

**EXHIBIT D
TO ORDINANCE**

FEDERAL TAX CERTIFICATE

[On file in the Office of the City Clerk.]

FEDERAL TAX CERTIFICATE

Dated September 4, 2019

OF

CITY OF COLUMBIA, MISSOURI

\$9,805,000*

**SEWERAGE SYSTEM REFUNDING REVENUE BONDS
SERIES 2019**

FEDERAL TAX CERTIFICATE

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* * *

FEDERAL TAX CERTIFICATE

THIS FEDERAL TAX CERTIFICATE (the “Tax Certificate”) is dated and executed September 4, 2019, by the **CITY OF COLUMBIA, MISSOURI**, a political subdivision organized and existing under the laws of the State of Missouri (the “City”).

RECITALS

1. This Tax Certificate is being executed and delivered in connection with the issuance by the City of \$9,805,000* principal amount of Sewerage System Refunding Revenue Bonds, Series 2019 (the “Bonds”), pursuant to an Ordinance adopted by the City Council on August 19, 2019 (the “Ordinance”), for the purposes described in this Tax Certificate and in the Ordinance.

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 Bond proceeds and of certain other money relating to the Bonds and set forth the conditions under which the interest on the Bonds will be excluded from gross income for federal income tax purposes.

3. The City is executing this Tax Certificate in order to set forth certain facts, covenants, representations, and expectations relating to the use of Bond proceeds and the property financed or refinanced with those proceeds and the investment of the Bond proceeds and of certain other related money, in order to establish and maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

4. The City adopted a Tax-Advantaged Financing Compliance Policy and Procedure on May 19, 2014 (the “Tax Compliance Procedure”), for the purpose of setting out general procedures for the City to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations.

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

NOW, THEREFORE, the City represents, covenants and agrees as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. Except as otherwise provided in this Tax Certificate or unless the context otherwise requires, capitalized words and terms used in this Tax Certificate have the same meanings as set forth in the Ordinance, 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 Certificate have the following meanings:

“**Annual Compliance Checklist**” means a checklist for the Bonds designed to measure compliance with the requirements of this Tax Certificate and the Tax Compliance Procedure after the

Issue Date, as further described in **Section 4.2** hereof and substantially in the form attached hereto as **Exhibit D**.

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

“Bond” or **“Bonds”** means any Bond or Bonds described in the recitals, authenticated and delivered under the Ordinance.

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

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

“Bond Year” means each one-year period (or shorter period for the first Bond Year) ending October 1, or another one-year period selected by the City.

“City” means the City of Columbia, 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 City.

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

“Escrow Agent” means UMB Bank, N.A., St. Louis, Missouri, and any successors or assigns.

“Escrow Agreement” means the Escrow Trust Agreement dated as of September 1, 2019, between the City and the Escrow Agent.

“Escrow Fund” means the fund by that name referred to in the Ordinance and established pursuant to the Escrow Agreement.

“Final Written Allocation” means the written allocation of expenditures of proceeds of the Original Obligations as set forth on **Exhibit C** hereto.

“Financed Facility” means any of the property financed or refinanced with the proceeds of the Original Obligations as described on **Exhibit C** hereto.

“Gross Proceeds” means (1) sale proceeds (any amounts actually or constructively received by the City from the sale of the Bonds, but excluding pre-issuance accrued interest), (2) Investment proceeds (any amounts received from investing sale proceeds or other Investment proceeds), (3) any amounts held in a sinking fund for the Bonds, (4) any amounts held in a pledged fund or reserve fund for the Bonds, (5) any other replacement proceeds, and (6) any transferred proceeds. Specifically, Gross Proceeds includes (but is not limited to) amounts held in the following funds:

- (1) Debt Service Account for the Bonds within the Debt Service Fund (“Debt Service Account”).
- (2) Costs of Issuance Fund.
- (3) Escrow Fund.

“**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).

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

“**IRS**” means the United States Internal Revenue Service.

“**Issue Date**” means September 4, 2019.

“**Lender**” means Regions Capital Advantage, Inc., Birmingham, Alabama, as the purchaser of the Bonds.

“**Management or Service 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. However, 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) are not treated as Management or Service Agreements.

“**Measurement Period**” means, 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 (1) the issue date of the Original Obligations, or (2) the date the property was or will be placed in service, and ending on the earlier of (A) the final maturity date of the Bonds, or (B) 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 Bonds.

“**Net Proceeds**” means the sale proceeds of the Bonds (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.

“**Non-Qualified Use**” means use of Bond 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 Bond 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.

“Opinion of Bond 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 Bond 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 on the Bonds from gross income for federal income tax purposes.

“Ordinance” means the Ordinance authorizing the issuance of the Bonds as originally approved by the City, as amended and supplemented in accordance with the provisions thereof.

“Original Obligations” means the Series 2009 Bonds, which were the first issue of 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 Bonds, the use of the Financed Facility and the investment of Gross Proceeds after the Issue Date.

“Project” means all of the property acquired, developed, constructed, renovated, and equipped by the City using proceeds of the Original Obligations and Qualified Equity, all as described on **Exhibit C**.

“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 Issue 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:

(1) 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 City’s governmental purposes.

(2) 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 (a) 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 (b) 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.

(3) 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 (a) 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, (b) 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 (c) 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.

(4) 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 City 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.

“Refunded Bonds” means all of the outstanding Series 2009 Bonds, in the aggregate principal amount of \$10,405,000.

“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 Bonds.

“Series 2009 Bonds” means the City's \$10,405,000 original principal amount of Taxable Sewerage System Revenue Bonds (Build America Bonds – Direct Payment), Series 2009, which financed capital expenditures.

“System” means the entire sewerage plant and system owned and operated by the City for the collection, treatment and disposal of sewage, to serve the needs of the City and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the City.

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

“Tax Compliance Procedure” means the City's Tax-Advantaged Financing Compliance Policy and Procedure adopted on May 19, 2014, attached hereto as **Exhibit E**.

“Tax-Advantaged Bond File” means documents and records for the Bonds, the Refunded Bonds 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 issuance of the Bonds.

“Yield” means yield on the Bonds, 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 City. The City represents and covenants as follows:

- (a) *Organization and Authority.* The City (1) is a political subdivision organized and existing under the laws of the State of Missouri, (2) has lawful power and authority to

issue the Bonds for the purposes set forth in the Ordinance, to adopt the Ordinance, and to enter into, execute and deliver the Bonds and this Tax Certificate and to carry out its obligations under this Tax Certificate and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Ordinance, the Bonds, and this Tax Certificate, acting by and through its duly authorized officials.

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

(1) The City (to the extent within its power or direction) will not use any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other source, in a manner that would cause the Bonds to be “arbitrage bonds,” within the meaning of Code § 148, and will not (to the extent within its power or direction) otherwise use or permit the use of any Bond proceeds or any other funds of the City, directly or indirectly, in any manner, or take or permit to be taken any other action or actions, that would cause interest on the Bonds to be included in gross income for federal income tax purposes.

(2) The City has and will account for the expenditure of the proceeds of the Original Obligations and Qualified Equity for the Project as described in **Section 4.2**. For purposes of the following covenants related to the use of the Financed Facility portion of the Project, any Non-Qualified Use shall be treated as first allocated entirely to the portion of the Project financed with Qualified Equity.

(c) *Governmental Obligations—Use of Proceeds.* Throughout the Measurement Period, (1) all of the Financed Facility is expected to be owned by the City or another Qualified User, (2) no portion of the Financed Facility is expected to be used in a Non-Qualified Use, and (3) the City will not permit any Non-Qualified Use of the Financed Facility without first consulting with Bond Counsel.

(d) *Governmental Obligations—Private Security or Payment.* As of the Issue Date, the City expects that none of the principal of and interest on the Bonds will be, and the payment of principal of and interest on the Refunded Bonds and on all other obligations which directly or indirectly refinanced the Original Obligations has not been, (under the terms of the Bonds or any underlying arrangement) directly or indirectly:

- (1) secured by (A) any interest in property used or to be used for a private business use, or (B) any interest in payments in respect of such property; or
- (2) derived from payments (whether or not such payments are made to the City) in respect of property, or borrowed money, used or to be used for a private business use.

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

- (e) *No Private Loan.* Not more than 5% of the net proceeds of the Bonds will be loaned directly or indirectly to any Non-Qualified User.
- (f) *Management or Service Agreements.* As of the Issue Date, the City has no Management or Service Agreements with Non-Qualified Users. During the Measurement Period, the City has not and will not enter into or renew any Management or Service Agreement with any Non-Qualified User without first consulting with Bond Counsel.
- (g) *Leases.* As of the Issue Date, the City has not entered into any leases of any portion of the Financed Facility other than Qualified Use Agreements. During the Measurement Period, the City has not and will not enter into or renew any lease or similar agreement or arrangement other than a Qualified Use Agreement without first consulting with Bond Counsel.
- (h) *Limit on Maturity of Bonds.* A list of the assets included in the Financed Facility and a computation of the “average reasonably expected economic life” is attached hereto as **Exhibit C**. Based on this computation, the “average maturity” of the Bonds, as computed by Bond Counsel, does not exceed the average reasonably expected economic life of the Financed Facility. The “average reasonably expected economic life” of the Project was determined as follows: the average economic life of the Financed Facility 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.
- (i) *Expenditure of Bond Proceeds.* The City evidenced each allocation of the proceeds of the Original Obligations and Qualified Equity for the Project 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 Financed Facility was placed in service. No portion of the Net Proceeds of the Original Obligations was used to reimburse an expenditure paid by the City more than 60 days prior to the date the ordinance was adopted, except as described in the Federal Tax Certificate for the Original Obligations.
- (j) *Registered Bonds.* The Ordinance requires that all of the Bonds will be issued and held in registered form within the meaning of Code § 149(a).
- (k) *Bonds Not Federally Guaranteed.* The City will not take any action or permit any action to be taken which would cause any Bond to be “federally guaranteed” within the meaning of Code § 149(b).
- (l) *IRS Form 8038-G.* Bond Counsel will prepare Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) based on the representations and covenants of the City contained in this Tax Certificate or otherwise provided by the City. Bond Counsel will sign the return as a paid preparer following completion and will then deliver copies to the City for execution and for the City’s records. The City agrees to timely execute and return to Bond 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 are included as **Exhibit B** hereto.
- (m) *Hedge Bonds.* At least 85% of the net sale proceeds of the Original Obligations were used to carry out the governmental purposes of the Original Obligations within three

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 four years or more.

- (n) *Compliance with Future Tax Requirements.* The City understands that the Code and the Regulations may impose new or different restrictions and requirements on the City in the future. The City will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.
- (o) *Single Issue; No Other Issues.* The Bonds constitute a single “issue” under Regulations § 1.150-1(c). No other debt obligations of the City (1) are being sold within 15 days of the sale of the Bonds, (2) are being sold under the same plan of financing as the Bonds, and (3) are expected to be paid from substantially the same source of funds as the Bonds (disregarding guarantees from unrelated parties, such as bond insurance).
- (p) *Interest Rate Swap.* As of the Issue Date, the City 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 Bonds. The City will not enter into any such arrangement in the future without first consulting with Bond Counsel.
- (q) *Guaranteed Investment Contract.* As of the Issue Date, the City does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Bonds. The City will be responsible for complying with **Section 4.4(d)** hereof if it decides to enter into a Guaranteed Investment Contract at a later date.
- (r) *Bank Qualified Tax-Exempt Obligation.* The Bonds are not “qualified tax-exempt obligations” under Code § 265(b)(3).

Section 2.2. Survival of Representations and Covenants. All representations, covenants and certifications contained in this Tax Certificate or in any certificate or other instrument delivered by the City under this Tax Certificate, will survive the execution and delivery of such documents and the issuance of the Bonds, 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 Bonds.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this Article is to certify, under Regulations § 1.148-2(b), the City’s expectations as to the sources, uses and Investment of Bond proceeds and other money, in order to support the City’s conclusion that the Bonds are not arbitrage bonds. The persons executing this Tax Certificate on behalf of the City are officers of the City responsible for issuing the Bonds.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations set forth in this Article are based upon and in reliance upon the City’s understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained

therein. To the City's knowledge, the facts and estimates set forth in this Tax Certificate are accurate, and the expectations of the City set forth in this Tax Certificate are reasonable. The City has no knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Certificate are unreasonable or inaccurate or may not be relied upon.

Section 3.3. Purpose of Financing. The Bonds are being issued to provide funds to (1) currently refund the Refunded Bonds, and (2) pay the costs of issuance of the Bonds. The purpose of the refunding is to achieve interest cost savings through early redemption of the Refunded Bonds, to reduce debt service requirements of the City for certain years and to provide an orderly plan of finance for the City.

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

- (a) Revenue Fund;
- (b) Operation and Maintenance Account;
- (c) Debt Service Account;
- (d) Depreciation and Replacement Account;
- (e) Surplus Account; and
- (f) Costs of Issuance 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 Bond Proceeds and Other Money.

- (a) *Amount of Bond Proceeds.* The total proceeds to be received by the City from the sale of the Bonds is \$9,805,000.00*.
- (b) *Use of Bond Proceeds.* The Bond proceeds are expected to be allocated to expenditures as follows:
 - (1) \$_____ from the proceeds of the Bonds shall be deposited in the Costs of Issuance Fund to pay the costs of issuing the Bonds.
 - (2) \$_____, representing the remaining sale proceeds of the Bonds, together with \$937,988.92 contributed by the City from funds on deposit in the debt service reserve fund for the Refunded Bonds, will be transferred to the Escrow Agent for deposit in the Escrow Fund to be applied as provided in the Escrow Agreement to redeem the Refunded Bonds, and to pay the principal of, redemption premium, and interest on the Refunded Bonds on and prior to October 4, 2019, the redemption date of the Refunded Bonds. Any amount not so used on the redemption date will be transferred to the Debt Service Account.

Section 3.6. Multipurpose Issue. The City 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).

Section 3.7. Current Refunding.

- (a) *Proceeds used for Current Refunding.* Proceeds of the Bonds will be used to pay principal of and interest on the Refunded Bonds. 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 Bonds. Therefore, there are no transferred proceeds of the Bonds.

Section 3.8. Project Completion. The Financed Facility has been completed.

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

Section 3.10. Reserve, Replacement and Pledged Funds.

- (a) *No Debt Service Reserve Fund.* No reserve or replacement fund has been established for the Bonds.
- (b) *No Other Replacement or Pledged Funds.* None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility or to refund the Refunded Bonds, and that instead have been or will be used to acquire higher Yielding Investments. Except for the Debt Service Account, there are no other funds or accounts pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the City encounters financial difficulty.
- (c) *Other Funds and Accounts.* Money in the Revenue Fund will be entirely distributed to other funds, and money in the Operation and Maintenance Account, the Depreciation and Replacement Account and the Surplus Account is expected to be used to operate and maintain the System, to replace and repair depreciated or obsolete System facilities and to otherwise improve the System. Therefore, amounts held in these funds and accounts are not pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the City encounters financial difficulty.

Section 3.11. Purpose Investment Yield. The proceeds of the Bonds 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 Bond Yield.

- (a) *Issue Price.* Based on the certifications of the Lender in the Lender's Receipt for Bonds and Closing Certificate, the issue price of the Bonds pursuant to Regulations § 1.148-

1(f)(2)(i) (relating to the so-called “private placement rule”) is the price paid by such paid by such Lender (\$_____).

- (b) *Bond Yield.* Based on the issue price, the Yield on the Bonds is _____%, as computed by Bond Counsel as shown on **Exhibit A** attached hereto. The City has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Bonds.

Section 3.13. Miscellaneous Arbitrage Matters.

- (a) *No Abusive Arbitrage Device.* The Bonds are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the City 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 Bonds, together with expected Investment earnings thereon and other money contributed by the City, do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.14. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Certificate, the City does not expect that the Bond proceeds will be used in a manner that would cause any Bond 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 Bonds are issued. The City recognizes that interest on the Bonds will remain excludable from gross income only if Post-Issuance Tax Requirements are followed after the Issue Date. The City further acknowledges that written evidence substantiating Post-Issuance Tax Requirements must be retained in order to permit the Bonds to be refinanced with tax-exempt obligations and substantiate the position that interest on the Bonds is exempt from gross income in the event of an audit of the Bonds by the IRS.
- (b) *Written Policies and Procedures of the City.* The City intends for the Tax Compliance Procedure, as supplemented by this Tax Certificate, to be its primary written policies and procedures for monitoring compliance with the Post-Issuance Tax Requirements for the Bonds and to supplement any other formal policies and procedures related to tax compliance that the City has established. The provisions of this Tax Certificate are intended to be consistent with the Tax Compliance Procedure. In the event of any inconsistency between the Tax Compliance Procedure and this Tax Certificate, the terms of this Tax Certificate will govern.

- (c) *Bond Compliance Officer.* The City 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 Bonds or related proceedings under a voluntary compliance agreement procedures (VCAP) or undertake a remedial action procedure pursuant to Regulations §§ 1.141-12 and 1.145-2. In each case, all costs and expenses incurred by the City shall be treated as a reasonable cost of administering the Bonds and the City shall be entitled to reimbursement and recovery of its costs to the same extent as provided in the Ordinance or State law.

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

- (a) *Record Keeping.* The Bond Compliance Officer will maintain the Tax-Advantaged Bond File for the Bonds in accordance with the Tax Compliance Procedure. Unless otherwise specifically instructed in a written Opinion of Bond Counsel or to the extent otherwise provided in this Tax Certificate, the Bond Compliance Officer shall retain records related to Post-Issuance Tax Requirements until 3 years following the final maturity of (1) the Bonds, or (2) any obligation issued to refund the Bonds. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (A) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (B) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (C) exhibit a high degree of legibility and readability both electronically and in hardcopy, (D) provide support for other books and records of the City, and (E) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the City's premises.
- (b) *Accounting and Allocation of Bond Proceeds to Expenditures.* Proceeds of the Bonds will be used as described in **Sections 3.5** and **3.7** herein. The Bond Compliance Officer will maintain accounting records showing the investment and expenditure of this money as part of the Tax-Advantaged Bond File. The Bond Compliance Officer has prepared written substantiation records of the allocation of proceeds of the Original Obligations to the Financed Facility through requisitions from the project fund established under the ordinance authorizing the Original Obligations. This allocation is summarized on **Exhibit C** hereto and is intended to constitute the Final Written Allocation for the Original Obligations.
- (c) *Annual Compliance Checklist.* Attached as **Exhibit D** hereto is a sample annual compliance checklist for the Bonds. The Bond Compliance Officer will prepare and complete an annual compliance checklist for the Financed Facility at least annually in accordance with the Tax Compliance Procedure. In the event the annual compliance checklist identifies a deficiency in compliance with the requirements of this Tax Certificate, the Bond Compliance Officer will take the actions identified in an Opinion of Bond Counsel or the Tax Compliance Procedure to correct any deficiency.
- (d) *Opinions of Bond Counsel.* The Bond Compliance Officer is responsible for obtaining and delivering to the City any advice or Opinion of Bond Counsel required by this Tax Certificate or the annual compliance checklist.

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

- (a) *Costs of Issuance.* Amounts held in the Costs of Issuance Fund may be invested without Yield restriction for 13 months.
- (b) *Escrow Fund.* Since the Refunded Bonds will be redeemed within 90 days after the Issue Date, money in the Escrow Fund may be invested without Yield restrictions.
- (c) *Debt Service Account.* To the extent that the Debt Service Account qualifies as a Bona Fide Debt Service Fund, money in such fund 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 1 year after the date of receipt of such earnings.
- (d) *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. Procedures for Establishing 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 City makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

- (A) The bid specifications are in writing and are timely forwarded to potential providers or are made available on an internet website or other similar electronic media that is regularly used to post bid specifications to potential bidders. A writing includes a hard copy, a fax, or an electronic e-mail copy.
 - (B) 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.
 - (C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the City or any other person (whether or not in connection with the bond issue), and (iii) that the bid is not being submitted solely as a courtesy to the City or any other person, for purposes of satisfying the requirements of the Regulations.
 - (D) 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.
 - (E) The terms of the solicitation take into account the City’s reasonably expected deposit and draw-down schedule for the amounts to be invested.
 - (F) All potential providers have an equal opportunity to bid. If the bidding process affords any opportunity for a potential provider to review other bids before providing a bid, then providers have an equal opportunity to bid only if all potential providers have an equal opportunity to review other bids. Thus, no potential provider may be given an opportunity to review other bids that is not equally given to all potential providers (that is no exclusive “last look”).
 - (G) 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:
- (A) 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, (i) 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, (ii) 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 (iii) 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.

- (B) At least one of the three bids received is from a reasonably competitive provider, as defined above.
 - (C) 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 City retains the following records with the bond documents until three years after the last outstanding Bond is redeemed:
- (A) A copy of the Guaranteed Investment Contract.
 - (B) 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 City, and the certification as to fees paid, described in paragraph (d)(4) above.
 - (C) 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.
 - (D) The bid solicitation form and, if the terms of the 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 Bonds (*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. Arbitrage Rebate and Yield Restriction Instructions. All of the sale proceeds of the Bonds and investment earnings thereon will be (a) deposited in the Escrow Fund, invested at a Yield that does not exceed the Yield on the Bonds and expended on or before October 4, 2019 to currently refund the Refunded Bonds or (b) deposited in the Costs of Issuance Fund and used to pay costs of issuance of the Bonds within 6 months of the Issue Date. Any unspent sale proceeds of the Bonds deposited in the Costs of Issuance Fund on hand after March 1, 2020 will be transferred to and deposited in the Debt Service Account and used to pay interest on the Bonds on or before the first anniversary of the Issue Date. Additionally, the Issuer expects for the Debt Service Account to qualify as a Bona Fide Debt Service Fund in every Bond Year. Based on these certifications, Bond Counsel has advised the City that no rebate or Yield restriction computations are required with respect to the Bonds, so long as the sale proceeds and Investment earnings are invested and spent as described in this paragraph. If the sale proceeds and Investment earnings are not invested and spent as described in this paragraph, or if the Debt Service Account fails to qualify as a Bona Fide Debt Service Fund in any Bond Year, then the City is obligated to engage Bond Counsel or an independent certified public accountant to compute arbitrage rebate and Yield reduction amounts on the Bonds and to pay arbitrage rebate or Yield reduction payments to the United States at least once every five years, and within 60 days after the discharge of the last Bond, in accordance with Code § 148(f).

Section 4.6. Filing Requirements. The City will file or cause to be filed with the IRS such reports or other documents as are required by the Code in accordance with an Opinion of Bond Counsel.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1. Term of Tax Certificate. This Tax Certificate will be effective concurrently with the issuance and delivery of the Bonds and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Bonds have been fully paid and all such Bonds are cancelled; provided that, the provisions of **Article IV** of this Tax Certificate 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 and the provisions of **Section 4.2** hereof relating to record keeping shall continue in force for the period described therein for records to be retained.

Section 5.2. Amendments. This Tax Certificate may be amended from time to time by the City without notice to or the consent of any of the Registered Owners, but only if such amendment is in writing and is accompanied by an Opinion of Bond Counsel to the effect that, under then existing law, assuming compliance with this Tax Certificate as so amended such amendment will not cause interest on any Bond to be included in gross income for federal income tax purposes. No such amendment will become effective until the City receives this Opinion of Bond Counsel.

Section 5.3. Opinion of Bond Counsel. The City may deviate from the provisions of this Tax Certificate if furnished with an Opinion of Bond Counsel addressed to it to the effect that the proposed deviation will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The City will comply with any further or different instructions provided in an Opinion of Bond Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Bonds or the exclusion from gross income of interest on the Bonds.

Section 5.4. Reliance. In delivering this Tax Certificate, the City is making only those certifications, representations and agreements as are specifically attributed to it in this Tax Certificate. The City is not 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 Certificate and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The City understands 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 Bonds and the exclusion from federal gross income of the interest on the Bonds.

Section 5.5. Severability. If any provision in this Tax Certificate or in the Bonds 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 Certificate is binding upon the City and its respective successors and assigns, and inures to the benefit of the owners of the Bonds. Nothing in this Tax Certificate, the Ordinance or the Bonds, express or implied, gives to any person, other than the owners of the Bonds, any benefit or any legal or equitable right, remedy or claim under this Tax Certificate.

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

Section 5.8. Execution in Counterparts. This Tax Certificate 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 Certificate will be governed by and construed in accordance with the laws of the State of Missouri.

Section 5.10. Electronic Transactions. The transaction described in this Tax Certificate may be conducted, and related documents may be sent, received or stored, by electronic means.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the undersigned City Manager and the Finance Director of the City, by their execution of this Tax Certificate hereby make the foregoing certifications, representations, and agreements contained in this Tax Certificate on behalf of the City, as of the Issue Date.

CITY OF COLUMBIA, MISSOURI

By: _____
Title: City Manager

By: _____
Title: Interim Finance Director

EXHIBIT A

DEBT SERVICE SCHEDULE AND PROOF OF BOND YIELD

EXHIBIT B
IRS FORM 8038-G

EXHIBIT C

DESCRIPTION OF PROPERTY COMPRISING THE FINANCED FACILITY AND FINAL WRITTEN ALLOCATION

EXHIBIT D

**SAMPLE
ANNUAL COMPLIANCE CHECKLIST**

Name of tax-exempt bonds (“Bonds”) financing Financed Asset*:	\$9,805,000* Sewerage System Refunding Revenue Bonds, Series 2019
Issue Date of Bonds:	September 4, 2019
Placed in service date of Financed Facility:	
Name of Bond Compliance Officer:	
Period covered by request (“Annual Period”):	

Item	Question	Response
1 Ownership	Was the entire Financed Facility owned by the City during the entire Annual Period? If “Yes,” skip to Item 2.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “No,” was advice of Bond Counsel obtained prior to the transfer? If “Yes,” include a copy of the advice in the Tax-Advantaged Bond File. If “No,” contact Bond Counsel and include description of resolution in the Tax-Advantaged Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

2 Leases & Other Rights to Possession	During the Annual Period, was any part of the Financed Facility leased at any time pursuant to a lease or similar agreement for more than 50 days? If “No,” skip to Item 3.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “Yes,” was advice of Bond Counsel obtained prior to entering into the lease or other arrangement? If “Yes,” include a copy of the advice in the Tax-Advantaged Bond File. If “No,” contact Bond Counsel and include description of resolution in the Tax-Advantaged Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

* Capitalized words and terms used herein, unless otherwise defined herein or the context requires otherwise, shall have the same meanings ascribed to them in the City’s Tax Compliance Procedure adopted on May 19, 2014, as amended and supplemented.

Item	Question	Response
3 Management or Service Agreements	During the Annual Period, has the management of all or any part of the operations of the Financed Asset (e.g., operations, maintenance, etc.) been assumed by or transferred to another entity? If "No," skip to Item 4.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was advice of Bond Counsel obtained prior to entering into the management agreement? If "Yes," include a copy of the advice in the Tax-Advantaged Bond File. If "No," contact Bond Counsel and include description of resolution in the Tax-Advantaged Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4 Other Use	Was any other agreement entered into with an individual or entity that grants special legal rights or privileges to such individual that are not otherwise available to the general public? If "No," skip to Item 5.	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was advice of Bond Counsel obtained prior to entering into the agreement? If "Yes," include a copy of the advice in the Tax-Advantaged Bond File. If "No," contact Bond Counsel and include description of resolution in the Tax-Advantaged Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
5 Arbitrage & Rebate	Were all of the proceeds of the Bonds used as described in the Federal Tax Certificate?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If "No," contact the Rebate Analyst and incorporate report or include description of resolution in the Tax-Advantaged Bond File.	

Bond Compliance Officer: _____

Date Completed: _____

EXHIBIT E

TAX COMPLIANCE PROCEDURE