UNIVERSITY POLICY

BUSINESS AND FINANCE POLICIES

Number: 202
Subject: Post-Issuance Compliance Policy
Covered Individuals:
Covered Campus Locations:
Effective Date: March 31, 2014
Date of Latest Revision:

PURPOSE

The purpose of this policy is to establish adequate safeguards for post-issuance compliance with respect to tax-exempt qualified obligations (the "Obligations") issued by a qualified issuer and loaned to **Upper Iowa University** (UIU or the University) and to promote efficient, effective procedures to this end.

DEFINITIONS

N/A

POLICY

Overall Policy and Scope

This policy documents existing practices and describes various procedures and systems designed to identify on a timely basis facts relevant to demonstrating compliance with the requirements that must be satisfied subsequent to the issuance of tax-exempt qualified obligations in order that the interest on such obligations continues to be excludable from gross income for federal income tax purposes under the provisions of the Internal Revenue Code of 1986, as amended (the "Code").

Use of Obligation Proceeds

At least 95% of the net proceeds of the Obligations must be used to finance property owned by a governmental unit or a 501(c)(3) organization and the use of the financed facilities by the exempt owners must not be an unrelated trade or business (as determined by Code §513(a)). Agreements entered into by the University which may result in private business use (including but not limited to leases, management contracts, service agreements and cooperative research agreements) will be reviewed by the University, and when necessary the University will consult with bond counsel, to determine if such contracts meet the safe harbor requirements under the Code and the revenue procedures issued by the Internal Revenue Service to make sure all outstanding Obligations remain tax-exempt.

For a current refunding, the Obligation proceeds must be used by the University within 90 days from the date of issuance to refund prior Obligations.

Modification of Documents

Significant modifications to an Obligation's documents after issuance of such Obligations may result in reissuance under Treasury Regulations. UIU shall take reasonable measures, which may include consultation with bond counsel, to make sure that any modifications made do not result in the loss of tax-exemption on the Obligations.

Continuing Disclosure Requirements

UIU shall comply with all continuing disclosure requirements under the bond documents issuing the Obligations and as required under SEC Rule 15c2-12. In order to ensure compliance with this Section, the University will determine the applicability of continuing disclosure undertaking and periodically check that the required continuing disclosure filings have been prepared and filed appropriately.

Arbitrage Policy

Section 148 of the Code, along with the regulations thereunder, provides a set of rules regarding the amount of arbitrage that can be earned from the proceeds of tax-exempt obligations and the amounts of such arbitrage which are required to be *rebated* to the United States. In order to ensure compliance with this Section, the University will adhere to the following procedures:

(1) The University shall adhere to all requirements and responsibilities under any documents it is a party to with respect to the Obligations (including all loan agreements, tax and/or arbitrage certificates, officer certificates and other documents required to be executed prior to the issuance of Obligations).

(2) The University shall compute the amount of rebate, if any, required to be paid to the United States at least once every 5 years (with the last calculation to be made no later than 60 days after the day on which the last obligation is redeemed) and shall make any required payments on a timely basis.

(3) The University shall comply with all arbitrage and rebate requirements under the Code to maintain the tax-exempt status of the Obligations.

Non-Qualified Bonds Remedial Action Policy

Under the Code and its regulations, an issue of tax-exempt obligations fails to be an issue of qualified 501(c)(3) bonds if the University takes a deliberate action, subsequent to the issue date, that causes the issue to fail to comply with the requirements of section 141(e) and 145. In order to ensure compliance with the Code after the issuance of Obligations and that any necessary remedial action is taken, UIU will adhere to the following procedures:

(1) UIU shall not enter into a binding contract with a nongovernmental person for the use of property financed by the Obligations that causes the conditions of either the private business tests or the private loan financing test to be met under the Code (the "Deliberate Action"). Under the private business test, not more than 5% of the Obligation proceeds can be used for any private business use and under the private loan financing test, not more than the lesser of 5% or $5 million of Obligation proceeds can be used to make or finance loans to persons other than governmental persons.

(2) If the University's actions result in a Deliberate Action being taken, the University is required to take a remedial action under Regulation 1.141-1 to ensure that the Obligations remain qualified 501(c)(3) Obligations.

Record Retention

The University will maintain all of the records in its possession to ensure that an issue remains in compliance with applicable federal tax requirements for the life of such issue plus ten years. The University will maintain proper records in order to comply with federal tax requirements for the life of such issue plus ten years, including but not limited to the following:

(1) Basic records relating to the bond transaction (including the trust indenture, loan agreements, bond counsel opinion, investment contracts, credit enhancement transactions, financial derivatives, bidding of financial products for investment securities, federal tax or information returns, audited financial statements, official statements/offering documents/private placement documents, minutes/resolutions/orders authorizing the financings, certificates of the issue price of the financing, trustee statements, records of refunded bonds to the extent necessary to support compliance with federal tax requirements, correspondence for bond financings (including letters, e-mails and faxes), and reports of any prior IRS examination of the University or Obligations);

(2) Documentation evidencing expenditure of bond proceeds;

(3) Documentation evidencing use of bond-financed property by public and private sources (i.e., copies of management contracts and research agreements);

(4) Documentation evidencing all sources of payment or security for the Obligations; and

(5) Documentation pertaining to any investment of bond proceeds (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received by the investment of proceeds, guaranteed investment contracts, and rebate calculations).

(6) All documentation required under Reg. § 1.148-5(d)(6)(iii)(E).

Such records are to be maintained in hard copy but may be kept in electronic format if the requirements of Rev. Proc. 97-22 are met.

Other Requirements

UIU shall further comply with the following requirements:

(1) UIU shall comply with all requirements to maintain the security on the Obligations, including but not limited to, filing all appropriate UCC statements and any mortgages, deeds of trust or other documents with appropriate authorities.

(2) UIU shall monitor compliance with all property and casualty insurance requirements under the Obligation's documents.

(3) UIU shall monitor compliance with rate covenants or other covenants under the Obligation's documents.

(4) UIU shall comply with all requirements in the Obligation's documents regarding the transfer of property, including any restrictions on the transfer of cash, on the release of property or on granting liens or encumbering certain property.

Delegation of Authority

This policy is to be carried out by the University's Vice President for Finance and Administration (VPFA). The responsibility for monitoring post-issuance compliance in accordance with this policy and for resolving post-issuance compliance issues resides with the University's VPFA. The University's VPFA is authorized to execute all agreements and documents related to post-issuance compliance issues. The VPFA shall receive all training and educational resources as are necessary to monitor post-issuance compliance matters.

RULES, PROCEDURES, GUIDELINES, FORMS, AND OTHER RELATED RESOURCES

N/A

CONTACTS

Acting as the policy owner, the VPFA is responsible for answering questions regarding the application of this policy.

SANCTIONS

N/A

HISTORY

March 31, 2014 – Policy approved by Executive Leadership Team (now President's Council)
August 5, 2014 – Policy approved by Board of Trustees
February 13, 2017 – Policy reviewed by University Policy Committee