

Tax Exempt Bonds Compliance and Continuing Disclosure Compliance Programs

- I. Policy Statement:** Marywood University (the “University”) shall maintain the tax exempt status of 501(c)(3) bonds or notes issued for its benefit and insure compliance with 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934 (“Rule 15c2-12”).
- II. Purpose:** To provide a written policy and process by which the University will (a) monitor and continually update its use of bond proceeds and bond financed facilities throughout the term of any 501(c)(3) bonds or notes issued for its benefit and (b) monitor and comply with its continuing disclosure obligations under Rule 15c2-12.
- III. Implementation:**
 - A. Responsible Persons
 1. The responsible persons are:
 - i. The chief financial officer of the University (the “Chief Financial Officer”) shall be responsible for the tracking of expenditures and receipts of bond proceeds and keeping the applicable records thereof;
 - ii. The Chief Financial Officer shall be responsible for reviewing and monitoring the private use, if any, of the University’s tax exempt financed facilities and the review of any management or service provider contracts, leases or other contractual arrangements relating to the use of the bond financed facilities to determine compliance with the safe harbors established by Rev. Proc. 97-13, as amended modified or superseded, and keeping all applicable records relating to such use and determinations;
 - iii. The Chief Financial Officer shall be responsible for reviewing and monitoring the investment of any bond proceeds and determining whether investments were made in accordance with the applicable safe harbor for determining fair market value and keep all such records for safe keeping together with the records of receipts and expenditures of bond proceeds; and
 - iv. The Chief Financial Officer shall be responsible to review the reports, at least annually with counsel, and confirm that the policies and procedures set forth herein are being followed.
 2. The Chief Financial Officer may, in his or her discretion, appoint or retain other responsible persons to assist or advise the foregoing responsible persons in their tasks.
 - B. Tracking of Bond Proceeds

1. The Chief Financial Officer shall create and maintain spreadsheets for each bond issue which will track the date, amount, and purpose of each receipt of and expenditure of bond proceeds. Back up documentation (either hard copy or in electronic form (if compliant with Rev. Proc. 97-22)) for each receipt or expenditure shall be retained as more fully described below.
2. The Chief Financial Officer shall review the applicable tax certificates for each issue and acquaint himself or herself with the University's expectations with respect to the bonds as expressed therein to ensure that the proceeds are expended consistently with such expectations. Any discrepancies will be brought to the attention of the CEO who shall communicate with counsel regarding such matters.
3. Expenditure of Proceeds
 - i. For expenditures from the applicable project fund, the Chief Financial Officer will review the applicable TEFRA Notice to confirm that an expenditure is within the project described in the TEFRA Notice and where such expenditure applies (that is, which facility). In addition, the useful life of asset acquired and its placed in service date shall be recorded.
 - ii. For expenditures for costs of issuance, the Chief Financial Officer will record all such expenditures and confirm that such expenditures in total do not exceed 2% of the issue price of the applicable bonds (as reported on the applicable form 8038).
 - iii. For any sums deposited in a debt service reserve fund, and earnings thereon, the Chief Financial Officer shall review and monitor all expenditures and receipts on such debt service reserve fund, and shall as often as practicable but in no event less than at least annually, cause any sums in excess of the applicable debt service reserve requirement to be taken out of the debt service reserve fund and applied to the next payment of debt service on the applicable bonds.
 - iv. For any funds deposited in a debt service fund, and any earnings thereon, the Chief Financial Officer shall review and monitor all expenditures and receipts for such debt service fund and shall not less than annually confirm that such fund is not funded in excess of the amount necessary.

C. Investment of Proceeds

1. The Chief Financial Officer shall review the applicable tax certificates for each issue and acquaint himself or herself with the University's expectations with respect to the bonds as expressed therein to ensure that the proceeds are invested consistently with such expectations. The Chief Financial Officer shall determine the yield applicable to the bonds as stated in the form 8038 filed with respect to each bond issue.
2. The Chief Financial Officer shall determine what proceeds are available for investment and whether they are subject to yield restriction. If such proceeds are not subject to yield restriction, the Chief Financial Officer shall cause such proceeds to be invested in such investments as shall be permitted under the applicable bond documents and the University's investments guidelines, if any, and the Chief Financial Officer may make such investments in consultation with the University's investment advisors, if any. If such proceeds are subject to yield restriction, the Chief Financial Officer shall cause such proceeds to be invested at or below the applicable yield restriction in such investments as shall be permitted under the applicable bond documents and the University's investments guidelines, if any, and the Chief Financial Officer may make such investments in consultation with the

University's investment advisors, if any, or if such investments cannot be obtained at fair market value (because investment yields are then in excess of the applicable bond yield), the University shall invest such proceeds in tax exempt obligations that are not subject to the alternative minimum tax.

3. The Chief Financial Officer shall cause such investments to be acquired at fair market value under applicable safe harbors for the determination of fair market value and for adequate records to be maintained to support such fair market value determinations.

D. Unrelated Trade or Business Use.

1. The Chief Financial Officer shall create and maintain spreadsheets for each bond financed facility which will track the amount of bond proceeds used to finance such facility and track the use of such facility in any unrelated trade or business of the University. Back up documentation (either hard copy or in electronic form (if compliant with Rev. Proc. 97-22)) for each receipt or expenditure shall be retained as more fully described below.
2. The Chief Financial Officer shall review the applicable tax certificates for each issue and acquaint himself or herself with the University's expectations with respect to the bonds as expressed therein to ensure that any use of the facility is consistent with such expectations.

E. Private use

1. The Chief Financial Officer shall create and maintain spreadsheets for each bond financed facility which will track the amount of bond proceeds used to finance such facility and track the use of such facility by anyone other than the University. Back up documentation (either hard copy or in electronic form (if compliant with Rev. Proc. 97-22)) for each receipt or expenditure shall be retained as more fully described below.
2. The Chief Financial Officer shall review the applicable tax certificates for each issue and acquaint himself or herself with the University's expectations with respect to the bonds as expressed therein to ensure that any use of the facility is consistent with such expectations.
3. Prior to the University's execution of any agreement for (i) the rental by the University of bond financed property (such as space rented for a gift shop or ATM), (ii) the management of any function at a bond financed facility (such as food services), or (iii) any agreement that conveys rights to a third party that are different from the rights granted to members of the general public (but excluding individuals that rent individual units), the Chief Financial Officer shall first determine whether such arrangement constitutes an unrelated trade or business of the University, and second determine whether such use constitutes a private business use. If such use constitutes an unrelated trade or business of the University, or if the use constitutes private business use, the Chief Financial Officer will determine how much unrelated trade or business use/private business use already exists and whether the proposed private business use will be within the permitted limitation. The Chief Financial Officer, in consultation with counsel, shall in his or her discretion approve or disapprove of the arrangement. The Chief Financial Officer shall only approve of such arrangement if the University is compliant with private business use limitations with respect to the applicable bonds after giving effect to the proposed arrangement or the Chief Financial Officer has determined that remedial actions can be taken, or another remedy exists, that will permit the applicable bonds to remain compliant with the private business use limitation.

F. Rebate

1. The University shall engage a rebate consultant and cause such consultant to undertake a rebate analysis and the preparation of a written report at least every 5 years that a bond issue is outstanding if no rebate exception has been determined for the applicable issue of bonds. Such rebate consultant shall determine whether any issue of bonds has qualified for an exception from rebate, and if not, whether any rebate liability is owed to the U.S. Treasury. If any liability is determined, the University shall cause such liability to be paid to the U.S. Treasury promptly and no later than 60 days after the applicable 5th year anniversary. Such payment to be accompanied by the appropriate and required forms to be filed with the Internal Revenue Service.

IV. Continuing Disclosure

- A. On an annual basis and not later than 180 days after the end of each fiscal year of the University or such earlier or later date as may be provided under any Continuing Disclosure Agreement or Certificate of the University, the Chief Financial Officer shall post, or cause a dissemination agent to post, on the Electronic Municipal Market Access system (EMMA) maintained by the Municipal Securities Rulemaking Board the University's Annual Report which shall be compliant with the applicable Continuing Disclosure Agreement or Certificate.
- B. If applicable under any Continuing Disclosure Agreement or Certificate of the University, on an annual basis and not later than fifteen (15) days after final approval by Board of the University, the Chief Financial Officer shall post, or cause a dissemination agent to post, on EMMA, a summary of the budget for the current fiscal year.
- C. Whenever the University obtains knowledge of the occurrence of a Listed Event, as defined in the applicable Continuing Disclosure Certificate, the University shall as soon as possible (with respect to those Listed Events where a determination of materiality by the University is applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities laws. If (i) a determination of materiality by the University is not relevant to the obligation to give notice of a Listed Event or (ii) the University determines (with respect to those Listed Events where a determination of materiality by the University is applicable) that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Chief Financial Officer shall promptly post, or cause to be posted, in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, a notice of such occurrence on EMMA.

V. Documentation

- A. At least annually, at the annual meeting of the Board of Trustees, the Chief Financial Officer shall report to the Board regarding the University's compliance with the various limitations and restrictions applicable to tax exempt financing and shall certify that the University is compliant with all requirements applicable to the University's tax exempt bonds. The Chief Financial Officer shall periodically consult counsel with respect to reviewing results and data generated from its information gathering and compliance monitoring procedures as a further check on the integrity of its post issuance compliance program outlined above.
- B. At least annually, at a meeting of the Board of Trustees, the Chief Financial Officer shall report to the Board regarding the University's compliance with Rule 15c2-12 and shall certify in writing that such Chief Financial Officer has filed the Annual Report and the summary of the Budget in a timely manner and identify any Listed Events which were reported on EMMA.
- C. The Chief Financial Officer will have all records organized and kept in accordance with this Policy and procedures available to him or her at all times. The University shall keep all such records for a period not shorter than 6 calendar years after the year in which the applicable bond

issue matures, or if such issue is refunded, 6 calendar years after the refunding bond issue matures.

- D. The Chief Financial Officer shall periodically consult counsel with respect to reviewing results and data generated from its information gathering and compliance monitoring procedures as a further check on the integrity of its post issuance compliance program outlined above.

VI. Professional Advisors

- A. The Board of Trustees, the Chief Financial Officer and/or the President may consult with bond counsel, the University's financial advisor or other professional expert in tax-exempt finance to provide advice and guidance with the interpretation of IRS and SEC rules and regulations as necessary to assist the University with compliance with these policies and procedures.

VII. Corrective Actions

- A. The goal of this tracking and monitoring is to ensure that all tax exempt bonds remain qualified in compliance with the applicable tax requirements. Such monitoring also ensures that any actual or potential violations of federal tax requirements can be timely identified and, in consultation with counsel, corrected by the taking or remedial action or engaging the Internal Revenue Service ("IRS") under the voluntary closing agreement program.

VIII. Training

- A. The Chief Financial Officer of the University shall quarterly review the IRS website for materials and teleconferences or webinars relating to tax exempt bonds and compliance by conduit borrowers. The Chief Financial Officer shall determine whom, if anyone, should review such materials and attend such teleconferences or webinars.
- B. The Chief Financial Officer of the University shall at least annually review the SEC website for materials and updates on the continuing disclosure obligations to maintain compliance with Rule 15c2-12.

IX. Funding

- A. The Board of Trustees shall annually budget the sum necessary in order to accomplish the purposes of these policies and procedures.

Related Policies

History of the Policy

05-24-2016 – The President of the University approved the establishment of this policy upon the recommendation of the President's Cabinet during their 5-24-2016 meeting.

MARYWOOD UNIVERSITY POLICIES AND PROCEDURES MANUAL

Mary Theresa Gardier Paterson, Esquire
Secretary of the University and General Counsel
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Continuing Disclosure Compliance Programs