

U. T. System Equipment Financing Program Procedures

1. At the April 14, 1994 meeting of the Board of Regents, the Board approved the use of Revenue Financing System debt as an alternative to vendor lease purchase financing. The Board amended the *Guidelines Governing Administration of the Revenue Financing System* to include the following:

"Equipment purchases authorized by the U. T. Board of Regents to be funded through the Revenue Financing System will be approved in aggregate amount by component institution at the beginning of each fiscal year. The minimum aggregate amount is \$100,000 per component institution and allows for several smaller equipment purchases to be commingled to achieve the minimum amount. Each piece of equipment must have a useful life of not less than 3 years. The equipment will be purchased from the vendor by the component institution and Revenue Finance System debt will be issued with full amortization not to exceed ten years."

2. On or about May 1 of a given fiscal year, the Office of Finance solicits each institution's equipment financing requests for the upcoming fiscal year. The Board of Regents determines whether or not to approve the institutions' equipment financing requests at its annual meeting in August. *Note that the Board approves the authority to issue equipment debt, rather than the equipment purchase itself; therefore, the approval process for the equipment purchase follow the policy in place at each respective institution.*

3. The institution determines the most appropriate method of financing:

a. Vendor lease purchase: A lease purchase may offer terms unavailable under the U. T. System Equipment Financing Program, however, vendor lease purchases typically have a significantly higher financing cost compared to the U. T. System Equipment Financing Program. Pursuant to Texas Bond Review Board rules, *any vendor lease purchase contract in excess of \$250,000 or 5 years must obtain prior approval from the Texas Bond Review Board.*

b. U. T. System Equipment Financing Program: The minimum equipment financing request is \$100,000 per issuance and the equipment must have a minimum useful life of three years. Smaller equipment purchases may be bundled to reach the \$100,000 threshold. The institution must complete and submit to the Office of Finance the attached *Request for Reimbursement* form prior to the funding date. On the funding date, cash managers at System Administration will notify their counterparts at the institutions to accept funds via UTIMCO CPS. The Office of Finance issues equipment financing in the form of commercial paper on or about the first business day each **November, February, May, and August**. The Office of Finance will provide each institution detailed amortization schedules pursuant to the terms specified on the executed *Request for Reimbursement* form.

4. The institution determines the repayment source for the equipment. The sources for repayment of the debt must be identified as General Revenue, Local Funds, or Institutional Funds. The institution initiates principal payments to System via UTIMCO CPS each February and August, as determined in advance on the amortization schedule referenced in Section 3. Additionally, on a quarterly basis, the Office of Finance bills the institution for the accrued interest expense and fees on its outstanding equipment debt over the preceding period.

**REQUEST FOR REIMBURSEMENT
EQUIPMENT FINANCING**

Current Date: _____

Equipment Information (Attach separate sheet if necessary):

P.O. Number	P.O. Amount	Vendor Name and/or Purpose	Voucher Number	Voucher Date	Voucher Amt (Expenditure)
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Total Purchase Price: _____

Less - Amt not Financed: _____
(\$ in excess of nearest \$1,000 increment, rounding down)

Total Amt to be Financed: \$_____

Amortization Start Date: _____
(Feb. or Aug. – FYXX)

Total Amortization Period: _____
(Maximum 10 years)

Signature: _____
Chief Business Officer