



University of Toronto Governing Council

Borrowing Strategy

June 24, 2004

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Borrowing Strategy

The following was approved as part of a Resolution adopted by the Governing Council on June 24, 2004.

- 1) THAT the borrowing strategy as described in Ms Riggall's June 8, 2004 memorandum to the Business Board, be approved.¹

The Borrowing Strategy incorporates the following key elements:

- That the internal borrowing capacity limit of \$200 million of internal loans for from EFIP² for the current capital plan and other requirements be maintained, along with the recognition that, some or all of this sum may need to be refinanced externally at some time, if future cash flow patterns would change.
- That the target external borrowing capacity limit be defined as 1/3 of capital, smoothed over 5 years, and the maximum borrowing capacity limit at 40% of capital smoothed over 5 years.
- In the event that outstanding external borrowing exceeds the maximum, no further external borrowing will be permitted until such time as the actual outstanding borrowing is no greater than the target external borrowing capacity of 1/3 capital smoothed over 5 years.
- That principal and interest repayments related to bullet debenture borrowing be placed in the Long-Term Borrowing Pool, or other sinking fund mechanism, and, together with investment income, be used to pay periodic interest payments to lenders, and to pay issue and ongoing administrative costs, with the expectation that the net sum from these additions and draw downs will be sufficient to repay the bullet debentures at maturity.

¹ Complete documentation is available at <http://www.utoronto.ca/govcncl/bac/details/bb/2003-04/bba20040617-07c.pdf>.

² Expendable Funds Investment Pool