

Reimbursement Guidelines

Reimbursement of Capital Spending from State Bond-Funded Appropriations

The standard and preferred practice with respect to use of State capital (bond) funds is for higher education institutions to request a release of funds as needed to cover expenses on a current basis. Reimbursements from State bond funds of prior local expenditures are limited to necessary or exceptional situations and should not occur as a standard practice.

Two types of reimbursements may be requested, provided that certain conditions are met and that the required documentation has been timely completed and approved by the institution, BOR, and OBM:

- 1) Institution pays from available local funds costs of a capital project for which a State appropriation is reasonably expected to be forthcoming (for example, the appropriation bill has passed the General Assembly, but is not yet effective or not yet available for release).
 - 2) Institution issues its own debt obligations (such as bond anticipation notes) in anticipation of future State appropriations being made for the project.
- 1) Reimbursements of temporarily advanced local funds will be considered if, at the time the expenditure was made:
- a) An appropriation specifically for the capital project to which the expenditure was related had been passed by the General Assembly and was in effect as law;
- OR
- b) The institution timely submitted to OBM for approval a Declaration of Official Intent to be reimbursed with tax-exempt bond proceeds (see the attached Declaration of Official Intent form).
 - The Declaration of Official Intent applies only to future expenditures and prior expenditures made within 60 days of its signing. Generally, reimbursements from State bond proceeds must take place within 18 months of the original expenditure.
 - The Declaration of Official Intent is limited to the stated amount and purpose. An approved copy of the form must be attached to the Controlling Board request.

Note: The Controlling Board must approve the release of State capital funds. An approved Declaration of Official Intent does not obligate, or affect the authority of, the Controlling Board with respect to approving or denying the release of State capital funds.

- 2) The issuance by higher education institutions of bond anticipation notes should be limited to longer-term, higher cost projects, and particularly those that may require multiple bienniums to complete. Upfront approval of this approach by OBM and the Board of Regents is required and ongoing coordination with respect to the payment schedule is essential.

Note: In all cases, the institution accepts the risk that future State appropriations may not occur in the anticipated amount or timeframe or may not be made at all. The institution understands that it is ultimately responsible for funding of the project, including payment of debt service on any obligations it issues.

DECLARATION OF OFFICIAL INTENT

For Reimbursement of Capital Expenditures from State Bond Funds

| | |
|-------------------------|-----------------------------|
| Project Title: _____ | Controlling Board No. _____ |
| Appropriation Act _____ | Capital Line Item: _____ |

This is a Declaration of Official Intent under U.S. Treasury Regulations for purposes of Sections 103 and 141 to 150 of the Internal Revenue Code of 1986 (IRC).

1. a) The Institution declares that it reasonably expects the expenditures described below to be reimbursed with the proceeds of bonds (as defined in Section 150 of the IRC). The maximum principal amount of bonds expected to be issued for the project, property, program, or purpose toward which the expenditures are being made is \$ _____.
 b) The earliest date on which the expenditures were made is _____.
 c) The date on which the project was placed into service is _____.
2. Description of capital expenditures to be reimbursed (provide a general and functional description of the project).

The Institution declares that it has reviewed the accompanying Reimbursement Guidelines and that the reimbursement(s) will be completed (by an allocation on the Institution's books and records identifying the expenditure) within the applicable period set forth in the Treasury Regulations (as outlined in the Reimbursement Guidelines).

I am authorized by and on behalf of the Institution to make and sign this Declaration of Official Intent, a copy of which will be on file in my office.

Date of Declaration

Name of Institution

(Name/Signature)

Title

Phone Number

E-Mail Address

Received and approved by the Office of Budget and Management on behalf of the Ohio Public Facilities Commission:

Date: _____

By: _____