



**RU Policy No. 6.8**

**Responsible Division:** Finance and Administration/CFO

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**Tax-Exempt Financing Compliance Policy and Procedure**

**Purpose and Scope**

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**Purpose of Compliance Procedure.** The University understands that in order for interest on the applicable Tax-Exempt Bond issue to be excluded from gross income for federal income tax purposes (or to qualify for tax credits, such as in the case of “build America bonds”), the Code and related regulations impose ongoing requirements related to the proceeds of such Tax-Exempt Bond issue and the Project financed or refinanced thereby. These requirements focus on the investment, use, and expenditure of proceeds of such Tax-Exempt Bond issue and related funds as well as restrictions on the use of the Project.

The University recognizes that the IRS has recommended that issuers of Tax-Exempt Bonds have a separate written policy and procedure regarding ongoing compliance with the federal tax requirements applicable to Tax-Exempt Bonds. This Compliance Procedure is adopted to comply with the IRS recommendation and to provide tax compliance and documentation.

**Scope of Compliance Procedure; Conflicts.** This Compliance Procedure applies to Tax-Exempt Bonds currently outstanding and Tax-Exempt Bonds issued in the future. If the provisions of this Compliance Procedure conflict with the Tax Compliance Agreement or any other specific written instructions of Bond Counsel related to the applicable Tax-Exempt Bond issue, the terms of the Tax Compliance Agreement or specific written instructions of Bond Counsel will supersede and govern in lieu of this Compliance Procedure. Any exception to this Compliance Procedure required by Bond Counsel as part of a future issue of Tax-Exempt Bonds is to be incorporated in the Tax Compliance Agreement for such future issue and noted by Bond Counsel for the attention of the Bond Compliance Officer.

**Amendments and Availability of Compliance Procedure.** This Compliance Procedure may be amended, restated and/or modified from time-to-time by the VP for Finance & Administration/Chief Financial Officer, subject to the approval of the President’s Executive Council (if required), as necessary or advisable to effectuate tax compliance and documentation for the purposes provided herein and in compliance with the requirements of the Internal Revenue Code. Copies of this Compliance Procedure and any amendments will be included in the official records of the University.

**Voluntary Closing Agreement Program.** The University is aware of (a) the Voluntary Closing Agreement Program (known as “VCAP”) operated by the Internal Revenue Service which allows issuers to voluntarily enter into a closing agreement in the event of certain non-compliance with Federal tax requirements and (b) the remedial actions available under Section 1.141-12 of the Income Tax Regulations for private use of bond financed property which was not expected at the time the bonds were issued. The University will use the VCAP program, upon the recommendation of legal counsel, following its discovery of a material event of non-compliance related to its Tax-Exempt Bonds.

The University reserves the right to modify or amend this Policy at any time, at its sole discretion. Any change to this Policy will become effective at the time designated above, and the changes will apply to both prospective students and those already enrolled. This Policy does not constitute an express or implied contract between Roosevelt University and any past, present, or prospective student, employee (including administrator, faculty, or staff), contractor, or volunteer. Unless otherwise stated, the term “Employee” as used in this Policy shall refer to all employees (including administrators, faculty, and staff), contractors, and volunteers.

### **Definitions**

Capitalized words and terms used in this Compliance Procedure have the following meanings:

**“Annual Compliance Checklist”** means the questionnaire and/or checklist described in **Section II or Section III** hereof that is completed each year for the applicable Tax-Exempt Bond issue.

**“Bond Compliance Officer”** means the University’s chief financial officer and his or her successors in office (including successors to the duties and obligations of such office by whatsoever title such office shall from time to time be known).

**“Bond Counsel”** means Katten Muchin Rosenman LP or such other law firm selected by the University (1) to provide a legal opinion regarding the tax status of interest relative to the applicable Tax-Exempt Bond issue upon the issuance thereof or (2) to provide advice on matters referenced in this Compliance Procedure.

**“Bond Restricted Funds”** means the funds, accounts, and investments that are subject to arbitrage rebate and/or yield restriction rules that have been identified in the Tax Compliance Agreement for the applicable Tax-Exempt Bond issue.

**“Bond Transcript”** means the “transcript of proceedings” or other similarly titled set of transaction documents assembled by Bond Counsel following the issuance of the applicable Tax-Exempt Bond issue.

**“Code”** means the Internal Revenue Code of 1986, as amended.

**“Compliance Procedure”** means this Tax-Exempt Financing Compliance Policy and Procedure.

**“Cost”** or **“Costs”** means all costs and expenses paid for the acquisition, design, construction, equipping or improvement of the Project or costs of issuing the applicable Tax-Exempt Bond issue.

**“Financial Advisor”** means Columbia Capital Management, LLC, or such other municipal advisor selected by the University to assist it in administering its debt issuance and debt management activities.

**“Final Written Allocation”** means the Final Written Allocation prepared pursuant to **Section III** of this Compliance Procedure.

**“Financed Facilities”** means the portion(s) of the Project treated as financed or refinanced with the applicable Tax-Exempt Bond proceeds as reflected in a Final Written Allocation or, if no Final Written Allocation was prepared, in the books and records of the University including the Tax Compliance Agreement for the applicable Tax-Exempt Bond issue.

**“Governing Body”** means the Board of Trustees of the University.

**“Intent Resolution”** means a resolution of the Governing Body stating the intent of the University to finance all or a portion of the Project, stating the expected maximum size of the financing and stating the intent of the University to reimburse the costs paid by the University from proceeds of the applicable Tax-Exempt Bond issue.

**“IRS”** means the Internal Revenue Service.

**“Placed In Service”** means that date (as determined by the Bond Compliance Officer) when the Project is substantially complete and in operation substantially at its design level.

**“Project”** means all tangible or intangible property financed or refinanced in whole or in part with the applicable Tax-Exempt Bond issue that is functionally related or integrated in use, that is located on the same physical site or proximate sites, and that is expected to be Placed In Service within the same 12-month period.

**“Rebate Analyst”** means the rebate analyst selected pursuant to the Tax Compliance Agreement for the applicable Tax-Exempt Bond issue.

**“Regulations”** means all regulations issued by the U.S. Treasury Department to implement the provisions of the Code applicable to Tax-Exempt Bonds.

**“Tax Compliance Agreement”** means the Tax Compliance Agreement, the Tax Letter of Instructions, the Federal Tax Certificate or the Non-Arbitrage Certificate, or other written

certification or agreement of the University setting out representations and covenants relating to the applicable Tax-Exempt Bond issue.

**“Tax-Exempt Bond(s)”** means any bond, note, installment sale agreement, lease or certificate intended to be a debt obligation of the University and the interest on which is excludable from gross income (or qualifies for tax credits, such as in the case of “build America bonds”) for federal income tax purposes. A list of all Tax-Exempt Bond issues outstanding and subject to this Compliance Procedure as of the date hereof, is attached hereto as **Exhibit A**.

**“Tax-Exempt Bond File”** means documents and records that may consist of paper or electronic medium, maintained for the applicable Tax-Exempt Bond issue. Each Tax-Exempt Bond File will include the following information relative to the applicable Tax-Exempt Bond issue, if extant:

- (a) Intent Resolution.
- (b) Bond Transcript.
- (c) Final Written Allocation and/or all available books and records related to the Project showing the proceeds of the applicable Tax-Exempt Bond issue allocated to expenditures and other sources of funds (if any) allocated to expenditures.
- (d) All rebate and yield reduction payment calculations performed by the Rebate Analyst and all investment records provided to the Rebate Analyst for purposes of preparing the calculations.
- (e) Forms 8038-T together with proof of filing and payment of rebate.
- (f) Investment agreement bid documents (unless included in the Bond Transcript) including:
  - (1) Bid solicitation, bid responses, certificate of broker;
  - (2) Written summary of reasons for deviations from the terms of the solicitation that are incorporated into the investment agreement; and
  - (3) Copies of the investment agreement and any amendments.
- (g) Any item required to be maintained by the terms of the Tax Compliance Agreement involving the use of the Project or expenditures related to tax compliance for the applicable Tax-Exempt Bond issue.
- (h) Any opinion of Bond Counsel regarding the applicable Tax-Exempt Bond issue not included in the Bond Transcript.
- (i) Amendments, modifications or substitute agreements to any agreement contained in the Bond Transcript.
- (j) Any correspondence with the IRS relating to the applicable Tax-Exempt Bond issue including all correspondence relating to an audit by the IRS of such Tax-Exempt Bond issue or any proceedings under the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP).

- (k) Any available questionnaires or correspondence substantiating the use of the Project in accordance with the terms of the Tax Compliance Agreement for the applicable Tax-Exempt Bond issue.
- (l) For refunding bond issues, the Tax-Exempt Bond Files for the prior Tax-Exempt Bond issues directly or indirectly refunded in whole or in part by the applicable Tax-Exempt Bond issue.
- (m) Records of secondary-market trading activities of Tax-Exempt Bonds after their pricing but before such bonds' delivery date;
- (n) Additional information as determined advisable by the Bond Compliance Officer.

“**University**” means Roosevelt University, an Illinois non-profit corporation.

### ***Rules of Construction***

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(a) Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

(b) The table of contents hereto and the headings and captions herein are for convenience only and are not a part of this document.

(c) Terms used in an accounting context and not otherwise defined herein shall have the meaning ascribed to them by applicable generally accepted principles of accounting.

### ***Policy***

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#### **I. BOND COMPLIANCE OFFICER; TRAINING**

**Bond Compliance Officer Duties.** The Bond Compliance Officer is responsible for implementing this Compliance Procedure and may delegate the individual tasks at his/her direction, including contracting with third-parties. The Bond Compliance Officer may consult with Bond Counsel, the Financial Advisor, legal counsel to the University, accountants, tax return preparers and other outside experts to the extent, if any, determined by the Bond Compliance Officer to be necessary or advisable to carry out the purposes of this Compliance Procedure.

**Training.** The Bond Compliance Officer and/or other employees of the University at the direction of the Bond Compliance Officer will attend training programs offered by the IRS or other industry professionals regarding tax-exempt financing as the Bond Compliance Officer determines are relevant and appropriate.

#### **II. TAX-EXEMPT BOND ISSUES CURRENTLY OUTSTANDING**

**Tax-Exempt Bond Issues Covered by Article II Procedures.** This Article II applies to all Tax-Exempt Bonds issued prior to the date of this Compliance Procedure that are currently outstanding. These Tax-Exempt Bond issues are listed on **Exhibit A** attached hereto.

**Tax-Exempt Bond Files.** As soon as practical following the adoption of this Compliance Procedure, the Bond Compliance Officer will assemble as much of the Tax-Exempt Bond Files as are reasonably available for the applicable Tax-Exempt Bond issues that are listed on **Exhibit A**.

**Annual Compliance Checklists.** As soon as practical following the adoption of this Compliance Procedure, the Bond Compliance Officer will prepare a form Annual Compliance Checklist for all outstanding Tax-Exempt Bond issues listed on **Exhibit A** and will generally follow the procedures specified in **Article III** hereof to complete Annual Compliance Checklists and thereafter include each completed Annual Compliance Checklist in the Tax-Exempt Bond File for the applicable Tax-Exempt Bond issue.

**Correcting Deficiencies in Compliance.** In the event the Bond Compliance Officer determines a possible deficiency in compliance with a Tax Compliance Agreement for an applicable Tax-Exempt Bond issue listed on **Exhibit A**, the Bond Compliance Officer may consult with legal counsel to the University and/or Bond Counsel to resolve such deficiency and, if recommended by such counsel, will remediate the noncompliance in accordance with then-current IRS Regulations.

### **III. NEW TAX-EXEMPT BOND ISSUES**

**Application.** This **Article III** applies to Tax-Exempt Bond financings issued on or after the date of this Compliance Procedure.

#### **Prior to Issuance.**

(a) Intent Resolution. Prior to, or as a part of such, any resolution or ordinance authorizing and approving the issuance of any Tax-Exempt Bond issue, the Governing Body may adopt an Intent Resolution.

(b) Directions to Bond Counsel. The Bond Compliance Officer will provide a copy of this Compliance Procedure to Bond Counsel with directions for Bond Counsel to structure the documentation and procedural steps taken prior to issuing the applicable Tax-Exempt Bond issue so that they conform to the requirements of this Compliance Procedure, except to the extent Bond Counsel determines that different procedures are required.

(c) Tax Compliance Agreement. Each Tax-Exempt Bond issue will include a Tax Compliance Agreement. The Tax Compliance Agreement for the applicable Tax-Exempt Bond issue will (1) describe the Project and the Financed Facilities, (2) identify all Bond Restricted Funds and provide for arbitrage and rebate compliance, (3) for a refunding bond issue, or the refunding portion thereof, require preparation and/or documentation of the Final Written Allocation to be included therein, and for a new money bond issue, or the new money portion thereof, require future completion of the Final Written Allocation and include a form thereof, and (4) require completion of an Annual Compliance Checklist each year and include a form thereof.

(d) Preliminary Cost Allocations. The Bond Compliance Officer, in cooperation with Bond Counsel, will prepare a preliminary cost allocation plan for the Project. The preliminary cost allocation plan will identify the assets and expected Costs of the Project including such Costs that The University expects to finance with proceeds of the applicable Tax-Exempt Bond issue

(that is, Costs of Financed Facilities) and such Costs the University expects to be financed from other sources.

(e) Tax Review with Bond Counsel. Prior to each sale of the Tax-Exempt Bonds, the Bond Compliance Officer will provide Bond Counsel with a copy of this Compliance Procedure to enable Bond Counsel to ensure that any tax compliance issues in the new financing are adequately addressed by this Compliance Procedure and/or the Tax Compliance Agreement. In the event Bond Counsel determines that this Compliance Procedure conflicts with the Tax Compliance Agreement for the applicable Tax-Exempt Bond issue, or that the Tax Compliance Agreement must be supplemented to account for special issues or requirements for such Tax-Exempt Bond issue, Bond Counsel will include the written modifications or additions in the final Tax Compliance Agreement and will note such modifications or additions in writing to the Bond Compliance Officer who will amend this Compliance Procedure as soon as practical following receipt of such guidance.

### **Accounting and Record-Keeping.**

(a) Accounting for New Money Projects. The Bond Compliance Officer will be responsible for accounting for the investment and allocation of proceeds of the applicable Tax-Exempt Bond issue. The Bond Compliance Officer will establish separate accounts or subaccounts to record expenditures for Costs of the Project. Where appropriate, the Bond Compliance Officer may use accounts established as part of The University's financial records for this purpose. In recording Costs of the Project, the Bond Compliance Officer will ensure that the accounting system will include the following information: (1) identity of person or business paid, along with any other available narrative description of the purpose for the payment, (2) date of payment, (3) amount paid, and (4) invoice number or other identifying reference.

(b) Accounting for Refunded Bonds and Related Refunded Bond Accounts. For Tax-Exempt Bonds that refund a prior issue, the Tax Compliance Agreement for the applicable Tax-Exempt Bond issue will set out special accounting and allocation procedures for the proceeds of the financing, and, if necessary, proceeds of the refinanced debt.

(c) Tax-Exempt Bond File. The Bond Compliance Officer will be responsible for assembling and maintaining the Tax-Exempt Bond File for the applicable Tax-Exempt Bond issue. Notwithstanding any provisions of State law relating to document retention to the contrary, the Tax-Exempt Bond File shall be retained for a period of not less than the term of the bonds plus three (3) years, or such longer time as recommended by Bond Counsel so as to allow the University to comply with all applicable tax and securities law requirements.

### **Final Written Allocation.**

(a) Preparation of Final Written Allocation; Timing. The Bond Compliance Officer is responsible for making a written allocation of Tax-Exempt Bond proceeds to expenditures for a Project and identifying the Financed Facilities. This process will be memorialized in a Final Written Allocation. For a new money bond issue, or the new money portion thereof, the Bond Compliance Officer will commence the process of making the Final Written Allocation for the applicable Tax-Exempt Bond issue as of the earliest of (1) the requisition of all of the proceeds of such Tax-Exempt Bond issue from any segregated Tax-Exempt Bond funded

account, (2) substantial completion of the Project, or (3) four and one-half years following the issue date of such Tax-Exempt Bond issue. For a refunding bond issue, or the refunding portion thereof, the Bond Compliance Officer will provide Bond Counsel with all information requested to enable Bond Counsel to prepare and/or document the Final Written Allocation for the refinanced debt that originally financed the Project and include it in the Tax Compliance Agreement for the applicable Tax-Exempt Bond issue.

(b) New Money Final Written Allocation. For a new money bond issue, or the new money portion thereof:

(i) *Contents and Procedures*. The Bond Compliance Officer will consult the Tax Compliance Agreement for the applicable Tax-Exempt Bond issue and, if necessary, contact Bond Counsel to seek advice regarding any special allocation of the applicable Tax-Exempt Bond proceeds and other moneys of the University to Costs of the Project. If no special allocation is required or recommended, the Bond Compliance Officer will allocate proceeds of the applicable Tax-Exempt Bond issue to Costs of the Project in accordance with the University's accounting records. Each Final Written Allocation will contain the following: (1) a reconciliation of the actual sources and uses to Costs of the Project, (2) the percentage of the total Cost of the Project financed with proceeds of the applicable Tax-Exempt Bond issue (sale proceeds plus any investment earnings thereon), (3) the Project's Placed in Service date, (4) the estimated economic useful life of the Project, and (5) any special procedures to be followed in completing the Annual Compliance Checklist (for example, limiting the Annual Compliance Checklist to specific areas of the Project that are to be treated as having been financed by the applicable Tax-Exempt Bond issue).

(ii) *Finalize Annual Compliance Checklist*. As part of the preparation of each Final Written Allocation, the Bond Compliance Officer will update the draft Annual Compliance Checklist contained in the Tax Compliance Agreement for the applicable Tax-Exempt Bond issue.

(iii) *Review of Final Written Allocation and Annual Compliance Checklist*. At the discretion of the Bond Compliance Officer, the University may obtain review of the Final Written Allocation and/or Annual Compliance Checklist for any Tax-Exempt Bond issue by legal counsel to the University and/or Bond Counsel for sufficiency and compliance with the Tax Compliance Agreement for the applicable Tax-Exempt Bond issue and this Compliance Procedure. Following the completion of any such review, the Bond Compliance Officer will execute the Final Written Allocation.

**Annual Compliance Checklist.** An Annual Compliance Checklist will be completed by the Bond Compliance Officer each year following completion of the Final Written Allocation. Each Annual Compliance Checklist will be designed and completed for the purpose of identifying potential noncompliance with the terms of the Tax Compliance Agreement for the applicable Tax-Exempt Bond issue and this Compliance Procedure and obtaining documents (such as investment records, arbitrage computations, or other documentation for the Project) that are required to be incorporated in the Tax-Exempt Bond File. The Bond Compliance Officer will refer any responses in the Annual Compliance Checklist indicating a possible violation of the terms of the Tax Compliance Agreement for the applicable Tax-Exempt Bond issue to legal counsel to The University or Bond Counsel and, if



recommended by such counsel, will take remedial actions as provided by then-current IRS Regulations.

**Arbitrage and Rebate Compliance.** The Bond Compliance Officer will monitor the investment of Bond Restricted Funds with respect to the applicable Tax-Exempt Bond issue and provide investment records to the Rebate Analyst for such Tax-Exempt Bond issue on a timely basis. The Bond Compliance Officer will follow the directions of the Rebate Analyst for such Tax-Exempt Bond issue with respect to the preparation of, and the timing of, rebate or yield reduction computations.

**Reporting to the Governing Body.** Not less than once each year, the Bond Compliance Officer will produce a brief written report to the Governing Body describing the University's compliance activities since its most recent report on its Tax-Exempt Bonds and describing any substantive changes made to this Compliance Procedure during the period.

***Entities Affected by this Policy***

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All Divisions of the University.

***Related Documents***

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None.

***Revision and Implementation***

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The VP for Finance & Administration/Chief Financial Officer shall have the authority to revise this Policy, subject to the approval of the President's Executive Council (if required).

The VP for Finance & Administration/Chief Financial Officer shall have the authority to establish any procedures necessary to implement this Policy.

**EXHIBIT A**

**LIST OF OUTSTANDING TAX-EXEMPT BOND ISSUES COVERED BY THIS COMPLIANCE  
PROCEDURE**

Illinois Finance Authority, Revenue Bonds (Roosevelt University Project), Series 2007

Illinois Finance Authority, Revenue Bonds (Roosevelt University Project), [Series 2009]

Illinois Finance Authority, Revenue Bonds (Roosevelt University Project), Series 2018