Office of the President

TO MEMBERS OF THE COMMITTEE ON LONG RANGE PLANNING:

DISCUSSION ITEM

For Meeting of January 21, 2015

REVIEW OF DEBT STRATEGY TASK FORCE

The Debt Strategy Task Force was convened in the first quarter of 2014-15 by Executive Vice President Brostrom and the Committee on Long Range Planning to analyze the University’s debt needs/capacity in the near intermediate term and ultimately formulate a systemwide debt policy. Campuses continue to have extensive capital needs driven by increased enrollment, capital maintenance, medical center priorities, and energy efficiency initiatives. These capital priorities will need to be reconciled with the University’s debt management practices and capacity constraints, and evaluated in light of evolving market conditions. The changed environment the University now faces includes reduced State support (operational and capital), increased debt load, and pension accounting changes that have had a material effect on the University’s operating and balance sheet ratios. In response, the Office of the President is undertaking a debt strategy review and assessment to develop a revised debt strategy for its capital financing needs going forward. The Task Force is made up of representatives from the Office of the President, campuses, medical centers, and the University’s debt financial advisor and banking team.

This review will serve as an update to the Regents on these initiatives.