



University of Toronto

OFFICE OF THE VICE-PRESIDENT, BUSINESS AFFAIRS - FINANCE

TO: Business Board

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DATE: June 7, 2007 for June 21, 2007

AGENDA ITEM: 10 (c)

ITEM IDENTIFICATION:

Borrowing – Status Report to May 31, 2007

JURISDICTIONAL INFORMATION:

The Business Board receives reports on financial matters.

PREVIOUS ACTION TAKEN:

The borrowing strategy was approved by Governing Council in June 2004. Annual updates on borrowing were provided in June 2005 and June 2006. Additional reporting on borrowing was provided in October 2006 and January 2007 with updates to be provided at each meeting starting February 2007. Updates on allocated borrowing have also been provided at each meeting as part of the Capital Projects Report.

HIGHLIGHTS:

This status report provides the Business Board with an update of the maximum borrowing capacity, borrowing allocated by Business Board and actual external and internal borrowing. It augments the annual report on borrowing which is presented annually at the Business Board in June of each year.

To May 31, 2007, maximum borrowing capacity is \$875.2 million, borrowing allocated by Business Board is \$777.1 million, actual external borrowing is \$556.7 million, and actual internal borrowing outstanding is \$98.1 million.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

-None

RECOMMENDATION:

For information.

University of Toronto
Borrowing
Status Report to May 31, 2007
(in millions)

Maximum borrowing capacity for 2007-08	
Maximum external borrowing capacity updated at April 30, 2007, at 40% of net assets averaged over 5 years	675.2
Maximum internal borrowing capacity updated at April 30, 2007:	<u>200.0</u>
Maximum borrowing capacity for 2006-07	875.2

Borrowing allocated	
Total borrowing allocated by Business Board to April 30, 2007	777.1
Projects approved by Business Board on May 7, 2007	<u>-</u>
Total borrowing allocated by Business Board to May 31, 2007	777.1

Actual external borrowing	
Borrowing prior to 2001 (excluding \$2.0 million to be repaid during 07-08)	46.7
Series A debenture	160.0
Series B debenture	200.0
Series C debenture	75.0
Series D debenture	<u>75.0</u>
Total external borrowing at April 30, 2007	556.7
Total external borrowing at April 30, 2007 as a % of net assets averaged over 5 years	33%

Actual internal borrowing issued from EFIP	
Balance net of repayments at April 30, 2007	98.5
Less: repayments	<u>(0.4)</u>
Outstanding internal borrowing net of repayments at May 31, 2007	98.1

Projected maximum borrowing capacity* range from 2008 to 2010 depending on investment returns		
	LOW	HIGH
April 30, 2008	\$ 903.5	\$ 933.7
April 30, 2009	\$ 951.6	\$ 1,000.7
April 30, 2010	\$ 994.7	\$ 1,071.3

* External borrowing capacity (40% of net assets averaged over 5 years) plus \$200 million internal borrowing as per borrowing strategy review to Business Board in January 2007