



Vermont Bond Bank

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Reimbursement Resolution (aka Declaration of Official Intent to Reimburse)

The reimbursement resolution (aka declaration of official intent to reimburse) is a municipal resolution required by the IRS declaring the municipality's official intent to reimburse a municipal account with proceeds from a tax-exempt bond or promissory note.

The Bond Bank recommends that a municipality adopt a reimbursement resolution whenever project costs are being paid out of a municipal account with the expectation to reimburse that municipal account with proceeds from a tax-exempt debt issue.

Vermont governmental units should consult local bond counsel in preparing. A list of approved local bond counsels is available on the Bond Bank's website at: <https://www.vtbondbank.org/borrowers>. Notably, adopting a reimbursement resolution does not commit the municipality to issuing a bond but instead, provides the necessary framework to reimburse costs on a tax-exempt basis.

Sample language satisfying reimbursement resolution requirement's is shown below.

Action Directly by the Governmental Unit:

This declaration of official intent of _____ (the "Issuer") is being made pursuant to Treasury Regulations Section 1.150-2.

The Issuer hereby declares its official intent to reimburse up to \$_____ of costs temporarily advanced from funds of the Issuer for the project described on the attached Exhibit A (the "Project") with proceeds of a subsequent borrowing through the issuance of tax-advantaged obligations.

Under delegation to a designated officer:

VOTED: To authorize the _____ of _____ (the "Issuer") to adopt on behalf of the Issuer one or more written statements of official intent with respect to the making by the Issuer of expenditures from internal loans and/or advances (including expenditures made within the 60 days prior to the adoption of each such statement of official intent) from the general funds or other available funds of the Issuer for the projects and in the maximum amounts set in the official intent, each such statement to include a general description of the project, to provide that said loans and advances (a) are to be made in anticipation of reimbursement from proceeds of tax advantage debt obligations of the Issuer or another issuer of such obligations and (b) to set forth a maximum principal amount of any debt to be incurred for the project.

And, prior the expenditure, the officer designates in a certificate the projects and not to exceed amount:

This declaration of official intent is being made by the undersigned on behalf of _____ (the "Issuer") pursuant to Treasury Regulations Section 1.150-2. Authority to make such declarations on behalf of the Issuer was delegated to the undersigned by approval of the [governing body] on [date].

The Issuer hereby declares its official intent to reimburse up to \$_____ of costs temporarily advanced from funds of the Issuer for the project described on the attached Exhibit A (the "Project") with proceeds of a subsequent borrowing through the issuance of tax-advantaged obligations.

[signature of authorized representative]

18- Month Rule

Municipalities should submit invoices for reimbursement in a timely manner to comply. In general, the reimbursement of municipal accounts from loan proceeds must occur not later than eighteen (18) months after the later of:

- the date the original expenditure is paid; or
- the date the project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid.

Exceptions

A municipality may use loan proceeds to reimburse internal municipal accounts without first adopting a reimbursement resolution for "preliminary expenditures" not in excess of 20 percent of the total. Preliminary expenditures include engineering for facilities plans, plans and specifications, surveying, soil testing, loan closing costs and similar costs that are incurred prior to the start of construction. Preliminary expenditures **do not include** land acquisition, site preparation and similar pre-construction costs.