

State of Oregon Department of Administrative Services

Instructions to Request Declarations of Official Intent to Reimburse Capital Costs with Oregon Article XI-Q General Obligation Bonds

Any state agency that intends to incur project expenditures prior to the issuance of State Article XI-Q General Obligation Bonds (“Bonds”) needs to abide by the requirements outlined in these instructions if the agency wants any expenditures that will originally be paid from sources other than bond proceeds to be later reimbursed by bond proceeds after the Bonds are issued. Failure to follow this procedure will mean the Department of Administrative Services (“DAS”) will be unable to issue Bonds for the purpose of reimbursing the agency’s project costs paid prior to the time of financing.

Steps Necessary to Comply with Federal Rules:

1. The agency must send a letter to the Capital Finance & Planning (“CFP”) Manager of the Chief Financial Office to request that CFP prepare and execute a ***Declaration of Official Intent to Reimburse Capital Costs with Oregon Article XI-Q General Obligation Bonds*** (“Declaration”). Ideally, the request should be sent to CFP and approved by CFP prior to the agency incurring any project expenditures; however, project costs can be reimbursed if paid no more than 60 days prior to the date the CFP executes a Declaration. The request letter must include the following:
 - a. The name and description of the Project that was authorized by the Legislature. Provide the Project name as identified in the Budget Report to the Bond Bill and the Project description as identified in the agency’s budget bill that provided expenditure authority.
 - b. A citation of the legislation that authorized the bonds to be issued for the Project.
 - c. The maximum amount of bonds authorized to be issued for the Project.
2. The CFP Manager will review and approve the request and will execute a Declaration. A copy of the signed Declaration will be provided to the agency.
3. The agency will not request project expenditures to be reimbursed after the Bonds are issued unless either (i) the expenditure was paid by the agency no more than 60 days prior to the date the Declaration was issued by CFP, or (ii) the agency has consulted with CFP to determine that such expenditure is otherwise reimbursable under the federal tax rules.

Additional Requirements:

- The Project description must either identify the property (e.g., headquarters facilities renovation) or program (e.g., highway capital improvement program) encompassing the Project.
- The expenditure must be a capital expenditure, not operating costs. See Oregon Accounting Manual (<http://www.oregon.gov/das/Financial/Acctng/Documents/15.60.10.pdf>) for guidance on accounting and financial reporting for capital assets.
- The State must issue the Bonds to make the reimbursement for a prior expenditure within eighteen months after the date the expenditure is paid or, if later, eighteen months after the property resulting from the expenditure is placed into service. In any event, the Bonds must be issued to make the reimbursement within three years after the date the expenditure is paid.
- Requests for CFP to execute a Declaration must be made with the full intent of the State/DAS issuing Bonds and not as a matter of course.

Sample Request

Use Agency Letterhead

[Date]

Department of Administrative Services
Chief Financial Office
Capital Finance & Planning Manager
155 Cottage Street NE
Salem, OR 97301

Re: Request for Declaration of Official Intent to Reimburse Capital Costs with XI-Q Bonds

Dear [Capital Finance & Planning Manager]:

The Department of [agency name] requests that Capital Finance and Planning prepare and execute a *Declaration of Official Intent to Reimburse Capital Costs with Oregon Article XI-Q General Obligation Bonds* for the agency's project [project name].

Based on the planned timing of bond sales to finance this project, the agency would like to begin the project prior to the time bond proceeds are expected to be available. Therefore, the agency would like to pay for project costs using its own resources and then reimburse itself for the expenditures after the bonds are issued. The agency understands that Article XI-Q bond proceeds can only be used for capital expenditures; that is, costs that are capitalized to an asset.

This project has been authorized for bond financing by the Legislature through [cite the chapter law or bill number for the Bond Bill]. The total amount of bonds authorized for the project is [\$ amount]. As authorized in the agency's budget bill, the project description and scope includes [describe the project nature and scope]. This budget bill [cite bill/section number of agency budget bill] authorizes expenditure of the proceeds for the project.

If you have any questions about this request, please feel free to contact [name of primary contact].

Sincerely,

Signature of Authorized Agency Official

(Please contact CFP if you would like to have this sample letter e-mailed to you in electronic format.)