner formed Campus One, LLC, a Kentucky limited liability company ("Campus One"), to serve as the joint venture vehicle contemplated by the Term Sheet;

WHEREAS, Campus One is owned 51% by ULDC and 49% by NTS Realty Holdings Limited Partnership, a Delaware limited partnership and an affiliate of the Development Partner ("NTSRHLP"), pursuant to an Operating Agreement entered into between ULDC and NTSRHLP (the "Operating Agreement");

WHEREAS, pursuant to the Operating Agreement, ULDC made an initial capital contribution to Campus One in the amount of \$5,100,000 (the "Initial Capital Contribution"), which Initial Capital Contribution was funded by the Foundation (the "Equity Injection Transaction");

WHEREAS, for various tax, structuring, and other practical reasons, the Foundation entered into a direct ground sub-lease (the "Ground Sub-Lease") of the Site, as ground sub-lessor, to Campus One, as ground sub-lessee (the "Ground Sub-Lease Transaction");

WHEREAS, Campus One obtained a loan (the "Loan Transaction") from Republic Bank & Trust Company ("Republic") to construct the Project on the Site;

WHEREAS, the Executive Committee, on behalf of the Board of Directors of the Foundation, adopted resolutions authorizing the Foundation to enter into the Equity Injection Transaction, the

Ground Sub-Lease Transaction, the Loan Transaction, and other transactions described in those resolutions; and

WHEREAS, the construction of the Project has been completed, and the Project is now substantially leased to various commercial tenants including Churchill Downs Incorporated;

WHEREAS, the Development Partner solicited and obtained various proposals (the "Financing Proposals") for the permanent financing of the Project;

WHEREAS, after careful review of the various Financing Proposals, the Foundation, the Development Partner, ULDC, and NTSRHLP selected the Financing Proposal presented by AIG pursuant to a term sheet dated February 28, 2013 (the "AIG Term Sheet");

WHEREAS, the Financing Proposal presented by the AIG Term Sheet contemplates a loan (the "Permanent Loan") made by AIG, or one of its affiliates, to Campus One in the maximum principal amount of \$17,300,000.00 secured by, among other things, a first mortgage on the Project and Campus One's sub-leasehold interest in the Site;

WHEREAS, in connection with the Permanent Loan, the Foundation will consent to the encumbrance of Campus One's sub-leasehold interest in the Site and execute and deliver a non-recourse guaranty agreement in favor of AIG (collectively, the "Permanent Loan Transaction"); and

WHEREAS, the Executive Committee, on behalf of the Board of Directors of the Foundation, deems it to be in the best interest of the Foundation to enter into the Permanent Loan Transaction.

NOW, THEREFORE, BE IT RESOLVED, that the actions of the Foundation, acting through its officers, in negotiating and approving the AIG Term Sheet and the Permanent Loan Transaction be, and they hereby are, in all respects ratified, confirmed, and approved by the Executive Committee, on behalf of the Board of Directors of the Foundation, and that the Foundation, acting through its officers, hereby is, authorized and directed, to execute and deliver any and all documents required to carry out the Permanent Loan Transaction, including, without limitation, term sheets, applications, guarantee agreements, environmental and other indemnity agreements, consents to encumber leasehold interest, certifications, representation letters, affidavits, and all other documents, instruments and certificates as such officers of the Foundation shall, in their sole discretion, deem necessary, convenient or desirable to evidence the Permanent Loan Transaction (collectively, the "Documents"), in such form and with such changes, additions, deletions and/or amendments to the Documents as may be approved by such officers of the Foundation, such approval to be conclusively evidenced by the execution thereof by such officers of the Foundation, and when so executed, such Documents, as modified or amended, shall be binding and enforceable against the Foundation;

FURTHER, RESOLVED, that any and all agreements, documents and instruments previously or hereafter executed and delivered on behalf of the Foundation pursuant to the foregoing resolutions shall be deemed to be the act and deed of the Foundation and shall be binding and enforceable against the Foundation in all respects; and

FURTHER, RESOLVED, that all actions taken previously or hereafter by the officers of the Foundation, with respect to the preparation, execution and delivery of the Documents and any of the other aforementioned documents, agreements, certificates or other instruments, and all other actions taken in connection with the Permanent Loan Transaction be, and they hereby are, in all respects, approved, ratified and confirmed.

The motion passed.

IV. Action Item: Approval of Financing for 700 North Hurstbourne

Mr. Saffer explained the financing and fielded questions from board members. Mr. Deutsch made a motion, which Ms. Hagen seconded, to approve the following resolution:

**UNIVERSITY OF LOUISVILLE FOUNDATION, INC.
RESOLUTIONS OF THE EXECUTIVE COMMITTEE
REGARDING 700 N. HURSTBOURNE PARKWAY**

May 23, 2013

WHEREAS, on November 28, 2008, the University of Louisville (the "University") entered into a Ground Lease (the "Ground Lease") with the Foundation pursuant to which the University ground leased portions of the Shelby Campus Property (the "Ground Leased Property") to the Foundation;

WHEREAS, University of Louisville Development Company, LLC, a Kentucky limited liability company which is a wholly-owned subsidiary of the Foundation ("ULDC"), and NTS Corporation (the "Development Partner") have reached an agreement on the terms under which ULDC and the Development Partner would plan, design, develop, finance, construct, lease, manage, and use a building to be constructed at 700 N. Hurstbourne Parkway (the "Project") on approximately 13.612 acres of the Ground Leased Property (the "Site");

WHEREAS, ULDC and the Development Partner decided to form Campus Two, LLC, a Kentucky limited liability company ("Campus Two"), to serve as the joint venture vehicle for the Project;

WHEREAS, Campus Two is owned 51% by ULDC and 49% by NTS Realty Holdings Limited Partnership, a Delaware limited partnership and an affiliate of the Development Partner ("NTSRHLP"), pursuant to an Operating Agreement entered into between ULDC and NTSRHLPL (the "Operating Agreement");

WHEREAS, the Operating Agreement requires ULDC to make capital contributions to Campus Two (the "Capital Contribution");

WHEREAS, in order for ULDC to make the Capital Contribution, the Foundation will need, at its discretion, to either (i) contribute or lend the amount of the Capital Contribution to ULDC or (ii) contribute or lend the amount of the Capital Contribution to University Holdings, Inc., a Kentucky nonprofit corporation and the sole Manager of ULDC ("UHI"), which UHI will lend to or contribute to ULDC (the "Equity Injection Transaction");

WHEREAS, for various tax, structuring, and other practical reasons, the Foundation entered into a direct ground sub-lease (the "Ground Sub-Lease") of the Site, as ground sub-lessor, to Campus Two, as ground sub-lessee (the "Ground Sub-Lease Transaction");

WHEREAS, Campus Two has requested that Republic Bank & Trust Company ("Republic") extend credit to or for the account of Campus Two in order to construct the Project on the Site;

WHEREAS, the construction of the Project plus certain fees, expenses and costs associated with the Project, will be funded through a loan (the "Loan") made by Republic to Campus Two in the

maximum principal amount of \$16,500,000.00 secured by, among other things, a first mortgage on the Project, the Ground Sub-Lease and Campus Two's sub-leasehold interest in the Site;

WHEREAS, in connection with the Loan, the Foundation will consent to the encumbrance of Campus Two's sub-leasehold interest in the Site and guarantee the repayment of 51% of the Loan (collectively, the "Loan Transaction"); and

WHEREAS, the Executive Committee, on behalf of the Board of Directors of the Foundation, deems it to be in the best interest of the Foundation to enter into the Equity Injection Transaction, the Ground Sub-Lease Transaction, the Loan Transaction, and such other transactions contemplated by the foregoing recitals.

NOW, THEREFORE, BE IT RESOLVED, that the actions of the Foundation, acting through its officers, in negotiating and approving the Equity Injection Transaction, Ground Sub-Lease Transaction, the Loan Transaction, and the development of the Site and the Project be, and they hereby are, in all respects ratified, confirmed, and approved by the Executive Committee, on behalf of the Board of Directors of the Foundation, and that the Foundation, acting through its officers, hereby is, authorized and directed, to execute and deliver any and all documents required to carry out the Equity Injection Transaction, the Ground Sub-Lease Transaction, the Loan Transaction, and any other documents necessary and appropriate to accomplish the development of the Site and the Project (collectively, the "Transactions"), including, without limitation, notes, contribution agreements, ground sub-leases, guarantee agreements, environmental and other indemnity agreements, consents to encumber leasehold interest, certifications, representation letters, affidavits, and all other documents, instruments and certificates as such officers of the Foundation shall, in their sole discretion, deem necessary, convenient or desirable to evidence the Transactions (collectively, the "Documents"), in such form and with such changes, additions, deletions and/or amendments to the Documents as may be approved by such officers of the Foundation, such approval to be conclusively evidenced by the execution thereof by such officers of the Foundation, and when so executed, such Documents, as modified or amended, shall be binding and enforceable against the Foundation;

FURTHER, RESOLVED, that any and all agreements, documents and instruments previously or hereafter executed and delivered on behalf of the Foundation pursuant to the foregoing resolutions shall be deemed to be the act and deed of the Foundation and shall be binding and enforceable against the Foundation in all respects; and

FURTHER RESOLVED, that all actions taken previously or hereafter by the officers of the Foundation, with respect to the preparation, execution and delivery of the Documents and any of the other aforementioned documents, agreements, certificates or other instruments, and all other actions taken in connection with the Transactions be, and they hereby are, in all respects, approved, ratified and confirmed.

The motion passed.

- V. Action Item: Authorize the President to Approve Key Employee Agreements for Selected Staff

Mr. Deutsch made a motion, which Mr. Roberts seconded, to approve the

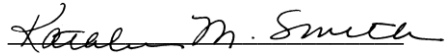
Chair's recommendation to the Board of Directors to authorize the President or his designee to initiate and approve agreements to retain selected key staff.

The motion passed.

VI. Adjournment

Mr. Deutsch made a motion, which Ms. Hagen seconded, to adjourn the meeting at 10:01 a.m. The motion passed.

Approved by:


Asst. Secretary