



## Use of Excess Borrowings Policy

**Category:** Financial;

**Jurisdiction:** Vice President, Administration and Finance; Board Finance & Operations Committee;

**Approval Authority:** Board of Governors;

**Established on:** September 29, 2005;

**Amendments:** January 20, 2006; November 12, 2009; March 4, 2010.

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### Purpose

The purpose of this policy is to establish the use of excess borrowings resulting from the issue of bonds in fall 2005.

### Scope

This policy establishes the use of excess borrowings resulting from the issue of the bonds in fall 2005.

### Policy

1. The excess borrowings shall be used to create an internally restricted "Investment".
2. The funds shall be invested under the current Statement of Investment Policies and Guidelines for Trust & Endowment Funds.
3. Each year a minimum of 30% of the rate of return earned shall be added to this endowment fund in order to preserve its capital.
4. Each year a maximum of 70% of the rate of return earned shall be used by the University in a manner proposed by the Priorities and Planning Group (PPG) and approved by the Board of Governors.

5. In the year of a negative return, the endowment fund will be credited with the amount of the negative return.
6. Spending from the endowment must be approved by the Board of Governors.
7. The debt being retired from the issue of these debentures in October 2005 represents debt acquired to fund the Hangar, various Residences, Energy Conservation Projects and ATAC. These project loans, all but ATAC, shall continue to be amortized over their initial terms; an internal sinking fund shall be established with the objective of repaying the principal and interest to the end of the debenture. For ATAC, the difference between the initial amortization costs and the principal and interest payments on the debenture shall be used annually for deferred maintenance with respect to the ATAC building and upgrading of equipment in that building.

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**Review Period:** 7 years;

**Date for Next Review:** 2022-2023;

**Related Policies and Procedures:** None;

**Policy Superseded by this Policy:** None.

The University Secretariat manages the development of policies through an impartial, fair governance process, and in accordance with the Policy Governance Framework. Please contact the University Secretariat for additional information on University policies and procedures and/or if you require this information in another format:

Open: Monday through Friday from 8:30am to 4:30pm;

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