A. Background and Purpose

The physical facilities of the University are critical to the delivery of academic programs and services. Improvement and expansion of facilities requires the development of capital project proposals accompanied by a business plan including the strategic importance, project funding sources and operating revenue and expenditure implications.

The University expects any project for which financing is necessary to

Board of Governors' approval of the project

7. The measures set out in section 6 should be assessed as follows:

Debt Level Measures			
	Debt Per FTE	Debt Service Coverage	Debt to Total Revenue
Green Zone	$12,500	3.5%	33%
Amber Zone	> $12,500 $13,500	> 3.5% 3.7%	33%
Red Zone	> $13,500	> 3.7%	33%

a) Green Zone

Debt levels falling within the limits in the Green Zone would be considered acceptable within this policy.

b) Amber Zone

Debt levels which would position total external debt in the Amber Zone would not automatically disqualify a borrowing proposal but should be carefully assessed and shall include a plan to return to the lower thresholds. The plan should be reported to the Finance, Audit, Investment and Risk Committee of the Board of Governors.

c) Red Zone

Debt levels which would position total external debt in the Red Zone would require careful assessment of both the magnitude and duration of the breach and would require Board approval.

8. The Vice-President Finance and Administration will report on the University's capital debt a minimum of once annually through the Finance, Audit, Investment and Risk Committee to the Board of Governors. The report shall include the current and projected debt levels, compliance with debt capacity guidelines and other relevant information.

9. Levels set out in this policy are based on an examination of debt levels at similar universities across Canada and on guidance from financial institutions. The policy shall be reviewed annually to ensure that it remains consistent with the University's strategic objectives and the external environment.