

Borrowing and Loan Policy

Effective Date: July 1, 2021
Supersedes: Borrowing Policy and Loan Guidelines, effective December 8, 2006
Policy Review Date: To be reviewed every 1 year from effective date
Issuing Authority: Research Foundation President
Policy Owner: RF Chief Financial Officer
Contact Information: 518-434-7050
rffinance@rfsuny.org

Reason for Policy

In May 2005, the RF board of directors authorized management to borrow up to \$80 million to meet daily operational and sponsored program needs. This policy describes the lines of credit established under this authorization. Any additional borrowing must be approved by the RF board of directors.

Statement of Policy

RF management established two programs: a working capital line of credit for daily cash liquidity needs and a project finance line of credit for campus sponsored program needs. Subject to approval in accordance with the provisions of this Policy, the RF lines of credit can be used for:

1. Major sponsored program activity that requires short-term (less than 1 year) financing of \$1 million or more.
2. Sponsored program deficits as directed by the RF's CFO or the RF's President.
3. Day-to-day cash-flow operating needs.

Occasionally campuses, affiliated organizations or other SUNY-related organizations require support through loan guarantees or other long-term financing options including any lease agreements that are not related to sponsored programs. Any long-term financing in the name of the RF must be evaluated by the Director of Finance and Associate Director of Financial Accounting & Reporting for proper accounting review, reviewed by RF Legal and approved by the RF CFO. The RF is committed to supporting other financing needs and will consider all inquiries.

Terms and Conditions

The following table outlines the interest rate, payment terms and maturity for each type of loan.

Type of Loan	Interest Rate Basis	Payment terms and Maturity
Working Capital Line of Credit	SOFR (Secured Overnight Financing Rate) minimum of 50 bps, plus 150 basis points for a total minimum of 2.0%*	On the Maturity or Due Date, the loan becomes payable. Loans may not be paid off early. If the loan will be paid off on the Maturity or Due Date, the Operations Manager must notify the Director of Treasury Operations at Central Office (CO) five days in advance.
Project Finance Line of Credit	SOFR minimum of 50 bps, plus 150 basis points for a total minimum of 2.0%*	On the Maturity Date if CO is not notified that the loan will be repaid, the loan will be automatically renewed for the existing principal amount, at the existing term, and at the interest rate in effect on the date of renewal. * At Maturity, interest rates may change based on the SOFR rate at the time. Interest is assessed and charged monthly to the campus' RMS allocation account.

How to Request a Loan

Complete the [RF Loan Application](#) and include a detailed description of the project. All loan requests must be submitted in writing to the Director of Treasury Operations at Central Office. The Loan Application must be signed by the RF Operations Manager for the requesting campus.

1. The application will be reviewed by appropriate RF Central Office (CO) Leadership staff and make a recommendation to RF CO CFO
2. RF CO CFO will approve the loan if there is enough merit for support by the RF and whether it fits within the mission of the RF.
3. RF CO CFO has no authority to approve loans if they are not financially sound and in the best interest of the RF.
4. RF CFO will sign all documents with the bank or other financial institutions.

Responsibilities

The following table outlines the responsibilities for compliance with this Policy:

Responsible Party	Responsibility
Operations Managers	Request and sign loan application; provide notification of loan pay off
Director of Finance and Assoc. Dir. Of Financial Accounting & Reporting	For non-project line of credit loans, evaluate any long-term financing for proper accounting review
RF Central Office Leadership staff	Review for approval
RF Officers: CFO; General Counsel & Secretary and President	Approval of loan and any variations from the Policy
Campus	Fund Monitoring
RF Board of Directors	Approval Authority

Definitions

SOFR - The secured overnight financing rate (SOFR) is a benchmark [interest rate](#) for dollar-denominated derivatives and loans. SOFR is based on transactions in the Treasury repurchase market and based on data from observable transactions rather than on estimated borrowing rates.

Maturity Date (Due Date) - The date on which the loan must be paid.

Related Information

[Responsibility for Losses Policy](#)

[Investment Policy](#)

[RF Loan Application](#)

Forms

[RF Loan Application](#)

Change History

Date	Summary of Change
July 24, 2024	Revision to Project and Working Capital LOC interest rates
October 31, 2023	Revision to Project LOC interest rate
April 5, 2023	Revision to benchmark rate and title of RFCO contact. Policy Reviewed.
July 1, 2021	Revision to rates, amounts and titles
May 12, 2011	Revision to rates
April 13, 2010	Revision to rates and amounts
December 8, 2006	New Document

Feedback

Was this document clear and easy to follow? Please send your feedback to webfeedback@rfsuny.org.