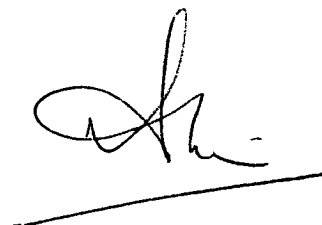


SIMON FRASER UNIVERSITY
University Secretariat
MEMORANDUM

To: Senate
From: Alison Watt, Secretary, Senate Committee on Agenda and Rules
Subject: Bond Funds Allocation Policy
Date: 24 September, 2003

Attached is a proposed Bond Funds Allocation Policy that has been developed by Pat Hibbitts, Vice-President, Finance and Administration for approval by the Board of Governors. SCAR determined that this policy should be circulated to Senate for information.



cc: P. Hibbitts

Attachment

Bond Funds Allocation

1. Preamble

In June of 2003 Simon Fraser University issued a \$150 million, 40 year, senior unsecured debenture. This objective of this policy and the attached procedures are to provide stewardship over the use of these funds. These debt funds are to be used in projects for which there is an identifiable revenue source distinct from operating grant funding from the provincial government. Eligible projects would include, for example, ancillary operations with user fees, projects funded through federal granting councils, and projects which present advancement opportunities in the long term.

2. Policy

To provide stewardship, the following criteria will apply in assessing potential bond funded projects:

- Degree of certainty of cash inflows and outflows
- Probability of repayment of principal and interest
- Debt coverage ratio
- Assessment of alternative for repayment of principal and interest
- Other relevant factors

The Vice President Finance & Administration is responsible for the assessment of projects and will make recommendation to the President. To aid in this process, the Vice President Finance & Administration will form a Bond Project Review Committee. The committee will consist of SFU staff with appropriate technical expertise and where necessary, up to four external "experts". A project must also have the support of the responsible Vice President. Projects requiring funds of less than \$1 million are not considered appropriate for bond funding.

The BPRC will receive requests in the format and by the process and procedures outlined in the Bond Funds Allocation Procedures document.

3. Interpretation

Questions of interpretation or application of this policy shall be referred to the President whose decision shall be final.