

REIMBURSEMENT RESOLUTION FOR CAPITAL PROJECTS

A Recommendation

1. **Division and Department:** Finance and Administration Division, Treasury Management Department
2. **Introduction:** The Internal Revenue Service requires that before the University can reimburse itself for expenses made prior to the issuance of tax-exempt bonds, it must adopt a resolution evidencing its intent to issue a specified maximum principle amount of bonds in the future for the projects to be financed.

This Reimbursement Resolution satisfies the Internal Revenue Service's requirements for those capital projects currently identified by the University, namely the South Student Housing Complex, Oakland Center Expansion, Elliott Hall Expansion, and Lepley Renovation (collectively the "Projects").

This Reimbursement Resolution does not commit the Board of Trustees (Board) to issue bonds for any of the Projects, nor to issue any particular amount of bonds, nor to proceed with the construction of any of the Projects. If adopted, all expenses incurred by the University with respect to the Projects made sixty days prior to the adoption date of the Reimbursement Resolution, and thereafter, can be subsequently reimbursed from the bond proceeds.

3. **Previous Board Action:** None.
4. **Budget Implications:** Debt service related to the bond issue will be incorporated into the University's General Fund and Auxiliary Fund budgets in the fiscal year the Projects are completed.
5. **Educational Implications:** Additional campus housing and expanded and renovated academic and student activities facilities are expected to have a positive impact on retention and graduation rates as well as student life experiences.
6. **Personnel Implications:** None.
7. **University Reviews/Approvals:** This resolution was prepared by the Treasury Management Department, Vice President for Finance and Administration, reviewed by the Vice President for Legal Affairs and General Counsel and approved by Clark Hill, Bond Counsel, and the President.

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8. Recommendation:

WHEREAS, the United States Department of Treasury has promulgated final regulations that, among other things, impose requirements on governmental entities such as the Board of Trustees of Oakland University (the "University") when they desire to reimburse themselves for expenditures made for capital improvements from the proceeds of tax-exempt debt obligations issued after the making of the expenditures; and

WHEREAS, the University has identified certain capital projects, namely the South Student Housing Complex, Oakland Center Expansion, Elliott Hall Expansion, and Lepley Renovation, on which the University expects to expend its funds prior to the issuance of tax-exempt debt obligations, and to reimburse itself from the proceeds of those obligations upon their issuance; and

WHEREAS, the University intends to state at this time its declaration of official intent to reimburse itself for the capital expenditures made for the Projects in accordance with Treasury Regulation Section 1.150-2.

NOW, THEREFORE BE IT RESOLVED THAT:

1. The BOARD OF TRUSTEES OF OAKLAND UNIVERSITY makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. Section § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

a. As of the date hereof, the University reasonably expects to expend funds for the Projects and to reimburse itself for the capital expenditures in connection therewith with the proceeds of debt to be incurred by the University.

b. The design phase of the Projects has commenced, and it is currently contemplated the Projects will be completed on or before December 31, 2018.

c. The maximum principal amount of debt expected to be issued by the University for the capital expenditures described herein, including issuance costs and capitalized interest is \$200,000,000.

d. The expenditures described above will be "capital expenditures" as defined in Treas. Reg. § 1.150-1(h), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of "placed in service" under Treas. Reg. § 1.150-2(c)) under general Federal income tax principles (as determined at the time the expenditures are paid).

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2. Pursuant to Treasury Regulation Section 1.150-2, the University hereby authorizes each of the President and the Vice President for Finance and Administration to execute and file in the place where minutes of the Board of Trustees of Oakland University are kept, Reimbursement Orders for future projects, evidencing the intent of the University to reimburse itself for capital expenditures from the proceeds of subsequently issued debt.

3. This resolution shall be operative, effective and valid on December 2, 2015.

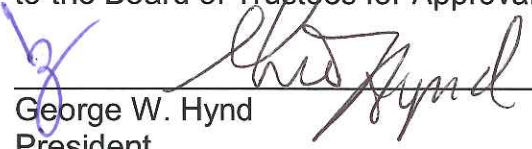
9. **Attachments:** None.

Submitted to the President
on 11/24, 2015 by



John W. Beaghan
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 11/24, 2015
to the Board of Trustees for Approval by



George W. Hynd
President