IIT Post-Issuance Compliance Policy
Tax Exempt Bond Financings

Effective Date: January 1, 2013
Revised: January 8, 2014

Policy Statement

IIT ("IIT") funds eligible capital projects through qualified 501(c)(3) tax-exempt bonds ("TEBs") issued on its behalf, as a conduit borrower, by the Illinois Finance Authority ("IFA") or another authorized state or local government agency. The interest paid to holders of TEBs is tax-exempt. TEBs retain their tax-exempt status throughout their life. The tax exemption is subject to compliance by IIT with certain federal laws and regulations, including laws and regulations governing investment, expenditure and use of bond proceeds. This policy provides guidance and describes IIT's methodologies regarding TEB compliance.

Reasons for Policy

This policy is to ensure compliance with all laws, regulations and contracts relating to IIT's TEBs.

Primary Guidance to which this Policy Responds

This policy primarily responds to the provisions of the Internal Revenue Code and Treasury Regulations governing TEBs, as well as agreements IIT has entered into with IFA and other government agencies in connection with TEBs issued on behalf of IIT.

Responsible IIT Officer

Vice President for Finance and Administration (the "VP"). The VP may designate, as she or he deems necessary or appropriate, other employees of IIT to perform certain tasks and activities required by this policy.

Who is Governed by This Policy

The VP will notify relevant personnel and departments of their responsibilities under this policy as needed but in no event less than annually.

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Who Should Know this Policy
All IIT employees described above should know this policy.

Policy Text
It is the policy of IIT to comply with all laws, regulations and contracts applicable to TEBs issued on its behalf. Some specific compliance requirements and related procedures are set forth below:

Roles and Responsibilities
The VP is primarily responsible for monitoring compliance with all issues relating to post-issuance TEB compliance. Other departments have certain responsibilities with respect to ensuring compliance with this policy and providing information to the VP or to relevant tax and/or legal personnel. The VP will notify the relevant personnel and departments of their responsibilities under this policy as needed but in no event less than annually.

Project Eligibility
All property financed by TEB proceeds must be owned or, under certain circumstances, leased by IIT and the intended use must be consistent with IIT's tax-exempt purpose. Additional technical criteria will apply to determine eligibility of a project.

Private Business Use
General. Generally, no more than 5% of the proceeds of a TEB issuance, or $15 million, whichever is less, may be used for private business use ("PBU"). The costs of issuance of the TEBs (which are limited to 2% of the proceeds) are applied against the limit. PBU occurs when private business users are given special entitlements to use TEB proceeds or bond-financed property. Private business users include for-profit entities, the federal government, tax-exempt organizations that are not 501(c)(3)s, and 501(c)(3) organizations if their use is an unrelated trade or business for either the 501(c)(3) or IIT.

Monitoring of PBU. It is the policy of IIT to monitor the use of TEB-financed projects from the time the projects are placed into service until three years after the bonds have been paid. The VP will maintain a database of the IIT's TEB-financed facilities. The IIT process for monitoring PBU includes the conduct of an annual review of TEB-financed spaces. The annual review will be coordinated by the VP and will include a review of physical use of space as well as examination of IIT's UBIT tax filings, management and service contracts, research agreements and other relevant agreements. Some aspects of the annual review are described below:

> Sponsored Research Agreements – All IIT sponsored research agreement must be in compliance with the private business use rules applicable to IIT. See Revenue Procedure 2007-47, as the same may be amended from time to time. The VP will maintain an exceptions list that will be provided to and reviewed by the relevant tax and/or legal personnel on an annual basis.
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> Management and Service Contracts – Each year, the VP will collect new and renewed management and service leases and contracts that allow use of TEB-financed space and will evaluate the same for compliance with the private business use rules applicable to

Although the required records to be retained depend on the specific transaction and the requirements imposed by the Internal Revenue Code and regulations, records common to most tax-exempt bond transactions include:

- Basic records relating to the bond transaction (including the trust indenture, loan agreements, and bond counsel opinion);
- Documentation evidencing expenditure of bond proceeds;
- Documentation evidencing use of bond-financed property by public and private sources (i.e., copies of management contracts and research agreements);
- Documentation evidencing all sources of payment or security for the bonds; and
- Documentation pertaining to any investment of bond proceeds (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income received the investment of proceeds, guaranteed investment contracts, and rebate calculations).

All records