



## FACILITIES RENEWAL RESERVE POLICY

### MSVU Environment

In the past, the University did very little borrowing for capital project initiatives. Typically, facilities renewal initiatives would be deferred as long as possible or until a major capital project initiative was undertaken. When such an initiative was undertaken, particularly when it was a major renovation, all deferred issues for that building would be addressed at that time. Usually government funding was available for a major portion of such initiatives. The Capital Reserves were used primarily to address emergency repairs or renovations which were usually funded on a cash basis.

Over the past five to ten years, the environment has been changing. There has been very little support from the provincial or federal governments for capital projects or facilities renewal. With lower interest rates, financing has become a much more viable funding option. There is still a listing of deferred facilities renewal issues to be addressed and these issues continue to be incorporated into any major capital renovation projects.

### MSVU Principles

The Facilities Renewal Reserve will be used to:

- Provide funding for emergency repairs that are not funded through the Operating Fund;
- Provide funding for an equity injection when required to obtain financing or obtain a more favorable interest rate;
- Provide funding for initial exploratory work on larger projects; and
- Provide matching funds should opportunities arise to leverage government or other funding sources for facilities renewal initiatives.

### Replenishment of the Facilities Renewal Reserve

The Facilities Renewal Reserve may be funded through allocations from the Capital Fund or the Strategy Implementation Reserve and will be approved by the Board of Governors as part of the annual budget process. The reserve will be maintained at a level no less than \$200K unless special approval is obtained from the Board of Governors to spend below that amount.

### Policy Application

Expenditures from the Reserve of amounts less than \$75K require approval of the President, on recommendation from the Vice President (Administration) and the Vice President (Academic). Allocation of reserve excess of more than \$75K will be recommended by the President to the Finance Committee, who in turn will recommend to the Board of Governors for approval.

Approved by Board of Governors: November 15, 2005  
Approved by the Finance Committee: June 8, 2015  
Approved by Board of Governors: June 25, 2015