

**Agendum
Oakland University
Board of Trustees Formal Session
December 3, 2012**

**REIMBURSEMENT RESOLUTION
OF THE BOARD OF TRUSTEES OF OAKLAND UNIVERSITY
EVIDENCING INTENT TO REIMBURSE CERTAIN CAPITAL EXPENDITURES FROM
THE PROCEEDS OF FUTURE TAX-EXEMPT DEBT OBLIGATIONS FOR
STUDENT SUPPORT FACILITIES**

1. **Division and Department:** Finance and Administration Division, Treasury Management Department.
2. **Introduction:** Continued enrollment growth, the addition of two new academic buildings, and a rise in student housing demand require the University to add physical infrastructure to maintain the quality of its educational and extracurricular support programs and facilities. Housing demand has grown by 37 percent in the last four years resulting in students having to reside in a nearby motel at the start of the last two fall semesters. The addition of 475-575 new beds will bring the University residential population closer to the master plan goal of 4,000 total residents living on campus. A larger number of students living on campus will qualitatively enrich campus life and maximize learning opportunities for residents.

The upper recreational fields support the extracurricular needs of both residential and commuting populations with a broad array of intramurals, club sports and intercollegiate athletics activities. The original fields require refurbishing to support a variety of student programs including soccer, tennis and track and to encourage faculty and staff and the community to participate in fitness pursuits.

With continued enrollment growth, reaching a record 19,740 students for FY2013, the addition of two new academic buildings, the Human Health Building and Engineering Center, addition of a new Housing complex, and growth in academic programs (e.g. the Oakland University William Beaumont School of Medicine), additional convenient parking is proposed via a parking structure (collectively, the student housing, upper recreational fields and parking structure are referred to as the "Project").

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.

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The proposed Reimbursement Resolution does not commit the Board of Trustees (Board) to issue bonds for the Project, nor to issue any particular amount of bonds, nor to proceed with the construction of any portion of the Project. 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 Project. If the resolution is adopted, any expenditure with respect to the Project made after the adoption of the resolution and any expenditure 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 Bond Counsel, Miller Canfield.

3. **Previous Board Action:** None.
4. **Budget Implications:** Debt service on the Project will be budgeted in the General Fund and Auxiliary Fund (University Housing) upon Board approval.
5. **Educational Implications:** Student housing and improved outdoor recreational and athletic space complement the recruitment and retention goals of the University by fostering positive learning opportunities and social relationships among different groups of students. Additional parking is required to support enrollment growth and new academic buildings.
6. **Personnel Implications:** None.
7. **University Reviews/Approvals:** The resolution was prepared by Bond Counsel, Miller Canfield, and reviewed by the University's Vice President for Legal Affairs and General Counsel, Treasury Management Department, Vice President for Student Affairs and Enrollment Management, Vice President for Finance and Administration, and President.
8. **Board Action to be Requested:** At the December 3, 2012 Formal Session the Board will be asked to approve the following resolution:

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

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WHEREAS, the University has identified certain capital projects, namely a student residence development of between 475 and 575 beds, a parking structure, and recreation and athletic field upgrades (collectively the "Project"), which are intended to meet student demand for on-campus housing, to aid in university recruitment and retention goals, and enhance the overall quality of campus life, and with respect to 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 Project in accordance with Treasury Regulation Section 1.150-2.

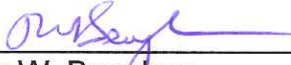
NOW, THEREFORE, BE IT RESOLVED THAT:

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 Project and to reimburse itself for the capital expenditures in connection therewith from the proceeds of debt to be incurred by the University.
 - b. It is currently contemplated the Project will be completed on or before August 31, 2014.
 - 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 \$60,000,000.
 - d. The expenditures described above will be "capital expenditures" as defined in Treas. Reg § 1.150-1(b), 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).
2. This resolution shall be operative, effective and valid upon its passage.

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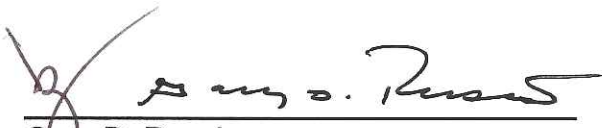
8. **Attachments:** None.

Submitted to the University President
on 11/30, 2012 by



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

Recommended on 11/30, 2012
to the Board for approval by



Gary D. Russi
President