Roles and Responsibilities - Debt Financing & Management

Section: Debt Financing & Management Number: 35.001
Title: Roles and Responsibilities - Debt Financing & Management

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None.

POLICY

.100 POLICY STATEMENT

The policy sets forth high-level Debt Financing and Management roles and responsibilities for the Chancellor's Office and the Institutions.

.110 POLICY RATIONALE

OUS seeks to ensure that the high-level roles and responsibilities of the Chancellor's Office and the Institutions related to Debt Financing and Management are documented, communicated, and clearly understood and applied.

.120 AUTHORITY
.130  APPROVAL AND EFFECTIVE DATE OF POLICY

Approved by the Budget and Finance Committee of the Board on 2/15/02 as part of the Fiscal Accountability Framework Final Report. The effective date of the policy is 3/1/02.

.140  KNOWLEDGE OF THIS POLICY

All Chancellor's Office and institutional personnel with debt financing and management and related responsibilities should be knowledgeable of this policy.

.150  DEFINITIONS

None.

.160  HIGH LEVEL ROLES AND RESPONSIBILITIES

A.  CHANCELLOR'S OFFICE

<table>
<thead>
<tr>
<th>High level roles</th>
<th>High level responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Approval Process</td>
<td>Provides guidance for project requests. Reviews and approves project requests. Submits project lists for bond limitation approval by the OUS Board, DAS, and the Legislature.</td>
</tr>
<tr>
<td>Establishing Long-term Plan and Approving Bonds</td>
<td>Reviews and submits project requests for approval to the OUS Board and the E-Board.</td>
</tr>
<tr>
<td>Emergency Board Requests</td>
<td>Reviews and approves requests for bond funds. Coordinates with Treasury to hold bond sale. Assigns plant fund and project number for project. Receives funds from bond sale. Allocates funds to institution as requested. Provides debt service schedules for projects.</td>
</tr>
<tr>
<td>Requests from the Approved Legislative Plan</td>
<td></td>
</tr>
</tbody>
</table>

Debt Service Payment Process

<table>
<thead>
<tr>
<th>High level roles</th>
<th>High level responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Management</td>
<td>Transfers funds at institution's request for debt and makes semi-annual payment of debt to Treasury for forwarding to Custodial Bank.</td>
</tr>
</tbody>
</table>
Fund Monitoring and Reporting

Monitors annual activity of debt payment. Monitors project expenditure limitation. Submits state (tax certification, cash flows) and federal (arbitrage liability) reporting for Bond Counsel review.

**Monitoring Funds to Ensure Proper Usage**

Monitoring Funds

Monitors allocation of bond funds to institutions. Monitors budget and limitation of projects. Works with institutions to resolve budget and limitation problems.

Project Approval

Approves bond allocation for small projects. If necessary, gets approval for additional funding and limitation/appropriation from OUS Board and Legislature/E-Board.

**Submitting Arbitrage Earnings to IRS**

Calculating and Dispersing Earnings

Records and distributes interest earnings. Performs arbitrage calculation. Charges institutions for arbitrage liability. Submits reports and payments of arbitrage liability to the Bond Counsel and the IRS.

**Student Building Fee Funds**

Fund Management

Collects student building fee from institutions. Pays debt service on building fee debt and unallocated proceeds.

Fund Planning

Projects available funding from student building fee pool.

**Certificates of Participation (COPs)**

Request for Funds

Requests that DAS include funds in COP Sale. Requests COP funds from DAS.

Fund Reimbursement

Requests reimbursement from DAS and Trustees and processes reimbursement to institutions.

Debt Service Payment

Prepares debt payment schedule for institutions. Pays debt service amount to DAS.

**B. INSTITUTION**

**High level roles**

**Debt Approval Process**

Establishing Long-term Plan and Approving Bonds

Submits prioritized project requests to the Chancellor's Office.

Emergency Board Requests

Requests project approvals. Institution also prepares a due diligence study of each project.

Requests from the Approved Legislative Plan

Submits request for bund funds. Requests that the plant funds and project be established.

**Debt Service Payment Process**

Fund Management

Requests debt payment transfers.

Fund Monitoring and Reporting

Monitors project expenditure limitations.
Monitoring Funds to Ensure Proper Usage

Fund Management
Performs accounting functions for projects. Works with Chancellor's Office to resolve budget and limitation problems.

Submitting Arbitrage Earnings to IRS

Arbitrage Earnings Payment
Approves charges for arbitrage liability.

Student Building Fee Funds

Fund Management
Collects student building fee from students.

Fund Planning
Student Government/President of the University/Administrative Council prioritizes projects to be funded with student building fees.

Certificates of Participation (COPs)

Request for Funds
Requests COP Funds through Chancellor's Office.

Fund Reimbursement
Records expenditures and requests reimbursement from COP Funds.

Debt Service Payment
Pays debt service to Chancellor's Office.

.690 CONTACT INFORMATION

Direct questions about this policy to the following offices:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>General questions from institutional personnel</td>
<td>Institution Office of Business Affairs</td>
</tr>
<tr>
<td>General questions from institutional central administration and Chancellor's Office personnel</td>
<td>Chancellor's Office Controller's Division</td>
</tr>
</tbody>
</table>

.695 HISTORY

10/15/03 - Reformatted

2/15/02 - Approved

Policy Last Updated: 10/15/03

APPENDIX

None.
Appendix Last Updated: 10/15/03