

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

April 18, 2014
Cardinal Station Board Room

Open Session Agenda

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

In Open Session

Members of the University of Louisville Foundation, Inc. Board of Directors met at 12:00 p.m. on April 18, 2014, in the UL Foundation Board Room in Cardinal Station, with members present and absent as follows:

Present: Ms. Joyce Hagen, Vice Chair, Presiding
Dr. Larry Benz
Mr. Jonathan Blue
Mr. Junior Bridgeman
Mr. Chuck Denny, arrived at 12:14 p.m.
Dr. Salem George
Ms. Margaret Handmaker
Judge Rebecca Jackson
Dr. Mark Lynn
Mr. Frank Minnifield
Dr. Jody Prather
Dr. James R. Ramsey
Dr. William Selvidge

Absent: Ms. Debbie Scoppechio
Mr. Frank Weisberg

From Legal
Counsel: Mr. David Saffer, Stites & Harbison

From the
Foundation: Dr. Shirley Willihnganz, Vice President
Mr. Jason Tomlinson, Assistant Treasurer
Mrs. Kathleen Smith, Assistant Secretary
Mr. Burt Deutsch, Consultant

From the
University: Mr. Keith Inman, Vice President for University Advancement
Ms. Susan Magness, Assistant Controller
Ms. Cindy Hess, Assoc. VP of Communications and Marketing
Mr. Jake Beamer, Boards Liaison

I. Call to Order

Having determined a quorum present, Vice Chair Hagen called the meeting to order at 12:00 p.m.

II. Consent Agenda

Vice Chair Hagen read the consent agenda as follows:

Consent Agenda

- Approval of Minutes of Regular Meeting, 12/17/2013

From the Finance Committee

- Approval of: Jewish Heritage Fund Chair Quasi-Endowment
- Approval of: Vogt Scholarship Quasi-Endowment
- Approval of: Pediatric Neurorecovery Chair Quasi-Endowment
- Approval of: Updated Spending Policy

Hearing no objection, Dr. Lynn made a motion, which Judge Jackson seconded, to approve the consent agenda.

The motion passed.

III. Action Item: Resolutions on Acquisition and Improvement of Tafel Properties

President Ramsey explained the board would purchase property and other assets known as the “Tafel Property” located at 1820 Arthur Street, 1900 Arthur Street, 1950 Arthur Street, 303 E. Brandeis Avenue, and 1901 South Floyd Street, and negotiate the terms and conditions under which KYT-Louisville would lease this property to the University and subsequently sublease a portion of the property to the Microlaboratory, Inc. of General Electric Company (1st Build).

Ms. Handmaker made a motion, which Dr. Selvidge seconded, to approve the following resolution:

WHEREAS, the officers (each an “Officer” and collectively, the “Officers”) of the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (the “Foundation”), have negotiated the terms and conditions under which the Foundation would purchase certain real property and other assets known as the “Tafel Property” located at 1820 Arthur Street, 1900 Arthur Street, 1950 Arthur Street, 303 E. Brandeis Avenue, and 1901 South Floyd Street, all in Louisville, Kentucky (collectively, the “Property”) from (i) Northside Realty Company, a Kentucky corporation (“NRC”), (ii) TFG B&S Properties, LLC, a Kentucky limited liability company (“TFGBS”), (iii) TFG Louisville Properties, LLC, a Kentucky limited liability company (“TFGL”), and (iv) TFG Westside Realty, LLC, a Kentucky limited liability company (“TFGW” and with NRC, TFGBS, and TFGL each a “Seller” and collectively, the “Seller”), by executing and delivering a purchase agreement, by and among the Foundation and the Seller (the “Purchase Agreement”);

WHEREAS, the Foundation is willing to spend up to Five Million Five Hundred Thousand and No/100 Dollars (\$5,500,000.00), plus reasonable and necessary transaction costs, to acquire the Property from the Seller (the “Purchase”);

**WHEREAS, the Seller currently leases the Property to the University of Louisville (the “University”);
WHEREAS, the University intends to sublease (the “Prime Sublease”) the Property to KYT-Louisville, LLC, a wholly-owned subsidiary of the Foundation (“KYT-Louisville”);**

WHEREAS, KYT-Louisville intends to sublease (the “Sublease”) a portion of the Property (the “Subleased Property”) to Microfactory, Inc., a Delaware corporation and subsidiary of General Electric Company (“Microfactory”);

WHEREAS, the Foundation intends to make certain improvements to the Subleased Property (the “Improvements”) costing approximately \$2,049,675;

WHEREAS, once the improvements are made to the Subleased Property, Microfactory intends to use the Subleased Property for general office purposes, demonstration, showroom and retail areas, dry laboratories, and operation of a micro-manufacturing facility operating in conjunction with General Electric Company’s co-creation platform First Build, Inc.;

WHEREAS, Microfactory has also agreed to reimburse the Foundation for \$291,555 of the Improvements; and

WHEREAS, after consultation with the Officers, the Board of Directors of the Foundation deems it to be in the best interest of the Foundation to (i) enter into the Purchase Agreement, and consummate the Purchase and (ii) make the Improvements to the Subleased Property.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Foundation hereby authorizes the Officers, acting together or individually, to execute and deliver any and all documents required to carry out the Purchase (the “Purchase Transaction”), including, without limitation, the Purchase Agreement, deeds, assignment and assumption agreements, affidavits, certificates and all other documents, instruments and certificates as any such Officer shall, in their sole discretion, deem necessary, convenient or desirable to evidence the Purchase Transaction (collectively, the “Purchase Documents”), in such form and with such changes, additions, deletions and/or amendments to the Purchase Documents as may be approved by any such Officer, such approval to be conclusively evidenced by the execution thereof by such Officer, and when so executed, such Purchase

Documents, as modified or amended, shall be binding and enforceable against the Foundation;

FURTHER RESOLVED, that the Board of Directors of the Foundation hereby authorizes the Officers, acting together or individually, to execute and deliver any and all documents required to complete the Improvements (the “Improvements Transaction” and with the Purchase Transaction collectively, the “Transactions”), including, without limitation, architects agreements, construction agreements, certificates and all other documents, instruments and certificates as any such Officer shall, in their sole discretion, deem necessary, convenient or desirable to evidence the Improvements Transaction (collectively, the “Construction Documents” and with the Purchase Documents collectively, the “Documents”), in such form and with such changes, additions, deletions and/or amendments to the Construction Documents as may be approved by any such Officer, such approval to be conclusively evidenced by the execution thereof by such Officer, and when so executed, such Construction 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;

FURTHER RESOLVED, that the Board of Directors of the Foundation hereby authorizes the Authorized Officers, acting together or individually, to execute and deliver any further amendments, modifications, renewals or supplements of or to any of the foregoing agreements, documents or instruments as may be approved by any such Officer, such approval to be conclusively evidenced by the execution thereof by such Officer, and when so executed, shall be binding and enforceable against the Foundation; 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.

IV. Action Item: Resolutions on Acquisition of Property at 250-252 East Market Street

President Ramsey advised the board that the Foundation was negotiating the terms and conditions under which it would enter into a lease with an option to purchase

property known as the Icebreaker's Property. It is on the corner of Floyd Street and Market.

Judge Jackson made a motion, which Dr. Lynn seconded, to approve the following resolution:

WHEREAS, the officers (each an "Authorized Officer" and collectively, the "Authorized Officers") of the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (the "Foundation"), are presently negotiating the terms and conditions under which the Foundation would enter into a lease with an option to purchase concerning certain real property and other assets known as the "Icebreakers Property" located at 250-252 East Market Street, Louisville, Kentucky (the "Property") from Landrum I, LLC (the "Seller"), by executing and delivering a lease agreement, by and between the Foundation and the Seller (the "Lease Agreement");

WHEREAS, the proposed Lease Agreement would (i) have a term of three (3) years beginning June 1, 2014, and ending on May 30, 2017, (ii) provide for the Foundation to pay a triple net rental rate of \$5,000.00 per month or \$60,000.00 per year (the "Lease"), (iii) would provide that the Foundation would be responsible for all maintenance and repairs needed to the Property, and (iv) would contain such other terms and conditions as are acceptable to the Foundation;

WHEREAS, the proposed Lease Agreement would also contain an option which would allow the Foundation to purchase the Property at any time on or after December 1, 2015, for a purchase price of \$800,000.00, plus reasonable and customary transaction costs (the "Purchase");

WHEREAS, after consultation with the Authorized Officers, the Board of Directors of the Foundation deems it to be in the best interest of the Foundation to enter into the Lease Agreement.

NOW, THEREFORE, BE IT RESOLVED, that 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 carry out the Lease and to consummate the Purchase (collectively, the "Transactions"), including, without limitation, the Lease Agreement, deeds, assignment and assumption agreements, affidavits, 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 Transactions (collectively, the "Documents"), in such form and with such changes, additions, deletions and/or amendments to the 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 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;

FURTHER RESOLVED, that the Board of Directors of the Foundation hereby authorizes the Authorized Officers, acting together or individually, to execute and deliver any further amendments, modifications, renewals or supplements of or to any of the foregoing agreements, documents or instruments 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, shall be binding and enforceable against the Foundation; and

FURTHER RESOLVED, that all actions taken previously or hereafter by the officers of the Foundation, with respect to the 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.

V. Action Item: Approval of Investment in Sapulpa Real Estate Holdings, LLC

President Ramsey reported that Henry Heuser had approached the University of Louisville Foundation about assisting his company, CF One, with property disposition of Sapulpa Real Estate in a manner that will likely result in the Foundation receiving a multi-million dollar benefit from the property disposition while at the same time protecting the Foundation from any substantial risk.

Dr. Selvidge made a motion, which Dr. Lynn seconded, to approve the following resolution:

WHEREAS, Henry V. Heuser, Jr. (“Mr. Heuser”) is the sole member of CF One LLC, a Kentucky limited liability company (“CF One”), WHEREAS, CF One owns an industrial property (the “Property”) in Sapulpa, Oklahoma, a suburb of Tulsa (the “Property”);

WHEREAS, Mr. Heuser desires that CF One dispose of its interest in the Property (the “Property Disposition”);

WHEREAS, Mr. Heuser has approached the University of Louisville Foundation, Inc., a Kentucky non-profit corporation (the “Foundation”),

about assisting CF One with the Property Disposition in a manner that may result in the Foundation receiving a substantial benefit from the Property Disposition while at the same time not exposing the Foundation to any substantial risk;

WHEREAS, the Property Disposition would be completed in a multi-step process described as follows:

- CF One will transfer the Property to Sapulpa Real Estate Holdings LLC, a newly formed single member Kentucky limited liability company (“Sapulpa”), in exchange for CF One receiving 100% of the membership interests in Sapulpa.
- CF One will sell, pursuant to an assignment or other similar agreement (the “Assignment”), to the Foundation a 99% non-managing interest in Sapulpa (the “Foundation Interest”) for a price equal to the fair market value of the Foundation Interest, as determined by a business valuation of Sapulpa (the “Interest Purchase Price”).
- Upon its acquisition of the Foundation Interest, the Foundation will become a member of Sapulpa by executing the operating agreement (the “Operating Agreement”) of Sapulpa, which Operating Agreement will contain provisions acceptable to the Foundation.
- CF One will retain a 1% managing interest in Sapulpa.
- The Foundation will acquire the Foundation Interest through the issuance of a non-recourse note (the “Note”) given by the Foundation and made payable to CF One in an original principal amount equal to the Interest Purchase Price, which Note would (i) be secured by a pledge of the Foundation Interest by the Foundation pursuant to a pledge agreement (the “Pledge Agreement”), (ii) have a maturity date (the “Maturity Date”) of not more than 23 months from the date of issuance, except under certain limited exceptions, (iii) have a floating interest rate equal to the Prime Rate as announced from time to time by PNC Bank, National Association, (iv) be due and payable on the earlier of (a) the Maturity Date or (b) the sale of the Property, and (v) contain a provision that any non-payment of the Note on or before ten (10) days after the Maturity Date would result in the satisfaction of the terms of the terms of the Pledge Agreement through the return of the Foundation Interest to CF One.
- CF One and Sapulpa will be responsible for attempting to sell or lease the Property.

- **Until the Property is sold, CF One will fund, through a loan to Sapulpa or otherwise, the cost of all expenses associated with the transaction and operating expenses associated with Sapulpa including, but not limited to, all taxes, maintenance costs, security costs, insurance costs, and utilities (“Operating Expenses”), which Operating Expenses would be paid first out of the proceeds of any sale of the Property.**
- **Should the Property be leased by Sapulpa, the net income of Sapulpa will be distributed at least quarterly to CF One and the Foundation, with the Foundation agreeing to apply two thirds of any such net income as a mandatory prepayment on the Note.**
- **When the Property is sold, (i) the Foundation would receive 99% of the net sale proceeds and would apply those funds to the payment of the Note, with CF One and the Foundation agreeing that any proceeds remaining after full payment of the Note would be retained by the Foundation and, should the proceeds be insufficient to pay the Note in full, any unpaid portion of the Note would be forgiven by CF One, and (ii) CF One and the Foundation will liquidate Sapulpa.**

WHEREAS, after consultation with the officers of the Foundation (each an “Officer” and collectively, the “Officers”), the Board of Directors of the Foundation deems it to be in the best interest of the Foundation to assist Mr. Heuser and CF One with the Disposition Transaction, by (i) entering into the Assignment, (ii) acquiring the Foundation Interest for the Interest Purchase Price, (iii) entering into the Operating Agreement, (iv) issuing the Note, and (v) entering into the Pledge Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Foundation hereby authorizes the Officers, acting together or individually, to execute and deliver any and all documents required of the Foundation to assist Mr. Heuser and CF One with the Disposition Transaction (the “Transaction”), including, without limitation, the Assignment, the Operating Agreement, the Note, the Pledge Agreement, affidavits, certificates and all other documents, instruments and certificates as any such Officer shall, in their sole discretion, deem necessary, convenient or desirable to complete the Transaction (collectively, the “Documents”), in such form and with such changes, additions, deletions and/or amendments to the Documents as may be approved by any such Officer, such approval to be conclusively evidenced by the execution thereof by such Officer, and when so executed, such 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 Transaction 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;

FURTHER RESOLVED, that the Board of Directors of the Foundation hereby authorizes the Authorized Officers, acting together or individually, to execute and deliver any further amendments, modifications, renewals or supplements of or to any of the foregoing agreements, documents or instruments as may be approved by any such Officer, such approval to be conclusively evidenced by the execution thereof by such Officer, and when so executed, shall be binding and enforceable against the Foundation; 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 Transaction referred to by the foregoing resolutions be, and they hereby are, in all respects, approved, ratified and confirmed.

The motion passed.

VI. Report of the President

President Ramsey gave a presentation summarizing milestones since the Board's meeting in December 2013. Highlights included the Russell Athletic Bowl, the 2014 Legislative Budget Session, Military Partnerships including a \$75,000 grant from Humana to support the "Soldier Athlete in Training" program, Capital Campaign celebration of raising \$1B, Reverse Degree program with JCTC, GE Partnership, and continued Belknap Campus expansion including the Belknap Engineering and Applied Sciences Research Park, Floyd Street Project, Ulmer Softball Stadium, The Grove at 4th Street, Speed Museum Expansion, Academic Center at Papa John's Cardinal Stadium, and the newly funded classroom building.

The President then gave an update on the HSC, Belknap, and ShelbyHurst TIFs.

Vice Chair Hagen thanked the President for the extraordinary results of the campus transformations, and congratulated him and his excellent team for their capacity of work.

VII. Report of the Chair

The Vice Chair had no report, but called for a motion to go into Executive Session to discuss personnel matters and potential litigation, pursuant to KRS 61.810(c) and (f).

Judge Jackson made a motion, which Dr. George seconded, to go into Executive Session. The motion passed.

Reconvene Open Session

Vice Chair Hagen reported that personnel matters and potential litigation were discussed. The following action was then brought before the board:

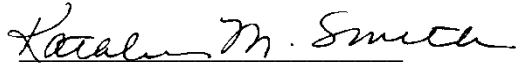
The Chair's recommendation that the Board of Directors approve the transferring of \$963,216 to the University of Louisville for non-budgeted program requests.

Judge Jackson made a motion, which Mr. Denny seconded, to approve the Chair's recommendation. The motion passed.

VIII. Adjournment

Dr. Benz made a motion, which Mr. Blue seconded, to adjourn the meeting at 1:35p.m. The motion passed.

Approved by:



Assistant Secretary