AGENDA ITEM SUMMARY

1. NAME OF ITEM: Updated Authorization for Heating Plant Replacement, USM

2. INITIATED BY: Norman L. Fournier, Chair

3. BOARD INFORMATION: BOARD ACTION: X

4. BACKGROUND:

This is a request pursuant to Board of Trustees Policy 701 to update the authorization for the already approved Central Heating Plant Replacement project (#6100195) at the University of Southern Maine in Portland.

The project is unchanged from the approval granted by the Board of Trustees on September 21-22, 2014, per the recommendation of its Finance, Facilities and Technology Committee as shown in the attached prior agenda sheet, except the funding source for the project now is being updated.

As part of the proposed FY16 budget package at the University of Southern Maine, the University proposes to use internal financing rather than reserves to fund this project. That mechanism will allow the University to have those reserves available instead to ensure a balanced budget in FY16 and also still pursue the needed energy project.

Pursuant to Board Policy and to Administrative Practice Letter II-C, the University currently has the capacity to permit this $3 million internal loan. The internal rate to USM would be 1.69% APR for a total of five annual payments of $630,759.81, one each in FY17 through FY21.

5. TEXT OF PROPOSED RESOLUTION:

That the Finance, Facilities and Technology Committee approve this recommendation to be forwarded to the Consent Agenda for Board of Trustee approval of the following resolution:

That the Board of Trustees approves the recommendation of the Finance, Facilities and Technology Committee to authorize the University of Southern Maine to expend up to $3,000,000 via an internal University loan to fund replacement of the Portland Central Heat Plant and related equipment.