



New Capital Debt

Category: Operations
Number:
Audience: All University Personnel
Issued: September 27, 2014
Owner: Vice President Finance and Administration
Approved by: Board of Governors
Contact: Senior Financial Officer (306) 790-5950 ext. 2405

Introduction

The acquisition of new debt by the University will occur only on very rare occasions and will be preceded by a very thorough business and financial analysis to ensure that the debt is necessary to achieve a result of fundamental importance to the University. This overwhelming need will be considered in the context of the University's ability to meet all related debt service obligations. The intent of this policy is to manage the overall cost of capital, minimize long-term debt service costs while ensuring that the overall level of risk does not exceed acceptable levels.

Policy

New debt will only be acquired to provide a source of financing for long-term capital investments necessary to achieve the University's mission and strategic objectives. Such capital investments will be restricted to those producing verifiable incremental revenues or cost savings and have a feasible repayment plan. The life of the related obligations will not exceed the useful life of the capital investment being financed.

Consequences for Noncompliance

Any debt acquired by any means other than through the established procedures and protocols contained in this policy will lead to disciplinary action being taken against the individual(s) responsible up to and including dismissal.

Processes

- 1) Prior to any new debt being considered a detailed plan including financial analysis will be prepared and considered by the Executive Team consisting of the President, Vice-President, Finance & Administration, Vice-President, Academic and the Senior Financial Officer. The plan must have specific reference to and be consistent with the overall Strategic Plan and mission of the University;
- 2) The analysis of the capital project and related capital debt being considered must produce verifiable incremental revenues or cost savings that meet or exceed the cost of repayment which will be considered by the Executive Team;
- 3) If approved in principle by the Executive Team, the capital project with the related analysis will be presented to the Board of Governors for discussion and consideration leading to ratification if endorsed by the Board of Governors;
- 4) A lender will be secured to finance the approved capital project at a rate and term approved by the Board of Governors at which time the acquisition or commencement of the capital project can proceed.

Related Information

- Approved Operating and Capital Budget
- Procurement Policy