
FEDERAL TAX CERTIFICATE

Dated as of March 3, 2016

OF

MINNESOTA PUBLIC FACILITIES AUTHORITY,

\$247,425,000

**Minnesota Public Facilities Authority
State Revolving Fund Revenue Bonds,
Series 2016A**

\$106,905,000

**Minnesota Public Facilities Authority
State Revolving Fund Revenue Refunding Bonds,
Series 2016B**

FEDERAL TAX CERTIFICATE

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- Exhibit G-1** – Certificate of Series 2016A Bonds Underwriter
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FEDERAL TAX CERTIFICATE

THIS FEDERAL TAX CERTIFICATE (the “Tax Certificate”), is executed as of March 3, 2016, by the **MINNESOTA PUBLIC FACILITIES AUTHORITY**, a duly constituted public body corporate and politic existing under the laws of the State of Minnesota (the “Authority”).

RECITALS

1. This Tax Certificate is being executed and delivered in connection with the issuance by the Authority of (1) \$247,425,000 principal amount of State Revolving Fund Revenue Bonds, Series 2016A (the “Series 2016A Bonds”), and (2) \$106,905,000 principal amount of State Revolving Fund Revenue Refunding Bonds, Series 2016B (the “Series 2016B Bonds” and together with the Series 2016A Bonds the “Bonds”), under the Authority’s Master Clean Water and Drinking Water Bond Resolution adopted January 25, 2010 (the “Master Bond Resolution”) and Series Resolution No. 7 adopted December 16, 2015 (the “Series Resolution” and together with the Master Bond Resolution the “Resolution”), for the purposes described in this Tax Certificate and in the Resolution.

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 Authority 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, and to provide guidance for complying with the arbitrage rebate provisions of Code § 148(f).

4. The Authority adopted a Tax-Exempt Financing Compliance Policy and Procedure on December 15, 2015 (the “Tax Compliance Procedure”) for the purpose of setting out general procedures for the Authority 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, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Certificate, the Authority 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 Resolution, 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:

“1991 Clean Water Prior Bond Resolution” means the Amended and Restated Basic Bond Resolution of Water Pollution Control Revenue Bonds of the Authority adopted June 6, 1991 and effective as of June 6, 1991, as amended by the First Supplemental Resolution to the Amended and Restated Basic Bond Resolution, Resolution No. 95-01, adopted January 11, 1995 and effective as of January 12, 1995.

“1999 Drinking Water Prior Bond Resolution” means the Basic Bond Resolution of Drinking Water Revenue Bonds of the Authority adopted June 15, 1999 and effective as of June 15, 1999.

“Adjusted Gross Proceeds” means the Gross Proceeds of a Bond Funded Loan or a Bond Refunded Loan, as applicable, reduced by amounts (1) in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, (2) 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 (3) representing grant repayments or sale or Investment proceeds of any purpose Investment.

“Annual Compliance Checklist” means a checklist 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**. A sample Annual Compliance Checklist for the Authority is attached as **Exhibit E** and a sample Annual Compliance Checklist for the Borrowers is attached as **Exhibit F**.

“Authority” means the Minnesota Public Facilities Authority and its successors and assigns, or any body, agency or instrumentality of the State of Minnesota succeeding to or charged with the powers, duties and functions of the Authority.

“Available Construction Proceeds” means the sale proceeds of a Bond Funded Loan, increased by (i) Investment earnings on the sale proceeds, (ii) earnings on amounts in a reasonably required reserve or replacement fund allocable to a Bond Funded Loan but not funded from the Bond Funded Loan, and (iii) earnings on such earnings, reduced by sale proceeds (A) in any reasonably required reserve fund or (B) used to pay issuance costs of the Bonds. But Available Construction Proceeds do not include Investment earnings on amounts in a reasonably required reserve or replacement fund after the earlier of (a) the second anniversary of the Issue Date or (b) the date the Financed Facility is substantially completed.

“Board” means the Minnesota State Board of Investment.

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

“Bond” or **“Bonds”** means, collectively, the Series 2016A Bonds and the Series 2016B Bonds.

“Bond Compliance Officer” means the Authority’s Chief Financial Officer or other person named in the Tax Compliance Procedure.

“Bond Counsel” means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel appointed by the Attorney General of the State of Minnesota.

“Bond Funded Loans” means the Borrower Loans or portions of Borrower Loans funded from the proceeds of the New Money Portion of the Bonds.

“Bond Refunded Loans” means the Borrower Loans or portions of Borrower Loans funded from the proceeds of the Original Obligations.

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

“Borrowers” has the meaning set forth in the Resolution and, for purposes of this Tax Certificate, consists of those Borrowers identified in the Allocation of Bond Proceeds to Bond Funded Loans and Original Obligation Proceeds to Bond Refunded Loans attached as **Exhibit D**.

“Borrower Loan” means the loan of Bond proceeds and other Authority money to a Borrower pursuant to a Borrower Loan Agreement.

“Borrower Loan Agreement” means the Bond Purchase and Project Loan Agreement between the Authority and a Borrower.

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

“Computation Date” means each date on which arbitrage rebate for the Bonds is computed. The Authority 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 5 years after the previous Computation Date for which an installment payment was made; and
- (c) the date the last Bond is discharged is the final Computation Date.

The Authority selects March 1, 2021 as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

“Costs of Issuance” means, generally, any cost or expense incurred on account of and in connection with the borrowing including, (i) underwriters’ spread (whether realized directly or derived through purchase of the Bonds at a discount below the price at which they are expected to be sold to the public); (ii) counsel fees (including bond counsel, underwriter’s counsel, issuer’s counsel, company counsel in the case of borrowings such as those for exempt facilities, as well as any other specialized

counsel fees incurred in connection with the borrowing); (iii) financial advisor fees incurred in connection with the borrowing; (iv) rating agency fees; (v) trustee fees incurred in connection with the borrowing; (vi) paying agent and certifying and authenticating agent fees related to issuance of the Bonds; (vii) accountant fees (e.g., accountant verifications in the case of advance refundings) related to issuance of the bonds; (viii) printing costs (for the Bonds and of preliminary and final offering materials); (ix) costs incurred in connection with the required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum); and (x) costs of engineering and feasibility studies necessary to the issuance of the Bonds (as opposed to such studies related to completion of the Financed Facility, but not to the financing). However, Costs of Issuance do not include fees and expenses directly related to the cost of credit enhancement for the Bonds to the extent such fees or expenses may be included as a qualified guaranty in the calculation of the Yield on the Bonds.

“Cross Collateralization Resolution” means Authority Resolution No. 99-06 adopted June 15, 1999 and effective as of June 15, 1999, supplementing the 1991 Clean Water Prior Bond Resolution and 1999 Drinking Water Prior Bond Resolution to cross-collateralize the Clean Water Bond Program and the Drinking Water Bond Program to secure bonds of each program.

“Escrow Agent” means U.S. Bank, National Association, as escrow agent for the Refunded Obligations pursuant to the Escrow Agreement, and its successors and assigns pursuant to the Escrow Agreement.

“Escrow Agreement” means the Escrow Agreement dated March 3, 2016, between the Authority and the Escrow Agent, as amended and supplemented in accordance with the provisions of the Escrow Agreement.

“Escrow Account” means the escrow account established by the Escrow Agreement.

“Escrowed Securities” means the direct non-callable obligations of the United States of America as described in the Verification Report.

“Final Written Allocation” means the written allocation of proceeds of the Original Obligations to Bond Refunded Loans and other expenditures as set forth on **Exhibit D** and the Final Written Allocation of proceeds of the Series 2016A Bonds to Bond Funded Loans and other expenditures prepared by the Bond Compliance Officer in accordance with the Tax Compliance Procedure and **Section 4.2(b)**.

“Financed Facility” or **“Financed Facilities”** means the portion of a Project financed or refinanced with the proceeds of a Bond Funded Loan or Bond Refunded Loan. The Bond Refunded Loans and expected Bond Funded Loans are identified on **Exhibit D**. The Financed Facilities represent all or a portion of each Borrower’s Project financed with proceeds of a Bond Funded Loan or Bond Refunded Loan as further described in the Borrower Loan Agreements, including, the Project budget submitted by each Borrower in the application packages for Program funding and disbursement requests submitted to the Authority.

“Financial Advisor” means Public Financial Management, Inc., financial advisor to the Authority.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the Authority from the sale of the Bonds, 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 Bonds, (d) any amounts held in a pledged fund or reserve fund for the Bonds, (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:

- Loan Account.
- Capitalized Interest Account (to the extent funded).
- Cost of Issuance Account.
- Debt Service Account.
- Escrow Account.
- Redemption Account.
- Supplemental Reserve Account.
- Rebate Account (to the extent funded with sale proceeds or Investment proceeds of the Bonds).

“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. 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 March 3, 2016.

“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.

“Master Bond Resolution” means the Authority’s Master Clean Water and Drinking Water Bond Resolution, Resolution No. 10-01, adopted January 25, 2010 and effective as of January 27, 2010, as amended and supplemented from time to time in accordance with its terms.

“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 (i) the Issue Date or (ii) the date the property is placed in service and ending on the earlier of (A) the final maturity date of the Bonds or (B) the expected economic useful life of the property. For each item of property financed as part of the Financed Facility with proceeds of the Original Obligations, “measurement period” means the period beginning on the later of (i) the issue date of the Original Obligations or (ii) 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 when used in reference to the Bonds or the New Money Portion, the sale proceeds (excluding pre-issuance accrued interest), less an allocable share of any proceeds deposited in a reasonably required reserve or replacement fund, plus an allocable share of all Investment earnings on such sale proceeds.

“New Money Portion” means the portion of the Bonds, comprising the Series 2016A Bonds, used to finance the acquisition of the Bond Funded Loans and related costs as further described in **Section 3.6**.

“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 Bond Counsel to the effect that the proposed action or the failure to act will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

“Original Obligations” means the Series 2007B Bonds and the Series 2010C Bonds which were the first issues of tax-exempt governmental bonds that financed or refinanced a portion of the Financed Facility.

“Output Contract” means, generally, any contract with a Non-Qualified User that provides for the purchase of the output of a Financed Facility. A similar contract with a Qualified User is not an Output Contract.

“Pledged Loans” means Borrower Loans pledged by the Authority pursuant to the Prior Bond Resolutions and the Master Bond Resolution.

“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 of the Bonds.

“Prior Bond Resolutions” means, collectively, the 1991 Clean Water Prior Bond Resolution and the 1999 Drinking Water Prior Bond Resolution.

“Program” means the Authority's Clean Water Bond Program or Drinking Water Bond Program

“Project” means, generally, those particular Clean Water Program or Drinking Water Program projects being financed or refinanced by the Borrowers with proceeds of the Borrower Loans and other money as described in the Borrower Loan Agreements, including the budget submitted in application packages for Program funding and disbursement requests submitted to the Authority.

“Proposed Regulations” means the proposed arbitrage regulations REG 106143-07 (published at 72 Fed. Reg. 54606 (Sept. 26, 2007)).

“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 Qualified User’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 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 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 Bond Funded Loan 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 any firm or organization which is nationally recognized for its ability to prepare arbitrage rebate computations.

“Refunded Obligations” means, collectively, the Refunded Series 2007B Bonds and the Refunded Series 2010C Bonds.

“Refunded Series 2007B Bonds” means the Series 2007B Bonds in the aggregate principal amount of \$29,000,000, originally scheduled to mature March 1 in the years 2023, 2024, 2026, 2027, and 2028.

“Refunded Series 2010C Bonds” means the Series 2010C Bonds in the aggregate principal amount of \$81,070,000, originally scheduled to mature March 1 in the years 2021 through 2026.

“Refunding Portion” means the sale proceeds of the Series 2016B Bonds identified in **Section 3.6** together with the remaining Gross Proceeds of the Series 2016B Bonds 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 Bonds.

“Resolution” means, collectively, the Master Bond Resolution and the Series Resolution.

“Series 2007B Bonds” means the Authority’s \$80,000,000 original principal amount Clean Water Revenue Bonds, Series 2007B issued October 25, 2007, the proceeds of which were used to make loans to Borrowers.

“Series 2010C Bonds” means the Authority’s \$200,000,000 original principal amount State Revolving Fund Revenue Bonds, Series 2010C issued November 18, 2010, the proceeds of which were used to make loans to Borrowers.

“Series 2016A Bonds” means the Series 2016A Bonds described in the recitals, authenticated and delivered under the Resolution.

“Series 2016A Bonds Underwriter” means Morgan Stanley & Co., LLC, New York, New York, representative of the underwriters of the Series 2016A Bonds.

“Series 2016B Bonds” means the Series 2016B Bonds described in the recitals, authenticated and delivered under the Resolution.

“Series 2016B Bonds Underwriter” means Bank of America Merrill Lynch, New York, New York, the underwriter of the Series 2016B Bonds.

“Series Resolution” means Series Resolution #7, Resolution No. 15-07, adopted December 16, 2015 and effective as of December 16, 2015, authorizing the issuance of the Bonds under the Master Bond Resolution, as amended and supplemented in accordance with the provisions of the Resolution.

“State” means the State of Minnesota.

“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 Authority’s Clean Water Bond Program, Drinking Water Bond Program, and Transportation Bond Program (PFA Bond Programs) Tax Compliance Procedure dated as of December 15, 2015, a copy of which is attached as **Exhibit J**.

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

“**Underwriters**” means, collectively, the Series 2016A Bonds Underwriter and Series 2016B Bonds Underwriter.

“**Verification Report**” means the report of BondResource Partners, LP, Harrisburg, Pennsylvania, relating to the Bonds and the Refunded Obligations.

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

Section 1.2. Plan of Finance. The Authority represents and covenants as follows:

(a) *Purpose of Financing.* The Bonds are being issued for the purpose of providing funds to be used in the Program to finance the Bond Funded Loans and refund the Refunded Obligations. Pursuant to the Borrower Loan Agreements, all Authority disbursements on Borrower Loans are disbursed on a cost reimbursement basis consistent with the Borrower’s application package for Program funding. The Bond Funded Loan will represent all or a portion of Authority disbursements on Borrower Loans as described in the Final Written Allocation. The purpose of refunding the Refunded Obligations is to achieve interest cost savings and provide an orderly plan of financing.

(b) *Sources of Payment and Security for Bonds - Subordinate Bonds under Prior Bond Resolutions.*

(1) Clean Water Bonds. So long as any Clean Water Prior Bonds remain outstanding, the Bonds will be Subordinate Bonds pursuant to, and as defined in, the 1991 Clean Water Prior Bond Resolution and payable from and secured by 1991 Clean Water Bond Program Revenues and 1991 Clean Water Bonds Program Assets as described in the 1991 Clean Water Prior Bond Resolution. So long as any Clean Water Prior Bonds remain outstanding, all proceeds and revenues relating to the Clean Water portions of the Bonds will be deposited in the accounts established under the 1991 Clean Water Prior Bond Resolution. At the time Clean Water Prior Bonds are no longer outstanding, the Clean Water assets and revenues will be transferred to, and deposited in, the appropriate accounts established under the Master Bond Resolution. References in this Tax Certificate to a particular account will be to each account so designated and established under the Prior Bond Resolutions or the Resolution, as applicable.

(2) Drinking Water Bonds. So long as any Drinking Water Prior Bonds remain outstanding, the Bonds will be Subordinate Bonds pursuant to, and as defined in, the 1999 Drinking Water Prior Bond Resolution and payable from and secured by 1999 Drinking Water Bond Program Revenues and 1999 Drinking Water Bonds Program Assets as described in the 1999 Drinking Water Prior Bond Resolution. So long as any Drinking Water Prior Bonds remain outstanding, all proceeds and revenues relating to the Drinking Water portions of the Bonds will be deposited in the accounts established under the 1999 Drinking Water Prior Bond Resolution. At the time Drinking Water Prior Bonds are no longer outstanding, the Drinking Water assets and revenues will be transferred to, and deposited in, the appropriate accounts established under the Master Bond Resolution.

(c) *Cross Collateralization.* Pursuant to the Cross Collateralization Resolution, if at any time amounts available under the 1991 Clean Water Prior Bond Resolution or 1999 Drinking Water Prior Bond Resolution, as applicable, are insufficient to pay the principal of, or interest on, the Clean Water Bonds or Drinking Water Bonds, as applicable, then, to the extent and at the times permitted under the 1991 Clean Water Prior Bond Resolution and 1999 Drinking Water Prior Bond Resolution, the Authority may transfer money from the 1991 Clean Water Prior Bond Resolution or 1999 Drinking Water Prior Bond Resolution, as applicable, to the 1991 Clean Water Prior Bond Resolution or 1999 Drinking Water Prior Bond Resolution, as applicable, to provide for the payment of the principal of or interest on the Clean Water Bonds or Drinking Water Bonds, as applicable.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

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

(a) *Organization and Authority.* The Authority (1) is a duly constituted public body corporate and politic existing under the laws of the State of Minnesota, and (2) has lawful power and authority to issue the Bonds for the purposes set forth in the Resolution, to enter into, execute and deliver the Resolution, the Bonds, the Escrow Agreement, 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 Resolution, the Bonds, the Escrow Agreement, and this Tax Certificate, acting by and through its duly authorized officials.

(b) *Tax-Exempt Status of Bonds—General Covenant.* The Authority (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 Authority, 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.

(c) *Registered Bonds.* The Resolution requires that all of the Bonds will be issued and held in registered form within the meaning of Code § 149(a).

(d) *No Federal Guarantee.* The Authority will not take any action or permit any action to be taken which would cause the Bonds to be “federally guaranteed” within the meaning of Code § 149(b).

(e) *Pooled Financing Bonds Restrictions.*

(1) *Pooled Financing Bonds.* As of the Issue Date, the Bonds are expected to be “pooled financing bonds” within the meaning of Code § 149(f) because the Authority reasonably expects that more than \$5,000,000 of proceeds of the New Money Portion will be used to make or finance the Bond Funded Loans.

(2) *One-Year Spending Requirement.* As of the Issue Date, the Authority reasonably expects that as of the close of the one-year period beginning on the Issue Date, at least 30% of the Net Proceeds of the New Money Portion will be used directly or indirectly to make or finance the

Bond Funded Loans. The Series 2016A Bonds have been made subject to one-year extraordinary mandatory redemption in the event the one year spending requirement is not satisfied.

(3) *Three-Year Spending Requirement.* As of the Issue Date, the Authority expects that as of the close of the three-year period beginning on the Issue Date, at least 95% of the Net Proceeds of the New Money Portion will be used directly or indirectly to make or finance the Bond Funded Loans. The Series 2016A Bonds have been made subject to three-year extraordinary mandatory redemption in the event the three year spending requirement is not satisfied.

(4) *No Contingent Costs of Issuance.* As of the Issue Date, the payment of Costs of Issuance is not contingent and at least 95% of the reasonably expected Costs of Issuance will be paid not later than 180 days after the Issue Date.

(5) *Factors Not Taken Into Account.* In establishing its expectations related to the expenditure of Bond proceeds, the Authority has not taken into account anticipated changes in prevailing interest rates or the federal tax laws.

(6) *Refunding Portion.* The Authority hereby represents and covenants that it satisfied each of the requirements of this **Section 2.1(f)(1)-(5)** in connection with the issuance of the Original Obligations.

(f) *Bond Funded Loans and Bond Refunded Loans.* Each Borrower that is an obligor under a Bond Funded Loan or a Bond Refunded Loan is a Qualified User. In connection with the issuance of each Borrower Loan which constitutes a Bond Funded Loan or a Bond Refunded Loan, each Borrower agreed in the Borrower Loan Agreement to spend the proceeds of the Borrower Loan and use its Financed Facility in compliance with the Code and Regulations. Pursuant to the Tax Compliance Procedure, **Section 4.2(c)**, and Article III of the Borrower Loan Agreement, the Bond Compliance Officer will use the officer's best efforts to monitor each Borrower's compliance with the Post-Issuance Tax Requirements, including the record keeping requirements of **Section 4.2**. If any Annual Compliance Checklist identifies a deficiency in compliance with the requirements of this Tax Certificate, the Bond Compliance Officer will, to the extent within the officer's power or control, take the actions identified in an Opinion of Bond Counsel, the Tax Compliance Procedure, and the Borrower Loan Agreement to correct any deficiency.

(g) *Official Intent—Reimbursement.*

(1) Intent to Finance Borrower Loans. On September 2, 2015 and November 23, 2015, the Executive Director of the Authority declared the intent of the Authority to issue tax-exempt bonds to finance Borrower Loans and to reimburse the Authority for Borrower Loan disbursements made for Project costs prior to the issuance of the tax-exempt bonds in an amount not reasonably expected to exceed a principal amount for each Borrower listed in Exhibit A to the Declaration of Official Intent. Copies of the declarations are attached as **Exhibit H**. No portion of the Net Proceeds of the New Money Portion will be used to reimburse a disbursement on a Borrower Loan made more than 60 days prior to the date the respective Declaration of Official Intent was adopted. The Authority will evidence each allocation of the proceeds of the New Money Portion of the Bonds to Bond Funded Loans in writing. No reimbursement allocation will be made for a disbursement with respect to a Bond Funded Loan made more than 3 years before the date of the reimbursement allocation. In addition, no reimbursement allocation will be made to a disbursement on a Borrower Loan more than 18 months following the later of (1) the date of

the Borrower's expenditure or (2) the date the Borrower's Financed Facility was placed in service.

(2) Borrower Reimbursements. In connection with the issuance of each Borrower Loan, each Borrower represented and covenanted, or will represent and covenant, in its Borrower Loan Agreement that its governing body declared its intent to borrow to finance costs of the Borrower Project and to reimburse the Borrower for expenditures made for the Borrower Project prior to the issuance of the Borrower Loan (a "Reimbursement Action"). In addition, each Borrower has represented and covenanted, or will represent and covenant, in its Borrower Loan Agreement that no portion of the Net Proceeds of the Borrower Loan would be used to reimburse an expenditure paid by the Borrower more than 60 days prior to the date the Reimbursement Action was passed. Copies of the Reimbursement Actions are contained in the Transcripts for the Borrower Loans. Based on the representations and covenants contained in the Borrower Loan Agreements, no portion of the Net Proceeds of the Bond Funded Loans or Bond Refunded Loans will be or were used to reimburse an expenditure paid by a Borrower more than 60 days prior to the date of the resolution described in the applicable Borrower Loan Agreement. The Authority will not permit a Borrower to make a reimbursement allocation for an expenditure made more than 3 years before the date of the reimbursement allocation. In addition, the Authority will not permit any Borrower to reimburse Project expenditures more than 18 months following the later of (1) the date of the expenditure or (2) the date the Financed Facility was placed in service.

(h) *Governmental Obligations—Use of Proceeds*. Based on the representations and covenants contained in the Borrower Loan Agreements and the Bond Compliance Officer's best efforts to monitor each Borrower's compliance with the Post-Issuance Tax Requirements: (1) throughout the Measurement Period, all of the Financed Facility has been and is expected to be owned by a Qualified User; and (2) not more than 10% of the proceeds of the Bonds have been or will be used in a Non-Qualified Use. Throughout the Measurement Period, the Authority has not and will not consent to amendment of a Borrower Loan Agreement and will not otherwise permit any Non-Qualified Use of the Financed Facility without first obtaining an Opinion of Bond Counsel. In support of the representations and covenants contained in this **Section 2.1(h)**, the Authority hereby represents and covenants as follows:

(1) Management Agreements. Based on the representations and covenants contained in the Borrower Loan Agreements and the Bond Compliance Officer's best efforts to monitor each Borrower's compliance with the Post-Issuance Tax Requirements, during the Measurement Period, no Borrower of a Bond Funded Loan or Bond Refunded Loan has entered into a Management Agreement with a Non-Qualified User for any portion of the Financed Facility. The Authority will not allocate proceeds of the New Money Portion to finance a Borrower Loan for a Financed Facility subject to a Management Agreement with a Non-Qualified User without first obtaining an Opinion of Bond Counsel. The Borrower Loan Agreements prohibit Borrowers from entering into or renewing any Management Agreement with a Non-Qualified User without first notifying the Authority. During the Measurement Period, the Authority and the Bond Compliance Officer will use best efforts to monitor each Borrower's compliance with the Post-Issuance Tax Requirements and will not permit any Borrower to enter into or renew any Management Agreement with any Non-Qualified User without first obtaining an Opinion of Bond Counsel.

(2) Leases. Based on the representations and covenants contained in the Borrower Loan Agreements and the Bond Compliance Officer's best efforts to monitor each Borrower's compliance with the Post-Issuance Tax Requirements, during the Measurement Period, no Borrower of a Bond Funded Loan or a Bond Refunded Loan has entered into any lease with

respect to any portion of the Financed Facility other than Qualified Use Agreements. The Authority will not allocate proceeds of the New Money Portion to finance a Borrower Loan where any portion of the Financed Facility will be subject to a lease with a Non-Qualified User, other than a Qualified Use Agreement, without first obtaining an Opinion of Bond Counsel. The Borrower Loan Agreements prohibit Borrowers from entering into or renewing any lease other than a Qualified Use Agreement without first notifying the Authority. During the Measurement Period, the Authority and the Bond Compliance Officer will use best efforts to monitor each Borrower's compliance with the Post-Issuance Tax Requirements and will not permit any Borrower to enter into or renew any lease other than a Qualified Use Agreement without first obtaining an Opinion of Bond Counsel.

(3) Output Contracts. Based on the representations and covenants contained in the Borrower Loan Agreements and the Bond Compliance Officer's best efforts to monitor each Borrower's compliance with the Post-Issuance Tax Requirements, during the Measurement Period, no Borrower of a Bond Funded Loan or a Bond Refunded Loan has entered into an Output Contract with a Non-Qualified User for any portion of the Financed Facility. The Authority will not allocate proceeds of the New Money Portion to finance a Borrower Loan for a Financed Facility subject to an Output Agreement without first obtaining an Opinion of Bond Counsel. The Borrower Loan Agreements prohibit Borrowers from entering into or renewing any Output Contract with a Non-Qualified User without first notifying the Authority. During the Measurement Period, the Authority and the Bond Compliance Officer will use best efforts to monitor each Borrower's compliance with the Post-Issuance Tax Requirements and will not permit any Borrower to enter into or renew any Output Contract with any Non-Qualified User without first obtaining an Opinion of Bond Counsel.

(i) *Governmental Obligations—Private Security or Payment.* Based on the representations and covenants contained in the Borrower Loan Agreements and the Bond Compliance Officer's best efforts to monitor each Borrower's compliance with the Post-Issuance Tax Requirements, as of the Issue Date, the Authority expects that none of the principal and interest on the Bonds and the payment of principal of and interest on the Refunded Obligations and on all other obligations which directly or indirectly refinanced the Original Obligations has not been and will not be (under the terms of the Bonds or any underlying arrangement) directly or indirectly:

(1) secured by (i) any interest in property used or to be used in 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 Authority or the Borrower, in respect of property, or borrowed money, used or to be used in a Non-Qualified Use.

The Authority will not permit any private security or payment with respect to the Bonds without first obtaining an Opinion of Bond Counsel.

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

(k) *Limit on Maturity of Bonds.* Based on each Borrower's representations regarding the property to be financed or refinanced with Bond Funded Loans and Bond Refunded Loans, the "average maturity" of the Bonds, as computed by Bond Counsel and shown on **Exhibit A**, is less than the aggregate average reasonably expected economic life of the Financed Facilities.

(l) *Hedge Bonds.* At least 85% of the net sale proceeds (the sale proceeds of the New Money Portion less any sale proceeds invested in a reserve fund) of the New Money Portion will be used to carry out the governmental purpose of the New Money Portion within 3 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 4 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.

(m) *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 Authority contained in this Tax Certificate and of the Borrowers contained in the Borrower Loan Agreements, or as otherwise provided by the Authority or the Borrowers. Bond Counsel will sign the return as a paid preparer following completion and will then deliver copies to the Authority for execution and for the Authority's records. The Authority 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 will be included as **Exhibit B**. The Authority has allocated \$79,440,245.02 of the Net Proceeds of the New Money Portion to reimburse disbursements made with respect to Bond Funded Loans made prior to the Issue Date and that amount should be reflected on Line 45a of Form 8038-G. A list of Bond Funded Loans to be reimbursed is included as part of **Exhibit D**.

(n) *Authority Reliance on Other Parties.* The expectations, representations and covenants of the Authority concerning uses of Bond Proceeds and certain other money described in this Tax Certificate and other matters are based in whole or in part upon covenants, representations and certifications of the Borrowers as set forth in the Borrower Loan Agreements and other parties as set forth in this Tax Certificate and exhibits to this Tax Certificate. The Authority has not reviewed or otherwise made an independent investigation of the representations of other parties or participated or provided information to any other party used in setting forth the representations of any other party. The Authority is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in this Tax Certificate or exhibits to this Tax Certificate.

(o) *Compliance with Future Tax Requirements.* The Authority understands that the Code and the Regulations may impose new or different restrictions and requirements on the Authority and the Borrowers in the future. The Authority will comply with such future restrictions and, to the extent within its power and direction, will cause the Borrowers to 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.

(p) *Single Issue; No Other Issues.* The Bonds constitute a single "issue" under Regulations § 1.150-1(c). No other debt obligations of the Authority (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).

(q) *Interest Rate Swap.* As of the Issue Date, the Authority 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 or the Refunded Obligations. The Authority will not enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.

(r) *Guaranteed Investment Contract.* As of the Issue Date, the Authority does not expect the Board to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Bonds. The Authority and Board 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 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 Authority 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 III** is to certify, under Regulations § 1.148-2(b), the Authority’s expectations as to the sources, uses and investment of Bond proceeds and other money, in order to support the Authority’s conclusion that the Bonds are not arbitrage bonds. The person executing this Tax Certificate on behalf of the Authority is an officer of the Authority responsible for issuing the Bonds.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations set forth in this **Article III** are based upon and in reliance upon the Authority’s understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the Authority’s knowledge, the facts and estimates set forth in this Tax Certificate are accurate, and the expectations of the Authority set forth in this Tax Certificate are reasonable. The Authority 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. Purposes of the Financing. The Bonds are being issued for the purposes described in **Section 1.2**.

Section 3.4. Funds and Accounts.

(a) *1991 Clean Water Prior Bond Resolution.* The following funds and accounts have been established under the 1991 Clean Water Prior Bond Resolution:

- Loan Account.
- Operating Reserve Account.
- Revenue Account.
- Debt Service Reserve Fund Account.
- Principal and Interest Account.
- Redemption Account.
- Capitalized Interest Account.

- Costs of Issuance Account.
- Arbitrage Rebate Account.

(b) *1999 Drinking Water Prior Bond Resolution.* The following funds and accounts have been established under the 1999 Drinking Water Prior Bond Resolution:

- Pledged Loan Account.
- Operating Account.
- Revenue Account.
- Principal and Interest Account.
- Debt Service Reserve Account.
- Redemption Account.
- Capitalized Interest Account.
- Costs of Issuance Account.
- Arbitrage Rebate Account.
- Supplemental Reserve Account.

(c) *Master Bond Resolution.* The following funds and accounts have been established under the Master Bond Resolution:

- Loan Account.
- Operating Account.
- Revenue Account.
- Debt Service Account.
- Debt Service Reserve Account.
- Redemption Account.
- Capitalized Interest Account.
- Costs of Issuance Account.
- Arbitrage Rebate Account.
- Supplemental Reserve Account.

(d) *Series Resolution.* Pursuant to the Series Resolution, the Authority will establish and maintain a separate subaccount for each of the Series 2016A Bonds and the Series 2016B Bonds within each of the accounts (except for the Arbitrage Rebate Account which will have one subaccount for the Bonds) created by the 1991 Clean Water Prior Bond Resolution and the 1999 Drinking Water Prior Bond Resolution, as applicable, and when the 1991 Clean Water Bonds Program Bonds or 1999 Drinking Water Bond Program Bonds are no longer outstanding the Authority will maintain a separate subaccount for each of the Series 2016A Bonds and the Series 2016B Bonds within each of the accounts established under the Master Bond Resolution.

(e) *Escrow Agreement.* The Escrow Account 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 Series 2016A Bond Proceeds.* The total proceeds to be received by the Authority from the sale of the Series 2016A Bonds will be as follows:

Principal Amount	\$247,425,000.00
Net Original Issue Premium/(Discount)	57,250,025.20
Less Underwriting Discount	<u>(238,332.38)</u>
Total Proceeds Received by Authority	\$304,436,692.80

(b) *Use of Series 2016A Bond Proceeds.* The Series 2016A Bond proceeds are expected to be allocated to expenditures as follows:

(1) \$263,293.85 will be deposited in the Cost of Issuance Account for the Clean Water Portion of the Series 2016A Bonds and used to pay Costs of Issuance.

(2) \$191,706.15 will be deposited in the Cost of Issuance Account for the Drinking Water Portion of the Series 2016A Bonds and used to pay Costs of Issuance.

(3) \$176,299,298.43 will be deposited in the Loan Account for the Clean Water Portion of the Series 2016A Bonds and used to fund Bond Funded Loans.

(4) \$127,682,394.39 will be deposited in the Loan Account for the Drinking Water Portion of the Series 2016A Bonds and used to fund Bond Funded Loans.

(c) *Amount of Series 2016B Bond Proceeds.* The total proceeds to be received by the Authority from the sale of the Series 2016B Bonds will be as follows:

Principal Amount	\$106,905,000.00
Net Original Issue Premium/(Discount)	15,642,365.60
Less Underwriting Discount	<u>(114,388.35)</u>
Total Proceeds Received by Authority	\$122,432,977.25

(d) *Use of Series 2016B Bond Proceeds.* The Series 2016B Bond proceeds are expected to be allocated to expenditures as follows:

(1) \$160,362.69 will be deposited in the Cost of Issuance Account for the Clean Water Portion of the Series 2016B Bonds and used to pay Costs of Issuance.

(2) \$54,478.26 will be deposited in the Cost of Issuance Account for the Drinking Water Portion of the Series 2016B Bonds and used to pay Costs of Issuance.

(3) \$122,218,136.30 will be transferred to the Escrow Agent for deposit in the Escrow Account to be applied as provided in the Escrow Agreement to pay the principal of, redemption premium, and interest on the Refunded Obligations. Any amount not so used on the redemption date will be transferred to the Debt Service Account.

Section 3.6. Multipurpose Issue. Pursuant to Regulations § 1.148-9(h), the Authority 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 of applying the arbitrage rules. Under Regulations § 1.148-9(h), the Bonds 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. The sales proceeds of the Bonds allocable to the New Money Portion and the Refunding Portion are shown on **Exhibit C.**

Section 3.7. Advance Refunding.

(a) *Escrow Account.* Money in the Escrow Account aggregating \$122,217,426.60 will be used to purchase United States Treasury Securities (the “Escrowed Securities,” as described in the Verification Report), and \$709.70 will be held uninvested as the initial cash balance in the Escrow Account. The maturing principal of and interest on the Escrowed Securities and the initial cash deposit in the Escrow Account will be expended to pay the principal of, redemption premium, if any, and interest on the Refunded Obligations. Upon redemption of the Refunded Obligations, any excess cash remaining in the Escrow Account not needed to pay debt service on the Refunded Obligations will be transferred to the Debt Service Account.

(b) *Limit on Number of Advance Refunding Issues.* The issuance of the Bonds constitutes the first advance refunding of the Refunded Obligations.

(c) *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 Bonds.

(d) *Yield On The Escrowed Securities.* The Yield on the Escrowed Securities (1.022894%, as shown in the Verification Report), does not exceed the Yield on the Bonds.

(e) *Market Prices.* All of the Escrowed Securities were purchased at fair market value pursuant to a bona fide solicitation for bids in accordance with Regulations § 1.148-5(d)(6)(iii). Attached to this Tax Certificate as **Exhibit I** is a certificate of PFM Asset Management, LLC, which acted as bidding agent in connection with the acquisition of the Escrowed Securities.

(f) *Excess Gross Proceeds.* There will be no excess gross proceeds of the Refunding Portion.

Section 3.8. No Current Refunding. No proceeds of the Bonds will be used to pay principal or interest on any other debt obligation other than as described in **Section 3.7.**

Section 3.9. Project Completion New Money Portion. Pursuant to the Borrower Loan Agreements, all Authority disbursements on Borrower Loans are disbursed on a cost reimbursement basis consistent with the Borrower’s application package for Program funding. The Authority has allocated, or will allocate within six months after the Issue Date, at least 5% of the Net Proceeds of the New Money Portion to Bond Funded Loans. The allocation of the Net Proceeds of the New Money Portion to Bond Funded Loans will proceed with due diligence and at least 85% of the Net Proceeds of the New Money Portion will be allocated to Bond Funded Loans within three years after the Issue Date.

Section 3.10. Sinking Funds. The Authority is required to make periodic payments in amounts sufficient to pay the principal of and interest on the Bonds. These 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 Authority expects that the Debt Service Account will qualify as a Bona Fide Debt Service Fund.

Section 3.11. Reserve, Replacement and Pledged Funds.

(a) *Debt Service Reserve Fund Account and Debt Service Reserve Accounts.* The Prior Bond Resolutions establish a Debt Service Reserve Fund Account and a Debt Service Reserve Account. Amounts on deposit in the Debt Service Reserve Fund Account and the Debt Service Reserve Account under the Prior Bond Resolutions are not available to pay or secure the Bonds. The Master Bond Resolution establishes a Debt Service Reserve Account. There is no Debt Service Reserve Requirement for the Bonds. Therefore, no subaccount of the Debt Service Reserve Account will be established for the Bonds.

(b) *Supplemental Reserve Accounts.* The Prior Bond Resolutions establish Supplemental Reserve Accounts. Amounts on deposit in the Supplemental Reserve Accounts, if any, are available for the payment of the principal of or interest on the Bonds subject to prior claims of all obligations issued under the 1991 Clean Water Prior Bond Resolution and 1999 Drinking Water Prior Bond Resolution, as a result of the Cross Collateralization Resolution, and on a parity basis with all Senior Obligations issued under the Master Bond Resolution. As of the Issue Date, there are no amounts on deposit in the Supplemental Reserve Accounts and the Authority does not anticipate that amounts will be on deposit in the Supplemental Reserve Accounts. The Master Bond Resolution establishes a Supplemental Reserve Account. There is no Supplemental Reserve Requirement for the Bonds. Therefore, no subaccount of the Supplemental Reserve Account will be established for the Bonds.

(c) *Operating Reserve Account and Operating Accounts.* The Prior Bond Resolutions establish an Operating Reserve Account and an Operating Account. Amounts on deposit in the Operating Reserve Account and the Operating Account may be available to pay debt service on the Bonds; however, there is no assurance any amount will be available in the Operating Reserve Account or the Operating Account for the payment of the principal of or interest on the Bonds in the event the Authority encounters financial difficulty. The Master Bond Resolution establishes an Operating Account. Amounts on deposit in the Operating Account under the Master Bond Resolution may be available to pay debt service on the Bonds; however, there is no assurance any amount will be available in the Operating Account for the payment of the principal of or interest on the Bonds in the event the Authority encounters financial difficulty.

(d) *Redemption Accounts.* The Prior Bond Resolutions and the Master Bond Resolution establish Redemption Accounts. Amounts on deposit in the Redemption Accounts, if any, may be used to pay the principal of and interest on any obligations issued under the Prior Bond Resolutions or the Master Bond Resolution as so directed by the Authority.

(e) *Revenue Accounts.* The Prior Bond Resolutions and the Master Bond Resolution establish Revenue Accounts. The Revenue Accounts are used to distribute amounts to the Debt Service Accounts, Debt Service Reserve Fund Account, Debt Service Reserve Accounts, Supplemental Reserve Accounts, and Redemption Accounts. On March 2 of each year, any balance on deposit in the Revenue Account will be transferred to the Operating Account or Operating Reserve Account, as applicable. Amounts on deposit in the Revenue 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 Authority encounters financial difficulty.

(f) *Master Bond Resolution Accounts.* The Authority, based in part on advice from the Financial Advisor, does not anticipate that there will be any amounts on deposit in any account established under the Master Bond Resolution (other than amounts equal to the debt service then due in

the Revenue Account and the Debt Service Account), until there are no Clean Water Prior Bonds or Drinking Water Prior Bonds Outstanding.

(g) *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 make Borrower Loans or refund the Refunded Obligations, and that instead has been or will be used to acquire higher yielding Investments. Except for the Debt Service Accounts, Supplemental Reserve Accounts, and Redemption Accounts, 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 of or interest on the Bonds if the Authority encounters financial difficulty.

Section 3.12. Program Investment Yield.

(a) *Program Investment.* The Bond Funded Loans and Bond Refunded Loans constitute “program investments” within the meaning of Regulations § 1.148-1(b) because each Bond Funded Loan and Bond Refunded Loan is a purpose investment that is part of a governmental program in which:

(1) the program involves the origination or acquisition of purpose investments (in this case, the Bond Funded Loans and Bond Refunded Loans);

(2) at least 95% of the cost of the purpose investments acquired under the program represents one or more loans to Qualified Users;

(3) at least 95% of the receipts from the purpose investments will be used to pay principal, interest or redemption prices on issues that financed the program (in this case, the Bonds), to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption;

(4) the program documents prohibit any obligor on a purpose investment financed by the program or any related party to that obligor from purchasing Bonds in an amount related to the amount of the Bond Funded Loan or Bond Refunded Loan; and

(5) the Authority has not waived the right to treat the Bond Funded Loans or Bond Refunded Loans as program investments.

(b) *Bond Funded Loans and Bond Refunded Loans – Materially Higher Yield.* The Bond Funded Loans and Bond Refunded Loans are purpose investments that are tax-exempt bonds and, as a result, are not Investment property under Code § 148(b)(3). No Yield limitation applies to the Bond Funded Loans and Bond Refunded Loans pursuant to Regulations § 1.148-(2)(d)(2)(v).

Section 3.13. Offering Prices and Yield on Bonds.

(a) *Offering Prices.*

(1) *Series 2016A Bonds.* In the Underwriter Receipt for Bonds and Closing Certificate, the Series 2016A Bonds Underwriter has certified that (1) all of the Series 2016A Bonds have been the subject of an initial offering to the public at prices no higher than those shown on the cover page of the official statement, plus accrued interest (the “offering prices”),

and (2) the Series 2016A Bonds Underwriter expects that at least 10% of the Series 2016A Bonds of each maturity will be sold to the public at initial offering prices no higher than said offering prices. The aggregate initial offering price of the Series 2016A Bonds is \$304,675,025.20. The Series 2016A Bonds were sold without accrued interest.

(2) *Series 2016B Bonds.* In the Underwriter Receipt for Bonds and Closing Certificate, the Underwriter – Series 2016B Bonds has certified that (1) all of the Series 2016B Bonds have been the subject of an initial offering to the public at prices no higher than those shown on the cover page of the official statement, plus accrued interest (the “offering prices”), and (2) the Underwriter – Series 2016B Bonds expects that at least 10% of the Series 2016B Bonds of each maturity will be sold to the public at initial offering prices no higher than said offering prices. The aggregate initial offering price of the Series 2016B Bonds is \$122,547,365.60. The Series 2016B Bonds were sold without accrued interest.

(3) *Aggregate Initial Offering Price of Bonds.* The aggregate initial offering price of the Bonds is the total of the aggregate initial offering price of the Series 2016A Bonds and Series 2016B Bonds, which is \$427,222,390.80. The Bonds were sold without accrued interest.

(b) *Bond Yield.* Based on the offering prices, the Yield on the Bonds is 1.860727%, as shown in the Verification Report. The Authority has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Bonds.

Section 3.14. 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 Authority 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 Authority, do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.15. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Certificate, the Authority 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 IV** 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 Authority recognizes that interest on the Bonds will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The Authority further acknowledges that written evidence substantiating compliance with the 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 Authority.* A copy of the Tax Compliance Procedure is attached to this Tax Certificate as **Exhibit J**. The Authority 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 Authority 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 Authority, when necessary to fulfill the Post-Issuance Tax Requirements, will, through its Executive Director and 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. In each case, all costs and expenses incurred by the Authority shall be treated as a reasonable cost of administering the Bonds and the Authority shall be entitled to reimbursement and recovery of its costs to the same extent as provided in the Resolution, the Borrower Loan Agreement, or State law.

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

(a) *Record Keeping.* The Bond Compliance Officer will maintain the Tax-Exempt 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 the Post-Issuance Tax Requirements until three years following the final maturity of (i) the Bonds or (ii) 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 (1) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (2) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (3) exhibit a high degree of legibility and readability both electronically and in hardcopy, (4) provide support for other books and records of the Authority and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the Authority's premises.

(b) *Accounting and Allocation of Bond Proceeds to Expenditures.* The Bond Compliance Officer will account for the investment and expenditure of Bond 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 Bond Funded Loans with a Final Written Allocation as required by the Tax Compliance Procedure. Proceeds of the Refunding Portion 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 records substantiating the allocation of proceeds the Original Obligations to the Bond Refunded Loans as summarized on **Exhibit D**.

(c) *Annual Compliance Checklist.* Attached as **Exhibits E and F** are sample Annual Compliance Checklists for the Bonds. The Bond Compliance Officer will prepare and complete an Annual Compliance Checklist substantially similar to the sample Authority Annual Compliance Checklist

attached as **Exhibit E** at least annually in accordance with the Tax Compliance Procedure. In addition, the Bond Compliance Officer will prepare and distribute Annual Compliance Checklists substantially similar to the Borrower Annual Compliance Checklist attached as **Exhibit F** at least annually in accordance with the Tax Compliance Procedure. In the event any of the Annual Compliance Checklists identifies a deficiency in compliance with the requirements of this Tax Certificate, the Bond Compliance Officer will, to the extent within such officer's power or control, 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 Authority any Opinion of Bond Counsel required under the provisions of this Tax Certificate, including any Opinion of Bond Counsel required by this Tax Certificate or the annual compliance checklist.

Section 4.3. Investment Yield Restriction. Except as described below, the Authority will not invest Gross Proceeds at a Yield greater than the Yield on the Bonds:

(a) *Loan Account.* Bond proceeds deposited in the Loan Account and Investment earnings on those proceeds may be invested without Yield restriction for up to two years following the Issue Date. If any unspent proceeds remain in the Loan Account after two years, those amounts may continue to be invested without Yield restriction so long as the Authority pays to the IRS all Yield reduction payments in accordance with Regulations § 1.148-5(c). These payments are required whether or not the Bonds are exempt from the arbitrage rebate requirements of Code § 148.

(b) *Escrow Account.* Proceeds of the Refunding Portion deposited in the Escrow Account are being invested at a Yield less than the Yield on the Bonds. Other money in the Escrow Account may be invested at a Yield that does not exceed the Yield on the Refunded Obligations.

(c) *Costs of Issuance Account.* Bond proceeds deposited in the Costs of Issuance Account may be invested without Yield restriction for thirteen 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) *Debt Service Accounts, Capitalized Interest Accounts, and Redemption Accounts.* To the extent that the Debt Service Accounts, Capitalized Interest Accounts, and Redemption Accounts, in the aggregate, qualify as a Bona Fide Debt Service Fund, money in these accounts may be invested without Yield restriction for thirteen 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.

(e) *Supplemental Reserve Accounts.* Amounts on deposit in the Supplemental Reserve Accounts secure the Bonds on a subordinate basis to all bonds issued under the 1991 Clean Water Prior Bond Resolution and 1999 Drinking Water Prior Bond Resolution and secure the Bonds on a parity basis with all bonds issued under the Master Bond Resolution. Amounts on deposit in the Supplemental Reserve Accounts are allocable to all outstanding bonds secured by the Supplemental Reserve Accounts using one of the three allocation methods permitted by Regulations § 1.148-6(e)(6). Amounts on deposit in the Supplemental Reserve Accounts allocable to the Bonds may be invested without Yield restriction up to the least of (1) 10% of the stated principal amount of the Bonds, (2) the maximum annual principal and interest requirements on the Bonds (determined as of the Issue Date), or (3) 125% of the average annual principal and interest requirements on the Bonds (determined as of the Issue Date). If the aggregate initial offering price of the Bonds 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.

(f) *Rebate Accounts, Revenue Accounts, Operating Reserve Account, and Operating Accounts.* Amounts on deposit in the Rebate Account, Revenue Account, Operating Reserve Account, and Operating Account, other than sale or Investment proceeds of the Bonds, may be invested without Yield restriction.

(g) *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 1 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 Authority is applying Regulations § 1.148-5(d)(6)(iii)(A) as amended by the Proposed Regulations (relating to electronic bidding of Guaranteed Investment Contracts) to the Bonds. 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 Authority 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 Authority 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 Authority 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 Authority’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 3 “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 3 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 of the issue, (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 1 of the 3 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 Authority retains the following records with the bond documents until 3 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 Authority, 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 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 3 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. Rebate Requirement – Election to Apply Spending Exceptions to Bond Funded Loans.

(a) *Applicable Spending Exceptions - Election*. The Authority hereby elects pursuant to Regulations § 1.148-7(b)(6) to apply the spending exceptions to the arbitrage rebate requirement separately to each Bond Funded Loan and Bond Refunded Loan. The Authority acknowledges that the applicable spending requirements for each Bond Funded Loan or Bond Refunded Loan begin on the earlier of the date the Bond Funded Loan or Bond Refunded Loan is made or the first day following the one year period beginning on the Issue Date of the Bonds or the Original Obligations, as applicable. As a result of this election, none of the spending exceptions are available for Gross Proceeds of the Bonds before the date on which the spending requirements begin for each Bond Funded Loan or Bond Refunded Loan. The Authority further acknowledges that the arbitrage rebate requirement is satisfied for proceeds used to finance a particular Bond Funded Loan or Bond Refunded Loan to the extent the Bond Funded Loan or Bond Refunded Loan satisfies an applicable spending exception as described in **Section 4.5(c)** of this Tax Certificate or the small issuer rebate exception described in Code § 148(f)(4)(D).

(b) *Bond Funded Loans and Bond Refunded Loans – Applicable Yield*. The Authority acknowledges that for purposes of the arbitrage rebate and Yield restriction requirements under Code § 148 and the Regulations thereunder, the Yield applicable to the Bond Funded Loans and Bond Refunded Loans is, pursuant to Regulations § 1.148-4(a), equal to the Yield on the Bonds (the Yield on

the Bonds is described in **Section 3.13** of this Tax Certificate and shown on **Exhibit A** to this Tax Certificate).

(c) *Applicable Spending Exceptions.* The applicable spending exceptions are as follows:

(1) At least 75% of the Available Construction Proceeds are expected to be used for construction or rehabilitation expenditures for property owned by a Qualified User.

(2) The following optional rebate spending exceptions can apply to the Bond Funded Loans or Bond Refunded Loans:

- 6-month spending exception (Code § 148(f)(4)(B) and Regulations § 1.148-7(c)).
- 18-month spending exception (Regulations § 1.148-7(d)).
- 2-year spending exception (Code § 148(f)(4)(C) and Regulations § 1.148-7(e)).

(d) *Special Elections.* The Authority acknowledges that it may make all elections under the 2-year spending exception separately for each Bond Funded Loan or Bond Refunded Loan. As of the Issue Date, the Authority is not making any special elections in connection with the application of the spending exceptions. The Authority acknowledges that the following special elections are available in connection with the application of the spending exceptions to each Bond Funded Loan or Bond Refunded Loan:

- 2-year spending exception -- Election under Code § 148(f)(4)(C)(vi)(IV) to Rebate on Reserve Fund earnings.
- 2-year spending exception Election under Code § 148(f)(4)(C)(vii) to Pay Penalty In Lieu of Rebate.

The Authority will obtain an Opinion of Bond Counsel prior to making any spending election for any Bond Funded Loan or Bond Refunded Loan.

(e) *Bona Fide Debt Service Fund.* To the extent that the Debt Service Account qualifies as a Bona Fide Debt Service Fund, Investment earnings in the fund cannot be taken into account in computing arbitrage rebate (1) with respect to such portion that meets the 6-month, 18-month or 2-year spending exception, or (2) for a given Bond Year, if the gross earnings on the Debt Service Account for such Bond Year are less than \$100,000. If the average annual debt service on the Bonds does not exceed \$2,500,000, the \$100,000 earnings test may be treated as satisfied in every Bond Year.

(f) *Documenting Application of Spending Exception.* At any time prior to the first Computation Date, a Rebate Analyst or Bond Counsel may be engaged to determine whether one or more spending exceptions has been satisfied, and the extent to which continued compliance with **Section 4.6** of this Tax Certificate is required.

(g) *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 principal of any Bond Funded Loan or Bond Refunded Loan is not taken into account as an expenditure for purposes of meeting any of the spending tests.

(2) The 6-month spending exception generally is met if all Adjusted Gross Proceeds of the Bond Funded Loan or Bond Refunded Loan are spent within 6 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 6-month period, so long as this amount is spent within 1 year of the Issue Date.

(3) The 18-month spending exception generally is met if all Adjusted Gross Proceeds of the Bond Funded Loan 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 Borrower uses due diligence to complete the Financed Facility and the failure does not exceed the lesser of 3% of the aggregate issue price the Bond Funded Loan 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 Bond Funded Loan meets 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 after the Issue Date in the case of the 18-month exception or 3 years after the Issue Date in the case of the 2-year spending exception.

Section 4.6. Computation and Payment of Arbitrage Rebate.

(a) *Rebate Account.* The Authority will keep the Rebate Account separate from all other funds and will administer the Rebate Account under this Tax Certificate. Any Investment earnings derived from the Rebate Account will be credited to the Rebate Account, and any Investment loss will be charged to the Rebate Account.

(b) *Computation of Rebate Amount.* The Authority will provide the Rebate Analyst Investment reports relating to each fund held by it that contains Gross Proceeds of the Bonds together

with copies of Investment reports for any funds containing Gross Proceeds that are held by a party other than the Authority annually as of the end of each Bond Year and not later than 10 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 Bonds, (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. These records may be supplied in electronic form. The Rebate Analyst will compute rebate following each Computation Date and deliver a written report to the Authority 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. If the sum of the amount on deposit in the Rebate Account and the value of prior rebate payments is less than the arbitrage rebate due, the Authority will, within 55 days after such Computation Date, pay the rebate amount. If the sum of the amount on deposit in the Rebate Account and the value of prior rebate payments is greater than the Rebate Amount the Authority will transfer such surplus in the Rebate Account to the Debt Service Account. After the final Computation Date or at any other time if the Rebate Analyst has advised the Authority, any money left in the Rebate Account will be paid to the Authority and may be used for any purpose not prohibited by law.

(c) *Rebate Payments.* Within 60 days after each Computation Date, the Authority will pay 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

(d) *Deferral of Final Rebate Payment.* The Authority may defer the final rebate Computation Date and the payment of rebate for the Bonds 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.

(e) *Successor Rebate Analyst.* If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the Authority desires that a different firm act as the Rebate Analyst, then the Authority 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 Certificate, will name 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.

(f) *Filing Requirements.* The Authority 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.

(f) *Survival after Defeasance.* Notwithstanding anything in the Resolution to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Bonds.

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** 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 parties to this Tax Certificate without notice to or the consent of any of the Bondowners, 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 Authority receives this Opinion of Bond Counsel.

Section 5.3. Opinion of Bond Counsel. The Authority may deviate from the provisions of this Tax Certificate if furnished with an Opinion of Bond Counsel 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 Authority 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 Authority is making only those certifications, representations and agreements as are specifically attributed to them in this Tax Certificate. The Authority 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 Authority 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 Authority its respective successors and assigns, and inures to the benefit of the parties to this Tax Certificate and the owners of the Bonds. Nothing in this Tax Certificate or in the Resolution or the Bonds, express or implied, gives to any person, other than the parties to this Tax Certificate, their successors and assigns, and 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 a party contained herein or any breach of a covenant or agreement contained in this Tax Certificate may be pursued by the

Bondowners pursuant to the terms of the Resolution 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 Minnesota.

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

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IN WITNESS WHEREOF, the undersigned Executive Director of the Authority, by execution of this Tax Certificate hereby makes the foregoing certifications, representations, and agreements contained in this Tax Certificate on behalf of the Authority, as of the Issue Date of the Bonds.

MINNESOTA PUBLIC FACILITIES AUTHORITY


By: 
Name: Jeff Freeman
Title: Executive Director

EXHIBIT A

**DEBT SERVICE SCHEDULE
AND
PROOF OF BOND YIELD**

Minnesota Public Facilities Authority
State Revolving Fund Revenue Bonds
Series 2016AB

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/03/2016	-	-	-	-	-
09/01/2016	-	-	7,968,985.83	7,968,985.83	-
03/01/2017	7,465,000.00	5.000%	8,058,525.00	15,523,525.00	23,492,510.83
09/01/2017	-	-	7,871,900.00	7,871,900.00	-
03/01/2018	7,860,000.00	5.000%	7,871,900.00	15,731,900.00	23,603,800.00
09/01/2018	-	-	7,675,400.00	7,675,400.00	-
03/01/2019	8,255,000.00	5.000%	7,675,400.00	15,930,400.00	23,605,800.00
09/01/2019	-	-	7,469,025.00	7,469,025.00	-
03/01/2020	8,665,000.00	5.000%	7,469,025.00	16,134,025.00	23,603,050.00
09/01/2020	-	-	7,252,400.00	7,252,400.00	-
03/01/2021	30,605,000.00	3.594%	7,252,400.00	37,857,400.00	45,109,800.00
09/01/2021	-	-	6,702,375.00	6,702,375.00	-
03/01/2022	24,105,000.00	4.396%	6,702,375.00	30,807,375.00	37,509,750.00
09/01/2022	-	-	6,172,525.00	6,172,525.00	-
03/01/2023	24,895,000.00	3.806%	6,172,525.00	31,067,525.00	37,240,050.00
09/01/2023	-	-	5,698,800.00	5,698,800.00	-
03/01/2024	28,715,000.00	3.733%	5,698,800.00	34,413,800.00	40,112,600.00
09/01/2024	-	-	5,162,825.00	5,162,825.00	-
03/01/2025	19,890,000.00	4.112%	5,162,825.00	25,052,825.00	30,215,650.00
09/01/2025	-	-	4,753,925.00	4,753,925.00	-
03/01/2026	30,195,000.00	4.384%	4,753,925.00	34,948,925.00	39,702,850.00
09/01/2026	-	-	4,092,000.00	4,092,000.00	-
03/01/2027	16,385,000.00	5.000%	4,092,000.00	20,477,000.00	24,569,000.00
09/01/2027	-	-	3,682,375.00	3,682,375.00	-
03/01/2028	18,965,000.00	5.000%	3,682,375.00	22,647,375.00	26,329,750.00
09/01/2028	-	-	3,208,250.00	3,208,250.00	-
03/01/2029	13,440,000.00	5.000%	3,208,250.00	16,648,250.00	19,856,500.00
09/01/2029	-	-	2,872,250.00	2,872,250.00	-
03/01/2030	14,110,000.00	5.000%	2,872,250.00	16,982,250.00	19,854,500.00
09/01/2030	-	-	2,519,500.00	2,519,500.00	-
03/01/2031	14,820,000.00	5.000%	2,519,500.00	17,339,500.00	19,859,000.00
09/01/2031	-	-	2,149,000.00	2,149,000.00	-
03/01/2032	15,555,000.00	5.000%	2,149,000.00	17,704,000.00	19,853,000.00
09/01/2032	-	-	1,760,125.00	1,760,125.00	-
03/01/2033	16,335,000.00	5.000%	1,760,125.00	18,095,125.00	19,855,250.00
09/01/2033	-	-	1,351,750.00	1,351,750.00	-
03/01/2034	17,150,000.00	5.000%	1,351,750.00	18,501,750.00	19,853,500.00
09/01/2034	-	-	923,000.00	923,000.00	-
03/01/2035	18,010,000.00	5.000%	923,000.00	18,933,000.00	19,856,000.00
09/01/2035	-	-	472,750.00	472,750.00	-
03/01/2036	18,910,000.00	5.000%	472,750.00	19,382,750.00	19,855,500.00
Total	\$354,330,000.00	-	\$179,607,860.83	\$533,937,860.83	-

Minnesota Public Facilities Authority
State Revolving Fund Revenue Bonds
Series 2016AB

Debt Service Schedule

Part 2 of 2

Yield Statistics

Bond Year Dollars	\$3,821,281.50
Average Life	10.785 Years
Average Coupon	4.7001997%
Net Interest Cost (NIC)	2.8018923%
True Interest Cost (TIC)	2.4483508%
Bond Yield for Arbitrage Purposes	1.8607268%
All Inclusive Cost (AIC)	2.4661806%

IRS Form 8038

Net Interest Cost	2.2804933%
Weighted Average Maturity	10.953 Years

Minnesota Public Facilities Authority
State Revolving Fund Revenue Bonds
Series 2016AB

Pricing Summary

Part 1 of 2

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
03/01/2017	Serial Coupon	5.000%	0.401%	7,465,000.00	104.560%	7,805,404.00
03/01/2018	Serial Coupon	5.000%	0.560%	7,860,000.00	108.793%	8,551,129.80
03/01/2019	Serial Coupon	5.000%	0.680%	8,255,000.00	112.783%	9,310,236.65
03/01/2020	Serial Coupon	5.000%	0.800%	8,665,000.00	116.478%	10,092,818.70
03/01/2021	Serial Coupon	3.000%	1.000%	21,510,000.00	109.719%	23,600,556.90
03/01/2021	Serial Coupon	5.000%	0.900%	9,095,000.00	119.979%	10,912,090.05
03/01/2022	Serial Coupon	4.000%	1.140%	14,555,000.00	116.525%	16,960,213.75
03/01/2022	Serial Coupon	5.000%	1.060%	9,550,000.00	122.824%	11,729,692.00
03/01/2023	Serial Coupon	3.000%	1.370%	14,865,000.00	110.836%	16,475,771.40
03/01/2023	Serial Coupon	5.000%	1.250%	10,030,000.00	125.040%	12,541,512.00
03/01/2024	Serial Coupon	3.000%	1.550%	18,190,000.00	110.862%	20,165,797.80
03/01/2024	Serial Coupon	5.000%	1.450%	10,525,000.00	126.705%	13,335,701.25
03/01/2025	Serial Coupon	3.000%	1.700%	8,835,000.00	110.800%	9,789,180.00
03/01/2025	Serial Coupon	5.000%	1.600%	11,055,000.00	128.376%	14,191,966.80
03/01/2026	Serial Coupon	4.000%	1.820%	18,590,000.00	119.838%	22,277,884.20
03/01/2026	Serial Coupon	5.000%	1.730%	11,605,000.00	129.894%	15,074,198.70
03/01/2027	Serial Coupon	5.000%	1.840%	4,195,000.00	128.728%	5,400,139.60
03/01/2027	Serial Coupon	5.000%	1.820%	12,190,000.00	128.939%	15,717,664.10
03/01/2028	Serial Coupon	5.000%	1.930%	6,165,000.00	127.783%	7,877,821.95
03/01/2028	Serial Coupon	5.000%	1.920%	12,800,000.00	127.888%	16,369,664.00
03/01/2029	Serial Coupon	5.000%	2.010%	13,440,000.00	126.950%	17,062,080.00
03/01/2030	Serial Coupon	5.000%	2.090%	14,110,000.00	126.124%	17,796,096.40
03/01/2031	Serial Coupon	5.000%	2.210%	14,820,000.00	124.896%	18,509,587.20
03/01/2032	Serial Coupon	5.000%	2.300%	15,555,000.00	123.985%	19,285,866.75
03/01/2033	Serial Coupon	5.000%	2.350%	16,335,000.00	123.482%	20,170,784.70
03/01/2034	Serial Coupon	5.000%	2.400%	17,150,000.00	122.982%	21,091,413.00
03/01/2035	Serial Coupon	5.000%	2.450%	18,010,000.00	122.483%	22,059,188.30
03/01/2036	Serial Coupon	5.000%	2.500%	18,910,000.00	121.988%	23,067,930.80
Total	-	-	-	\$354,330,000.00	-	\$427,222,390.80

Minnesota Public Facilities Authority
State Revolving Fund Revenue Bonds
Series 2016AB

Pricing Summary

Part 2 of 2

Bid Information

Par Amount of Bonds	\$354,330,000.00
Reoffering Premium or (Discount)	72,892,390.80
Gross Production	\$427,222,390.80
Total Underwriter's Discount (0.100%)	\$(352,720.73)
Bid (120.472%)	426,869,670.07
Total Purchase Price	\$426,869,670.07
Bond Year Dollars	\$3,821,281.50
Average Life	10.785 Years
Average Coupon	4.7001997%
Net Interest Cost (NIC)	2.8018923%
True Interest Cost (TIC)	2.4483508%

Minnesota Public Facilities Authority

State Revolving Fund Revenue Bonds

Series 2016AB

Proof of Premium/5Yr Call Bond Selection of Call Dates/Prices

Maturity	Call Date	Call Price	PV at Bond Yield	Lowest?
03/01/2027	-	-	5,498,934.83	No
03/01/2027	03/01/2026	100.000%	5,391,005.14	Yes
03/01/2027	-	-	15,979,026.38	No
03/01/2027	03/01/2026	100.000%	15,665,399.93	Yes
03/01/2028	-	-	8,236,974.84	No
03/01/2028	03/01/2026	100.000%	7,922,657.14	Yes
03/01/2028	-	-	17,101,910.44	No
03/01/2028	03/01/2026	100.000%	16,449,312.47	Yes
03/01/2029	-	-	18,290,218.17	No
03/01/2029	03/01/2026	100.000%	17,271,778.11	Yes
03/01/2030	-	-	19,545,411.02	No
03/01/2030	03/01/2026	100.000%	18,132,796.81	Yes
03/01/2031	-	-	20,882,979.61	No
03/01/2031	03/01/2026	100.000%	19,045,219.60	Yes
03/01/2032	-	-	22,283,478.81	No
03/01/2032	03/01/2026	100.000%	19,989,769.97	Yes
03/01/2033	-	-	23,776,943.73	No
03/01/2033	03/01/2026	100.000%	20,992,149.95	Yes
03/01/2034	-	-	25,350,829.02	No
03/01/2034	03/01/2026	100.000%	22,039,508.51	Yes
03/01/2035	-	-	27,021,617.91	No
03/01/2035	03/01/2026	100.000%	23,144,696.70	Yes
03/01/2036	-	-	28,783,768.62	No
03/01/2036	03/01/2026	100.000%	24,301,288.98	Yes

Minnesota Public Facilities Authority
State Revolving Fund Revenue Bonds
Series 2016AB

Proof of D/S for Arbitrage Purposes

Date	Principal	Interest	Total
03/03/2016	-	-	-
09/01/2016	-	7,968,985.83	7,968,985.83
03/01/2017	7,465,000.00	8,058,525.00	15,523,525.00
09/01/2017	-	7,871,900.00	7,871,900.00
03/01/2018	7,860,000.00	7,871,900.00	15,731,900.00
09/01/2018	-	7,675,400.00	7,675,400.00
03/01/2019	8,255,000.00	7,675,400.00	15,930,400.00
09/01/2019	-	7,469,025.00	7,469,025.00
03/01/2020	8,665,000.00	7,469,025.00	16,134,025.00
09/01/2020	-	7,252,400.00	7,252,400.00
03/01/2021	30,605,000.00	7,252,400.00	37,857,400.00
09/01/2021	-	6,702,375.00	6,702,375.00
03/01/2022	24,105,000.00	6,702,375.00	30,807,375.00
09/01/2022	-	6,172,525.00	6,172,525.00
03/01/2023	24,895,000.00	6,172,525.00	31,067,525.00
09/01/2023	-	5,698,800.00	5,698,800.00
03/01/2024	28,715,000.00	5,698,800.00	34,413,800.00
09/01/2024	-	5,162,825.00	5,162,825.00
03/01/2025	19,890,000.00	5,162,825.00	25,052,825.00
09/01/2025	-	4,753,925.00	4,753,925.00
03/01/2026	193,875,000.00	4,753,925.00	198,628,925.00
Total	\$354,330,000.00	\$133,545,860.83	\$487,875,860.83

Minnesota Public Facilities Authority
State Revolving Fund Revenue Bonds
Series 2016AB

Proof Of Bond Yield @ 1.8607268%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
03/03/2016	-	1.0000000x	-	-
09/01/2016	7,968,985.83	0.9908841x	7,896,341.18	7,896,341.18
03/01/2017	15,523,525.00	0.9817502x	15,240,224.30	23,136,565.48
09/01/2017	7,871,900.00	0.9727006x	7,657,001.73	30,793,567.20
03/01/2018	15,731,900.00	0.9637344x	15,161,372.46	45,954,939.66
09/01/2018	7,675,400.00	0.9548508x	7,328,861.60	53,283,801.27
03/01/2019	15,930,400.00	0.9460491x	15,070,940.20	68,354,741.47
09/01/2019	7,469,025.00	0.9373285x	7,000,930.11	75,355,671.58
03/01/2020	16,134,025.00	0.9286883x	14,983,480.88	90,339,152.46
09/01/2020	7,252,400.00	0.9201278x	6,673,134.90	97,012,287.36
03/01/2021	37,857,400.00	0.9116462x	34,512,554.26	131,524,841.62
09/01/2021	6,702,375.00	0.9032427x	6,053,871.59	137,578,713.21
03/01/2022	30,807,375.00	0.8949168x	27,570,036.43	165,148,749.64
09/01/2022	6,172,525.00	0.8866675x	5,472,977.54	170,621,727.18
03/01/2023	31,067,525.00	0.8784943x	27,292,645.09	197,914,372.26
09/01/2023	5,698,800.00	0.8703965x	4,960,215.56	202,874,587.82
03/01/2024	34,413,800.00	0.8623733x	29,677,541.98	232,552,129.80
09/01/2024	5,162,825.00	0.8544240x	4,411,241.81	236,963,371.61
03/01/2025	25,052,825.00	0.8465481x	21,208,420.65	258,171,792.25
09/01/2025	4,753,925.00	0.8387447x	3,987,329.38	262,159,121.63
03/01/2026	198,628,925.00	0.8310133x	165,063,269.17	427,222,390.80
Total	\$487,875,860.83	-	\$427,222,390.80	-

Derivation Of Target Amount

Par Amount of Bonds	\$354,330,000.00
Reoffering Premium or (Discount)	72,892,390.80
Original Issue Proceeds	\$427,222,390.80

Minnesota Public Facilities Authority
State Revolving Fund Revenue Bonds
Series 2016AB

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance Price	Exponent	Bond Years
03/03/2016	-	-	-	-	-
03/01/2017	7,465,000.00	104.560%	7,805,404.00	0.9944444x	7,762,040.64
03/01/2018	7,860,000.00	108.793%	8,551,129.80	1.9944444x	17,054,753.32
03/01/2019	8,255,000.00	112.783%	9,310,236.65	2.9944444x	27,878,986.41
03/01/2020	8,665,000.00	116.478%	10,092,818.70	3.9944444x	40,315,203.59
03/01/2021	21,510,000.00	109.719%	23,600,556.90	4.9944444x	117,871,670.30
03/01/2021	9,095,000.00	119.979%	10,912,090.05	4.9944444x	54,499,827.53
03/01/2022	14,555,000.00	116.525%	16,960,213.75	5.9944444x	101,667,059.09
03/01/2022	9,550,000.00	122.824%	11,729,692.00	5.9944444x	70,312,987.04
03/01/2023	14,865,000.00	110.836%	16,475,771.40	6.9944444x	115,238,867.74
03/01/2023	10,030,000.00	125.040%	12,541,512.00	6.9944444x	87,720,908.93
03/01/2024	18,190,000.00	110.862%	20,165,797.80	7.9944444x	161,214,350.19
03/01/2024	10,525,000.00	126.705%	13,335,701.25	7.9944444x	106,611,522.77
03/01/2025	8,835,000.00	110.800%	9,789,180.00	8.9944444x	88,048,235.67
03/01/2025	11,055,000.00	128.376%	14,191,966.80	8.9944444x	127,648,856.94
03/01/2026	18,590,000.00	119.838%	22,277,884.20	9.9944444x	222,655,075.98
03/01/2026	11,605,000.00	129.894%	15,074,198.70	9.9944444x	150,658,241.45
03/01/2027	4,195,000.00	128.728%	5,400,139.60	10.9944444x	59,371,534.82
03/01/2027	12,190,000.00	128.939%	15,717,664.10	10.9944444x	172,806,984.74
03/01/2028	6,165,000.00	127.783%	7,877,821.95	11.9944444x	94,490,097.72
03/01/2028	12,800,000.00	127.888%	16,369,664.00	11.9944444x	196,345,025.42
03/01/2029	13,440,000.00	126.950%	17,062,080.00	12.9944444x	221,712,250.67
03/01/2030	14,110,000.00	126.124%	17,796,096.40	13.9944444x	249,046,482.40
03/01/2031	14,820,000.00	124.896%	18,509,587.20	14.9944444x	277,540,976.96
03/01/2032	15,555,000.00	123.985%	19,285,866.75	15.9944444x	308,466,724.30
03/01/2033	16,335,000.00	123.482%	20,170,784.70	16.9944444x	342,791,279.99
03/01/2034	17,150,000.00	122.982%	21,091,413.00	17.9944444x	379,528,259.48
03/01/2035	18,010,000.00	122.483%	22,059,188.30	18.9944444x	419,002,026.65
03/01/2036	18,910,000.00	121.988%	23,067,930.80	19.9944444x	461,230,460.83
Total	\$354,330,000.00	-	\$427,222,390.80	-	\$4,679,490,691.57

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Weighted Average Maturity = Bond Years/Issue Price	10.953 Years
Total Interest from Debt Service	179,607,860.83
Reoffering (Premium) or Discount	(72,892,390.80)
Total Interest	106,715,470.03
NIC = Interest / (Issue Price * Average Maturity)	2.2804933%
Bond Yield for Arbitrage Purposes	1.8607268%

EXHIBIT B

IRS FORM 8038-G

GILMORE BELL

GILMORE & BELL PC
2405 GRAND BOULEVARD, SUITE 1100
KANSAS CITY, MISSOURI 64108-2521
816-221-1000 | 816-221-1018 FAX
GILMOREBELL.COM

May 10, 2016

VIA FEDERAL EXPRESS

Internal Revenue Service Center
Ogden, Utah 84201

Re: Form 8038-G: \$354,330,000 Minnesota Public Facilities Authority State Revolving Fund Revenue Bonds, Series 2016A and State Revolving Fund Revenue Refunding Bonds, Series 2016B

Ladies and Gentlemen:

On behalf of the issuer of the above-referenced obligations, we enclose Form 8038-G for filing in accordance with Internal Revenue Code Section 149(e).

Please contact us if you have any questions.

Very truly yours,



Alan P. Woolever

APW:nm
Enclosure

Ref: 602821.90003 APW Date: 10May16
Dep: Wgt: 1.00 LBS
 DV: 0 00
 Svc: STANDARD OVERNIGHT
 TRCK: 6658 3446 4256

SHIPPING:	19.40
SPECIAL:	0.10
HANDLING:	0.00
TOTAL:	19.50

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.
 Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority If Amended Return, check here

1 Issuer's name Minnesota Public Facilities Authority		2 Issuer's employer identification number (EIN) 41-6007162
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) Mike Rogers, Gilmore & Bell, P.C., Bond Counsel		3b Telephone number of other person shown on 3a 402-991-9450
4 Number and street (or P.O. box if mail is not delivered to street address) 450 Regency Parkway	Room/suite 320	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Omaha, Nebraska 68114		7 Date of issue 03/03/2016
8 Name of issue State Revolving Fund Revenue Bonds, Series 2016A and State Revolving Fund Revenue Refunding Bonds Series 2016B		9 CUSIP number 604115 CTO
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Jeff Freeman, Executive Director		10b Telephone number of officer or other employee shown on 10a 651-259-7472

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15	427,222,390	80
16 Housing	16		
17 Utilities	17		
18 Other. Describe ►	18		
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>			
If obligations are BANs, check only box 19b <input type="checkbox"/>			
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	03/01/2036	\$ 427,222,390.80	\$ 354,330,000.00	10.953 years	1.8607 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)


22 Proceeds used for accrued interest	22	0	00
23 Issue price of entire issue (enter amount from line 21, column (b))	23	427,222,390	80
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	1,022,561	68
25 Proceeds used for credit enhancement	25	0	00
26 Proceeds allocated to reasonably required reserve or replacement fund	26	0	00
27 Proceeds used to currently refund prior issues	27	0	00
28 Proceeds used to advance refund prior issues	28	122,218,136	30
29 Total (add lines 24 through 28)	29	123,240,697	98
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	303,981,692	82

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	►	N/A	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	►	9.472; 7.217	years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	►	03/01/2017; 03/01/2020	
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	►	10/25/2007; 11/18/2010	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b	Enter the final maturity date of the GIC			
c	Enter the name of the GIC provider			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	426,198,829	12
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:			
b	Enter the date of the master pool obligation			
c	Enter the EIN of the issuer of the master pool obligation			
d	Enter the name of the issuer of the master pool obligation			
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(iii) (small issuer exception), check box			<input type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box			<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:			
b	Name of hedge provider			
c	Type of hedge			
d	Term of hedge			
42	If the issuer has superintegrated the hedge, check box			<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box			<input checked="" type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box			<input checked="" type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input checked="" type="checkbox"/> and enter the amount of reimbursement		\$78,440,245.02	
b	Enter the date the official intent was adopted		09/02/2015; 11/23/2015	

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
		5/3/16	Jeff Freeman, Executive Director		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Alan Woolever		05/02/2016		P01062536
	Firm's name	Firm's EIN		Firm's address	
	Gilmore & Bell, P.C.	43-1611738		2405 Grand Boulevard, Suite 1100, Kansas City, MO 64108	
Firm's address	Phone no.				
	2405 Grand Boulevard, Suite 1100, Kansas City, MO 64108		816-221-1000		



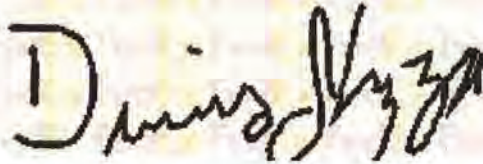
May 11, 2016

Dear Customer:

The following is the proof-of-delivery for tracking number **665834464256**.

Delivery Information:

Status:	Delivered	Delivered to:	Shipping/Receiving
Signed for by:	D.LIZZA	Delivery location:	1973 RULON WHITE BLVD OGDEN, UT 84201
Service type:	FedEx Standard Overnight	Delivery date:	May 11, 2016 09:17
Special Handling:	Deliver Weekday		
	No Signature Required		



Shipping Information:

Tracking number:	665834464256	Ship date:	May 10, 2016
		Weight:	0.5 lbs/0.2 kg

Recipient:
INTERNAL REVENUE SERVICE CENTER
1973 N. RULON WHITE BLVD.
OGDEN, UT 84201 US

Shipper:
Gilmore & Bell
Gilmore & Bell, P.C.
2405 Grand Boulevard
Suite 1100
Kansas City, MO 64108 US
602821.90003 APW

Reference

Thank you for choosing FedEx.

Information Return for Tax-Exempt Governmental Obligations

Under Internal Revenue Code section 149(e)

See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here

1 Issuer's name Minnesota Public Facilities Authority		2 Issuer's employer identification number (EIN) 41-6007162
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) Mike Rogers, Gilmore & Bell, P.C., Bond Counsel		3b Telephone number of other person shown on 3a 402-991-9450
4 Number and street (or P.O. box if mail is not delivered to street address) 450 Regency Parkway	Room/suite 320	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Omaha, Nebraska 68114		7 Date of issue 03/03/2016
8 Name of issue State Revolving Fund Revenue Bonds, Series 2016A and State Revolving Fund Revenue Refunding Bonds Series 2016B		9 CUSIP number 604115 CTO
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Jeff Freeman, Executive Director		10b Telephone number of officer or other employee shown on 10a 651-259-7472

Part II Type of Issue (enter the issue price). See the instructions and attach schedule

11 Education			
12 Health and hospital			
13 Transportation			
14 Public safety			
15 Environment (including sewage bonds)		427,222,390	80
16 Housing			
17 Utilities			
18 Other. Describe			
19 If obligations are TANs or RANs, check only box 19a			
If obligations are BANs, check only box 19b			
20 If obligations are in the form of a lease or installment sale, check box			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	03/01/2036	\$ 427,222,390.80	\$ 354,330,000.00	10.953 years	1.8607 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest				22	0	00
23 Issue price of entire issue (enter amount from line 21, column (b))				23	427,222,390	80
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	1,022,561	68			
25 Proceeds used for credit enhancement	25	0	00			
26 Proceeds allocated to reasonably required reserve or replacement fund	26	0	00			
27 Proceeds used to currently refund prior issues	27	0	00			
28 Proceeds used to advance refund prior issues	28	122,218,136	30			
29 Total (add lines 24 through 28)	29	123,240,697	98			
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	303,981,692	82			

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded		N/A	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded		9.472; 7.217	years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)		03/01/2017; 03/01/2020	
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)		10/25/2007; 11/18/2010	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 9-2011)

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a		
b	Enter the final maturity date of the GIC ▶ _____			
c	Enter the name of the GIC provider ▶ _____			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	426,199,829	12
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:			
b	Enter the date of the master pool obligation ▶ _____			
c	Enter the EIN of the issuer of the master pool obligation ▶ _____			
d	Enter the name of the issuer of the master pool obligation ▶ _____			
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box			<input type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box			<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:			
b	Name of hedge provider ▶ _____			
c	Type of hedge ▶ _____			
d	Term of hedge ▶ _____			
42	If the issuer has superintegrated the hedge, check box			<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box			<input checked="" type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box			<input checked="" type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input checked="" type="checkbox"/> and enter the amount of reimbursement		\$79,440,245.02	
b	Enter the date the official intent was adopted ▶ _____		09/02/2015; 11/23/2015	

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative: _____ Date: _____ Type or print name and title: **Jeff Freeman, Executive Director**

Paid Preparer Use Only

Print/Type preparer's name Alan Woolever	Preparer's signature <i>[Signature]</i>	Date 05/02/2016	Check <input type="checkbox"/> if self-employed	PTIN P01062536
Firm's name ▶ Gilmore & Bell, P.C.	Firm's EIN ▶ 43-1611738			
Firm's address ▶ 2405 Grand Boulevard, Suite 100, Kansas City, MO 64108	Phone no. 816-221-1000			

EXHIBIT C

ALLOCATION OF SOURCES AND USES

[See Spreadsheet]

Exhibit C to Federal Tax Certificate				
Minnesota Public Facilities Authority				
State Revolving Fund Revenue Bonds & State Revolving Fund Revenue Refunding Bonds				
Series 2016A & Series 2016B				
ALLOCATION OF SOURCES & USES				
		Series 2016A	Series 2016B	
SOURCES		Project	Refunding	Total
		Portion	Portion	Bonds
Par		247,425,000.00	106,905,000.00	354,330,000.00
Plus OIP (less OID)		57,250,025.20	15,642,365.60	72,892,390.80
Sale Proceeds		304,675,025.20	122,547,365.60	427,222,390.80
Accrued Interest		-	-	-
Other Sources				
Total Sources		304,675,025.20	122,547,365.60	427,222,390.80
Percentage		69.83%	30.17%	100.00%
USES				
22	Accrued interest	-	-	-
	Bond issuance Costs			
	Underwriting Fee	238,332.38	114,388.35	352,720.73
	Other Costs	455,000.00	214,840.95	669,840.95
24	Total Issuance Costs	693,332.38	329,229.30	1,022,561.68
25	Credit Enhancement Fees	-	-	-
26	Reserve Fund	-	-	-
27	Current Refunding	-	-	-
28	Advance Refunding	-	122,218,136.30	122,218,136.30
29	Subtotal	693,332.38	122,547,365.60	123,240,697.98
30	Nonrefunding proceeds	303,981,692.82	-	303,981,692.82
Total Uses		304,675,025.20	122,547,365.60	427,222,390.80
	Surplus/Shortfall	-	-	-