

BOARD MANUAL

SUBJECT: Borrowing	NO.: 2-C-36
SECTION: Corporate Performance and Oversight	
APPROVED BY: Board of Directors	DATE: February 5, 2025

Policy

The Board sets borrowing limits and approves any changes to these limits. Cambridge Memorial Hospital (the Hospital) maintains a Board approved long-term cash strategy plan that strives to minimize reliance on debt while ensuring access to necessary funds for operational and capital needs. Annually, these plans are assessed in the context of the organization's operating and capital planning cycle. All borrowing will comply with governmental obligations.

Guideline

1. Board approval is required for the Hospital to borrow money.
2. The Hospital will only borrow money for the following purposes:
 - (a) To secure bridge financing for working capital requirements;
 - (b) To secure operating financing (line of credit) to fund normal operating requirements arising from timing differences between cash inflows and expenditures;
 - (c) To secure capital project financing to support a capital project;
 - (d) To lease or finance capital equipment that is part of the organization's Board-approved capital project plan;
 - (e) To lease or finance the purchase of land or property consistent with the Hospital's Master Plan and/or space planning needs; or
 - (f) To support an expenditure justified by a business case with an acceptable financial return.
3. The Hospital will maintain a line of credit to cover short-term funding requirements subject to the following:
 - (a) Board approval is obtained for the establishment of the line of credit and any other debt instruments.
 - (b) Any changes to these limits will require Board approval that will be linked to a business case and a repayment strategy.
 - (c) The Chief Executive Officer and Chief Financial Officer may use the line of credit or any other debt instruments, but must ensure that:
 - (i) All borrowing is in compliance with the Hospital's long-term cash strategy plan;
 - (ii) Regular monitoring and reporting of debt utilization is maintained to ensure that it remains within approved limits;
 - (d) The Chief Executive Officer will inform the Resources Committee and the Board of the use of the line of credit at their next regularly scheduled meeting, including:

- (i) A detailed explanation of the borrowing requirements and justification for the use of the line of credit;
- (ii) An update on the repayment strategy and expected timeline for repayment;

4. The Hospital will establish, as needed, a debt management plan that outlines the following:

- (a) A review process to ensure compliance with the Hospital's long-term cash strategy plan;
- (b) Regular monitoring of debt utilization and reporting to the Board;
- (c) A framework for managing interest rates, fees, and other costs associated with borrowing;
- (d) A plan for reviewing and updating the debt management plan annually or as needed;

Responsibilities

- The Board of Directors is responsible for approving borrowing limits and changes to these limits.
- The Chief Executive Officer and Chief Financial Officer are responsible for ensuring compliance with the Hospital's long-term cash strategy plan and debt management plan.
- The Resources Committee is responsible for reviewing and recommending updates to the investment policy and debt management plan.

DEVELOPED: October 27, 2010		REVISED/REVIEWED:
May 29, 2013	September 30, 2015	October 17, 2018
May 25, 2022	Click or tap to enter a date.	Click or tap to enter a date.
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