

**UVM Officials and Delegates** 

## PRIVATE BUSINESS USE

Space Usage Monitoring Guide for Bond-financed Spaces



### Why Tracking Private Business Use is Important

- To comply with post-issuance bond compliance to keep bond funds taxexempt! Tax-exempt bonds (TEB) receive preferential tax treatment but then are subject to federal tax requirements for as long as the bonds remain outstanding. The tax savings are substantial!
- Private Business Use (PBU) is usage of TEB-financed property in trade or business by a "non-governmental person" such as <u>nonprofit organizations</u>, profit business entities, and federal or foreign governments. Note that state and local government usage does not constitute PBU.
- PBU can occur from usage in a TEB-financed space by a non-UVM user. A
   UVM user is any student, paid staff, or paid faculty; everyone else needs to be
   assessed. UVM complies with this requirement by tracking all usage
   arrangements in TEB-financed spaces.

## Why Tracking Private Business Use is Important

- PBU triggers can be transfers of ownership, leases, rentals, management or service contracts, sponsored research, naming rights, or substantial economic benefits to the non-UVM user.
- PBU may also arise from TEB-financed equipment or energy output from a TEB-financed plant.
- Bond-financed space usage must remain <u>below 10% PBU per bond to retain its</u> <u>tax-exempt status</u>. See website for regulations and more information: <a href="https://www.uvm.edu/finance/private-business-use">https://www.uvm.edu/finance/private-business-use</a>.
- BLX Group assists UVM with PBU by evaluating the questionnaires and contracts and completing the yearly complex PBU calculations. BLX Group is registered with the Securities Exchange Commission and Municipal Securities Rulemaking Board as a municipal advisor.

### Responsibilities for Officials and Delegates -Year-round Monitoring and Yearly Reporting

- Monitor all non-UVM space usage contracts, agreements, leases, and noncontract/informal space usage arrangements in bond-financed spaces for your area, as designated in the space survey.
- Create methods to review, oversee, and collect space usage data for yearly PBU questionnaires, such as having all space usage arrangements flowing through your office.
- Record, update, and retain all documentation of any private business use.
- Forward all usage arrangements (new, amended, terminated) pertaining to bond-financed spaces to <u>Treasury.Management@uvm.edu</u> throughout the year.
- Advise individuals responsible for the specific space usage arrangements not processed by SPA (non-SPA) to track buildings, room numbers, and days of usage.
- Supply information regarding any Non-institutional Agency (not UVM paid) designations
  made in the space survey under your purview to Treasury Management.
- Collect data and complete yearly questionnaire and biennial training.

# Best Practices – Year-round PBU Monitoring for Bond-financed Space Usage

#### Officials and Delegates:

- 1. Keep bond-financed space list on hand for reference <a href="https://www.uvm.edu/finance/private-business-use">https://www.uvm.edu/finance/private-business-use</a>.
- 2. Ensure all usage arrangements flow to you.
- 3. Check each usage arrangement to the bond-financed space list and forward it to Treasury Management if:
  - a) it pertains to a bond-financed space used by a non-UVM user **OR**
  - b) if the space is designated as "non-institutional agency" in the space survey.

Organization Name

- 4. Create a tracking mechanism, such as an Excel spreadsheet, to ensure collection of the necessary information from your usage administrators.
- 5. Advise usage administrators that days of usage, building, and room/area must be tracked for non-SPA arrangements and forwarded to you by August (for the previous fiscal year) for ease in completing the yearly

for-profit, other)

questionnaire for your areas.

| • Du           | ring the period July 1, 2021 - June 30, 2022, was any bond-financed space operated and/or occupied by anyone other than UVM students, UVM-paid faculty or UVM-paid aff of the University?   | Yes/No                            |  |  |
|----------------|---|-----------------------------------|--|--|
| 1)<br>2)<br>3) | If yes, provide the following:  1) Provide responses for each usage arrangement in the table below.  2) Send original usage arrangements, along with any modifications to such arrangement to Treasury Management.  3) Alert Treasury Management of any terminated or completed arrangement with the end date.  BLX Group will review these usage arrangements and may request copies of additional usage arrangements as well. |                                   |  |  |
|                | Was Usage Arrangement Organization Type (fed govt, state or local govt, 501(c)(3), If No, fill in rest of Inc. Inc. Inc. Inc. Inc. Inc. Inc. Inc.   | Contract sent Treasury Management |  |  |



## PBU is an Ongoing Campus-wide Collaboration

### PBU FY21 Summary:

- There were 60 officials and delegates, and Treasury
   Management collected 46 contracts and 34 PBU questionnaires.
- This information was evaluated and assembled for the BLX Group to complete the complex PBU calculations, which are currently in review.
- Stay tuned for increased guidance with post-issuance bond compliance.

#### Thank you!

Keeping the University's bond taxexempt status is a campus-wide group effort. We couldn't do this compliance reporting without you!

Please let Treasury Management know if you have any questions:

Treasury.Management@uvm.edu