

FCR 4

Office of the President
April 27, 2010

Members, Board of Trustees:

REVISION OF UNIVERSITY OF KENTUCKY DEBT POLICY

Recommendation: that the Board of Trustees approve the attached revision of the Debt Policy.

Background: The Board of Trustees adopted the original Debt Policy on September 20, 2005. The Policy provides a framework for management to evaluate the appropriate use of debt. The recommended revisions include expanding the guidelines for internal loans and amending the membership of the internal Debt Management Committee. Proposed additions are underlined; proposed deletions are lined through.

Internal loans from the operating funds investment pool can provide an alternate source of funding when external debt is not available or when there is a gap between the receipt of funds such as a gift or grant and the date of the acquisition or construction of a project. The revisions to the Debt Policy regarding internal loans include specific guidelines for the maximum aggregate of outstanding loans, duration, interest, and required memorandum of agreements. Endowment funds may not be loaned. A report on outstanding internal loans will be provided annually to the Investment Committee of the Board of Trustees.

Action taken: Approved Disapproved Other _____