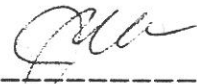


Office of the Treasurer

4840 Pearl East Circle, Suite #103
Campus Box 25
Boulder, Colorado 80309-0025
(303) 492-9760, FAX: (303) 492-9769

MEMORANDUM

DATE: November 24, 1993
TO: President Judith E. N. Albino



Approved



FROM: Associate Vice President and Treasurer Judith H. Van Gorden

SUBJECT: Request for Approval on Approach to Sizing the Internal Loan Portfolio

I. REQUEST FOR ACTION BY THE BOARD OF REGENTS

It is respectfully requested that the following resolution be submitted to the Board of Regents for approval at the meeting on December 16, 1993.

RESOLVED, that the Treasurer of the University of Colorado is authorized to set the size of the internal loan portfolio at an amount that is no larger than 15% of the core portfolio.

FURTHER RESOLVED, that the amount set aside for internal loans is within the University's Debt Capacity Guidelines.

II. STATEMENT OF INFORMATION

The availability of internal funds as a source of financing for high-priority projects has become a critical element in the University's ability to plan projects due to new legislation such as Amendment 1, Amendment 8, which limits state capital investment funds, and Senate Bill 93-245, which limits multiple-fiscal year obligations and the issuance of certificates of participation.

Limiting internal loans to 15% of the core portfolio would make \$24 million available. Since \$13.2 million is committed to projects now, this limit would make available an additional \$10.8 million.

The recommended limit is within the guidelines of the University's debt capacity policy. Debt capacity is measured by the percentage of maximum future annual debt service divided by the unrestricted current fund expenditures plus mandatory transfers. The University has limited this percentage to 7%, of which 6% is reserved for external debt and 1% for internal debt. Based on the most recent debt capacity review, the 1% limit sets a maximum of \$46 million for internal debt.

III. PREVIOUS ACTIONS

The Regents review the debt capacity study annually at the Regents Planning and Budget Retreat.