

# FCR 8

Office of the President  
June 13, 2025

Members, Board of Trustees:

## INTERNAL LOAN FOR ATHLETICS

Recommendation: that the Board of Trustees approve an internal loan to invest in capital projects throughout the Athletics' enterprise as part a multi-year plan and new governance and operating model, aimed at ensuring a strong financial trajectory for the program.

Background: Pursuant to the University's Internal Loan Program Policy, any internal loan for capital purposes greater than \$1,000,000 must be approved by the Board.

Pending approval by the Board of Trustees at its June 13, 2025 meeting, five Athletic-related capital projects, with a total scope of \$110,000,000, will be initiated in phases. While the primary fund source for the projects is expected to be gifts and pledges, the receipt of funds may not match the cash outflow for the projects, which is anticipated over a three-year period.

As a result, it is recommended that the Board of Trustees approve an internal loan to Athletics of up to \$110,000,000 to invest in a multi-year capital project initiative, much of which is designed to maximize revenue growth through the new operating and governance model – Champions Blue LLC – approved by the Board of Trustees at its April 2025 meeting. The University also anticipates an operating loan to Athletics for two fiscal years, FY 2024-25 and FY 2025-26, for aggregate total of up to \$31,000,000.

Any funds drawn on these loans will accrue interest pursuant to the Internal Loan Program Policy. The interest rate charged is approved annually by the Debt Management Committee pursuant to the Internal Loan Program Policy. Athletics will pay back the loans with interest. The repayment will begin in FY 2027-28. In accordance with the University's Internal Loan Program Policy, the Debt Management Committee has reviewed and supports both loans.

The multi-year financial plan is part of the direction by the Board of Trustees to create and implement a new operating and governance structure – Champions Blue LLC – designed to maximize revenues through new investments and ensure long-term financial stability and growth for UK Athletics.

---

Action taken:    ☒ Approved    ☐ Disapproved    ☐ Other \_\_\_\_\_