

ACTION ITEM #7

Proposed Revisions to Board of Regents Debt Management Policy (BOR5) (Leslie Brunelli/Matt Skinner)

April 19, 2024

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: Proposed Revisions to the Board of Regents Debt Management Policy (BOR5)

PROPOSED: That the Board of Regents approve proposed revisions to the Board of Regents Debt Management Policy (BOR5)

SUBMITTED BY: Leslie Brunelli, Executive Vice President, Finance & Administration/CFO

**SUPPORTING
INFORMATION:**

State law authorizes the WSU Board of Regents to issue bonds, notes, or other forms of indebtedness to fund various University purposes. [RCW 28B.10.022](#), [28B.10.300-330](#), [28B.30.700-800](#). The Board of Regents may obligate all or a component of the University's fees and revenues to repay such debt instruments, provided that such fees and revenues are not subject to appropriation by the legislature and do not constitute general state revenues.

The use of debt instruments to support University purposes is governed by the Board of Regents Debt Management Policy (BOR5). The policy assigns responsibilities for the implementation and management of the University's debt portfolio and was developed in consultation with WSU's financial advisor, Public Financial Management (PFM), and bond counsel, K&L Gates. The Regents have delegated authority to the President or designee for refunding bonds when savings thresholds as stated in the Debt Management Policy are met. See Board of Regents Policy on Delegation of Authority (BOR2), [Appendix 6](#).

In consultation with PFM and K&L Gates, WSU proposes updates to the Board of Regents Policy Debt Management Policy as shown in Attachment A and summarized as follows:

- Highlight that the Board has delegated authority to the University President or designee to issue refunding bonds for savings.
- Clarify that operating and capital leases are not within the scope of the policy.

- Simplify the saving thresholds associated with refunding activities to increase flexibility in capturing savings through refinancing of existing debt, while ensuring meaningful net present value savings are achieved.
- Create flexibility for the Executive Vice President and Chief Financial Officer or the Board to consider various debt ratio and metric requirements in the annual Board of Regents debt report.

ATTACHMENT: Proposed Updates to Board of Regents Debt Management Policy (BOR5) -- Redline

BOARD OF REGENTS

Proposed Revisions to Board of Regents Debt Management Policy (BOR5)

Resolution # 240419-709

WHEREAS, the Board of Regents of Washington State University by virtue of RCW 28B.10.528 has authority to delegate by resolution to the President of the University, or designee, powers and duties vested in or imposed upon the Board by law and to enable the President, or designee to act on behalf of the Board of Regents in matters relating to the administration and governance of the University.

RESOLVED: That the Board of Regents approve the proposed updates to the Board of Regents Debt Management Policy.

Dated this 19th day of April, 2024

Chair, Board of Regents

Secretary, Board of Regents