

**HUMAN HEALTH BUILDING REIMBURSEMENT RESOLUTION**

1. **Division and Department:** Finance and Administration Division, Treasury Management Department.

2. **Introduction:** The Governor of the State of Michigan signed the Capital Outlay Budget for FY08, Senate Bill 511, allocating a capital appropriation of \$40 million for Oakland University (University) to build a Human Health Building (HHB) at an estimated total cost of \$61,748,075. The \$21,748,075 University match will be funded from private support and/or bond proceeds. Expenditures for the HHB are expected to begin in 2008, and may include, but not be limited to, initial architectural services, site surveys, testing, and boring.

In order for expenditures made prior to the issuance of tax-exempt bonds to be subsequently reimbursed out of bond proceeds, Internal Revenue Service regulations require that a resolution be adopted by the bond issuer evidencing its intent to issue a specified maximum principal amount of bonds in the future for the project to be financed. The proposed "Reimbursement Resolution" satisfies the Internal Revenue Service's requirements in this regard.

The proposed Reimbursement Resolution does not commit the Board of Trustees (Board) to issue bonds for the HHB, nor to issue any particular amount of bonds, nor to proceed with the construction of the HHB. Its sole purpose is to satisfy the Internal Revenue Service's regulations in the event that tax-exempt bonds are issued by the Board for the HHB. If the resolution is adopted, any expenditures with respect to the HHB made after the adoption of the resolution and any expenditures made within sixty days prior to the adoption of the resolution can subsequently be reimbursed out of bond proceeds.

The proposed Reimbursement Resolution was prepared by external Bond Counsel.

3. **Previous Board Action:** None.

4. **Budget Implications:** Debt service on the HHB project will be budgeted in the General Fund upon Board approval.

5. **Educational Implications:** The HHB is expected to house the School of Nursing and School of Health Sciences.

6. **Personnel Implications:** None.

7. **University Reviews/Approvals:** The resolution was prepared by external Bond Counsel and reviewed by the University's Vice President for Legal Affairs, Treasury Management Department and the Vice President for Finance and Administration prior to submission to the President.

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Oakland University  
Finance, Audit and Investment Committee  
October 30, 2008  
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**8. Board Action to be Requested:** At the November 5, 2008 Formal Session the Board will be asked to approve the following resolution:

Resolution of the BOARD OF TRUSTEES OF OAKLAND UNIVERSITY declaring the official intent requirements of Treasury Regulation 1.150-2 under the Internal Revenue Code of 1986, as amended:

WHEREAS, Oakland University (the "University") from time to time must make expenditures for capital projects which it intends to have reimbursed through the issuance of tax-exempt obligations; and

WHEREAS, in order to reimburse itself for such expenditures from the proceeds of a tax-exempt borrowing on or prior to the date no later than 60 days after the expenditure is made, the Board of Trustees (the "Board") of the University must declare its official intent to make such reimbursement under the Internal Revenue Code of 1986, as amended;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of Oakland University as follows:

The Board declares that it reasonably expects to reimburse itself, from debt to be incurred by the University on or after this date, for expenditures for the design, acquisition, construction and equipping of a new Human Health Building on the main campus of the University.

The maximum principal amount of debt which is expected to be issued for the above-described expenditures is \$25,000,000.

This resolution is intended to meet the requirements of Treasury Regulation 1.150-2.

**9. Attachments:** None.

**Submitted by Vice President for Finance and Administration  
and Treasurer John W. Beaghan:**

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(Please Initial)

**Reviewed by Secretary Victor A. Zambardi:**

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(Please Initial)

**Reviewed by President Gary D. Russi:**

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(Please Initial)