



Policy 03:065 – Post-Issuance Compliance for Tax-Exempt Bonds, Notes and Other Obligations

This Post-Issuance Compliance Policy (this “**Policy**“) sets forth specific policies and procedures of the University of Montevallo, a body corporate under the laws of the State of Alabama (the “**University**“), designed to monitor post-issuance compliance of its tax-exempt bonds, notes and other obligations (collectively referred to as “**Bonds**“) with applicable requirements of the federal securities laws and the Internal Revenue Code of 1986, as amended (the “**Code**“), and the regulations promulgated thereunder (the “**Treasury Regulations**“). The University reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as circumstances warrant. The University also reserves the right to change this Policy from time to time.

Monitoring of Post-Issuance Compliance

1. Monitoring of post-issuance compliance for Bonds will be the primary responsibility of the Treasurer (“**Treasurer**”). The Treasurer may designate employees within the Business Affairs Division to carry out such duties under this Policy on her behalf; provided, however, the Treasurer shall implement an adequate succession plan for transferring post-issuance compliance responsibility when changes in staff occur.
2. The Treasurer shall consult with bond counsel, rebate consultants, auditors, IRS publications and/or such other resources as are necessary to understand and meet the requirements of this Policy.
3. Training and education of the Treasurer (which shall include, without limitation, consultation with and training by bond counsel) will be sought upon the occurrence of new developments and/or upon the hiring of new staff or changes in staff to implement this Policy.

Financing Transcripts, Documentation and Retention

The Treasurer shall coordinate the receipt and retention of the following:

1. Basic records pertaining to each tax-exempt financing undertaken by the University (e.g., bond counsel opinion, resolutions, the Tax Certificate, IRS Form 8038 and IRS Form 8038-G, yield of Bonds, formal elections required by the Code, continuing disclosure agreement, etc.);

2. Proof of filing of the IRS Form 8038-G, IRS Form 8038, or other appropriate IRS forms filed in connection with the issuance of Bonds;
3. Documentation evidencing the expenditure of proceeds of the issue (e.g., purchase contracts, construction contracts, progress payment requests, requisitions, draw requests, cancelled checks, payment of issuance costs, records of allocations of proceeds, including reimbursements of project expenditures made before the Bonds were issued);
4. Documentation regarding the types of facilities financed with the proceeds of the issue;
5. Documentation evidencing any use of property financed with Bonds by private entities (e.g., any leases, subleases, agreements related to use, management agreements, service agreements, research agreements, etc.) for which payment is to be made, directly or indirectly, to the University;
6. Documentation pertaining to the investment of the proceeds of the issue (including the purchase and sale of securities, SLGs subscriptions, yield calculations for investments, guaranteed investment contracts, and other types of investments);
7. Documentation pertaining to any interest rate hedge or other derivative, including the ISDA Master Agreement, schedules and annexes to the ISDA Master Agreement, the initial confirmation and subsequent amendments or additional confirmations, market valuations and payments and cash flows;
8. Arbitrage rebate reports; and
9. Reports of any IRS examination of Bonds.

The Treasurer shall coordinate the retention of all such records in a manner that ensures their complete availability to the IRS for so long as the issue is outstanding (including any refunding thereof), plus three (3) years. While this is typically accomplished through the maintenance of hard copies, records may be kept in electronic format so long as applicable requirements, such as Revenue Procedure 97-22, are satisfied.

Federal Tax Law Compliance

1. Retention of Bond Counsel. With respect to each issue of Bonds, the University shall engage nationally recognized bond counsel ("**Bond Counsel**") to provide an opinion or opinions as to the tax-exempt status of the Bonds, to address requirements pertaining to the tax-exempt status of the Bonds, and to provide guidance prior to and at closing with respect to any post-issuance tax compliance matters. The requirements regarding the tax-exempt status of Bonds shall be documented by Bond Counsel in a tax certificate or tax compliance agreement (the "**Tax Certificate**") finalized at or before the issuance of any Bonds and signed by an authorized officer of the University.

2. Proper Use of Proceeds. The Treasurer shall determine that Bond proceeds are allocated to expenditures in a manner set forth in the Tax Certificate, or, if different than or not addressed in the Tax Certificate, as approved or recommended by Bond Counsel. The Treasurer shall maintain a procedure for tracking expenditures and the allocation of proceeds of Bonds and investment earnings to expenditures, including the reimbursement of pre-issuance expenditures.
3. Investment of Proceeds. The Treasurer shall determine that proceeds of Bonds are invested as provided in the Tax Certificate, or, if different than or not addressed in the Tax Certificate, as approved or recommended by Bond Counsel. The Treasurer shall maintain a system for tracking investment earnings and monitoring investments during the applicable “temporary period” (as defined in the Code and Treasury Regulations). The Treasurer shall arrange for timely yield restriction and/or the computation and payment of any yield reduction payments (as such term is defined in the Code and Treasury Regulations), if applicable.
4. Arbitrage Rebate Calculations. The Treasurer shall cause the arbitrage rebate calculations, filings and payments to be completed on a timely basis.
5. Use of Bond-Financed Facilities. The Treasurer shall consult with Bond Counsel before the University enters into any agreement or other arrangement involving the sale, lease, or use of the property financed with proceeds of any Bonds, including, but not limited to, service, vendor and management contracts, research agreements, licenses to use the financed property or naming rights agreements.
6. Post Issuance Transactions. The Treasurer shall consult with Bond Counsel before the University makes any modifications or amendments to the financing documents for any Bonds, including, but not limited to, entering or modifying investment agreements, changing security for Bonds, engaging in post-issuance credit enhancement transactions (e.g., municipal bond insurance, letters of credit, and standby bond purchase agreements) or hedging transactions (e.g., interest rate swaps, caps, or collars), releasing any liens, or reissuing or refunding Bonds.
7. Remedial Action. In the event it is determined that any use of the proceeds of the Bonds, or facilities financed with Bonds, is a “change in use” (as defined in the Code and in Treasury Regulations) or otherwise causes any of the Bonds to be deemed a “nonqualified bond,” the Treasurer shall consult with Bond Counsel for the purpose of determining the nature and extent of any remedial action necessary or proper for the University to take with respect to Bonds or the facilities financed with proceeds thereof.

Continuing Disclosure Compliance

The Treasurer shall cause the University to comply with each continuing disclosure agreement to which the University is party and annually, per the continuing disclosure agreements of the University, file or cause to be filed audited financial statements and such other information as required by each continuing disclosure agreement of the University. The Treasurer will monitor material events, as that term is described in the continuing disclosure agreements, and assure compliance with material event disclosure requirements.

Annual Policy Review

On an annual basis, or more frequently if deemed necessary by the Treasurer, the Treasurer shall review this policy to assess the University's compliance with the same. The Treasurer shall make changes to the Policy as appropriate to assure compliance with the financing documents or requirements of federal tax and securities law, and may rely upon the advice of Bond Counsel.

Approved 5/13

Revised 08/2017