

UNIVERSITY OF OKLAHOMA

BOND ISSUE TAX CODE AND SECURITIES LAW COMPLIANCE POLICY

I. GENERAL

The University of Oklahoma, a body corporate and politic, and instrumentality of the State of Oklahoma (“University of Oklahoma”) duly created and existing pursuant to [Title 73 O.S. §§151 et seq., / Title 60, Oklahoma Statutes 2003, Sections 176-180.3, inclusive / Title 70, Oklahoma Statutes, 2008 Supp., Section 3980.4E, et seq. as amended], which from time to time issues bonds, notes or other obligations to accomplish the purposes for which University of Oklahoma was created, hereby states its official policy that it shall comply fully (or to the greatest extent possible) with all applicable requirements of Oklahoma and Federal law pertaining to issuance and existence of governmental bonds, including but not limited to, provisions of the United States Internal Revenue Code (as amended, with attendant rules and regulations, the “Code”), provisions of Federal securities laws, including those statutes, rules and regulations pertaining to the Securities and Exchange Commission (“SEC”), and requirements of other State and Federal administrative and regulatory agencies pertaining to the issuance, sale, delivery, existence and payment of bonds.

This policy, which to the best knowledge and belief of University of Oklahoma has heretofore been followed, although not set forth in a formal written form (except for effective and existing Federal Tax Certificates relating to specific bond issues, which are hereby referenced and incorporated herein).

II. ADMINISTRATION

The day-to-day operation of University of Oklahoma, including, but not limited to, actions to obtain and maintain compliance with applicable State and Federal laws, shall be conducted by the University’s Chief Financial Officer or his/her designee. Provided, the Chief Financial Officer shall be responsible to, and under the direction of, the President, Executive Vice President, and Board of Regents of the University of Oklahoma.

The Chief Financial Officer shall have and exercise the duty of assuring compliance with applicable State and Federal laws relating to University of Oklahoma bonds. This duty shall include the keeping of books and records of University of Oklahoma in a full and accurate manner, and the reporting of activities of University of Oklahoma to appropriate State and Federal authorities which may include, but not be limited to, the University of Oklahoma Board, the Oklahoma State Bond Advisor, the Oklahoma Securities Commission, the United States Internal Revenue Service (“IRS”), the United States Securities and Exchange Commission (“SEC”) and such other boards and agencies with jurisdiction over the process of issuing bonds by University of Oklahoma. Such activities shall include actions to assure compliance with laws, rules and regulations relating to University of Oklahoma or other governmental bonds after the time such bonds are issued (“post-issuance compliance”). Thus,

the Chief Financial Officer shall be responsible for post-issuance compliance.

III. BOND ISSUANCE.

A. The Chief Financial Officer shall maintain (or cause to be maintained), in either paper or electronic format, full and correct copies of all proceedings relating to the approval, sale, issuance, delivery and use of University of Oklahoma bonds. Such proceedings shall include:

1. A complete transcript of proceedings relating to each University of Oklahoma bond issue, including all University of Oklahoma Board resolutions and all documents relating to such bond issue, and related approvals.
2. A complete accounting of all costs of issuance of each individual University of Oklahoma bond issue, including, but not limited to, fees and expenses, as applicable, of:
 - a. Bond Counsel;
 - b. Securities Counsel;
 - c. Special Tax Counsel;
 - d. Accountants or providers of bond financial analysis;
 - e. Approval by the Council on Bond Oversight and/or the State Bond Advisor;
 - f. Rating Agencies;
 - g. Providers of bond insurance, letters of credit or other forms of credit enhancement;
 - h. Trustee bank(s) or the State Treasurer (if acting as bond trustee) including acceptance fees;
 - i. Providers of investment services, including investment of bond proceeds;
 - j. CUSIP or similar bond registration services;
 - k. Attorney General document preparation and transcript review services;
 - l. Providers of printing services for bonds, or official statements;
 - m. Administrative fees if any of University of Oklahoma;
 - n. Fees for appraisal, demand surveys or feasibility studies for bond-financed property; and
 - o. Services of any and all other providers related to the University of Oklahoma bond issue.
3. Any leases, subleases or use agreements relating to the bond-financed property.
4. A complete accounting of all receipts, including but not limited to, rental or lease revenues, administrative and other fees, and investment earnings in relation to the bonds.
5. A complete accounting of all payments of principal of, and interest or premiums on the bonds.

6. Computation on the arbitrage yield, net interest cost and true interest cost of the bonds, any and all Form 8038's or similar IRS reports reflecting bond issuance and costs, and evidence of timely filing of such reports.
7. Computation, in accordance with Code requirements, of arbitrage yield restriction and rebate, if any, due the United States, and evidence of timely payment of any such liability.
8. A detailed accounting of the purposes or projects for which bond proceeds are used, and any change in such purpose or project during the course of its acquisition or construction.
9. A detailed accounting of the expenditure of bond proceeds for project purposes, copies of requisitions, invoices and bills together with contracts for construction, renovation or acquisition of bond-financed facilities, including a time line or draw schedule indicating the date of such expenditure, and a detailed list of assets acquired.
10. Evidence of the retirement, redemption, refunding, reissuance or restructuring of such bonds, including dates of such occurrences
11. A complete accounting of administrative or other fees or expenses charged or incurred in connection with the particular University of Oklahoma bond issue.
12. Newspaper articles, brochures or other publications relating to the bond issue.
13. Accounting for any federal or state government grants received related to the project.
14. Periodic statements of bond trustees for the bond issue.
15. Audited financial statements of University of Oklahoma relating to the bond issue.
16. Correspondence (letters, e-mails, faxes, etc.) related to the bond issue or project.
17. Reports of any prior IRS examinations of University of Oklahoma or the bond issue.
18. Any guaranteed investment contracts or other investment instruments for bond proceeds.
19. Any agreements for swaps or financial derivatives, and an accounting for the income and expenses related to such financial instruments relating to the bonds
20. Contracts, agreements or other evidence relating to the bidding and cost of financial products.
21. Any documents, agreements or instruments of whatsoever kind or character (including,

but not limited to, leases, subleases, naming rights, management agreements, etc.) relating to use of any part of the bond-financed property or project for private business use (including 501(c) corporations), and accounting of any revenues received in relation thereto.

22. Agreements with underwriters or other persons regarding the obligation of University of Oklahoma to provide continuing disclosure of information pertinent to the bonds after closing.

B. In addition to the above, if the University of Oklahoma issues Direct Pay Build America Bonds the Chief Financial Officer shall maintain (or cause to be maintained), in either paper or electronic format, full and correct copies of all proceedings relating to the sale, issuance, delivery, post-compliance and use of University of Oklahoma bonds. Such proceedings shall include:

1. Procedures to ensure that none of the maturities of Direct Pay Build America Bonds are issued with more than a de minimis amount of premium as required by section 54AA(d)(2)(C) of the Internal Revenue Code, including when and how implemented. Verification of such de minimis amount shall be received before any bonds are issued. Such verification may be determined and documented either by the Chief Financial Officer, or consultant to the University of Oklahoma
2. Description of any records of secondary market trading activity for Direct Pay Build America Bonds through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (MSRB EMMA); record of review of secondary market trading activity for the Direct Pay Build America Bonds after the sale date but before bonds delivery date; and record of any bonds trading at a price greater than the issue price prior to the delivery of the bonds. If records of secondary market trading activities are available through EMMA, the Chief Financial Officer or consultant to the University of Oklahoma, other than the underwriter or initial purchaser of the bonds shall review the records of the secondary market trading activity for the bonds after the sale date of the bonds but before the bonds were delivered on the date of issue, if applicable. Such review shall determine if any bonds were trading at a price greater than the issue price prior to the delivery date.
3. Written procedures regarding post-compliance with the following Federal tax requirements. These written procedures include maintaining records in the office of the University of Oklahoma and the trustee bank and include the Federal Tax Certificate on each issue. Certain procedures follow state law requirements:
 - a. Timely expenditure of bond proceeds.
 - b. Calculation of Available Project Proceeds under 54A(e)(4).
 - c. Use of 100% of Available Project Proceeds less an amount in a reasonably required reserve fund only for capital expenditures.
 - d. Arbitrage yield restriction and rebate procedures.
 - e. Costs of issuance financed by the Direct Pay Build America Bonds do not exceed

- 2% of the sale proceeds.
 - f. Proper determination of the amount of interest payable on each interest payment date.
 - g. Proper amount of refundable credit reported on Form 8038-CP.
 - h. Timely filing of Form 8038-CP.
 - i. Payment of refundable credit made only to proper person.
4. Procedures to ensure timely identification of violations of Federal tax requirements and timely correction of any identified violations through remedial actions include close communication with trustee bank, beneficial user of project, compliance with Federal Tax Certificate and other applicable state law. Any identified violations will be reported to the University of Oklahoma within 10 days and counsel to the University of Oklahoma. Timely correction will be made or remedial action taken pursuant to applicable Treasury Regulations or through the Tax Exempt Bonds Voluntary Closing Agreement Program.

Notwithstanding any provisions of Oklahoma law relating to document retention to the contrary, the above records, in either paper or electronic format, shall be retained for a period of not less than the term of the bonds plus three (3) years.

IV. POST-BOND ISSUANCE REQUIREMENTS

The Chief Financial Officer (who may act on advice of bond counsel or other qualified tax or securities counsel, as appropriate) shall maintain (or cause to be maintained), in either paper or electronic format, full and correct copies of all materials or proceedings required by applicable State or Federal tax and securities laws or rules to be kept in relation to substantial changes in the project or the bonds *after* the closing of the University of Oklahoma bond issue, and to timely disclose (or cause to be disclosed) such materials and changes, so as to fully comply with applicable tax and securities law laws, rules and regulations of the SEC, IRS and other regulatory agencies, and with provisions of any continuing disclosure agreements of University of Oklahoma related to the bonds.

Such records, and disclosures in connection therewith, shall be kept or made in such a manner as to allow University of Oklahoma to fully comply with applicable laws, rules and regulations including, but not limited to, the following:

1. Change in use of the project or bond-financed property [Code §§103, 141 and related regulations]. The Chief Financial Officer shall, upon advice of qualified bond counsel or tax counsel experienced in such matters, report a change in use of the bond financed project or facilities to the IRS in a timely fashion, and shall undertake (or cause to be undertaken) any remedial actions recommended by such counsel and approved by the University of Oklahoma Board.
2. Occurrence of a “Material Event” as defined in Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12) including any official interpretations thereof (the “Rule”), as in effect on the date of the closing of

the University of Oklahoma bonds. Such Material Events shall include, but not be limited to:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (vii) modifications to rights of holders of Bonds;
- (viii) bond calls (other than mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event, the terms of which are set forth in the Official Statement);
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds; and
- (xi) rating changes.

Notwithstanding any provisions of Oklahoma law relating to document retention to the contrary, the above post-bond closing records, in either paper or electronic format, 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 qualified bond or tax counsel so as to allow University of Oklahoma to comply with all applicable tax and securities law requirements.