



University Students' Council of the University of Western Ontario INTERNAL BORROWING POLICY

EFFECTIVE:	DD MONTH YR	REVIEW:	DD MONTH YR
AUTHORITY:	Board of Directors	POLICY#	G-00
TYPE:	BOARD FINANCE POLICY		

PURPOSE:

This policy governs and provides direction for the extension of internal loans for the purpose of financing approved projects. It does not provide a mechanism for project approval.

The purpose of this policy is to minimize overall cost of funds while enabling the USC to effectively utilize existing resources in a responsible and consistent manner that aligns with the USC's mission, goals, and strategic plan.

1.00 ACCESS TO THE STUDENT FEE STABILIZATION RESERVE

1.01 Projects eligible for funds from the Student Fee Stabilization Reserve will have been reviewed by the President, Secretary-Treasurer, General Manager, and Managing Director Finance and Corporate Resources, hereafter referred to as the Budget Strategic Team.

1.02 Any use of funds from the Student Fee Stabilization Reserve shall normally:

- (1) Adhere to an internal borrowing guidelines as outlined below,
- (2) Comply with the Reserve Fund Policy, and
- (3) Be authorized by the Board of Directors at the recommendation of the Budget Strategic Team.

2.00 INTERNAL BORROWING GUIDELINES

2.01 Internal borrowing shall refer to any arrangement where the Board grants funds from the Student Fee Stabilization Reserve with a plan to repay those funds, over time, with any applicable interest.

2.02 Any internal borrowing schemes from the Student Fee Stabilization Reserve shall:

- (1) Be financed using funds from the Student Fee Stabilization Reserve as per the Reserve Fund Policy,
- (2) Reference a business plan that has been approved by the Budget Strategic Team, and
- (3) Be approved by the Board of Directors by majority resolution at the recommendation of the Budget Strategic Team.



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3.00 INTERNAL BORROWING ADMINISTRATION

3.01 Maximum Amount Available:

- (1) Total loans will not exceed the available funds in the Student Fee Stabilization Reserve.
- (2) The Secretary-Treasurer shall advise to Board on any internal loans with consideration for the maximum amount for any given loan taking into consideration, among other things, the cost and value of a project and other anticipated future calls on the Student Fee Stabilization Reserve.

3.02 Maximum Loan Term:

- (1) Any loan shall be repaid over a fixed period not normally exceeding fifteen (15) years or the anticipated useful life of the asset if applicable.

3.03 Interest Rate:

- (1) Interest will be charged to mitigate the cost of the loan to the corporation and the risk associated with the loan.
- (2) The interest rate will be determined by the Managing Director Finance and Corporate Resources and shall be based on:
 - i. Foregone investment revenues,
 - ii. Risk associated with the loan,
 - iii. External market lending rates, and
 - iv. Any other factors deemed relevant by the Budget Strategic Team.
- (3) The interest rate does not need to completely cover forgone revenues or completely compensate for anticipated risk.

3.04 Other Terms:

- (1) Repayment shall be structured on an amortizing loan basis to provide level annual debt service payments at the time that the loan is issued. Payment frequency shall be monthly starting at a date determined by the Budget Strategic Team.
- (2) Repayment in advance of the maturity date will be permitted without penalty.
- (3) Any forgiveness of interest or principle or the suspension of payments shall be approved by the Board at the recommendation of the Budget Strategic Team.



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4.00 REPORTING OBLIGATIONS

- 4.01 The Secretary-Treasurer shall prepare an annual report on the status of the Student Fee Stabilization Reserve and any existing, planned, or pending internal loans as a part of the annual budget process.

5.00 EXCEPTIONS

- 5.01 Any exceptions to this policy must be reviewed by the Budget Strategic Team and approved by the Board of Directors at their next regular or duly called meeting.

