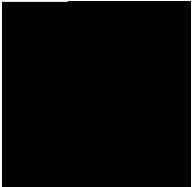# STOCKTON UNIVERSITY

PROCEDURE

Tax-Exempt Bond Compliance
Procedure Administrator: Controller Authority: N.J.S.A. 18A:64-8; IRS Revenue Procedures 2007-47 and 2016-44, Treasury Regulation §1.141-12, §1.145-2 Effective Date: January 12, 2015; November 20, 2023 Index Cross-References: VI-57.5 – Post Issuance Tax Exempt Bond Compliance Policy Procedure File Number: 6409 Approved By: Dr. Joe Bertolino, President

Purpose

The University finances a portion of its capital needs through the issuance of tax-exempt bonds issued by the compliance obligation

The purpose of this comply with federal (collectively "bond requirements of bond

Organizational Responsibility

The Vice President for Administration & Finance and Chief Financial Officer has primary responsibility to ensure post-issuance compliance and monitor post-issuance matters with respect to the University's bond issues, which includes providing information and training on implementing these procedures.

The Office of Fiscal Affairs is responsible for tracking draws and expenditures, including cost of issuance, ensuring bond proceeds are expended on projects as authorized in the applicable bond documents, preparing requisitions, allocating sources of project funding between bond issues and other sources, identifying and monitoring private use, reviewing arbitrage reports, and maintaining adequate records to support all the foregoing.

Fiscal Affairs, in consultation with Facilities & Operations, shall also determine when projects financed by bond issues are complete and/or placed in service and will advise the issuer of such events.

Tracking Expenditures and Use of Bond-Financed Facilities

Fiscal Affairs shall maintain records regarding the use and allocation of debt proceeds and other sources for projects funded with bond issues. Such records shall be maintained with respect to each bond series. Requisitions for reimbursement should include supporting documentation as required by the issuer.

Fiscal Affairs will monitor the use of bond proceeds on an ongoing basis and inform the issuer of events relating to use of bond proceeds, which may result in private business use or other issues, which must be analyzed for compliance with federal tax law. The University will comply with the covenants in the related bond issue documents and will cooperate with the issuer in seeking advice from bond counsel and remediation, if necessary.

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higher education. Because more than one institution receives funds from a single state-backed issue, the NJEFA will determine at the time of issuance, as documented in the tax covenants of the bond issue documents, if the applicable percentages referenced (above) in connection with stand-alone TEBs is available to each participating institution.

Special legal entitlements to bond-financed property includes leases of financed property, management contracts, sponsored research agreements, naming rights, licenses of facilities for use by cell phone service providers, energy providers and the like, as set forth in bond documents and arbitrage certificates. Typical examples of private business use in a university setting often include food service contracts, bookstore contracts, certain research agreements, and dorm or summer event use, if they do not meet certain safe harbors under IRS Revenue Procedure 2017-13 or IRS regulations for short term and incidental use arrangements.

Fiscal Affairs will obtain all private business use contracts to monitor and maintain a record of private business use of bond-financed property and any private payments. As required in the bond issuer's documents, the University will report and certify to the bond issuer about the use of bond-financed facilities and any additions or changes that may have occurred and cooperate with the bond-issuer in determining whether there is a

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