

Eric McGlothlin

From: Eric McGlothlin
Sent: Thursday, February 12, 2026 12:44 PM
To: 'Cindy Arbanas'
Cc: Nathan Burd
Subject: Reimbursement rules for bond proceeds

Cindy,

The reimbursement regulations under the Internal Revenue Code of 1986, as amended (the “Code”), can be used to allocate bond proceeds to project expenditures paid before the date of issuance of bonds under the following circumstances:

- Expenditures for hard construction costs, including construction, land purchase, site preparation, contractor services, materials, equipment, etc. can be reimbursed if paid not earlier than 60 days before County’s reimbursement resolution was adopted.
 - The County’s reimbursement resolution was adopted on December 8, 2025, so the “lookback” period began on October 9, 2025.
 - There is no reimbursement limit on the amount of prior expenditures for hard costs paid prior to bond issuance.
- Reimbursement for hard construction costs is subject to two (2) time limits.
 - Bond proceeds must be allocated to the hard cost reimbursement not later than 18 months after the later of (i) the date the expenditure was paid or (ii) the date the project is placed in service or abandoned.
 - Bond proceeds cannot be allocated to hard costs reimbursement later than 3 years after the date the hard cost expenditure was paid.
- Expenditures for “soft” construction costs, known in the Code as “preliminary expenditures,” that were paid prior to bond issuance can be reimbursed.
 - Reimbursement for soft construction costs/ preliminary expenditures is **NOT** subject to time limits
 - “Preliminary expenditures” include architectural, engineering, surveying, soil testing, etc. that are incurred prior to commencing acquisition, construction, or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.
- Reimbursement of “preliminary expenditures” is limited to 20% of the aggregate issue price of the bonds.
 - “Issue price” for our purposes will mean the principal amount of bonds plus any premium received on the day of closing.
 - For current estimates of “issue price,” see the Sources and Uses tables, Total Sources line items, in each of PFM’s funding option scenarios provided on Feb. 8.

- De minimis exception -- Up to \$100,000 of bond proceeds can be allocated to reimburse hard costs without regard to the date paid.

We will need records of the prior expenditures the County may wish to reimburse prior to the closing date. The records should include, at least, the date paid, the vendor paid, purpose, and amount paid. We can begin identifying which prior expenditures are eligible and for which category of reimbursement at any time.

Please let me know if there are any additional questions.

From: Cindy Arbanas <CArbanas@livgov.com>
Sent: Thursday, February 12, 2026 8:57 AM
To: Eric McGlothlin <EMcGlothlin@dickinson-wright.com>
Cc: Nathan Burd <NBurd@livgov.com>
Subject: RE: Question

Perfect. Thank you.

From: Eric McGlothlin <EMcGlothlin@dickinson-wright.com>
Sent: Thursday, February 12, 2026 8:55 AM
To: Cindy Arbanas <CArbanas@livgov.com>
Cc: Nathan Burd <NBurd@livgov.com>
Subject: [EXT] RE: Question

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That has to do with reimbursement, but there are some related timelines to go along with the 18-month period. I'll write-up a bullet point out line of how those rules work.



Eric McGlothlin

Member

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From: Cindy Arbanas <CArbanas@livgov.com>
Sent: Thursday, February 12, 2026 8:48 AM
To: Eric McGlothlin <EMcGlothlin@dickinson-wright.com>
Cc: Nathan Burd <NBurd@livgov.com>
Subject: Question

Hi Eric –

I the meeting Commissioner Drick asked you several questions. For one of the questions on deadlines, what has to happen within 18 months?

Cindy Catanach Arbanas, CPFO
Deputy County Administrator/Financial Officer

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