POLICY

.100 POLICY STATEMENT

The Oregon University System uses general-obligation bond financing to fund capital construction and renovation projects, land and building purchases, and capitalizable equipment purchases. In addition, several other financing sources are available such as Certificates of Participation (COPs), the State Energy Loan Program (SELP), Lottery bonds, capital leases, and other miscellaneous financings of $100,000 and under.

It is OUS policy that debt financing will be used to finance only those projects that have been determined to strategically advance the mission of OUS, the university, and the individual auxiliary constructing and operating the project. All projects will be carefully analyzed to determine that they meet this criterion as well as other OUS and State of Oregon requirements and, for self-supporting projects, are financially viable.

Issuance of debt is subject to the financing capacity of OUS, individual universities, and auxiliaries as well as the capital budget and capital program compiled by the Chancellor’s Office and approved by the Board and Legislature.
Debt financing should only be used after considering alternate funding sources, such as federal and state grants, donations, etc.

The debt management policy also identifies the primary regulations and internal rules under which OUS operates related to the management, issuance, monitoring, servicing, and accounting for debt.

.110 POLICY RATIONALE

Objectives:
- To provide guidelines on the types of projects that may be financed with debt.
- To fund OUS capital projects at the lowest cost consistent with meeting all OUS objectives.
- To provide understanding of the environment in which OUS issues debt.
- To document policy decisions which determine how OUS manages, issues, monitors, services, and accounts for debt.
- To define criteria that will be used to determine the appropriate level of debt capacity within which OUS, universities, and auxiliaries should operate.
- To provide a statement of OUS’ commitment to maintaining the tax-exempt status of its debt through compliance with IRS regulations.

.120 AUTHORITY

The basis for this policy is provided in the following:

- Oregon Constitution, Article XI-F(1) – Higher Education Building Projects
- Oregon Constitution, Article XI-G – Higher Education Institutions and Activities; Community Colleges
- Oregon Constitution, Article XI, Section 7. Credit of state not to be loaned – limitation upon power of contracting debts.
- ORS 351.140 – Board Power to Purchase Real Property
- ORS 351.170 – Building use fees deposited to the bond sinking fund
- ORS 351.450 – Bond Building Fund
- ORS 351.460 – Higher Ed Bond Sinking Fund
- Biennial Capital Construction Bill – approved by the full Legislature, or amended by the Legislative Emergency Board
- Biennial Bond Limit Bill – approved by the full Legislative assembly
• Internal Management Directives, Sections 6.3XX, Financial Management of Bonded Debt Relating to Auxiliary Enterprises and Other Self-Liquidating Activities

.130 APPROVAL AND EFFECTIVE DATE OF POLICY

[Space reserved to show date of approval by XXX and the effective date of the policy.]

.140 KNOWLEDGE OF THIS POLICY

All Board members and Chancellor’s Office and university personnel with financial oversight responsibilities, auxiliary enterprise management, debt financing management, capital projects management, and related responsibilities should be knowledgeable of this policy.

.150 DEFINITIONS


.160 RESPONSIBILITIES

The Vice Chancellor for Finance and Administration is responsible for System fiscal policy, including the Debt Management policy.

Functional responsibilities of institutions and the Chancellor's Office may be found in OUS Fiscal Policy Manual section 35.001 Roles and Responsibilities – Debt Financing & Management. Related functional responsibilities may be found in OUS Fiscal Policy Manual section 50.001 Roles and Responsibilities – Facilities Management.

.170 TYPES OF FINANCINGS

Article XI-F(1) bonds
• Used to finance projects which the Board has determined to be self-supporting and self-liquidating.
• Debt service is funded from the revenue streams of the financed project.
• General obligation bonds, backed by the full faith and credit of the state.

Article XI-G bonds
• Used to finance Education & General projects.
• Appropriation funded debt service.
• General Fund matching funds at the rate of 1:1 are required by the Oregon Constitution and Statutes. The Legislature can declare other sources, such as gifts, federal or local grants, or lottery bond proceeds, to become appropriations.
• General obligation bonds, backed by the full faith and credit of the state.
Certificates of Participation (COPS)
- Issued by the Department of Administrative Services, with approval by the Oregon State Treasury.
- Generally used for equipment and systems purchases, such as computer and telecommunication systems.
- Repayment is subject to appropriation from the general fund.
- Assets purchased using COPS proceeds may be pledged as collateral.
- Lower credit rating on COPS funding results in higher interest rates paid. Additional costs may also be incurred for bond insurance.

State Energy Loan Program (SELP)
The SELP program is run by the Oregon Department of Energy. The program offers low-interest loans for projects that save energy, produce energy from renewable resources, use recycled materials to create products, or use alternative fuels. Loan repayments are made from operating funds of the university receiving the loan, utilizing energy savings as the source of repayment.

Lottery Bonds
The Department of Administrative Services, with approval by the Oregon State Treasury, issues Oregon State Lottery revenue bonds for purposes authorized by the Legislature. In recent biennia, OUS has received funding for specific capital construction projects through that authorization process.

Capital Leases
Another financing source used by OUS is capital leases. A complete description of capital leases may be found in OUS Fiscal Policy Manual section 55.100 Fixed Assets Accounting Policies. ORS 283.085 – .092 requires approval of the Department of Administrative Services for financing arrangements in excess of $100,000.

Financings $100,000 or Less
OUS has authority to enter into financing agreements of $100,000 or less. The total of all financing arrangements issued for the same project may not exceed the $100,000 maximum. These financing agreements must be completed “subject to appropriation of funds” in order to comply with the debt limit in the Oregon Constitution. Any miscellaneous financings, including lease purchase agreements, of more than $100,000 must be approved by the Department of Administrative Service.

.180 FINANCING CAPACITY

Financial ratios are typically used by bond rating agencies to assess the credit worthiness of universities. This credit worthiness correspondingly affects the bond rating and interest rate paid on debt issuances. However, for OUS, Articles XI-F(1) and XI-G bonds are State of Oregon General Obligation bonds. Therefore, the state’s credit worthiness is reviewed in determining bond rating, rather than OUS’. Consequently, for
OUS, debt ratios are primarily used to internally determine the financial viability of projects for which Board approval is requested.

**Constitutional Limitation**

The issuance of bonds under Articles XI-F(1) and XI-G are each constitutionally limited to three-fourths of one percent of the true cash value of all the taxable property in the state.

**Financial Viability**

*Project Considerations:*
All projects using self-liquidating forms of debt will be carefully reviewed to ensure that they are financially viable based on conservative estimates of the revenues and expenses associated with each project. When determining whether a project meets the self-supporting requirements, the Board may take into consideration the total earnings of the auxiliary funding the project. This review process will include an analysis of the total cost of the project, including site preparation, environmental assessment/remediation, architectural and engineering costs, and construction, renovation or purchase costs. A financial pro-forma should be prepared by the university that estimates the revenues and expenses associated with the operations, maintenance and debt service of the project over the life of the bonds. Projected operating revenues should provide coverage of operating expenses, maintenance, and debt service. Sources and uses of funds should be identified as part of this analysis. The analysis will be reviewed by the Chancellor’s Office Facilities Division prior to recommendation of projects to the Board.

*Institutional Concerns:*
Institutional financial viability will also be considered as part of the debt approval process. The institution must demonstrate that there is sufficient enrollment or research demand or other compelling needs to justify the investment in the project and to generate the resources for debt repayment. Three years of trend data will be considered as part of this analysis in order to demonstrate institutional financial viability over a series of years.

The following financial statement ratios will be considered in order to determine institutional financial viability as part of this analysis:

- **Primary reserve ratio** – unrestricted net assets / operating expenses.
- **Current ratio** – current assets / current liabilities.
- **Debt burden ratio** – annual debt service (principal + interest) / total operating expenses, with a guideline maximum debt burden ratio of 7 percent, as established by the Board.
In addition to presenting the actual ratios computed for the prior three fiscal years, the university will be responsible for calculating pro-forma ratios to incorporate additional debt allocated during the current fiscal year as well as for proposed projects.

.190 REAL PROPERTY FINANCED BY THIRD PARTIES

In computing financial ratios, universities need to identify and incorporate information related to real property financed by third parties. Examples include agreements with an affiliated foundation and long-term capital leases. In determining whether long-term leases should be included when computing financial ratios, the institution must distinguish between capital and operating leases. Capital leases are considered debt, and must therefore be included in the ratios. Operating leases are not considered debt, and are therefore excluded from the ratio calculations.

Third-party financings may not include annual appropriation pledges of the State’s General Fund, and long-term leases must comply with DAS administrative rules. In addition, third-party financings may not use the State’s credit or view the State as the underlying guarantor.

.200 TYPES OF PROJECTS FOR WHICH DEBT MAY BE ISSUED

Education & General, system wide and university specific
- Capital construction and renovation.
- Academic modernization and repair.
- Qualifies for use of Article XI-G bonds.
- May also use Article XI-F(1) bonds with tuition and other sources of university revenues used to satisfy self-supporting and self-liquidating requirements.

Auxiliaries, regular and other
- Funded from Article XI-F(1) bonds.
- This category covers projects that are self-liquidating and self-supporting. Traditional projects included housing, parking, athletics, etc. The scope of projects includes a broad range, with the distinguishing characteristic that the revenues from the project are sufficient to fund payment of the debt service as well as operating expenses.
- May include projects traditionally funded by Article XI-G bonds or the student building fee, but funded instead by a dedicated university revenue source due to the limited funding capacity of Article XI-G bonds and student building fees.

Student Building Fee
- Funded from Article XI-F(1) bonds.
- The student building fee is collected at all universities and commingled Systemwide. The debt service on all student building fee projects, regardless of university, is then paid from the commingled revenue source. The Chancellor’s Office provides periodic analyses of student building fee projected revenues and determines the level of capital construction financing that can be supported.
• The student building fee funds projects that benefit all students at each university, such as memorial unions, student health centers, childcare centers, and recreational facilities.
• The student building fee debt service reserve pays the debt service for all unallocated bonds at each fiscal year end. Correspondingly, they are also credited with all of the building fund interest on those unallocated bonds.

General Restrictions for all Bond Funded Projects
• Board and Legislative authorization is required to qualify for bond funding.
• Expenditures must be capitalizable and related to a specific building or location.

.210 REPAYMENT SOURCES OF DEBT

Article XI-G
Debt service on Article XI-G bonds, beyond the biennium in which the bonds are approved by the Legislature, is repaid with appropriations, specifically designated by the Legislature for payment of XI-G debt. In the biennium for which the bond issuance is approved, OUS must fund any debt payment due. XI-G bonds may be structured or timed so that no debt service is due until the following biennium. Alternatively, interest earnings on unspent bond proceeds may be used to pay any interest expense due.

Article XI-F(1)
Article XI-F(1) bonds are General Obligation bonds, backed by the full faith and credit of the State of Oregon. The bonds are issued by the State Treasury, for the State Board of Higher Education, for higher education projects that the Board has determined are self-liquidating and self-supporting. Following is a ranking of the funding sources that the Board will look to in repayment of the bonds: 1) The revenue streams of the auxiliary for which the bonds were issued, 2) The assets of the auxiliary for which the bonds were issued, 3) The revenue streams and assets of any other source that the auxiliary pledged toward repayment of the debt, 4) Other university resources from the university where the project was completed, 5) Other OUS resources, 6) Other statewide revenue sources, and 7) Statewide property tax assessment, which would occur if OUS was not able to certify to the Department of Administrative Services that funds were available to pay our debt service obligation.

.220 DEBT STRUCTURE

Bonds for OUS are issued by the Oregon State Treasury, which determines the structure and timing of the sale, in consultation with the other parties involved.

Issuance Size and Timing
Debt financings will be coordinated to the extent practical so that multiple project needs can be accommodated in a single borrowing, thereby increasing the efficiency of the debt issuance. Since many issuance costs do not vary with the size of a borrowing, a large bond issuance increases the efficiency of the financing by spreading fixed costs over a greater number of projects. To facilitate these economies of scale, as well as to
accommodate the lead time required for bond issuances, bond sales are generally limited to once per year.

**Par Amount**
The par amount of bonds sold will be adjusted to cover the following costs beyond the capital project needs: bond issuance costs, underwriter’s discount, original issue discount, and/or original issue premium. Project limitation amounts requested from the Board and Legislature should also reflect adjustment for bond issuance costs and underwriter’s discount.

**Maturity/Repayment Term**
The maturity should generally not exceed the useful life of the financial asset, and may never exceed 120 percent of the useful life of the financed asset, as limited by IRS regulations. Useful life will be determined based on OUS’ depreciation policy. Maximum repayment term generally should not exceed 30 years.

**Current Interest Bonds and Zero-Coupon Bonds**
Based on market conditions, Treasury policy, and other pertinent factors, OUS bonds may be issued as either current interest bonds, where interest payments are made semi-annually on each maturity of bonds, or as zero-coupon bonds, where interest accrues until maturity. Zero-coupon bonds issued for OUS are known as Oregon Baccalaureate Bonds (ORBACs.)

**Variable Rate Debt**
OUS may issue bonds that pay variable interest rates. The decision to issue variable rate debt will be based on the rate structure requested by the institution, as well as consultation with and approval of the Oregon State Treasury, within their policies on debt issuance, in conjunction with advice from all parties involved with OUS bond sales. Appropriate reserves will be established to mitigate interest rate fluctuations for variable rate transactions.

**Derivative Products**
OUS may choose to enter into contracts and financing agreements involving interest rate swaps, floating fixed rate auction or reset securities, or other forms of debt bearing synthetically determined interest rates. Use of derivative products will only be entered into as authorized under Oregon statutes and policies of the Oregon State Treasury. Before entering into such contracts or agreements, a review by all parties involved in OUS debt issuance must determine the risks and benefits of such financing techniques and the impact on OUS long-term financial operations.

.230 TAX-EXEMPT VS. TAXABLE DEBT

OUS primarily issues tax-exempt bonds for its projects. However, taxable debt will be used to fund projects ineligible for tax exempt financing or where taxable debt provides for additional project or financial flexibility not afforded under the restrictions imposed on tax-exempt debt. In particular, a combination of taxable and tax-exempt bonds will be
issued for projects with private use that exceeds the Internal Revenue Service thresholds for tax-exempt debt.

In order to be eligible for tax-exempt financing, each project must individually contain projected private use that is less than the allowable IRS thresholds. If the project contains private use greater than the thresholds, then taxable bonds will be issued for that portion of the project in excess of the private activity limitation. When determining the bond structure, each university and auxiliary must provide the necessary information to allow determination of private use for each project. If such information is not provided in a timely manner, the bonds may be issued as taxable bonds to ensure that OUS does not endanger its tax-exempt status and the IRS does not declare the issue and other OUS related debt to be taxable.

.240 REFINANCING TRANSACTIONS

Advance or current refunding bonds may be issued when advantageous, legally permissible, prudent, and when the refunding bonds meet the qualifications contained in Oregon Administrative Rule 170-62-000 and any other policies established by the Oregon State Treasury. Refunding for debt service savings reduces total interest and debt service costs but may increase the total amount of principal to be repaid. Resulting savings are generally spread over the remaining payment period of the bonds. OUS will not extend the repayment period of the bonds as a result of refinancing without reviewing and approving the analysis by its financial advisor regarding any benefits and disadvantages of any such extension.

.250 PARTIES INVOLVED

Several parties are involved in each issuance of OUS bond financings. This section describes the role of each party.

Oregon State Treasury
The Oregon State Treasury is the issuer of all OUS bond financings. They establish policies that govern the issuance of bonds for all state agencies. The Treasury maintains the bond calendar, determining when bonds may be issued and coordinates the efforts of all the parties involved.

State Board of Higher Education
The Board approves all capital construction projects prior to submission to the Legislature or the Emergency board. They also approve the bond resolution authorizing the issuance of all Articles XI-F(1) and XI-G bonds.

OUS Chancellor’s Office, Budget & Management Facilities Division
The Budget & Management Facilities Division is responsible for development of the coordinated capital budget and capital program for OUS. They analyze projects submitted by the universities and work with campus administrations to prioritize projects for presentation to the Board and the Legislature or Emergency Board.
OUS Chancellor’s Office, Controller’s Division
The Controller’s Division, and particularly the OUS Debt Manager, is responsible for managing all aspects of bond issuance, compliance with applicable regulations, and bond accounting. They work closely with all the parties involved to structure the sale to meet the universities’ financing needs. They also work with the universities relating to funding debt service payments.

Universities
Each university submits to the OUS Budget & Management Facilities Division all capital construction projects, including those financed with debt. For projects financed with self-liquidating forms of debt, a financial analysis must be completed demonstrating their financial capacity to meet all debt obligations and operating costs of the project. They also work with the Controller’s Division relating to funding debt service payments.

Underwriters
Underwriters are securities firms and commercial banks that purchase debt securities and resell them to investors. They are hired by the by the State Treasurer to provide services in planning and designing the structure of the bonds and market them to the public debt markets.

Bond Counsel
Bond counsel issues a legal opinion that bonds are legally authorized and issued and on the tax-exempt or taxable status of the bonds. They prepare and review numerous legal documents related to the debt issuance and coordinate and host the closing on the bonds. Bond Counsel is selected by OUS.

All communications with OUS’ bond counsel should be coordinated through the OUS Debt Manager. This allows the Chancellor’s Office to be involved in, or aware of, all OUS issues being addressed by bond counsel.

Financial Advisor
The financial advisor consults with the OUS Debt Manager and the Oregon State Treasury regarding selection of the underwriting syndicate, structure of debt issuances, preparation of bond sale documents, and the negotiation of bond pricing. The financial advisor is selected by OUS.

Credit Rating Agencies
Credit rating agencies, such as Moody’s Investors Services, Inc., Standard and Poor’s Corporation and Fitch Investors Service appraise, analyze, and monitor the credit quality of bond issuers. These firms provide credit ratings for use by investors to gauge the credit risks inherent in the bond issue. For OUS issuances of Articles XI-F(1) and XI-G bonds, the state’s credit worthiness is reviewed due to their status as State of Oregon General Obligation bonds. The Oregon State Treasury is the point of contact for all rating agency interaction.
Legislature
The Legislature approves the OUS capital construction bill each biennium, and establishes the expenditure limitation by funding source. They also approve the bond limit bill which determines the maximum amount of Articles XI-F(1) and XI-G bonds, as well as COPs and Lottery bonds, that can be issued each biennium. Additionally, they establish the biennial appropriation for debt service on Article XI-G bonds.

State Legislative Emergency Board
The Emergency board approves OUS capital project requests between legislative sessions. They can approve bonds as a funding source for capital projects, but cannot approve additional bond issuance authority.

Department of Administrative Services
The Department of Administrative Services (DAS) reviews all OUS capital construction projects prior to submission to the Legislature or the Emergency Board. DAS monitors OUS capital construction expenditures against expenditure limitations. DAS, with the approval of the Oregon State Treasury, issues COPs and Lottery bonds.

.260 MANAGEMENT AND ACCOUNTING FOR BONDS
The following section is not intended to provide comprehensive coverage of all issues related to management and accounting for bonds. Rather, it is intended to address issues that are governed by OUS policy decisions.

Debt Management Responsibility
The OUS Debt Manager is responsible for managing all aspects of bond issuance, continuing disclosure requirements, compliance with applicable regulations, and bond accounting.

Debt Service Payments
Debt service payments are due based on bonds allocated as of June 30 of each fiscal year. Any auxiliary receiving bond proceeds during the fiscal year is responsible for debt service for the full fiscal year, with no pro-ration based upon the date on which the proceeds were received. Correspondingly, the auxiliary also receives interest earnings for the full fiscal year.

Required Sinking Fund Transfers
By each fiscal year end, the OUS Debt Manager will transfer the subsequent fiscal year’s debt service payment from each auxiliary’s debt service reserve fund to the required sinking funds. This ensures that funds will be available to make all debt service payments when due.

Funding Debt Service for New Allocations of Bond Proceeds
For new allocations of bond proceeds during the fiscal year, two years of debt service payments are required from the auxiliary – one for payment of the current year’s debt service and a second for transfer to the required sinking fund for the subsequent year’s debt service.
Debt Service Reserve Funds
Debt service reserve funds are maintained at each university to account for funding of annual debt service requirements. Debt service reserve funds are associated with the Bond Sinking Funds maintained by OUS with the Oregon State Treasury, and therefore are interest bearing. Funds are transferred from auxiliaries’ operating funds to their debt service reserve funds throughout the fiscal year. Transfers to debt service reserve funds are made by the OUS Debt Manager based on written requests from each auxiliary. In order to comply with IRS arbitrage rebate regulations, transfer amounts may not exceed the current year’s debt service requirement. Transfers may be made at any time during the fiscal year, and are encouraged as early in the year as possible to maximize interest earnings. Funds that have been transferred to the debt service reserve funds cannot be returned to their source. Balances in the debt service reserve funds may only be used for debt service payments.

Unallocated Bonds
Debt service on unallocated bonds, as of each fiscal year end, is paid by the commingled student building fee. When bonds are allocated in subsequent fiscal years, the student building fee will be reimbursed for any principal payments made.

Interest Earnings
Interest earnings on unspent bond proceeds are distributed to the auxiliaries to which the bonds are allocated at fiscal year end. Interest earnings are used toward payment of current year debt service or placed in the sinking fund to pay the following year’s debt service.

Arbitrage Rebate Requirements
IRS arbitrage rebate requirements require monitoring the interest rate earned for each bond series in the Bond Building Fund compared to the interest rate paid. Therefore, the bond proceeds from each bond series are segregated into separate funds, even if funding a single capital construction project. Any excess interest earnings are paid to the IRS as arbitrage rebate. All interest earnings are distributed to auxiliaries’ sinking funds and then a prorated share of estimated arbitrage rebate is required to be funded from each auxiliary’s operating funds.

Article XI-G Matching Funds
When a university is providing the appropriation matching funds for Article XI-G bonds, the funds must be received by OUS, and credited to the appropriate bank account and fund at least two weeks prior to final pricing for the bond issuance.

Capitalized Interest
Interest may be capitalized and paid from bond proceeds. If interest is capitalized, it must be paid from the capital construction fund, and therefore the expenditure limitation of the project must be established to anticipate payment of interest. Fiscal year end transfers to the required sinking fund to cover the following year’s debt service may not be funded with bond proceeds, but must be funded from auxiliary operations. IRS
regulations and Oregon Revised Statutes control the timeframe for which interest expenses may be capitalized. Due to the complicated nature of this issue, universities must consult with the OUS Debt Manager, in advance, for any plans to capitalize interest so that implications of such decisions can be determined.

**Consolidated Dormitories**
For all bonds allocated to residence hall and residential dining facilities prior to March 1, 1997, debt is consolidated for all universities except PSU. For all bonds allocated to residence hall and residential dining facilities after February 28, 1997, debt is paid by individual universities. Additional information can be found in IMD 6.315 “Allocation of Debt Service Responsibility for Auxiliary Enterprise and Other Self-Liquidating Projects” and IMD 6.316 “Residence Hall Emergency Reserve Fund”.

**.270 COMPLIANCE WITH IRS REGULATIONS**

OUS' bonds are generally issued as tax-exempt governmental-purpose bonds. Due to the favorable tax treatment of the interest payments on these bonds, OUS is able to receive a lower interest rate on its bond issuances than for taxable bond issuances. OUS in turn must comply with various IRS regulations regarding the usage of tax-exempt bond proceeds in order to maintain the bonds’ tax-exempt status.

**Reimbursement Resolution (aka Declaration of Official Intent)**
If prior to a bond series being sold, a university temporarily spends funds from another source with the intent to reimburse the expenditures with bond proceeds, a Declaration of Official Intent must be prepared prior to the date on which the expenditures are made and no more than 18 months prior to the date the bonds are sold. The Declaration of Official Intent is signed by the Vice Chancellor for Finance and Administration. The Chancellor’s Office must be notified in advance of any expenditures to be made from other sources if there is intent to reimburse from bond proceeds. A reimbursement resolution is also required for expenditures to be reimbursed from lottery bonds or COPs, with documents prepared by the Department of Administrative Services.

**Private Use**
The amount of bond proceeds from each bond series which benefits private parties is limited by the IRS. There are two separate limitations of 5 and 10 percent depending on whether the use of the proceeds is related or unrelated to OUS’ mission. The private use of each bond series is monitored by the OUS Debt Manager to ensure that the tax-exempt status of OUS bonds is not jeopardized. Historically, the limitations of 5 and 10 percent related to the entire bond series, not to each individual project funded from the bonds. Therefore, in some cases, all of the private use allowance for a particular series may have been used for a single project, with no remaining allowance available for use by any other projects funded by that bond series.

The private use of tax-exempt bond proceeds must be monitored for the life of the bond series (generally 30 years.) Therefore, at the time tax-exempt bonds are issued, the Chancellor’s Office will require information related to each project on uses of the
facilities that would be considered to benefit a private party. In addition, the universities must provide information on an ongoing basis to allow the OUS Debt Manager to continually monitor private use. Any time there is a potential change in use of a tax-exempt bond funded facility, the university must discuss the change with the OUS Debt Manager, in advance, to ensure that there is no impact on maintenance of the tax-exempt status of the bonds. The OUS Debt Manager will consult with its bond counsel on any potential change in the tax status of a tax-exempt issue.

Arbitrage Rebate
The OUS Debt Manager will establish appropriate accounting and reporting procedures to meet IRS arbitrage rebate compliance requirements. This includes tracking investment earnings on unspent bond proceeds, calculating rebate payments, and remitting any arbitrage rebate in a timely manner.

.690 CONTACT INFORMATION

Direct questions about this policy to the following offices:

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.695 HISTORY

[Following approval of this policy, this section will be updated to reflect the date the policy was approved.]

Policy Last Updated: XX/XX/XX
APPENDIX

[May want to include an appendix to describe the calculations of selected ratios.]

Last Updated: XX/XX/XX