

Wright State University
Capital Spending Reimbursement Authorization
April 16, 2015

In general, federal tax law prohibits the use of tax exempt bond proceeds to finance capital expenditures that occur before the bonds are sold. The purpose of this provision is to prevent an issuer from borrowing money at tax exempt rates to repay itself for capital expenditures that may have occurred years before.

There are several exceptions to this provision. One of those permits an issuer to file a "declaration of intent" to seek reimbursement for project expenditures from a future borrowing. This declaration allows an issuer to begin making capital expenditures for a project while preparations are being made to secure the financing.

This resolution authorizes the Vice President for Business and Finance during the next two years expiring June 30, 2017 to file declarations of intent to seek reimbursement in the name of the University should it be considered necessary. Any actual financing would still require separate approval by the Board of Trustees. This resolution is a renewal of a similar resolution passed in 2013, also for a two year period.

During the past two years, the Vice President has not filed any declarations of intent for reimbursement.

RESOLUTION 15-

Authorizing Declarations of Official Intent Under U.S. Treasury Regulations with Respect to Reimbursements from Note and Bond Proceeds of Temporary Advances Made for Payments Prior to Issuance, and Related Matters.

WHEREAS, United States Treasury Regulations prescribe conditions under which proceeds of bonds, notes, or other obligations used to reimburse advances made for certain expenditures paid before the issuance of such obligations, will be deemed to be expended (or properly allocated to expenditures) for purposes of Sections 103 and 141-150 of the Internal Revenue Code of 1986, so that upon such reimbursement the proceeds so used will not further be subject to requirements or restrictions under those sections of the Internal Revenue Code; and

WHEREAS, certain provisions of those Regulations require that there be a Declaration of Official Intent not later than 60 days following payment of the expenditure expected to be reimbursed from proceeds of such obligations, and that the reimbursement occur within prescribed time periods after the expenditure is paid or after the property is placed in service; and

WHEREAS, this Board of Trustees of Wright State University wishes to take steps for compliance with those Regulations; now, therefore,

BE IT RESOLVED by the Board of Trustees of Wright State University (the University) as follows:

Section 1. Definitions. The following definitions apply to the terms used herein:

“Authorized Officer” means the Vice President for Business and Fiscal Affairs and Treasurer or any person designated for the purpose by the Vice President for Business and Fiscal Affairs and Treasurer.

“Bonds” means and includes bonds, notes, certificates and other obligations included in the meaning of “bonds” under Section 150 of the Internal Revenue Code of 1986.

“Declaration of Official Intent” means a declaration of intent, in the form and manner and time contemplated in the Reimbursement Regulations, that the advances for expenditures referred to therein are reasonably expected to be reimbursed from the proceeds of Reimbursement Bonds to be issued after those expenditures are paid.

“Reimbursement” or “reimburse” means the restoration to the University of money temporarily advanced from its other funds and spent for capital expenditures (and certain other types of expenditures qualifying under the Reimbursement Regulations, including any issuance costs for Reimbursement Bonds) before the issuance of the Reimbursement Bonds, evidenced in writing by an allocation on the books and records of the University that shows the use of the proceeds of the Reimbursement Bonds to restore the money advanced for the original expenditure. “Reimbursement” or “reimburse” generally does not include the refunding or retiring of Bonds previously issued and sold to, or borrowings from, unrelated entities.

“Reimbursement Bonds” means Bonds the proceeds of which are to be used for reimbursement of such capital or other qualifying expenditures paid before issuance of the Bonds.

“Reimbursement Regulations” means Treasury Regulations section 1.150-2 and any amendments thereto or superseding regulations, whether in proposed, temporary or final form, as at the time applicable, prescribing conditions under which the proceeds of Reimbursement Bonds when allocated or applied to a reimbursement will be treated as expended for all or any purposes of sections 103 and 141 to 150 of the Internal revenue Code.

Section 2. Authorization and Requirement of Declarations of Official Intent. Each Authorized Officer is authorized to prepare and sign Declarations of Official Intent with respect to capital and other expenditures to which the Reimbursement Regulations apply (and including any costs of issuance of the Reimbursement Bonds) to be made from money temporarily available and which are reasonably expected to be reimbursed (in accordance with applicable authorizations, policies and practices) from the proceeds of Reimbursement Bonds, to make appropriate reimbursement and timely allocations from the proceeds of the Reimbursement Bonds to reimburse such prior expenditures, and to take any other actions as may be appropriate, all at the times and in the manner required under Reimbursement Regulations to satisfy the requirements for the reimbursement to be treated as an expenditure of such proceeds for purposes of sections 103 and 141 to 150 of the Internal Revenue Code of 1986. No advance from any fund or account or order for payment may be made for expenditures (other than expenditures excepted from such requirement under the Reimbursement Regulations) that are to be reimbursed subsequently from proceeds of Reimbursement Bonds unless a Declaration of Official Intent with respect thereto is made within the time required by the Reimbursement Regulations. All Declarations of Official Intent heretofore made on behalf of the Issuer are hereby ratified and adopted.

Section 3. Open Meeting. This Board of Trustees of Wright State University (Board) finds and determines that all formal actions of this Board concerning and

relating to the passage of this Resolution were taken in an open meeting of this Board and that all deliberations of this Board and of any committees that resulted in those formal actions were in meetings open to the public in compliance with the law.

Section 4. Effective Date. This Resolution will take effect immediately and will expire on June 30, 2017.

Motion:

Second:

Roll Call Vote:

**DECLARATION OF OFFICIAL INTENT
For Reimbursement of Expenditures from Bonds¹/Notes¹**

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 (the Internal Revenue code).

Wright State University (the "University") declares that it reasonably expects that the expenditures described below will be reimbursed with the proceeds of bonds (as defined in Section 150 of the Internal Revenue Code). The maximum principal amount of bonds expected to be issued for the project, property, program or purpose toward which these expenditures are being made is \$_____.²

Description of capital expenditures to be reimbursed.³

The undersigned has been authorized by the University (i) to make and sign this Declaration on behalf of the University, (ii) to make appropriate reimbursement and timely allocations from the proceeds of the bonds to reimburse such prior expenditures, and (iii) to take any other actions as may be appropriate, all at the times and in the manner required under the applicable reimbursement regulations to satisfy the requirements for the reimbursement to be treated as an expenditure of such proceeds for purposes of sections 103 and 141 to 150 of the Internal Revenue Code.

Date of Declaration:
_____, 20__

WRIGHT STATE UNIVERSITY
By: _____
(Signature)

(Type or print Name and Title)

¹ Caution: This Declaration of Official Intent will not be effective unless the bonds (or notes or other obligations) providing money for the reimbursement are issued and the reimbursement is made (by an allocation on the books and records identifying the expenditure as in 2 above) within the applicable period prescribed in the Treasury Regulations.

² The amount entered should include the maximum principal amount of all bonds to be issued for the project (i.e., bonds to be issued for reimbursement of prior expenditures and bonds or other obligations to finance expenditures to be paid on or after the date of issuance of the bonds).

³ The description should be a general functional description of property, project, program or purpose for which expenditures are to be made and reimbursement is expected. In general, "capital expenditures" include any costs related to the acquisition or construction of land or interests in real estate, buildings, structures, additions thereto, or other permanent improvements and restoration or betterments made to increase the value of property or substantially prolong its useful life, and also of machinery, equipment, furniture and fixtures having a useful life of at least five years (as required by applicable State law). Costs of issuance of the bonds also are capital expenditures for this purpose.