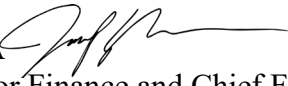


June 28, 2023

TO: Members of the Board of Trustees

FROM: Jeffrey P. Geoghegan, CPA 
Executive Vice President for Finance and Chief Financial Officer

RE: Fiscal Year 2024 Capital Budget for the University of Connecticut, Storrs and Regional Campuses

RECOMMENDATION:

That the Board of Trustees approve a capital budget of \$315,000,000, as detailed in Attachment A, for Fiscal Year 2024 which is comprised of \$84,700,000 of UCONN 2000 State GO bond funds, \$59,489,200 of State GO bond funds, \$100,000,000 of Special Obligation bond funds, \$40,810,800 of University funds, and \$30,000,000 of Gift funds. The Administration recommends that the Board of Trustees adopt the Resolution below.

RESOLUTION:

“Be it resolved that the Board of Trustees approve the Fiscal Year 2024 capital budget of \$315,000,000 for the University of Connecticut Storrs and Regional Campuses.”

BACKGROUND:

To manage all capital fund sources in a strategic and transparent manner, UConn is proposing an all-funds capital budget for approval.

The proposed capital budget for FY24 of \$315,000,000 includes \$84,700,000 of UCONN 2000 State GO bond funds, \$59,489,200 of State GO bond funds, \$100,000,000 of Special Obligation bond funds, \$40,810,800 of University funds, and \$30,000,000 of Gift funds. The two attached documents reflect the capital budget spending plan detail:

- Attachment A - the proposed FY24 capital budget spending plan
- Attachment B - the UCONN 2000 Phase III State Bond Phasing Plan by Statutory Named Line

The FY24 capital budget does not provide approval for specific projects, per our capital policies and procedures; all capital projects, no matter the fund source, costing \$500,000 or more are submitted for Board action on a project-by-project basis. Projects costing less than \$500,000 are approved by the internal capital governance committee.

Program & Planning Adjustments:

The University has benefitted tremendously from the UCONN 2000 Infrastructure Improvement Program established by the General Assembly in 1995. We are now in the third phase of this 32-year program, which is designed to modernize, rehabilitate, and dramatically expand the physical plant of the University. This phase, which extends through FY27, includes the NextGenCT and the Bioscience Connecticut initiatives. The Bioscience initiative at UConn Health, completed in 2018 and the NextGenCT program at Storrs and the Regional Campuses is moving along aggressively. We are about to begin year 10 of the 13-year NextGenCT program.

Numerous projects are currently in construction with \$84,700,000 of required funding to be allotted in FY24 through FY27. In FY24, NextGenCT bond funds will be set-aside for a new nursing program facility, renovations to the field house, infrastructure improvements, academic programmatic renovations, and equipment purchases.

We are appreciative of the State’s support of the NextGenCT capital initiative and the recognition that planned levels of capital funding remain intact to support these projects to avoid additional costs associated with delaying or shutting down projects in construction. Also, while it is critical to have a long-term capital plan with a stable funding source, it is important to recognize that the plan is a live document which is continuously under review by senior management. This approach allows the University the flexibility to be responsive to changing project needs as well as external market factors/drivers.

The table below reflects the UCONN 2000 State GO bond authorizations (in millions):

UCONN 2000 Bonding Schedule (\$M)		Statute
Phase I	FY96-FY99	\$382.0
Phase II	FY00-FY05	580.0
Phase III	FY05-FY23	3,182.2
	FY24	84.7
	FY25	44.0
	FY26	14.0
	FY27	9.0
	Total	

Indenture Amendments:

The law specifically gives the Board of Trustees the authority to revise project budgets and related indentures. It would be impossible to manage a thirty-two-year capital program without the authority to make such adjustments. These revisions are complex because 1) there are many projects, 2) UConn must operate within statutory annual bond caps, 3) tax-related expenditure requirements must be observed, and 4) the adjustments to numerous lines involve projects that span a number of years. While revisions may affect current projects, given the annual bond caps, they also have a rollout effect over the next decade. The Board of Trustees has the authority to amend past indentures to reflect changes as project budgets are finalized or other events affect

the capital budget for a given prior fiscal year. Currently, the University is proposing revisions to the 29th Supplemental Indenture.

State General Obligation Bonds

From time to time, in addition to the UCONN 2000 program, the State will authorize General Obligation bonds for special initiatives. In 2021, the Innovation Faculty Hires and Entrepreneurial Ecosystem Initiative was approved. This program spans FY22 through FY26 and includes \$46.1 million of State bonding (\$14,489,200 for FY24). These State funds along with a University investment will support the hiring of faculty innovators, lab/equipment start-up costs, and entrepreneurial support such as angel and venture funds.

Additionally, for FY24 the Governor and General Assembly authorized the following:

- Design, land acquisition and construction of a nursing program facility, not exceeding \$30,000,000;
- Acquisition or leasing of property at the XL Center, and planning, design and construction related to use of such property as academic space for the University of Connecticut Hartford campus, not exceeding \$5,000,000; and
- Equipment, library collections and telecommunications, not exceeding \$10,000,000.

The total FY24 State General Obligation bond amount is \$59,489,200. This authorization is pending allotment by the State Bond Commission.

Special Obligation Bonds:

As needed, UConn may issue Special Obligation bonds secured by certain pledged revenues to support select projects. Unlike the State General Obligation bonds, the debt payments for these bonds are the responsibility of the University. In FY24, \$100,000,000 of Special Obligation bonds will be issued and utilized to fund construction of the new South Campus Residence Hall.

University/Gift Funds:

UConn utilizes other fund sources for high priority capital and maintenance initiatives. These requests are reviewed and approved in the same way as bond funded projects. In addition, the University may choose to utilize cash balances to temporarily fund capital projects in advance of the issuance of new UConn Special Obligation bonds or to bridge cash flow for Gift funded projects. The FY24 capital budget includes \$40,810,800 of University funds and \$30,000,000 of Gift Funds for facilities repairs & improvements, academic programmatic renovations, south campus residence hall construction, and field house renovations.

University of Connecticut
FY24 Capital Budget Spending Plan
Proposed Projects by Statutory Named Lines & by Program*

UCONN 2000 Bond Funded Projects by Statutory Named Lines	Total	By Program		
		Academic/ Research	Deferred Maint.	Other
Academic and Research Facilities	\$19.7			
Nursing Program Facility	19.7	19.7		
Deferred Maintenance	52.2			
Field House Renovation	27.0		27.0	
Infrastructure-South Campus	12.9		12.9	
Programmatic Renovations	10.8	10.8		
Contingency	1.5			1.5
Equipment	12.9			
Academic & Research	5.3	5.3		
Information Technology	5.5		5.5	
Other	2.2			2.2
Total UCONN 2000 Bond Funded Projects	\$84.7	\$35.7	\$45.3	\$3.7
Other Funded Projects (University, Gifts, SO/GO Bonds)				
Equipment (State GO Bonds)	10.0	5.0	5.0	
Facilities Repairs & Improvements (University)	11.5		11.5	
Faculty Innovators (State GO Bonds)	14.5	14.5		
Field House Renovations (Gifts)	30.0		30.0	
Nursing Program Facility (State GO Bonds)	30.0	30.0		
Programmatic Renovations (University)	10.0	10.0		
South Campus Residence Hall (SO Bonds)	100.0			100.0
South Campus Residence Hall (University)	15.0			15.0
XL Center Academic Space Renovation (State GO Bonds)	5.0	5.0		
Other/Contingency (University)	4.3			4.3
Total Other Funded Projects	\$230.3	\$64.5	\$46.5	\$119.3
Grand Total FY24 Capital Budget	\$315.0	\$100.2	\$91.8	\$123.0

*Projects less than \$500,000 are approved by UConn administrative committee. Projects costing \$500,000 or more are

UCONN 2000 Bonds				
State Bond Phasing Plan by Statutory Named Line for Informational Purposes Only - Revised 6/28/23				
Project	FY05-FY23	FY24	FY25-FY27	Total Phase III
Academic and Research Facilities	\$401,007,429	\$19,697,009		\$420,704,438
Arjona and Monteith (new classroom buildings)	128,219,871			128,219,871
Avery Point Campus Undergraduate & Library Building	10,461,246			10,461,246
Avery Point Renovation	8,327,448			8,327,448
Beach Hall Renovations	5,146,688			5,146,688
Benton State Art Museum Addition	2,903,509			2,903,509
Biobehavioral Complex Replacement	3,495,807			3,495,807
Bishop Renovation	2,480,141			2,480,141
Deferred Maintenance/Code Compliance/ADA Compliance/Infrastructure Improvements & Renovation Lump Sum and Utility, Administrative and Support Facilities	841,840,272	52,152,991	42,450,000	936,443,263
Engineering Building	92,579,390			92,579,390
Equipment, Library Collections & Telecommunications	197,091,656	12,850,000	24,550,000	234,491,656
Family Studies (DRM) Renovation	2,868,306			2,868,306
Farm Buildings Repairs/Replacement	6,408,304			6,408,304
Fine Arts Phase II	38,792,721			38,792,721
Floriculture Greenhouse	6,691,799			6,691,799
Gant Building Renovations	12,455,770			12,455,770
Gentry Renovation & Completion	9,628,209			9,628,209
Hartford Relocation Acquisition/Renovation	139,027,625			139,027,625
Heating Plant Upgrade	11,877,724			11,877,724
Intramural, Recreational & Intercollegiate Facilities	31,009,921			31,009,921
Jorgensen Renovation	3,899,129			3,899,129
Koons Hall Renovation/Addition	1,461,146			1,461,146
Lakeside Renovation	3,800,000			3,800,000
Law School Renovations/Improvements	16,660,677			16,660,677
Manchester Hall Renovation	772,577			772,577
Mansfield Training School Improvements	3,000,000			3,000,000
Natural History Museum Completion	500,000			500,000
North Hillside Road Completion	6,700,000			6,700,000
Old Central Warehouse Renovation	126,000			126,000
Parking Garage #3	75,214			75,214
Psychology Building Renovation/Addition	24,337,399			24,337,399
Residential Life Facilities	248,538,476			248,538,476
School of Pharmacy/Biology	6,000,000			6,000,000
Stamford Campus Improvements/Housing	1,500,870			1,500,870
Storrs Hall Addition	14,664,091			14,664,091
Student Union Addition	13,000,000			13,000,000
Support Facility (Architectural & Engineering Services)	16,583			16,583
Torrey Life Science Renovation & Completion	1,530,373			1,530,373
Torrington Campus Improvements	369,156			369,156
Waterbury Downtown Campus	1,608,764			1,608,764
West Hartford Campus Renovations/Improvements	6,774,305			6,774,305
Young Building Renovation/Addition	23,651,403			23,651,403
SUBTOTAL FOR STORRS & REGIONAL CAMPUS	\$2,331,300,000	\$84,700,000	\$67,000,000	\$2,483,000,000
CLAC Renovation Biosafety Level 3 Lab	15,901,466			15,901,466
Deferred Maintenance-UCH	76,959,697			76,959,697
Dental School Renovation	3,525,000			3,525,000
Equipment, Library Collections & Telecom-UCH	116,429,390			116,429,390
Library/Student Computer Center Renovation	1,266,460			1,266,460
Main Building Renovation	117,484,316			117,484,316
Medical School Academic Building Renovation	39,578,232			39,578,232
Planning & Design Costs	25,000,000			25,000,000
Research Tower	67,992,229			67,992,229
Support Building Addition/Renovation	100,000			100,000
UCH New Construction and Renovation	386,663,210			386,663,210
SUBTOTAL FOR HEALTH CENTER	\$850,900,000	-	-	\$850,900,000
GRAND TOTAL	\$3,182,200,000	\$84,700,000	\$67,000,000	\$3,333,900,000