
TAX COMPLIANCE AGREEMENT

Dated as of April 15, 2020

Between

CITY OF SEDALIA, MISSOURI,

And

**BOKF, N.A.,
as Trustee**

\$28,995,000

**CITY OF SEDALIA, MISSOURI
REFUNDING AND IMPROVEMENT CERTIFICATES OF PARTICIPATION
SERIES 2020**

TAX COMPLIANCE AGREEMENT

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TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the “Tax Agreement”), dated as of April 15, 2020, between the **CITY OF SEDALIA, MISSOURI**, a political subdivision organized and existing under the laws of the State of Missouri (the “Issuer”) and **BOKF, N.A.**, national banking association duly organized and existing under the laws of the United States of America, as Trustee (the “Trustee”);

RECITALS

1. This Tax Agreement is being executed and delivered in connection with the delivery by the Issuer of its \$28,995,000 principal amount of Refunding and Improvement Certificates of Participation, Series 2020 (the “Certificates”), evidencing a proportionate interest of Certificate owners thereof in Rental Payments to be made by the Issuer pursuant to an annually renewable Lease Agreement dated as of April 15, 2020 (the “Lease”), between the Issuer, as lessee and the Trustee, as lessor, pursuant to a Trust Indenture dated April 15, 2020 (the “Indenture”) between the Issuer and the Trustee, for the purposes described in this Tax Agreement and in the Indenture.

2. The Internal Revenue Code of 1986, as amended (the “Code”), and the applicable Regulations and rulings issued by the U.S. Treasury Department (the “Regulations”), impose certain limitations on the uses and investment of the Certificate proceeds and of certain other money relating to the Certificates and set forth the conditions under which the Interest Component of the Rental Payments made by the Issuer and distributed to the registered owners of the Certificates will be excluded from gross income for federal income tax purposes.

3. The Issuer and the Trustee are entering into this Tax Agreement in order to set forth certain facts, covenants, representations, and expectations relating to the use of Certificate proceeds and the property financed or refinanced with those proceeds and the investment of the Certificate proceeds and of certain other related money, in order to establish and maintain the exclusion of the Interest Component of the Rental Payments represented by the Certificates from gross income for federal income tax purposes.

4. The Issuer adopted a Tax-Exempt Financing Compliance Procedure on January 17, 2012, as it may from time to time be amended (the “Tax Compliance Procedure”) (a current copy of which is attached as **Exhibit G**) for the purpose of setting out general procedures for the Issuer to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations.

5. This Tax Agreement is entered into as required by the Tax Compliance Procedure to set out specific tax compliance procedures applicable to the Certificates.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the Issuer and the Trustee represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. Except as otherwise provided in this Tax Agreement or unless the context otherwise requires, capitalized words and terms used in this Tax Agreement have the same meanings as set forth in the Indenture and the Lease, and certain other words and phrases have the meanings assigned in Code §§ 103, 141-150 and the Regulations. The following words and terms used in this Tax Agreement have the following meanings:

“Adjusted Gross Proceeds” means the Gross Proceeds of the New Money Portion or the Refunding Portion, as applicable, reduced by amounts (a) in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, (b) that as of the Issue Date are not expected to be Gross Proceeds, but which arise after the end of the applicable spending period, and (c) representing grant repayments or sale or Investment proceeds of any purpose Investment.

“Available Construction Proceeds” means the sale proceeds of the New Money Portion, increased by (a) Investment earnings on the sale proceeds, (b) earnings on amounts in a reasonably required reserve or replacement fund allocable to the New Money Portion but not funded from the Certificates, and (c) earnings on such earnings, reduced by sale proceeds (1) in any reasonably required reserve fund or (2) used to pay issuance costs of the Certificates. Available Construction Proceeds do not include investment earnings on amounts in a reasonably required reserve or replacement fund after the earlier of (i) the second anniversary of the Issue Date or (ii) the date the Financed Facility is substantially completed.

“Bona Fide Debt Service Fund” means a fund, which may include Certificate proceeds, that (a) is used primarily to achieve a proper matching of revenues with Rental Payments within each Certificate Year; and (b) is depleted at least once each Certificate Year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Certificate Year, or (2) one-twelfth of the Rental Payments on the Certificates for the immediately preceding Certificate Year.

“Bond Compliance Officer” means the Issuer’s Finance Director or other person named in the Tax Compliance Procedure.

“Bond Insurance Policy” means the municipal Bond Insurance Policy issued by the Bond Insurer concurrently with the issuance of the Certificates guaranteeing the scheduled payment of the principal of and interest on the Certificates when due.

“Bond Insurer” means [[**Build America Mutual Assurance Company**]].

“Certificate” or **“Certificates”** means any Certificate or Certificates described in the recitals, authenticated and delivered under the Indenture.

“Certificate Fund” means the Certificate Fund that is created and established pursuant to the Indenture.

“Certificate Year” means each one-year period (or shorter period for the first Certificate Year) ending September 15, or another one-year period selected by the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended.

“Computation Date” means each date on which arbitrage rebate for the Certificates is computed. The Issuer may treat any date as a Computation Date, subject to the following limits:

- (a) the first rebate installment payment must be made for a Computation Date not later than 5 years after the Issue Date;
- (b) each subsequent rebate installment payment must be made for a Computation Date not later than five years after the previous Computation Date for which an installment payment was made; and
- (c) the date the last Certificate is discharged is the final Computation Date.

The Issuer selects April 15, 2025 as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

“Escrow Agent” means BOKF, N.A., Kansas City, Missouri, and its successor or successors at the time acting as the Escrow Agent under the Escrow Agreement.

“Escrow Agreement” means the Letter of Instructions to Redeem Certificates, dated as of April 15, 2020, between the Issuer and the Escrow Agent, related to the refunding of the Series 2012A Certificates.

“Escrow Fund” means the Prepayment Fund established for the Series 2012A Certificates.

“Escrowed Securities” means the direct, noncallable obligations of the United States of America, as described in the Escrow Agreement.

“Final Written Allocation” means the written allocation of expenditures of proceeds of the Original Obligations as set forth on **Exhibit D** and the Final Written Allocation of expenditures prepared by the Bond Compliance Officer in accordance with the Tax Compliance Procedure and **Section 4.2(b)** of this Tax Agreement.

“Financed Facility” means the portion of the Project being financed or refinanced with the proceeds of the Certificates and the Original Obligations as described on **Exhibit D**.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the Issuer from the sale of the Certificates, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds, other Investment proceeds or transferred proceeds), (c) any amounts held in a sinking fund for the Certificates, (d) any amounts held in a pledged fund or reserve fund for the Certificates, (e) any other replacement proceeds and (f) any transferred proceeds. Specifically, Gross Proceeds includes (but is not limited) to amounts held in the following funds and accounts:

- (1) Project Fund.
- (2) Certificate Fund, with a Certificate Proceeds Account and a City Contribution Account.
- (3) Reserve Fund.
- (4) Escrow Fund (to the extent funded from sale or Investment proceeds).

“Guaranteed Investment Contract” is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract).

“Indenture” means the Trust Indenture, dated as of April 15, 2020, between the Issuer and the Trustee, as amended and supplemented in accordance with the provisions of the Indenture.

“Interest Component” means the portion of each payment of Rental Payments that represents the payment of interest as set forth in the Lease.

“Investment” means any security, obligation, annuity contract or other investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. This term does not include a tax-exempt bond, except for “specified private activity bonds” as defined in Code § 57(a)(5)(C), but it does include the investment element of most interest rate caps.

“IRS” means the United States Internal Revenue Service.

“Issue Date” means _____, 2020.

“Issuer” means the City of Sedalia, Missouri and its successors and assigns, or any body, agency or instrumentality of the State of Missouri succeeding to or charged with the powers, duties and functions of the Issuer.

“Lease” means the Lease Agreement dated as of April 15, 2020, between the Trustee, as lessor, and the Issuer, as lessee, as amended and supplemented in accordance with the provisions thereof.

“Management Agreement” means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. Contracts for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing, or similar services), however, are not treated as Management Agreements.

“Measurement Period” means, with respect to each item of property financed as part of the Financed Facility with proceeds of the New Money Portion, the period beginning on the later of (a) the Issue Date or (b) the date the property is placed in service and ending on or the earlier of (1) the final maturity date of the Certificates or (2) the end of the expected economic useful life of the property. With respect to each item of property financed as part of the Financed Facility with proceeds of the Original Obligations, the period beginning on the later of (a) the issue date of the Original Obligations or (b) the date the property was or will be placed in service and ending on the earlier of (1) the final maturity date of the Certificates or (2) the end of the expected economic useful life of the property.

“Minor Portion” means the lesser of \$100,000 or 5% of the sale proceeds of the Certificates.

“Net Proceeds” means, when used in reference to the Certificates or the New Money Portion, the sale proceeds of the Certificates (excluding pre-issuance accrued interest), less any proceeds deposited in a reasonably required reserve or replacement fund, plus all Investment earnings on such sale proceeds.

“New Money Portion” means the portion of the Certificates described in **Section 3.6**.

“Non-Qualified Use” means use of Certificate proceeds or the Financed Facility in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether Certificate proceeds or the Financed Facility are “used” in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Facility, will constitute use under Regulations § 1.141-3.

“Non-Qualified User” means any person or entity other than a Qualified User.

“Official Intent Date” means, collectively, August 6, 2012, and November 18, 2019, as described in **Section 2.1(j)**.

“Opinion of Special Counsel” means the written opinion of Gilmore & Bell, P.C. or other nationally recognized firm of bond counsel. Unless otherwise specifically noted herein an Opinion of Special Counsel must conclude that the action or proposed action or the failure to act or proposed failure to act for which the opinion is required will not adversely affect the exclusion of the Interest Component of the Rental Payments of the Certificates from gross income for federal income tax purposes.

“Original Obligations” means the Series 2012A Certificates, which were the initial tax-exempt obligations that financed or refinanced a portion of the Financed Facility.

“Post-Issuance Tax Requirements” means those requirements related to the use of proceeds of the Certificates, the use of the Financed Facility and the investment of Gross Proceeds after the Issue Date of the Certificates.

“Principal Component” means the portion of each payment of Rental Payments that represents the payment of principal as set forth in the Lease.

“Project” means all of the property being acquired, developed, constructed, renovated, and equipped by the Issuer using proceeds of the New Money Portion, proceeds of the Original Obligations and Qualified Equity, all as described on **Exhibit D**.

“Project Fund” means the Project Fund that is created and established pursuant to the Indenture.

“Qualified Equity” means funds that are not derived from proceeds of a tax-exempt financing that are spent on the Project at any time during the period beginning not earlier than the later of (a) 60 days prior to the Official Intent Date or (b) three years prior to the Issue Date, and ending not later than the date the Project is capable of and actually used at substantially its designed level. Qualified Equity excludes an ownership interest in real property or tangible personal property.

“Qualified Use Agreement” means any of the following:

(a) A lease or other short-term use by members of the general public who occupy the Financed Facility on a short-term basis in the ordinary course of the Issuer’s governmental purposes.

(b) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 200 days in length pursuant to an arrangement whereby (1) the use of the Financed Facility under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (2) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the

agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(c) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 100 days in length pursuant to arrangements whereby (1) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (2) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (3) the Financed Facility was not constructed for a principal purpose of providing the property for use by that Qualified User or Non-Qualified User. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(d) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 50 days in length pursuant to a negotiated arm's-length arrangement at fair market value so long as the Financed Facility was not constructed for a principal purpose of providing the property for use by that person.

“Qualified User” means a State, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

“Reasonable Retainage” means Gross Proceeds retained by the Issuer for reasonable business purposes, such as to ensure or promote compliance with a construction contract; provided that such amount may not exceed (a) for purposes of the 18-month spending test, 5% of net sale proceeds of the New Money Portion on the date 18 months after the Issue Date, or (b) for purposes of the 2-year spending test, 5% of the Available Construction Proceeds as of the end of the 2-year spending period.

“Rebate Analyst” means Gilmore & Bell, P.C. or any successor Rebate Analyst selected pursuant to this Tax Agreement.

“Refunded Obligations” means the \$5,035,000 outstanding principal amount of the Series 2012A Certificates maturing on March 1, 2021 and thereafter.

“Refunding Portion” means the sale proceeds of the Certificates identified in **Section 3.6** together with the remaining Gross Proceeds of the Certificates properly allocable to the refunding of the Refunded Obligations.

“Regulations” means all Regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Certificates.

“Rental Payments” has the meaning assigned in the Indenture.

“Series 2012A Certificates” means the Issuer's \$6,235,000 original principal amount Certificates of Participation (Bank Qualified), Series 2012A, issued December 19, 2012, the proceeds of which financed new money capital expenditures.

“**Special Counsel**” means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel acceptable to the Issuer.

“**Tax Agreement**” means this Tax Compliance Agreement as it may from time to time be amended and supplemented in accordance with its terms.

“**Tax Compliance Procedure**” means the Issuer’s Tax-Exempt Financing Compliance Procedure dated January 17, 2012 as it may from time to time be amended (a copy of which is attached as **Exhibit G**).

“**Tax-Exempt Bond File**” means documents and records for the Certificates, the Refunded Obligations and the Original Obligations maintained by the Bond Compliance Officer pursuant to the Tax Compliance Procedure.

“**Transcript**” means the Transcript of Proceedings relating to the authorization and delivery of the Certificates.

“**Trustee**” means BOKF, N.A., and its successor or successors and any other corporation or association which at any time may be substituted in its place at the time serving as Trustee under the Indenture.

“**Underwriter**” means _____, the original purchaser of the Certificates.

“**Yield**” means yield on the Certificates, computed under Regulations § 1.148-4, and yield on an Investment, computed under Regulations § 1.148-5.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the Issuer. The Issuer represents and covenants as follows:

(a) *Organization and Authority.* The Issuer (1) is a political subdivision organized and existing under the laws of the State of Missouri, and (2) has lawful power and authority to issue the Certificates for the purposes set forth in the Indenture, to enter into, execute and deliver the Lease, the Indenture, the Certificates, and this Tax Agreement and to carry out its obligations under this Tax Agreement and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Indenture, the Lease, the Certificates, and this Tax Agreement, acting by and through its duly authorized officials.

(b) *Tax-Exempt Status of Certificates—General Representation and Covenants and Allocation of Proceeds to Project.*

(1) In order to maintain the exclusion of the Interest Component of the Rental Payments from gross income for federal income tax purposes, the Issuer (1) will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code; (2) will not use or invest, or permit the use or Investment of, any Certificate proceeds,

other money held under the Indenture, or other funds of the Issuer, in a manner that would violate applicable provisions of the Code; and (3) will not use, or permit the use of, any portion of the Financed Facility in a manner that would cause any portion of the Lease or Certificates to become a “private activity bond” as defined in Code § 141.

(2) The Issuer has and will finance the Project with the proceeds of the New Money Portion, the Original Obligations and Qualified Equity. For purposes of the covenants in this Section 2.1 relating to Non-Qualified Use of the Project, any Non-Qualified Use shall be treated as first allocated entirely to the portion of the Project financed with Qualified Equity, and then, but only to the extent of any excess Non-Qualified Use, to the portion of the Project financed by the proceeds of the New Money Portion and the Original Obligations (that is, the Financed Facility).

(c) *Governmental Obligations–Use of Proceeds.* Throughout the Measurement Period, all of the Financed Facility has been and is expected to be owned by the Issuer or another Qualified User. Throughout the Measurement Period, no portion of the Financed Facility has been or is expected to be used in a Non-Qualified Use. Throughout the Measurement Period, the Issuer will not permit any Non-Qualified Use of the Financed Facility without first consulting with Special Counsel.

(d) *Governmental Obligations–Private Security or Payment.* As of the Issue Date, the Issuer expects that none of the Rental Payments will be, and none of the rental payments represented by the Series 2012A Certificates have not been (under the terms of the Lease, the Certificates or any underlying arrangement) directly or indirectly:

(1) secured by (i) any interest in property used or to be used for a Non-Qualified Use, or (ii) any interest in payments in respect of such property; or

(2) derived from payments (whether or not such payments are made to the Issuer) in respect of property, or borrowed money, used or to be used for a Non-Qualified Use.

For purposes of the foregoing, taxes of general application, including payments in lieu of taxes, are not treated as private payments or as private security. The Issuer will not permit any private security or payment with respect to the Certificates without first consulting with Special Counsel.

(e) *No Private Loan.* Not more than 5% of the Net Proceeds of the Certificates will be loaned directly or indirectly to any Non-Qualified User.

(f) *Management Agreements.* As of the Issue Date, the Issuer has no other Management Agreements for any portion of the Project with Non-Qualified Users. During the Measurement Period, the Issuer has not and will not modify, extend, enter into or renew any Management Agreement with any Non-Qualified User without first consulting with Counsel.

(g) *Leases.* Except for the Lease, which does not give rise to Non-Qualified Use, as of the Issue Date, the Issuer has not entered into any leases of any portion of the Project other than Qualified Use Agreements. During the Measurement Period, the Issuer has not and will not enter into or renew any other lease or similar agreement or arrangement for any portion of the Project other than a Qualified Use Agreement without first consulting with Special Counsel.

(h) *Naming Rights – Heckart Community Center.* The City and a City resident in her individual capacity (the “Donor”) entered into a Gift Agreement dated _____, 2020, providing for the Donor to make a benevolent gift to the City for the benefit of the Project. One condition on the gift was

that the community center be named the Heckart Community Center, named after the Donor, in her individual capacity. No further rights or control with respect to the community center were provided to the Donor as part of the agreement.

(i) *Limit on Maturity of Certificates.* A list of the assets included in the Financed Facility and a computation of the “average reasonably expected economic life” is attached to this Tax Agreement as **Exhibit D**. Based on this computation, the “average maturity” of the Certificates, as computed by Special Counsel, does not exceed 120% of the average reasonably expected economic life of the Financed Facility. In computing the “average reasonably expected economic life” of the portion of the Financed Facility financed by the Original Obligations the average economic life of the portion of the Financed Facility financed with the Original Obligations (as of the issue date of the Original Obligations) was first multiplied by 120%, then reduced by the number of years elapsed from the issue date of the Original Obligations to the Issue Date.

(j) *Expenditure of Certificate Proceeds and Original Obligations.*

(1) Allocation of New Money Portion. The Issuer will evidence each allocation of the proceeds of the New Money Portion of the Certificates to an expenditure in writing. No allocation will be made more than 18 months following the later of (i) the date of the expenditure or (ii) the date the portion of the Financed Facility financed by the New Money Portion is placed in service.

(2) Allocation of Original Obligations. The Issuer evidenced each allocation of the proceeds of the Original Obligations to an expenditure in writing. No allocation was made more than 18 months following the later of (i) the date of the expenditure or (ii) the date the portion of the Financed Facility financed by the Original Obligations was placed in service.

(3) Reimbursement of Expenditures; Official Intent. On the Official Intent Date, the governing body of the Issuer adopted a resolution declaring the intent of the Issuer to finance the Financed Facility with tax-exempt financing and to reimburse the Issuer for expenditures made for the Financed Facility prior to the issuance of Certificates. A copy of the resolution is attached to this Tax Certificate as **Exhibit C**. In accordance with Regulation § 1.150-2(d), the Issuer expects to allocate \$ _____ of proceeds of the New Money Portion to reimburse expenditures paid prior to the Issue Date, as shown on **Exhibit D**. No reimbursement allocation will be made for an expenditure made more than 3 years before the date of the reimbursement allocation.

(k) *Registered Certificates.* The Indenture requires that all of the Certificates will be delivered and held in registered form within the meaning of Code § 149(a).

(l) *Certificates Not Federally Guaranteed.* The Issuer will not take any action or permit any action to be taken which would cause any Certificate to be “federally guaranteed” within the meaning of Code § 149(b).

(m) *IRS Form 8038-G.* Special Counsel will prepare Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) based on the representations and covenants of the Issuer contained in this Tax Agreement or otherwise provided by the Issuer. Special Counsel will sign the return as a paid preparer following completion and will then deliver copies to the Issuer for execution and for the Issuer’s records. The Issuer agrees to timely execute and return to Special Counsel the execution copy of Form 8038-G for filing with the IRS. A copy of the “as-filed” copy along with proof of filing will be

included as **Exhibit B**. The Issuer has allocated \$ _____ of the Net Proceeds of the New Money Portion to reimburse expenditures made prior to the Issue Date and that amount should be reflected on Line 45a of Form 8038-G. A list of expenditures to be reimbursed is included as part of **Exhibit D**.

(n) *Hedge Bonds*. At least 85% of the net sale proceeds of the New Money Portion will be used to carry out the governmental purpose of the New Money Portion within three years after the Issue Date, and not more than 50% of the proceeds of the New Money Portion will be invested in Investments having a substantially guaranteed Yield for four years or more. At least 85% of the net sale proceeds (the sale proceeds of the Original Obligations less any sale proceeds invested in a reserve fund) of the Original Obligations were used to carry out the governmental purpose of the Original Obligations within 3 years after the issue date of the Original Obligations, and not more than 50% of the proceeds of the Original Obligations were invested in Investments having a substantially guaranteed Yield for 4 years or more.

(o) *Compliance with Future Tax Requirements*. The Issuer understands that the Code and the Regulations may impose new or different restrictions and requirements on the Issuer in the future. The Issuer will comply with such future restrictions that are necessary to maintain the exclusion of the Interest Component of the Rental Payments of the Certificates from gross income for federal income tax purposes.

(p) *Single Issue; No Other Issues*. The Lease and the Certificates constitute a single “issue” under Regulations § 1.150-1(c). No other debt obligations of the Issuer (1) are being sold within 15 days of the sale of the Certificates, (2) are being sold under the same plan of financing as the Certificates, and (3) are expected to be paid from substantially the same source of funds as the Certificates (disregarding guarantees from unrelated parties, such as bond insurance).

(q) *Interest Rate Swap*. As of the Issue Date, the Issuer has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Certificates. The Issuer will not enter into any such arrangement in the future without first consulting with Special Counsel.

(r) *Guaranteed Investment Contract*. As of the Issue Date, the Issuer does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Certificates. The Issuer will be responsible for complying with **Section 4.4(d)** if it decides to enter into a Guaranteed Investment Contract at a later date.

(s) *Bank Qualified Tax-Exempt Obligation*. The Certificates are not “qualified tax-exempt obligations” under Code § 265(b)(3).

Section 2.2. Representations and Covenants of the Trustee. The Trustee represents and covenants to the Issuer as follows:

(a) The Trustee will comply with the provisions of this Tax Agreement that apply to it as Trustee and any written letter or Opinion of Special Counsel, specifically referencing the Certificates and received by the Trustee, that sets forth any action necessary to comply with any statute, regulation or ruling that may apply to it as Trustee and relating to reporting requirements or other requirements necessary to maintain the exclusion of the Interest Component of the Rental Payments of the Certificates from gross income for federal income tax purposes.

(b) The Trustee, acting on behalf of the Issuer, may from time to time cause a firm of attorneys, consultants or independent accountants or an Investment banking firm to provide the Trustee with such information as it may request in order to determine all matters relating to (1) the Yield on the

Certificates as it relates to any data or conclusions necessary to verify that the Certificates are not “arbitrage bonds” within the meaning of Code § 148, and (2) compliance with arbitrage rebate requirements of Code § 148(f). The Issuer will pay all costs and expenses incurred in connection with supplying the foregoing information.

(c) The Trustee, acting on behalf of the Issuer, will retain records related to the investment and expenditure of Gross Proceeds held in funds and accounts maintained by the Trustee and any records provided to the Trustee by the Issuer related to the Post-Issuance Tax Requirements in accordance with **Section 4.2(a)** of this Tax Agreement. The Trustee will retain these records until three years following the final maturity of (i) the Certificates or (ii) any obligation issued to refund the Lease and Certificates; provided, however, if the Trustee is not retained to serve as trustee for any obligation issued to refund the Certificates (a “Refunding Obligation”), then the Trustee may satisfy its record retention duties under this **Section 2.3(c)** by providing copies of all records in its possession related to the Certificates to the trustee for the Refunding Obligation or other party agreed upon by the Issuer.

Section 2.3. Survival of Representations and Covenants. All representations, covenants and certifications of the Issuer and the Trustee contained in this Tax Agreement or in any certificate or other instrument delivered by the Issuer or the Trustee under this Tax Agreement, will survive the execution and delivery of such documents and the approval and delivery of the Certificates, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Certificates.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this **Article III** is to certify, under Regulations § 1.148-2(b), the Issuer’s expectations as to the sources, uses and investment of Certificate proceeds and other money, in order to support the Issuer’s conclusion that the Certificates are not arbitrage bonds. The person executing this Tax Agreement on behalf of the Issuer is an officer of the Issuer responsible for delivering the Lease and authorizing the Trustee to deliver the Certificates.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations set forth in this **Article III** are based upon and in reliance upon the Issuer’s understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the Issuer’s knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the Issuer set forth in this Tax Agreement are reasonable. The Issuer has no knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Agreement are unreasonable or inaccurate or may not be relied upon.

Section 3.3. Purpose of Financing. The Certificates are being delivered for the purpose of providing funds to (a) finance new capital projects for the Issuer, (b) refund the Refunded Obligations to provide interest cost savings for the Issuer through early redemption of the Refunded Obligations, and (c) pay costs of issuing the Certificates.

Section 3.4. Funds and Accounts. The following funds and accounts have been established under the Indenture:

Project Fund
Certificate Fund
Reserve Fund

In addition, the Escrow Fund is established in the custody of the Escrow Agent under the Escrow Agreement.

Section 3.5. Amount and Use of Certificate Proceeds and Other Money.

(a) *Amount of Certificate Proceeds.* The total proceeds to be received by the Issuer from the sale of the Certificates will be as follows:

Principal Amount	\$28,995,000.00
Net Original Issue Premium	
Underwriting Discount	0
Less Bond Insurance Premium	
Total Proceeds Received by Issuer	<u>\$</u>

(b) *Use of Certificate Proceeds and Other Money.* The net Certificate proceeds in the amount of \$_____ are expected to be allocated to expenditures as follows:

(1) \$_____ from the proceeds of the Certificates will be transferred to the Escrow Agent to be used to pay the principal component and interest component of rental payments of the Refunded Obligations.

[[**(2) \$_____, equal to the Reserve Requirement, will be deposited in the Reserve Fund.**]]

(3) \$_____, consisting of the remaining proceeds of the Certificates, together with \$_____ from Issuer cash, will be deposited in the Project Fund and used to pay future costs of the Project.

Section 3.6. Multipurpose Issue. The Issuer is applying the arbitrage rules to separate financing purposes of the issue that have the same initial temporary period as if they constitute a single issue for purposes pursuant to Regulations § 1.148-9(h)(3)(i). Under Regulations § 1.148-9(h), the Certificates will be treated as two separate issues (a New Money Portion and a Refunding Portion) for purposes of applying certain of the arbitrage restrictions under Code § 148. No allocation of the Certificates between the New Money Portion and the Refunding Portion is being made at this time, but at the future option of the Issuer, the Issuer can make an allocation in accordance with Regulations § 1.148-9(h).

Section 3.7 Current Refunding.

(a) *Proceeds Used for Current Refunding.* Proceeds of the Certificates will be used to pay the principal component and interest component of the rental payments of the Refunded Obligations. All such proceeds shall be spent not later than 90 days after the Issue Date.

(b) *Transferred Proceeds.* There are no unspent proceeds (sale proceeds, Investment proceeds or transferred proceeds) of the Refunded Obligations. Therefore, there are no transferred proceeds of the Certificates.

Section 3.8. Project Completion New Money Portion. The Issuer has incurred, or will incur within 6 months after the Issue Date, a substantial binding obligation to a third party to spend at least 5% of the Net Proceeds of the New Money Portion on the Financed Facility. The completion of the Financed Facility and the allocation of the Net Proceeds of the New Money Portion to expenditures will proceed with due diligence. At least 85% of the Net Proceeds of the New Money Portion will be allocated to expenditures on the Financed Facility within three years after the Issue Date.

Section 3.9. Sinking Funds. The Issuer is required to make periodic payments in amounts sufficient to pay the Rental Payments on the Certificates. Such payments will be deposited into the Certificate Fund. Except for the Certificate Fund, no sinking fund or other similar fund that is expected to be used to pay Rental Payments on the Certificates has been established or is expected to be established. The Certificate Fund is used primarily to achieve a proper matching of revenues with principal and interest payments on the Certificates within each Certificate Year, and the Issuer expects that the Certificate Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.10. Reserve, Replacement and Pledged Funds.

(a) *Debt Service Reserve Fund.* The Indenture establishes a Reserve Fund to be funded at the time of issuance of the Certificates in an amount equal to \$_____, the Reserve Requirement. The amount to be held in the Reserve Fund will not exceed the least of (1) 10% of the stated principal amount of the Certificates, (2) the maximum annual principal and interest requirements on the Certificates (determined as of the Issue Date), or (3) 125% of the average annual principal and interest requirements on the Certificates (determined as of the Issue Date). If the aggregate initial offering price of the Certificate to the public is less than 98% or more than 102% of par, such offering price must be used in clause (1) in lieu of the stated principal amount. Any amounts in the Reserve Fund in excess of the Reserve Requirement will be transferred to the Project Fund or, if the Financed Facility is complete, to the Certificate Fund.

(b) *No Other Replacement or Pledged Funds.* None of the Certificate proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility or refund the Refunded Obligations, and that instead has been or will be used to acquire higher yielding Investments. Except for the Debt Service Fund and the Reserve Fund, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the Principal Component or Interest Component of the Rental Payments if the Issuer encounters financial difficulty.

Section 3.11. Purpose Investment Yield. The proceeds of the Certificates will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

Section 3.12. Issue Price and Yield on Certificates.

(a) *Issue Price.* Based on the Underwriter's certifications in the Underwriter's Receipt for Certificates, the Issuer hereby elects to establish the issue prices of the Certificates pursuant to Regulations [**§ 1.148-1(f)(2)(i) (relating to the so-called "general rule")**][**§ 1.148-1(f)(2)(ii) (relating to the so-called "hold-the-offering-price rule")**]. Therefore, the aggregate issue price of the Certificates for such purpose is \$_____.

(b) *Certificate Yield.* Based on the issue price, the Yield on the Certificates is _____%, as computed by Special Counsel as shown on **Exhibit A**. The Issuer has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Certificates.

The Bond Insurer has issued the Bond Insurance Policy, which guarantees the scheduled payment of the Principal Component or Interest Component of the Rental Payments when due. In the Underwriter Receipt for Bonds and Closing Certificate, the Underwriter has represented that the premium for the Bond Insurance Policy does not exceed a reasonable, arm's-length charge for the transfer of credit risk and that the present value of the Bond Insurance Policy premium is less than the present value of the interest expected to be saved as a result of the Bond Insurance Policy. In the certificate of Bond Insurer, the Bond Insurer has represented that the Bond Insurance Policy premium does not include any payment for any direct or indirect services other than the transfer of credit risk. The premium for the Bond Insurance Policy is treated as a payment for a qualified guarantee under Regulations § 1.148-4(f).

Section 3.13. Miscellaneous Arbitrage Matters.

(a) *No Abusive Arbitrage Device.* The Certificates are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.

(b) *No Over-Issuance.* The sale proceeds of the Certificates, together with expected Investment earnings thereon and other money contributed by the Issuer, do not exceed the cost of the governmental purpose of the Certificates as described above.

Section 3.16. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Agreement, the Issuer does not expect that the Certificate proceeds will be used in a manner that would cause any Certificate to be an "arbitrage bond" within the meaning of Code § 148 and the Regulations.

ARTICLE IV

POST-ISSUANCE TAX REQUIREMENTS, POLICIES AND PROCEDURES

Section 4.1. General.

(a) *Purpose of Article.* The purpose of this Article is to supplement the Tax Compliance Procedure and to set out specific policies and procedures governing compliance with the federal income tax requirements that apply after the Lease is executed and the Certificates are delivered. The Issuer recognizes that the Interest Component of the Rental Payments will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The Issuer further acknowledges that written evidence substantiating the Post-Issuance Tax Requirements must be retained in order to permit the Certificates to be refinanced with tax-exempt obligations and substantiate the position that the Interest Component of the Rental Payments on the Certificates is exempt from gross income in the event of an audit of the Certificates by the IRS.

(b) *Written Policies and Procedures of the Issuer.* The Issuer intends for the Tax Compliance Procedure, as supplemented by this Tax Agreement, to be its primary written policies and procedures for monitoring compliance with the Post-Issuance Tax Requirements for the Certificates and to supplement any other formal policies and procedures related to tax compliance that the Issuer has established. The provisions of this Tax Agreement are intended to be consistent with the Tax Compliance Procedure. In the event of any inconsistency between the Tax Compliance Procedure and this Tax Agreement, the terms of this Tax Agreement will govern.

(c) *Bond Compliance Officer.* The Issuer when necessary to fulfill its Post-Issuance Tax Requirements will, through its Bond Compliance Officer, sign Form 8038-T in connection with the payment of arbitrage rebate or Yield reduction payments, participate in any federal income tax audit of the Certificates or related proceedings under a voluntary compliance agreement procedures (VCAP) or undertake a remedial action procedure pursuant to Regulations §§ 1.141-12. In each case, all costs and expenses incurred by the Issuer shall be treated as a reasonable cost of administering the Certificates and the Issuer shall be entitled to reimbursement and recovery of its costs to the same extent as provided in the Indenture or State law.

Section 4.2. Record Keeping; Use of Certificate Proceeds and Use of Financed Facility.

(a) *Record Keeping.* The Bond Compliance Officer will maintain the Tax-Exempt Bond File for the Certificates in accordance with the Tax Compliance Procedure. Unless otherwise specifically instructed in advice or a written Opinion of Special Counsel or to the extent otherwise provided in this Tax Agreement, the Bond Compliance Officer shall retain records related to the Post-Issuance Tax Requirements until 3 years following the final maturity of (1) the Certificates or (2) any obligation issued to refund the Certificates. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (i) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (ii) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (iii) exhibit a high degree of legibility and readability both electronically and in hardcopy, (iv) provide support for other books and records of the Issuer and (v) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the Issuer's premises.

(b) *Accounting and Allocation of Certificate Proceeds to Expenditures.* The Bond Compliance Officer will account for the investment and expenditure of Certificate proceeds in the level of detail required by the Tax Compliance Procedure. The Bond Compliance Officer will supplement the expected allocation of New Money Portion proceeds to expenditures with a Final Written Allocation as required by the Tax Compliance Procedure. A sample form of Final Written Allocation is attached as **Exhibit F**. Proceeds of the Refunding Portion and other money will be used as described in **Sections 3.5** and **3.7**. The Bond Compliance Officer will maintain accounting records showing the investment and expenditure of this money as part of the Tax-Exempt Bond File. The Bond Compliance Officer has prepared written substantiation records of the allocation of proceeds of the Original Obligations to the Project. This allocation is summarized on **Exhibit D** and is intended to constitute the Final Written Allocation for the Original Obligations.

(c) *Annual Compliance Checklist.* Attached as **Exhibit E** is a sample Annual Compliance Checklist for the Certificates. The Bond Compliance Officer will prepare and complete an Annual Compliance Checklist for the Project at least annually in accordance with the Tax Compliance Procedure. If the Annual Compliance Checklist identifies a deficiency in compliance with the requirements of this

Tax Agreement, the Bond Compliance Officer will take the actions identified in advice of Special Counsel or as described in the Tax Compliance Procedure to correct any deficiency.

(d) *Opinions of Special Counsel.* The Bond Compliance Officer is responsible for obtaining and delivering to the Issuer and the Trustee any advice or Opinion of Special Counsel required under the provisions of this Tax Agreement, including any advice or Opinion of Special Counsel required by this Tax Agreement or the Annual Compliance Checklist.

Section 4.3. Temporary Periods/Yield Restriction. Except as described below, the Issuer will not invest Gross Proceeds at a Yield greater than the Yield on the Certificates:

(a) *Project Fund.* Certificate proceeds deposited in the Project Fund allocable to the New Money Portion or costs of issuance and investment earnings on those proceeds may be invested without Yield restriction for up to 3 years following the Issue Date. If any unspent proceeds remain in the Project Fund after 3 years, those amounts may continue to be invested without Yield restriction so long as the Issuer pays to the IRS all Yield reduction payments in accordance with Regulations § 1.148-5(c). These payments are required whether or not the Certificates are exempt from the arbitrage rebate requirements of Code § 148.

(b) *Escrow Fund.* Proceeds of the Refunding Portion or otherwise allocable to a current refunding of the Refunded Obligations (see **Section 3.7**) may be invested without Yield restriction for up to 90 days after the Issue Date.

(c) *Certificate Fund.* To the extent that the Certificate Fund qualifies as a Bona Fide Debt Service Fund, money in such account may be invested without Yield restriction for 13 months after the date of deposit. Earnings on such amounts may be invested without Yield restriction for one year after the date of receipt of such earnings.

(d) *Reserve Fund.* Money in the Reserve Fund may be invested without Yield restriction up to the least of (1) 10% of the stated principal amount of the Certificates, (2) the maximum annual principal and interest requirements on the Certificates (determined as of the Issue Date), or (3) 125% of the average annual principal and interest requirements on the Certificates (determined as of the Issue Date). If the aggregate initial offering price of the Certificates to the public is less than 98% or more than 102% of par, such offering price must be used in clause (1) in lieu of the stated principal amount.

(e) *Minor Portion.* In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without Yield restriction.

Section 4.4. Fair Market Value.

(a) *General.* No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with Regulations § 1.148-5.

(b) *Established Securities Market.* Except for Investments purchased for a Yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair

market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with Regulations § 1.148-5.

(c) *Certificates of Deposit.* The purchase price of a certificate of deposit (a “CD”) is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) *Guaranteed Investment Contracts.* The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

(1) Bona Fide Solicitation for Bids. The Issuer or the Trustee makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(i) The bid specifications are in writing and are timely forwarded to potential providers.

(ii) The bid specifications include all “material” terms of the bid. A term is material if it may directly or indirectly affect the Yield or the cost of the Guaranteed Investment Contract.

(iii) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (A) that the potential provider did not consult with any other potential provider about its bid, (B) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer, the Trustee, or any other person (whether or not in connection with the bond issue), and (C) that the bid is not being submitted solely as a courtesy to the Issuer, the Trustee, or any other person, for purposes of satisfying the requirements of the Regulations.

(iv) The terms of the bid specifications are “commercially reasonable.” A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the Yield of the Guaranteed Investment Contract.

(v) The terms of the solicitation take into account the Issuer’s reasonably expected deposit and draw-down schedule for the amounts to be invested.

(vi) All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (*i.e.*, a last look) before providing a bid.

(vii) At least three “reasonably competitive providers” are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of Investments being purchased.

(2) Bids Received. The bids received must meet all of the following requirements:

(i) At least three bids are received from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (A) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Issue Date of the issue, (B) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (C) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(ii) At least one of the three bids received is from a reasonably competitive provider, as defined above.

(iii) If an agent or broker is used to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) Winning Bid. The winning bid is the highest yielding bona fide bid (determined net of any broker’s fees).

(4) Fees Paid. The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) Records. The Issuer and the Trustee retain the following records with the Certificate documents until three years after the last outstanding Certificate is redeemed:

(i) A copy of the Guaranteed Investment Contract.

(ii) The receipt or other record of the amount actually paid for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Issuer or the Trustee, and the certification as to fees paid, described in paragraph (d)(4) above.

(iii) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(iv) The bid solicitation form and, if the terms of Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) *Other Investments*. If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) at least three bids on the Investment must be received from persons with no financial interest in the Certificates (*e.g.*, as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 4.5. Certain Gross Proceeds Exempt from the Rebate Requirement.

(a) *General.* A portion of the Gross Proceeds of the Certificates may be exempt from rebate pursuant to one or more of the following exceptions. The exceptions typically will not apply with respect to all Gross Proceeds of the Certificates and will not otherwise affect the application of the Investment limitations described in **Section 4.3**. Unless specifically noted, the obligation to compute, and if necessary, to pay rebate as set forth in **Section 4.6** applies even if a portion of the gross proceeds of the Certificates is exempt from the rebate requirement. To the extent all or a portion of the Certificates is exempt from rebate the Rebate Analyst may account for such fact in connection with its preparation of a rebate report described in **Section 4.6**. The Issuer may defer the final rebate Computation Date and the payment of rebate for the Certificates to the extent permitted by Regulations § 1.148-7(b)(1) and § 1.148-3(e)(2) but only in accordance with specific written instructions provided by the Rebate Analyst.

(b) *Applicable Spending Exceptions.*

(1) The Issuer expects that at least 75% of the Available Construction Proceeds will be used for construction or rehabilitation expenditures for property owned by the Issuer. The Issuer expects to earn approximately \$_____ in Investment earnings on proceeds of the New Money Portion in the Project Fund.

(2) The following optional rebate spending exceptions can apply to the New Money Portion and the Refunding Portion:

New Money Portion

- (i) 6-month Exception (Code § 148(f)(4)(B) and Regulations § 1.148-7(c))
- (ii) 18-month Exception (Regulations § 1.148-7(d)).
- (iii) 2-year Exception (Code § 148(f)(4)(C) and Regulations § 1.148-7(e)).

Refunding Portion

6-month Exception (Code § 148(f)(4)(B) and Regulations § 1.148-7(c)).

(c) *Special Elections Made with Respect to Spending Exception Elections.* No special elections are being made in connection with the application of the spending exceptions.

(d) *Bona Fide Debt Service Fund.* To the extent that the Certificate Fund qualifies as a Bona Fide Debt Service Fund, Investment earnings in the account cannot be taken into account in computing arbitrage rebate.

(e) *Documenting Application of Spending Exception.* At any time prior to the first Computation Date, the Issuer may engage the Rebate Analyst to determine whether one or more spending exceptions has been satisfied, and the extent to which the Issuer must continue to comply with **Section 4.6** hereof.

(f) *General Requirements for Spending Exception.* The following general requirements apply in determining whether a spending exception is met.

(1) Using Adjusted Gross Proceeds or Available Construction Proceeds to pay the Principal Component of any Certificates is not taken into account as expenditure for purposes of meeting any of the spending tests.

(2) The six-month spending exception generally is met if all Adjusted Gross Proceeds of the New Money Portion or the Refunding Portion, as applicable are spent within six months following the Issue Date. The test may still be satisfied even if up to 5% of the sale proceeds remain at the end of the initial six-month period, so long as this amount is spent within one year of the Issue Date.

(3) The 18-month spending exception generally is met if all Adjusted Gross Proceeds of the New Money Portion are spent in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Adjusted Gross Proceeds Spent
6 months	15%
12 months	60%
18 months (Final)	100%

(4) The 2-year spending exception generally is met if all Available Construction Proceeds are spent in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Available Construction Proceeds Spent
6 months	10%
12 months	45%
18 months	75%
24 months (Final)	100%

(5) For purposes of applying the 18-month and 2 year spending exceptions only, the failure to satisfy the **final** spending requirement is disregarded if the Issuer uses due diligence to complete the Financed Facility and the failure does not exceed the lesser of 3% of the aggregate issue price the New Money Portion or \$250,000. **No such exception applies for any other spending period.**

(6) For purposes of applying the 18-month and 2 year spending exceptions only, the Certificates meet the applicable spending test even if, at the end of the **final** spending period, proceeds not exceeding a Reasonable Retainage remain unspent, so long as such Reasonable Retainage is spent within 30 months (in the case of the 18-month exception) or 3 years (in the case of the 2 year spending test) after the Issue Date.

(7) Spending exceptions may be applied separately to the New Money Portion and the Refunding Portion of the Certificates.

Section 4.6. Computation and Payment of Arbitrage Rebate.

(a) *Computation of Rebate Amount.* The Trustee will provide the Rebate Analyst Investment reports relating to each fund held by the Trustee that contains Gross Proceeds of the Certificates at such times as reports are provided to the Issuer, and not later than ten days following each Computation Date. The Issuer will provide the Rebate Analyst with copies of Investment reports for any funds containing Gross Proceeds that are held by a party other than the Trustee annually as of the end of each Certificate Year and not later than ten days following each Computation Date. Each Investment report provided to the Rebate Analyst will contain a record of each Investment, including (1) purchase date, (2) purchase price, (3) information establishing the fair market value on the date such Investment was allocated to the Certificates, (4) any accrued interest paid, (5) face amount, (6) coupon rate, (7) frequency of interest payments, (8) disposition price, (9) any accrued interest received, and (10) disposition date. Such records may be supplied in electronic form. The Rebate Analyst will compute rebate following each Computation Date and deliver a written report to the Trustee and the Issuer together with an opinion or certificate of the Rebate Analyst stating that arbitrage rebate was determined in accordance with the Regulations. Each report and opinion will be provided not later than 45 days following the Computation Date to which it relates. In performing its duties, the Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals.

(b) *Rebate Payments.* Within 60 days after each Computation Date, the Trustee must pay (but solely from money provided by the Issuer) to the United States the rebate amount then due, determined in accordance with the Regulations. Each payment must be (1) accompanied by IRS Form 8038-T and such other forms, documents or certificates as may be required by the Regulations, and (2) mailed or delivered to the IRS at the address shown below, or to such other location as the IRS may direct:

Internal Revenue Service Center
Ogden, UT 84201

Section 4.7. Successor Rebate Analyst. If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the Issuer desires that a different firm act as the Rebate Analyst, then the Issuer by an instrument or concurrent instruments in writing delivered to the firm then serving as the Rebate Analyst and any other party to this Tax Agreement, will engage a successor Rebate Analyst. In each case the successor Rebate Analyst must be a firm of nationally recognized bond counsel or a firm of independent certified public accountants and such firm must expressly agree to undertake the responsibilities assigned to the Rebate Analyst hereunder. In the event the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason and the Issuer fails to appoint a qualified successor Rebate Analyst within thirty (30) days following notice of such resignation then the Trustee will appoint a firm to act as the successor Rebate Analyst.

Section 4.8. Filing Requirements. The Trustee and the Issuer will file or cause to be filed with the IRS such reports or other documents as are required by the Code in accordance with advice of Special Counsel.

Section 4.9. Survival after Defeasance. Notwithstanding anything in the Indenture to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Certificates.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1. Term of Tax Agreement. This Tax Agreement will be effective concurrently with the delivery of the Certificates and will continue in force and effect until the Principal Component and Interest Component on all Certificates have been fully paid and all such Certificates are cancelled; provided that, the provisions of **Article IV** of this Tax Agreement regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States.

Section 5.2. Amendments. This Tax Agreement may be amended from time to time by the parties to this Tax Agreement without notice to or the consent of any of the Certificate owners, but only if such amendment is in writing and is accompanied by an Opinion of Special Counsel to the effect that, under then existing law, assuming compliance with this Tax Agreement as so amended such amendment will not cause the Interest Component of the Rental Payments to be included in gross income for federal income tax purposes. No such amendment will become effective until the Issuer and the Trustee receive this Opinion of Special Counsel.

Section 5.3. Opinion of Special Counsel. The Issuer and the Trustee may deviate from the provisions of this Tax Agreement if furnished with an Opinion of Special Counsel addressed to each of them to the effect that the proposed deviation will not adversely affect the exclusion of the Interest Component of the Rental Payments from gross income for federal income tax purposes. The Issuer and the Trustee will comply with any further or different instructions provided in an Opinion of Special Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Certificates or the exclusion from gross income of the Interest Component of the Rental Payments.

Section 5.4. Reliance. In delivering this Tax Agreement the Issuer and the Trustee are making only those certifications, representations and agreements as are specifically attributed to them in this Tax Agreement. Neither the Issuer nor the Trustee is aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Agreement and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The parties to this Tax Agreement understand that its certifications will be relied upon by the law firm of Gilmore & Bell, P.C., in rendering its opinion as to the validity of the Certificates and the exclusion from federal gross income of the Interest Component of the Rental Payments.

Section 5.5. Severability. If any provision in this Tax Agreement or in the Certificates is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

Section 5.6. Benefit of Agreement. This Tax Agreement is binding upon the Issuer and the Trustee and their respective successors and assigns, and inures to the benefit of the parties to this Tax Agreement and the owners of the Certificates. Nothing in this Tax Agreement or in the Indenture or the Certificates, express or implied, gives to any person, other than the parties to this Tax Agreement and their successors and assigns, and the owners of the Certificates, any benefit or any legal or equitable right, remedy or claim under this Tax Agreement.

Section 5.7. Default; Breach and Enforcement. Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Agreement may be pursued by the Certificate owners or the other party or parties to this Tax Agreement pursuant to the terms of the Indenture or any other document which references this Tax Agreement and gives remedies for a misrepresentation or breach thereof.

Section 5.8. Execution in Counterparts. This Tax Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

Section 5.9. Governing Law. This Tax Agreement will be governed by and construed in accordance with the laws of the State of Missouri.

Section 5.10. Electronic Transactions. The parties agree that the transaction described in this Tax Agreement may be conducted, and related documents may be sent, received and stored, by electronic means.

[Remainder of this page intentionally left blank.]

The parties to this Tax Agreement have caused this Tax Agreement to be duly executed by their duly authorized officers as of the Issue Date of the Certificates.

CITY OF SEDALIA, MISSOURI

By: _____
Title: Mayor

BOKF, N.A., as Trustee

By: _____
Title: _____

EXHIBIT A

DEBT SERVICE SCHEDULE AND PROOF OF YIELD

EXHIBIT B

IRS FORM 8038-G

EXHIBIT C

RESOLUTION OF OFFICIAL INTENT

EXHIBIT D

**DESCRIPTION OF PROPERTY COMPRISING THE PROJECT, FINANCED FACILITY AND
FINAL WRITTEN ALLOCATION OF THE ORIGINAL OBLIGATIONS**

EXHIBIT E

**SAMPLE
ANNUAL COMPLIANCE CHECKLIST***

* Capitalized words and terms used herein, unless otherwise defined here or the context requires otherwise, shall have the same meanings ascribed to them in the Issuer's Tax Exempt Financing Compliance Procedure.

Name of tax-exempt obligations (“Certificates”) financing the Project:	\$28,995,000 City of Sedalia, Missouri Refunding and Improvement Certificates of Participation, Series 2020
Delivery Date of Certificates:	_____, 2020
Placed in service date of Project Facility:	_____
Name of Bond Compliance Officer:	_____
Period covered by request (“Annual Period”):	_____

Item	Question	Response
1 Ownership	Was the entire Project owned by the Issuer during the entire Annual Period?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “No,” was advice of Special Counsel obtained prior to the transfer? If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Special Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Item	Question	Response
2 Leases & Other Rights to Possession	During the Annual Period, was any part of the Project leased at any time pursuant to a lease or similar agreement for more than 50 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “Yes,” was advice of Special Counsel obtained prior to entering into the lease or other arrangement? If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Special Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Item	Question	Response
3 Management or Service Agreements	Has the management of all or any part of the operations of the Project (e.g., cafeteria, rehab, swimming, etc.) been assumed by or transferred to another entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “Yes,” was advice of Special Counsel obtained prior to entering into the management agreement? If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Special Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Item	Question	Response
4 Other Use	Was any other agreement entered into with an individual or entity that grants special legal rights to the Project?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<p>If answer above was "Yes," was advice of Special Counsel obtained prior to entering into the agreement?</p> <p>If Yes, include a description of the advice in the Tax-Exempt Bond File.</p> <p>If No, contact Special Counsel and include description of resolution in the Tax-Exempt Bond File.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Item	Question	Response
5 Arbitrage & Rebate	Have all rebate and yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If No, contact Rebate Analyst and incorporate report or include description of resolution in the Tax-Exempt Bond File.	

Bond Compliance Officer: _____

Date Completed: _____

EXHIBIT F

SAMPLE FINAL WRITTEN ALLOCATION

\$28,995,000

CITY OF SEDALIA, MISSOURI

**REFUNDING AND IMPROVEMENT CERTIFICATES OF PARTICIPATION
SERIES 2020**

Final Written Allocation

The undersigned is the Bond Compliance Officer of the City of Sedalia, Missouri (the “Issuer”) and in that capacity is authorized to execute federal income tax returns required to be filed by the Issuer and to make appropriate elections and designations regarding federal income tax matters on behalf of the Issuer. This allocation of the proceeds of the certificates referenced above (the “Certificates”) is necessary for the Issuer to satisfy ongoing reporting and compliance requirements under federal income tax laws.

Purpose. This document, together with the schedules and records referred to below, is intended to memorialize allocations of Certificate proceeds to expenditures for purposes of §§ 141 and 148 of the Internal Revenue Code (the “Code”). All allocations are or were previously made no later than 18 months following the date the expenditure was made by the Issuer or, if later, the date the “project” was “placed in service” (both as defined below), and no later than 60 days following the 5th anniversary of the issue date of the Certificates.

Background. The Certificates were delivered on _____, 2020 (the “Issue Date”), by the City of Sedalia, Missouri (the “Issuer”) pursuant to a Trust Indenture dated as of April 15, 2020, between the Issuer and BOKF, N.A., as trustee. The Certificates were delivered in order to provide funds to pay (1) new capital projects of the Issuer (the “Project”) and (2) refund a prior debt obligation of the Issuer. Proceeds of the Certificates were deposited to the following accounts:

Project Fund, with a Certificate Proceeds Account and a City Contribution Account
Reserve Fund
Escrow Fund

Sources Used to Fund Project Costs and Allocation of Proceeds to Project Costs. A portion of the costs of the Project was paid from sale proceeds of the Certificates and the remaining portion of the costs of the Project was paid from earnings from the investment of sale proceeds and from other money of the Issuer as shown on **Schedule 1** to this Final Written Allocation.

Identification of Financed Assets. The portions of the Project financed from Certificate proceeds (i.e., the “Financed Facility” referenced in the Tax Compliance Agreement) are listed on page 1 of **Schedule 2** to this Final Written Allocation.

Identification and Timing of Expenditures for Arbitrage Purposes. For purposes of complying with the arbitrage rules, the Issuer allocates the proceeds of the Certificates to the various expenditures described in the invoices, requisitions or other substantiation attached as **Schedule 2** to this Final Written Allocation. In each case, the cost requisitioned was either paid directly to a third party or reimbursed the Issuer for an amount it had previously paid or incurred. Amounts received from the sale of the Certificates and retained as underwriter’s discount are allocated to that purpose and spent on the Issue

Date. Amounts allocated to interest expense are treated as paid on the interest payment dates for the Certificates.

Placed In Service. The Project was “placed in service” on the date set out on **Schedule 2** to this Final Written Allocation. For this purpose, the assets are considered to be “placed in service” as of the date on which, based on all the facts and circumstances: (a) the constructing and equipping of the asset has reached a degree of completion which would permit its operation at substantially its design level; and (b) the asset is, in fact, in operation at that level.

This allocation has been prepared based on statutes and regulations existing as of this date. The Issuer reserves the right to amend this allocation to the extent permitted by future Treasury Regulations or similar authorities.

CITY OF SEDALIA, MISSOURI

By: _____
Title: _____

Dated: _____

Name of Legal Counsel/Law Firm Reviewing Final Written Allocation:

Date of Review: _____

**SCHEDULE 1
TO FINAL WRITTEN ALLOCATION**

ALLOCATION OF SOURCES AND USES

**SCHEDULE 2
TO FINAL WRITTEN ALLOCATION**

**IDENTIFICATION OF FINANCED ASSETS
&
DETAILED LISTING OF EXPENDITURES**

EXHIBIT G

COPY OF ISSUER'S TAX COMPLIANCE PROCEDURE