

Office of Associate Vice President for Budget & Finance and Treasurer

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4840 Pearl East Circle, Suite #103  
Campus Box 25  
Boulder, Colorado 80309-0025  
(303) 492-9750, Fax: (303) 492-9769  
E-mail: Treasurer@wizard.colorado.edu

DATE: October 2, 1996

TO: President John C. Buechner

  
Approval

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

RE: Request for Approval of a Line of Credit for Each Campus and  
System Administration from the Treasury Pool

**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 October 17, 1996.

RESOLVED, that the Treasurer of the University of Colorado is authorized to create a line of credit and loan funds of the University Investment Pool to each of the campuses and system administration for equipment and capital acquisitions.

FURTHER RESOLVED, that the line of credit terms shall be as follows:

- The loan approval process will follow procedures established for internal treasury loans utilizing this line of credit.
- Approved loan applications will comply with the campus' maximum debt capacity limit.

FURTHER RESOLVED, that the maximum amount of the line of credit for each campus is:

- Boulder Campus \$8 million
- Health Sciences Center \$4 million
- Denver Campus \$1 million
- Colorado Springs Campus \$1 million
- System Administration \$1 million

FURTHER RESOLVED, that should external financing prove cost effective, costs and expenses financed through this internal loan and any other sources may be refinanced with the financing of other unexpended project costs through the issuance of external debt, and the Treasury Pool will be reimbursed for such financing, and further provided that this resolution is a declaration of intent to reimburse under Treasury regulation section 1.150-2(e).

FURTHER RESOLVED, that loans under this line of credit will be made to the campus and that the Chancellor of the campus will guarantee loan repayment.

## II. STATEMENT OF INFORMATION

Campuses often utilize vendor financing or leasing from an external company to finance equipment purchases. This proposal enables the campus to pay for an item over multiple fiscal periods, up to the life of the asset. Although the approval process is usually swift, the interest rates charged by the vendor or leasing company are high compared to internal treasury loan rates. This line of credit is designed to provide a lower-cost alternative to external financing for capital investments which are within the specified criteria.

A report to the Board of Regents on the use of this line of credit will be included in the regular Treasurer's Report to RAFAC.

## III. PREVIOUS ACTIONS

No previous actions have been taken on this item. This proposal was discussed at the September RAFAC meeting.