Upper Iowa University
University Policy Proposal Form

University Policy Definition: Except as limited by law, University Policy is a course or principal of action broadly applied across the institution in an effort to 1) support the University's strategic direction, 2) mitigate risk, 3) improve operational efficiency, and 4) promote a culture of best practices. All approved University policies are posted on myUIU under University Policies.

**Departmental guidelines, practices, procedures, and preferences must meet or exceed established University Policy.

Prior to submitting the University Policy Proposal Form, please consult with one of the members of the University Policy Committee (UPC) and identify below by checking the appropriate box:

□ Amy Bond	□ Tammy Carolan	□ Kathy Franken	□ Ryan Griffith	□ Janet Kehe
□ Dawn Novak	□ Barb Schultz	□ Deena Serra	□ Janet Shepherd	

Date of Request: August 5, 2014
Policy Name: Post-Issuance Compliance Policy
Responsible Officer: Chief Financial Officer
Responsible Office: Business Office

POST-ISSUANCE COMPLIANCE POLICY
FOR TAX-EXEMPT QUALIFIED OBLIGATIONS
ISSUED FOR THE BENEFIT OF
UPPER IOWA UNIVERSITY

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** (the "Organization") and to promote efficient, effective procedures to this end.

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 be, or continue to 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 Code § 513(a)). Agreements entered into by the Organization 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 Organization, and when necessary the Organization 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 Organization 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. Organization 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

Organization 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, Organization 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, provide 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, Organization will adhere to the following procedures:

(1) Organization 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) Organization 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 Organization 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 Organization 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, Organization will adhere to the following procedures:

(1) Organization 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 Organization's actions result in a Deliberate Action being taken, the Organization 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

Organization 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. Organization 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 Organization 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

Organization shall further comply with the following requirements:

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

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

(4) Organization 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 Organization's **Chief Financial Officer.** The responsibility for monitoring post-issuance compliance in accordance with this policy and for resolving post-issuance compliance issues resides with Organization's **Chief Financial Officer.** Organization's **Chief Financial Officer** is authorized to execute all agreements and documents related to post-issuance compliance issues. The **Chief Financial Officer** shall receive all training and educational resources as are necessary to monitor post-issuance compliance matters.

REVIEW

This policy will be reviewed by Organization at least once annually.

EFFECTIVE DATE

The effective date of this policy is March 31, 2014.

Contact information:

Name: Chief Financial Officer
Phone #: 563-425-5384

AQIP Category: Category 6: Supporting Institutional Operations

Strategic Initiative: This policy addresses the Strategic Plan Item XIV: Risk Discussion.

(For UPC Use Only)

Approvals:

Executive Leadership Team (ELT)	**Date Approved: N/A**
Academic Affairs Council/Faculty *(if required)*	**Date Approved: N/A**
Board of Trustees (BOT) *(if required)*	**Date Approved: 8/5/2014**
UPC Annual Review	**Date Reviewed: 2/13/2017**

Policy Effective Date: March 31, 2014