

Policy Number: 3-501	Policy Name: Issuance of Debt and Financing
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3-501 Issuance of Debt and Financing

- A. Matters relating to the issuance and sale of debt shall be presented for board action as outlined in board policy.
- B. Lines of credit may be obtained and drawn on by the universities for cash management and/or liquidity purposes in accordance with the following guidelines:
 - 1. Matters related to opening any line of credit shall be submitted for review by the University Governance and Operations Committee and approval by the board.
 - 2. Requests for opening a line of credit shall include:
 - i. Justification and purpose for opening the line of credit; and
 - ii. Terms and conditions of the line of credit agreement including: interest rates, repayment terms, payment schedules, and other relevant covenant requirements.
 - 3. Any draws on approved lines of credit shall be reported to the board office and any use of lines of credit and outstanding balances shall be reported in the financial status updates provided to the University Governance and Operations Committee.
- C. A university may refund outstanding debt without board approval provided that:
 - 1. The refunding produces net present value savings of at least 2.5 percent of the par amount of the debt being refunded and the term for each refunding is the same or shorter than the existing maturity term of the debt being refunded;
 - 2. The terms of any refunding shall be reported to the board office after a refunding has been completed; and
 - 3. Refundings are included in debt reports required to be submitted by

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the universities to the board.

- D. Refunding of any outstanding debt with parameters outside those described in paragraph C of this section shall require approval by the board.
- E. Universities have authority to issue and maintain a commercial paper program for capital financing provided the use of commercial paper is identified in the project fiscal management plan submitted for board approval, including:
 - 1. Total amount to be issued;
 - 2. Anticipated interest rates and pricing parameters; and
 - 3. Anticipated final maturity date or final renewal periods for the commercial paper.