

Declarations of Official Intent to Reimburse Capital Costs with Oregon Certificates of Participation, Bonds, or Other Financing Agreements

Generally: Agencies which will be making project expenditures prior to the issuance of “Bonds, Certificates of Participation or Other Financing Agreements (Bonds)” need to take the following steps if they want the expenditures reimbursed after the Bonds are issued.

They must send a letter to the Capital Investment Section (CIS) of Budget and Management Division (BAM) with enough information so that CIS can prepare and file a Declaration of Intent to Reimburse. CIS must receive the request prior to the expenditure of the money. The BAM Finance Manager will execute a *Declaration of Official Intent to Reimburse Capital Costs* once the request has been approved. Failure to follow this procedure will mean the State will be unable to issue “Reimbursement COP’s, Bonds or Other Financing Agreements” for the purpose of reimbursing the agency’s costs paid prior to the time of financing.

Steps/Rules Necessary to Comply with the Federal Requirements:

1. Before making any project expenditures (or within sixty days afterwards), the agency must obtain an approved Declaration of Official Intent to Reimburse Capital Costs. To achieve this, the agency must provide the CIS with a description of the project for which the expenditures are being paid and state the maximum principal amount of bonds to be issued for the purpose of reimbursement. The description must include the amount of expenditures summarized by type. Project substitution will not be made without the prior written approval of the DAS Director/Deputy Director.
2. The agency must expect that the reimbursement will be required to successfully implement the project.
3. The expenditure must be a Capital Expenditure, not working capital or operating costs.
4. The State must issue the Bonds to make the reimbursement for prior expenditures within eighteen months after the date the expenditure was paid or, if later, eighteen months after the property resulting from the expenditure was placed into service. In any event, the Bonds must be sold to make the reimbursement within three years after the date the expenditure was paid.
5. The financing must not be motivated by arbitrage considerations.
6. The agency must identify the Account(s) from which the expenditures will be made and reimbursed.
7. Requests for reimbursement must be made with the full intent of issuing Bonds and not as a matter of course.
8. The request must not be in amounts substantially in excess of expected amounts to be reimbursed.

SAMPLE REQUEST



Date

Department of Administrative Services
Capital Investment Section
155 Cottage St., NE
Salem, OR 97301

DECLARATION OF INTENT TO INCUR COSTS AND EXPEND FUNDS

The letter should cover the following items:

1. Describe generally the authorization under which the expenditure authority is granted. This should also include a brief description of the project and the total amount authorized for the project.
2. A general description of project expenditures and amounts expected to be paid prior to the issuance of the Bonds. If a sale date is delayed for any reason, an amendment to the declaration maybe necessary to maintain compliance with the Federal rules. (If your not sure of the scheduled sale date, contact CIS)
3. Identify by name and purpose the fund or account from which the expenditure is to be paid.
4. Note, in brief, the extent the project has been approved as part of the agency's budget.

Finally, have the letter signed by an authorized agency official and send to CIS.

SIGNATURE

(This sample is available in electronic format if you desire. Please contact CIS and ask to have it e-mailed to you.)