

UNIVERSITY OF THE VIRGIN ISLANDS

RESOLUTION OF THE UNIVERSITY OF THE VIRGIN ISLANDS AUTHORIZING
CREDIT LINES TO PROVIDE UP-FRONT CASH FOR FEDERAL COST
REIMBURSABLE GRANTS

PURPOSE

1. To authorize a line of credit to fund federal cost reimbursable capital project grants for the Sports and Fitness Center, the Music Center and the Inter-Island Micro-Wave Project.
2. To authorize a revolving line of credit to provide up-front cash for cost reimbursable sponsored program grants funded by the Federal Government.

WHEREAS, the University has working capital needs for general operations, federal reimbursable grants for sponsored programs, and capital projects, and

WHEREAS, The University of the Virgin Islands is under serious financial stress as a result of extraordinary delays in the receipt of allotments from the Government of the Virgin Islands, and

WHEREAS, on September 30, 1997, the end of the last fiscal year, there was a cumulative unpaid balance on prior year allotments of \$5.7 million from the Government, and

WHEREAS, the University has been operating on a month to month basis with less than 30 days in operating cash as a safety margin, and

WHEREAS, The University is committed to moving forward with the construction of the Sports and Fitness Complex and Music Center based on Federal cost reimbursable grant awards amounting to \$7,269,500, for the Sports and Fitness Center, \$850,000 for the Music Center, and \$383,769 for the Micro-Wave Inter-Island Communication Project, and

WHEREAS, The University has other federal cost reimbursable grants amounting to about \$6,000,000 per year, and

WHEREAS, under the terms of quarterly reimbursements arrangements set out by the Federal Government, the University would be unable to meet the estimated cash requirements of \$3,000,000 per quarter for these capital projects, even as it strains to meet cash outlays of \$2,000,000 per quarter for other federal cost reimbursable grants, and

WHEREAS, the Board of Trustees earlier approved securing a revolving line of credit with the Chase Manhattan Bank, or another financial institution, for the purpose of providing cash requirements for cash outlays tied to a definite revenue stream, and

WHEREAS, cost reimbursable grants from the Federal Government meet this requirement.

NOW THEREFORE BE IT RESOLVED:

Section 1: That the University is hereby authorized to secure a line of credit in an amount not to exceed \$3,000,000 for one (1) year from the Chase Manhattan Bank or other financial institution for the sole purpose of funding cost reimbursable federal grants for capital projects.

Section 2: That the University is hereby authorized to secure a revolving line of credit in an amount not to exceed \$2,000,000 from the Chase Manhattan Bank or other financial institution for the sole purpose of funding cost reimbursable federal grants for sponsored programs, subject to annual review and renewal.

Section 3: That the annual rate of interest on the line of credit shall not exceed LIBOR (London Interbank Borrowing Rate) plus 2%. The line of credit shall be secured by a pledge of applicable federal receipts. Arrangement fees shall not exceed 1% plus a commitment fee of not more than 1/2% per annum on the unused portion of the line of credit.

Section 4: That the President and the Vice-President for Business and Financial Affairs (the Authorized Signatories) of the University are hereby authorized to execute, acknowledge, and deliver the loan documents, and to execute such other agreements as may be necessary in connection therewith, subject to the conditions outlined in Section above. The authorized signatories are hereby authorized to affix the seal of the University on such loan documents and to attest the same.

Section 5: This resolution shall take effect immediately.

The undersigned does hereby certify that the foregoing is a true and exact copy of the Resolution of the Board of Trustees of the University of the Virgin Islands adopted at its meeting on October 25, 1997 and recorded in the minutes of said meeting.

Orville Kean
Secretary of the Board

11/10/97
Date