
TAX EXEMPTION CERTIFICATE

of

CITY OF ANKENY, COUNTY OF POLK, STATE OF IOWA, ISSUER

\$11,103,000 Water Revenue Capital Loan Notes, Series 2023D

This instrument was prepared by:

Ahlers & Cooney, P.C.
100 Court Avenue, Suite 600
Des Moines, Iowa 50309
(515) 243-7611

TABLE OF CONTENTS

This Table of Contents is not a part of this Tax Exemption Certificate and is provided only for convenience of reference.

INTRODUCTION.....	- 1 -
ARTICLE I DEFINITIONS	- 1 -
ARTICLE II SPECIFIC CERTIFICATIONS, REPRESENTATIONS AND AGREEMENTS	- 4 -
Section 2.1 Authority to Certify and Expectations	- 4 -
Section 2.2 Receipts and Expenditures of Sale Proceeds	- 6 -
Section 2.3 Purpose of Bonds	- 7 -
Section 2.4 Facts Supporting Tax-Exemption Classification	- 7 -
Section 2.5 Facts Supporting Temporary Periods for Proceeds	- 8 -
Section 2.6 Resolution Funds at Restricted or Unrestricted Yield	- 8 -
Section 2.7 Pertaining to Yields.....	- 10 -
Section 2.8 Reimbursement Bonds	- 11 -
ARTICLE III REBATE	- 12 -
Section 3.1 Records	- 12 -
Section 3.2 Rebate Fund	- 12 -
Section 3.3 Exceptions to Rebate.....	- 12 -
Section 3.4 Calculation of Rebate Amount.....	- 14 -
Section 3.5 Rebate Requirements and the Bond Fund.....	- 14 -
Section 3.6 Investment of the Rebate Fund	- 14 -
Section 3.7 Payment to the United States	- 14 -
Section 3.8 Records	- 15 -
Section 3.9 Additional Payments	- 15 -
ARTICLE IV INVESTMENT RESTRICTIONS.....	- 16 -
Section 4.1 Avoidance of Prohibited Payments.....	- 16 -
Section 4.2 Market Price Requirement	- 16 -
Section 4.3 Investment in Certificates of Deposit	- 16 -
Section 4.4 Investment Pursuant to Investment Contracts and Agreements	- 17 -
Section 4.5 Records	- 19 -
Section 4.6 Investments to be Legal	- 19 -
ARTICLE V GENERAL COVENANTS	- 19 -
ARTICLE VI AMENDMENTS AND ADDITIONAL AGREEMENTS	- 19 -
Section 6.1 Opinion of Bond Counsel; Amendments.....	- 19 -
Section 6.2 Additional Covenants, Agreements	- 20 -
Section 6.3 Internal Revenue Service Audits	- 20 -
Section 6.4 Amendments	- 20 -
EXHIBIT "A".....	- 21 -
EXHIBIT "B"	22
EXHIBIT "C"	23

TAX EXEMPTION CERTIFICATE

CITY OF ANKENY, STATE OF IOWA

THIS TAX EXEMPTION CERTIFICATE made and entered into on December 22, 2023, by the City of Ankeny, County of Polk, State of Iowa (the "Issuer").

INTRODUCTION

This Certificate is executed and delivered in connection with the issuance by the Issuer of its \$11,103,000 Water Revenue Capital Loan Notes, Series 2023D (the "Bonds"). The Bonds are issued pursuant to the provisions of the Resolution of the Issuer authorizing the issuance of the Bonds. Such Resolution provides that the covenants contained in this Certificate constitute a part of the Issuer's contract with the owners of the Bonds.

The Issuer recognizes that under the Code (as defined below) the tax-exempt status of the interest received by the owners of the Bonds is dependent upon, among other things, the facts, circumstances, and reasonable expectations of the Issuer as to future facts not in existence at this time, as well as the observance of certain covenants in the future. The Issuer covenants that it will take such action with respect to the Bonds as may be required by the Code, and pertinent legal regulations issued thereunder in order to establish and maintain the tax-exempt status of the Bonds, including the observance of all specific covenants contained in the Resolution and this Certificate.

ARTICLE I

DEFINITIONS

The following terms as used in this Certificate shall have the meanings set forth below. The terms defined in the Resolution shall retain the meanings set forth therein when used in this Certificate. Other terms used in this Certificate shall have the meanings set forth in the Code or in the Regulations.

- "Annual Debt Service" means the principal of and interest on the Bonds scheduled to be paid during a given Bond Year.
- "Bonds" means the \$11,103,000 aggregate principal amount of Water Revenue Capital Loan Notes, Series 2023D, of the Issuer issued in registered form pursuant to the Resolution.
- "Bond Counsel" means Ahlers & Cooney, P.C., Des Moines, Iowa, or an attorney at law or a firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any State of the United States of America.
- "Bond Fund" means the Sinking Fund described in the Resolution.

- "Bond Purchase Agreement" means the binding contract in writing for the sale of the Bonds.
- "Bond Year" as defined in Regulation 1.148-1(b), means a one-year period beginning on the day after expiration of the preceding Bond Year. The first Bond Year shall be the one-year or shorter period beginning on the Closing Date and ending on a principal or interest payment date, unless Issuer selects another date.
- "Bond Yield" means that discount rate which produces an amount equal to the Issue Price of the Bonds when used in computing the present value of all payments of principal and interest to be paid on the Bonds, using semiannual compounding on a 360-day year as computed under Regulation 1.148-4.
- "Certificate" means this Tax Exemption Certificate.
- "Closing" means the delivery of the Bonds in exchange for the agreed upon purchase price.
- "Closing Date" means the date of Closing.
- "Code" means the Internal Revenue Code of 1986, as amended, and any statutes which replace or supplement the Internal Revenue Code of 1986.
- "Computation Date" means each five-year period from the Closing Date through the last day of the fifth and each succeeding fifth Bond Year.
- "Excess Earnings" means the amount earned on all Nonpurpose Investments minus the amount which would have been earned if such Nonpurpose Investments were invested at a rate equal to the Bond Yield, plus any income attributable to such excess.
- "Final Bond Retirement Date" means the date on which the Bonds are actually paid in full.
- "Financial Advisor" means PFM Financial Advisors LLC.
- "Governmental Obligations" means direct general obligations of, or obligations the timely payment of the principal of and interest on which is unconditionally guaranteed by the United States.
- "Gross Proceeds" as defined in Regulation 1.148-1(b), means any Proceeds of the Bonds and any replacement proceeds (as defined in Regulation 1.148-1(c)) of the Bonds.
- "Gross Proceeds Funds" means the Project Fund, Proceeds held to pay cost of issuance, and any other fund or account held for the benefit of the owners of the Bonds or containing Gross Proceeds of the Bonds except the Bond Fund and the Rebate Fund.

- "Issue Price" as defined in Regulation 1.148-1(b) and (f)(2), means the price paid by the Purchaser of the Bonds. The Issue Price is \$11,103,000, as set forth in Exhibit A.
- "Issuer" means the City of Ankeny, a municipal corporation in the County of Polk, State of Iowa.
- "Minor Portion of the Bonds", as defined in Regulation 1.148-2(g), means the lesser of five (5) percent of Proceeds or \$100,000. The Minor Portion of the Bonds is computed to be \$100,000.
- "Nonpurpose Investments" means any investment property which is acquired with Gross Proceeds and is not acquired to carry out the governmental purpose of the Bonds, and may include but is not limited to U.S. Treasury bonds, corporate bonds, or certificates of deposit.
- "Proceeds" as defined in Regulation 1.148-1(b), means Sale Proceeds, investment proceeds and transferred proceeds of the Bonds.
- "Project" means the acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping all or part of the Water Utility, including those costs associated with the Northwest Water Tower Project including sums already expended that meet the requirements of Section 2.8 hereof, as more fully described in the Resolution.
- "Project Fund" shall mean the fund required to be established by the Resolution for the deposit of the Proceeds of the Notes.
- "Purchasers" means Iowa Finance Authority of Des Moines, Iowa, constituting the initial purchasers of the Bonds from the Issuer.
- "Rebate Amount" means the amount computed as described in this Certificate.
- "Rebate Fund" means the fund to be created, if necessary, pursuant to this Certificate.
- "Rebate Payment Date" means a date chosen by the Issuer which is not more than 60 days following each Computation Date or the Final Bond Retirement Date.
- "Regulations" means the Income Tax Regulations, amendments and successor provisions promulgated by the Department of the Treasury under Sections 103, 148 and 149 of the Code, or other Sections of the Code relating to "arbitrage bonds", including without limitation Regulations 1.148-1 through 1.148-11, 1.149(b)-1, 1.149-d(1), 1.150-1 and 1.150-2.

- "Replacement Proceeds" include, but are not limited to, sinking funds, amounts that are pledged as security for an issue, and amounts that are replaced because of a sufficiently direct nexus to a governmental purpose of an issue.
- "Resolution" means the resolution of the Issuer adopted on December 4, 2023, authorizing the issuance of the Bonds.
- "Sale Proceeds" as defined in Regulation 1.148-1(b), means any amounts actually or constructively received from the sale of the Bonds, including amounts used to pay underwriter's discount or compensation and accrued interest other than pre-issuance accrued interest.
- "Sinking Fund" means the Bond Fund.
- "SLGS" means demand deposit Treasury securities of the State and Local Government Series.
- "Tax Exempt Obligations" means bonds or other obligations the interest on which is excludable from the gross income of the owners thereof under Section 103 of the Code and include certain regulated investment companies, stock in tax-exempt mutual funds and demand deposit SLGS.
- "Taxable Obligations" means all investment property, obligations or securities other than Tax Exempt Obligations.
- "Verification Certificate" means the certificate attached to this Certificate as Exhibit A, establishing that the Purchaser will not reoffer or sell the Bonds to the public.

ARTICLE II

SPECIFIC CERTIFICATIONS, REPRESENTATIONS AND AGREEMENTS

The Issuer hereby certifies, represents and agrees as follows:

Section 2.1 Authority to Certify and Expectations

- (a) The undersigned officer of the Issuer along with other officers of the Issuer, are charged with the responsibility of issuing the Bonds.
- (b) This Certificate is being executed and delivered in part for the purposes specified in Section 1.148-2(b)(2) of the Regulations and is intended (among other purposes) to establish reasonable expectations of the Issuer at this time.
- (c) The Issuer has not been notified of any disqualification or proposed disqualification of it by the Commissioner of the Internal Revenue Service as a bond issuer which may certify bond issues under Section 1.148-2(b)(2) of the Regulations.

(d) The certifications, representations and agreements set forth in this Article II are made on the basis of the facts, estimates and circumstances in existence on the date hereof, including the following: (1) with respect to amounts expected to be received from delivery of the Bonds, amounts actually received, (2) with respect to payments of amounts into various funds or accounts, review of the authorizations or directions for such payments made by the Issuer pursuant to the Resolution and this Certificate, (3) with respect to the Issue Price, the certifications of the Purchasers as set forth in the Verification Certificate, (4) with respect to expenditure of the Proceeds of the Bonds, actual expenditures and reasonable expectations of the Issuer as to when the Proceeds will be spent for purposes of the Project, (5) with respect to amounts reasonably required in a reserve fund, the certifications of the Financial Advisor as set forth in Exhibit B hereto, and (6) with respect to Bond Yield, review of the Verification Certificate. The Issuer has no reason to believe such facts, estimates or circumstances are untrue or incomplete in any material way.

(e) To the best of the knowledge and belief of the undersigned officer of the Issuer, there are no facts, estimates or circumstances that would materially change the representations, certifications or agreements set forth in this Certificate, and the expectations herein set out are reasonable.

(f) No arrangement exists under which the payment of principal or interest on the Bonds would be directly or indirectly guaranteed by the United States or any agency or instrumentality thereof.

(g) After the expiration of any applicable temporary periods, and excluding investments in a bona fide debt service fund or reserve fund, not more than five percent (5%) of the Proceeds of the Bonds will be (a) used to make loans which are guaranteed by the United States or any agency or instrumentality thereof, or (b) invested in federally insured deposits or accounts.

(h) The Issuer will file with the Internal Revenue Service in a timely fashion Form 8038-G, Information Return for Tax-Exempt Governmental Obligations with respect to the Bonds and such other reports required to comply with the Code and applicable Regulations.

(i) The Issuer will take no action which would cause the Bonds to become "private activity bonds" as defined in Section 141 (a) of the Code, including any use of the Project by any person other than a governmental unit if such use will be by other than a member of the general public. None of the Proceeds of the Bonds will be used directly or indirectly to make or finance loans to any person other than a governmental unit.

(j) The Issuer will make no change in the nature or purpose of the Project except as provided in Section 6.1 hereof.

(k) Except as provided in the Resolution, the Issuer will not establish any sinking fund, bond fund, reserve fund, debt service fund or other fund reasonably expected to be used to pay debt service on the Bonds (other than the Bond Fund and any

Reserve Fund), exercise its option to redeem Bonds prior to maturity or effect a refunding of the Bonds.

(l) No bonds or other obligations of the Issuer (1) were sold in the 15 days preceding the date of sale of the Bonds, (2) were sold or will be sold within the 15 days after the date of sale of the Bonds, (3) have been delivered in the past 15 days or (4) will be delivered in the next 15 days pursuant to a common plan of financing for the issuance of the Bonds and payable out of substantially the same source of revenues.

(m) None of the Proceeds of the Bonds will be used directly or indirectly to replace funds of the Issuer used directly or indirectly to acquire obligations having a yield higher than the Bond Yield.

(n) No portion of the Bonds is issued for the purpose of investing such portion at a higher yield than the Bond Yield.

(o) The Issuer does not expect that the Proceeds of the Bonds will be used in a manner that would cause them to be "arbitrage bonds" as defined in Section 148(a) of the Code. The Issuer does not expect that the Proceeds of the Bonds will be used in a manner that would cause the interest on the Bonds to be includible in the gross income of the owners of the Bonds under the Code. The Issuer will not intentionally use any portion of the Proceeds to acquire higher yielding investments.

(p) The Issuer will not use the Proceeds of the Bonds to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage.

(q) The Issuer has not issued more Bonds, issued the Bonds earlier, or allowed the Bonds to remain outstanding longer than is reasonably necessary to accomplish the governmental purposes of the Bonds and in fact, the Bonds will not remain outstanding longer than 120% of the economic useful life of the assets financed with the Proceeds of the Bonds.

(r) The Bonds will not be Hedge Bonds as described in Section 149(g)(3) of the Code because the Issuer reasonably expects that it will meet the Expenditure test set forth in Section 2.5(b) hereof and that 50% or more of the Proceeds will not be invested in Nonpurpose Investments having a substantially guaranteed yield for four or more years.

Except for costs of issuance, all Sale Proceeds and investment earnings thereon will be expended for costs of the type that would be chargeable to capital accounts under the Code pursuant to federal income tax principles if the Issuer were treated as a corporation subject to federal income taxation.

Section 2.2 Receipts and Expenditures of Sale Proceeds

Sale Proceeds disbursed over time are expected to be expended as follows:

(a) \$100,427 representing costs of issuing the Bonds (which includes IFA's \$55,515 Initiation Fee) will be used within six months of the Closing Date to pay the costs of issuance of the Bonds (with any excess remaining on deposit in the Project Fund); and

(b) \$11,002,573 will be available to draw into the Project Fund and will be used together with earnings thereon to pay the costs of the Project and will not exceed the amount necessary to accomplish the governmental purposes of the Bonds; and

(c) Issuer cash on hand will supplement the Reserve Fund (see Section 2.6 herein for more information on the Reserve Fund).

Section 2.3 Purpose of Bonds

The Issuer is issuing the Bonds to pay the costs of acquisition, construction, reconstruction, extending, remodeling, improving, repairing and equipping all or part of the Water Utility, including those costs associated with the Northwest Water Tower Project.

Section 2.4 Facts Supporting Tax-Exemption Classification

Governmental Bonds

Private Business Use/Private Security or Payment Tests

The Bonds are considered to be governmental bonds, not subject to the provisions of the alternate minimum tax. The Proceeds will be used for the purposes described in Section 2.3 hereof. All of the financed facilities are owned by the City and are expected to be used by the public generally, including commercial and industrial users. There are no contractual arrangements or agreements between the City and any commercial or industrial user of the Water Utility, and there are no other lease, management contract or other similar arrangements with respect to the Water Utility. Commercial or industrial users of the Water Utility may be or become subject to different rates or charges than those imposed on residential customers, depending on the volume of the water they purchase. All such charges, however, are or will be imposed by virtue of City ordinances applicable to all entities meeting the standards set forth therein. No other charges or payments will be imposed or paid to the City by any contributing industry for water services or Project-related construction and acquisition beyond those mandated by ordinance for certain classes of users.

Private Loan Financing Test

No amount of Proceeds of the Bonds is to be used directly or indirectly to make or finance loans to persons other than governmental units.

Output Facilities (water facilities)

The Issuer will use all or a portion of the Proceeds of the Bonds to finance an output facility.

The Issuer will comply with the Code and Regulations with respect to output facilities applicable to the Bonds.

Section 2.5 Facts Supporting Temporary Periods for Proceeds

(a) Time Test. Not later than six months after the Closing Date, the Issuer will incur a substantial binding obligation to a third party to expend at least 5% of the net Sale Proceeds of the Bonds.

(b) Expenditure Test. Not less than 85% of the net Sale Proceeds will be expended for Project costs, including the reimbursement of other funds expended to date, within a three-year temporary period from the Closing Date.

(c) Due Diligence Test. Not later than six months after Closing, work on the Project will have commenced and will proceed with due diligence to completion.

(d) Proceeds of the Bonds representing less than six months accrued interest on the Bonds will be spent within six months of this date to pay interest on the Bonds, and will be invested without restriction as to yield for a temporary period not in excess of six months.

Section 2.6 Resolution Funds at Restricted or Unrestricted Yield

(a) Proceeds of the Bonds will be held and accounted for in the manner provided in the Resolution. The Issuer has not and does not expect to create or establish any other bond fund, reserve fund, or similar fund or account for the Bonds. The Issuer has not and will not pledge any moneys or Taxable Obligations in order to pay debt service on the Bonds or restrict the use of such moneys or Taxable Obligations so as to give reasonable assurances of their availability for such purposes.

(b) Any monies which are invested beyond a temporary period are expected to constitute less than a major portion of the Bonds or to be restricted for investment at a yield not greater than one-eighth of one percent above the Bond Yield.

(c) The Issuer has established and will use the Bond Fund primarily to achieve a proper matching of revenues and debt service within each Bond Year and the Issuer will apply moneys deposited into the Bond Fund to pay the principal of and interest on the Bonds. Such Fund will be depleted at least once each Bond Year except for a reasonable carryover amount. The carryover amount will not exceed the greater of (1) one year's earnings on the Bond Fund or (2) one-twelfth of Annual Debt Service. The Issuer will spend moneys deposited from time to time into such fund within 13 months after the date of deposit. Revenues, intended to be used to pay debt service on the Bonds, will be deposited into the Bond Fund as set forth in the Resolution. The Issuer will spend interest earned on moneys in such fund not more than 12 months after receipt. Accordingly, the Issuer will treat the Bond Fund as a bona fide debt service fund as defined in Regulation 1.148-1(b).

Investment of amounts on deposit in the Bond Fund will not be subject to arbitrage rebate requirements as the Bonds meet the safe harbor set forth in Regulation 1.148-3(k), because the average annual debt service on the Bonds will not exceed \$2,500,000, the Bonds meet the safe harbor set forth in Code Section 148(f)(A)(4)(ii) because the Bonds are not private activity bonds, the average maturity of the issue (determined in accordance with Code Section 147(b)(2)(A)) is at least 5 years and the rates of interest on the bonds which are part of the issue do not vary during the term of the issue, and the Bonds are expected to meet one or more of the spending exemptions from rebate as provided in Section 3.3 hereof.

(d) The Minor Portion of the Bonds will be invested without regard to yield.

(e) A Reserve Fund is established to secure the Bonds, however, the Issuer does not expect that principal of or interest on the Bonds will be paid from the Reserve Fund. Monies in the Reserve Fund will not be accumulated except to a reasonable extent. Within one year of receipt, earnings upon the investment of the Reserve Fund monies will be commingled with other revenues from the operations of the Issuer which are substantial in amount for accounting and expenditure.

(f) The amounts on deposit in the Reserve Fund will at all times be equal to or less than the Allowable Reserve Fund Amount. However, if the amount in the Reserve Fund exceeds the Allowable Reserve Fund Amount, such excess must be invested at a yield no higher than the Bond Yield or will be invested in Tax Exempt Obligations.

(g) For purposes of Subsections (e) and (f), the following terms shall have the meanings set forth below:

(1) "Allowable Reserve Fund Amount" as described in Regulation 1.148-2(f)(2) means an amount equal to the lesser of (10) percent of the stated principal amount of the Bonds, the maximum annual principal and interest coming due on the Bonds, or 125% of the average annual principal and interest coming due on the Bonds. The Allowable Reserve Fund Amount is computed to be \$679,500.

(2) "Reserve Fund" means that portion of the Revenue Fund as described in the Resolution.

(h) The Bond Fund and the Reserve Fund are funds which either (a) are reasonably expected to be used to pay debt service on the Bonds and Parity Bonds, or (b) are pledged to the payment of debt service on the Parity Bonds should other sources prove insufficient. The Bond Fund is a "sinking fund" as defined in Regulation 1.148-1(c)(2). The Bond Fund and the Reserve Fund apply to two or more issues, and each fund in the aggregate shall be referred to as a "Commingled Fund". Each Commingled Fund shall be allocated among the various issues of Bonds and Parity Bonds according to the methods described below.

(i) For purposes of Subsection (h), the following terms shall have the meanings set forth below:

(1) "Bond Fund Allocation Factor" shall be determined by dividing the original face amount of the Bonds, \$11,103,000, by the sum of the original face amounts of all outstanding Parity Bonds.

(2) "Parity Bonds" means the Bonds, and all other outstanding bonds of the Issuer ranking on a parity with the Bonds as set forth in the Resolution.

(3) "Reserve Fund Allocation Factor" shall be determined by dividing the original principal amount of the Bonds, \$11,103,000 by the sum of the original face amounts of all outstanding Parity Bonds.

A portion of the investments in each Commingled Fund and earnings thereon shall be allocated to the Bonds by applying a certain percentage (the "Series 2023D Share") of the market value of the investments in the applicable Commingled Fund. Each time an issue of Parity Bonds is no longer outstanding and each time additional Parity Bonds are issued, the Issuer shall calculate the Series 2023D Share for the Bond Fund and Reserve Fund. The Series 2023D Share is determined for each Commingled Fund by applying the Bond Fund Allocation Factor and the Reserve Fund Allocation Factor, as applicable. Each time it shall be necessary to determine the earnings on the Bond Fund or the Reserve Fund, the Issuer shall multiply the earnings for the applicable Commingled Fund by the applicable Series 2023D Share. The Issuer may, at any time, use any other allocation method for the Reserve Fund or the Bond Fund allowed by Regulation 1.148-6(e)(6).

Section 2.7 Pertaining to Yields

(a) The purchase price of all Taxable Obligations to which restrictions apply under this Certificate as to investment yield or rebate of Excess Earnings, if any, has been and shall be calculated using (i) the price taking into account discount, premium and accrued interest, as applicable, actually paid or (ii) the fair market value if less than the price actually paid and if such Taxable Obligations were not purchased directly from the United States Treasury. The Issuer will acquire all such Taxable Obligations directly from the United States Treasury or in an arm's length transaction without regard to any amounts paid to reduce the yield on such Taxable Obligations. The Issuer will not pay or permit the payment of any amounts (other than to the United States) to reduce the yield on any Taxable Obligations. Obligations pledged to the payment of debt service on the Bonds, or deposited into any reserve fund after they have been acquired by the Issuer will be treated as though they were acquired for their fair market value on the date of such pledge or deposit. Obligations on deposit in any reserve fund on the Closing Date shall be treated as if acquired for their fair market value on the Closing Date.

(b) Qualified guarantees have not been used in computing yield.

(c) The Bond Yield has been computed as not less than 1.750038% percent. This Bond Yield has been computed on the basis of a purchase price for the Bonds equal to the Issue Price.

Section 2.8 Reimbursement Bonds

(a) Not later than 60 days after payment of Original Expenditures, the Issuer has adopted an Official Intent and has declared its intention to make a Reimbursement Allocation of Original Expenditures incurred in connection with Project Segment(s) from proceeds of the Reimbursement Bonds.

(b) The Reimbursement Allocation will occur on or before the later of (i) eighteen months after the Original Expenditures are paid or (ii) eighteen months after the first Project Segment is placed in service, but in no event more than three years after the Original Expenditures are paid.

(c) No other Reimbursement Allocation will be made except for Preliminary Expenditures.

(d) The Reimbursement Allocation has not been undertaken to avoid, in whole or in part, arbitrage yield restrictions or arbitrage rebate requirements and will not employ an abusive arbitrage device under Regulation 1.148-10.

(e) Within one year of the Closing Date, the Reimbursement Allocation will not be used in a manner that results in the creation of replacement proceeds, as defined in Regulation 1.148-1.

(f) For purposes of Section 2.8, the following terms shall have the meanings set forth below:

(1) "Official Intent" means a declaration of intent described under Regulation 1.150-2 to reimburse Original Expenditures with the proceeds of the Bonds.

(2) "Original Expenditure" means an expenditure for a governmental purpose that is originally paid from a source other than the Reimbursement Bonds.

(3) "Preliminary Expenditures", as defined in Regulation 1.150-2(f)(2), means architectural, engineering, surveying, soil tests, Reimbursement Bond issuance costs, and similar costs incurred prior to commencement of construction, rehabilitation or acquisition of a Project Segment which do not exceed 20% of the Issue Price of the portion of the Bonds that finances the Project Segment for which they were incurred.

(4) "Project Segment" means the costs, described in an Official Intent of the Issuer, incurred prior to the Closing Date to acquire, construct, or improve land, buildings or equipment excluding current operating expenses but including costs of issuing the Reimbursement Bonds.

(5) "Reimbursement Allocation" means written evidence of the use of Reimbursement Bond proceeds to reimburse a fund of the Issuer for Original

Expenditures paid or advanced prior to the Closing Date and incurred in connection with a Project Segment.

(6) "Reimbursement Bonds" means the portion of the Bonds which are allocated to reimburse the Original Expenditures paid prior to the Closing Date and incurred in connection with a Project Segment.

ARTICLE III

REBATE

Section 3.1 Records

Sale Proceeds of the Bonds will be held and accounted for in the manner provided in the Resolution. The Issuer will maintain adequate records for funds created by the Resolution and this Certificate including all deposits, withdrawals, transfers from, transfers to, investments, reinvestments, sales, purchases, redemptions, liquidations and use of money or obligations until six years after the Final Bond Retirement Date.

Section 3.2 Rebate Fund

(a) In the Resolution, the Issuer has covenanted to pay to the United States the Rebate Amount, an amount equal to the Excess Earnings on the Gross Proceeds Funds, if any, at the times and in the manner required or permitted and subject to stated special rules and allowable exceptions.

(b) The Issuer may establish a fund pursuant to the Resolution and this Certificate which is herein referred to as the Rebate Fund. The Issuer will invest and expend amounts on deposit in the Rebate Fund in accordance with this Certificate.

(c) Moneys in the Rebate Fund shall be held by the Issuer or its designee and, subject to Sections 3.4, 3.5 and 6.1 hereof, shall be held for future payment to the United States as contemplated under the provisions of this Certificate and shall not constitute part of the trust estate held for the benefit of the owners of the Bonds or the Issuer.

(d) The Issuer will pay to the United States from legally available money of the Issuer (whether or not such available money is on deposit in any fund or account related to the Bonds) any amount which is required to be paid to the United States.

Section 3.3 Exceptions to Rebate

The Issuer reasonably expects that the Bonds are eligible for one or more exceptions from the arbitrage rebate rules set forth in the Regulations. If any Proceeds are ineligible, or become ineligible, for an exception to the arbitrage rebate rules, the Issuer will comply with the provisions of this Article III. A description of the applicable rebate exception(s) is as follows:

- Eighteen-Month Exception

The Gross Proceeds of the Bonds are expected to be expended for the governmental purposes for which the Bonds were issued in accordance with the following schedule:

- 1) 15 percent spent within six months of the Closing Date;
- 2) 60 percent spent within one year of the Closing Date;
- 3) 100 percent spent within eighteen months of the Closing Date (subject to 5 percent retainage for not more than one year).

In any event, the Issuer expects that the 5% reasonable retainage will be spent within 30 months of the Closing Date. For purposes of determining compliance with the six-month and twelve-month spending periods, the amount of investment earnings included shall be based on the Issuer's reasonable expectations that the average annual interest rate on investments will be not more than 4%. For purposes of determining compliance with the eighteen-month spending period, the amount of investment earnings included shall be based on actual earnings. If the Issuer fails to meet the foregoing expenditure schedule, the Issuer shall comply with the arbitrage rebate requirements of the Code.

- Election to Treat as Construction Bonds.

The Issuer reasonably expects that more than 75 percent of the "available construction proceeds" ("ACP") of the Bonds, as defined in Section 148(f)(4)(C)(vi) of the Code, will be used for construction expenditures. ACP includes the issue price of the issue plus the earnings on such issue. Not less than the following percentages of the ACP will be spent within the following periods:

- 1) 10 percent spent within six months of the Closing Date;
- 2) 45 percent spent within one year of the Closing Date;
- 3) 75 percent spent within eighteen months of the Closing Date;
- 4) 100 percent spent within two years of the Closing Date (subject to 5 percent retainage for not more than one year).

In any event, the Issuer expects that the 5% reasonable retainage will be spent within a three-year period beginning on the Closing Date. A failure to spend an amount that does not exceed the lesser of (i) 3% of the issue price or (ii) \$250,000, is disregarded if the Issuer exercises due diligence to complete the Project.

- Election with respect to future earnings

Pursuant to Section 1.148-7(f)(2) of the Regulations, the Issuer elects to use actual investment earnings of the ACP in determining compliance with the above schedule.

If the Issuer fails to meet the foregoing expenditure schedule, the Issuer shall comply with the arbitrage rebate requirements of the Code.

Section 3.4 Calculation of Rebate Amount

(a) As soon after each Computation Date as practicable, the Issuer shall, if necessary, calculate and determine the Excess Earnings on the Gross Proceeds Funds (the "Rebate Amount"). All calculations and determinations with respect to the Rebate Amount will be made on the basis of actual facts as of the Computation Date and reasonable expectations as to future events.

(b) If the Rebate Amount exceeds the amount currently on deposit in the Rebate Fund, the Issuer may deposit an amount in the Rebate Fund such that the balance in the Rebate Fund after such deposit equals the Rebate Amount. If the amount in the Rebate Fund exceeds the Rebate Amount, the Issuer may withdraw such excess amount provided that such withdrawal can be made from amounts originally transferred to the Rebate Fund and not from earnings thereon, which may not be transferred, and only if such withdrawal may be made without liquidating investments at a loss.

Section 3.5 Rebate Requirements and the Bond Fund

It is expected that the Bond Fund described in the Resolution and Section 2.6(c) of this Certificate will be treated as a bona fide debt service fund as defined in Regulation 1.148-1(b). As such, any amount earned during a Bond Year on the Bond Fund and amounts earned on such amounts, if allocated to the Bond Fund, will not be taken into account in calculating the Rebate Amount for the reasons outlined in Section 2.6(c) hereof. However, should the Bond Fund cease to be treated as a bona fide debt service fund, the Bond Fund will become subject to the rebate requirements set forth in Section 3.4 hereof.

Section 3.6 Investment of the Rebate Fund

(a) Immediately upon a transfer to the Rebate Fund, the Issuer may invest all amounts in the Rebate Fund not already invested and held in the Rebate Fund, to the extent possible, in (1) SLGS, such investments to be made at a yield of not more than one-eighth of one percent above the Bond Yield, (2) Tax Exempt Obligations, (3) direct obligations of the United States or (4) certificates of deposit of any bank or savings and loan association. All investments in the Rebate Fund shall be made to mature not later than the next Rebate Payment Date.

(b) If the Issuer invests in SLGS, the Issuer shall file timely subscription forms for such securities (if required). To the extent possible, amounts received from maturing SLGS shall be reinvested immediately in zero yield SLGS maturing on or before the next Rebate Payment Date.

Section 3.7 Payment to the United States

(a) On each Rebate Payment Date, the Issuer will pay to the United States at least ninety percent (90%) of the Rebate Amount less a computation credit of \$1,000 per Bond Year for which the payment is made.

(b) The Issuer will pay to the United States not later than sixty (60) days after the Final Bond Retirement Date all the rebatable arbitrage as of such date and any income attributable to such rebatable arbitrage as described in Regulation 1.148-3(f)(2).

(c) If necessary, on each Rebate Payment Date, the Issuer will mail a check to the Internal Revenue Service Center, Ogden, UT 84201. Each payment shall be accompanied by a copy of Form 8038-T, Arbitrage Rebate, filed with respect to the Bonds or other information reporting form as is required to comply with the Code and applicable Regulations.

Section 3.8 Records

(a) The Issuer will keep and retain adequate records with respect to the Bonds, the Gross Proceeds Funds, the Bond Fund, the Reserve Fund, and the Rebate Fund until six years after the Final Bond Retirement Date. Such records shall include descriptions of all calculations of amounts transferred to the Rebate Fund, if any, and descriptions of all calculations of amounts paid to the United States as required by this Certificate. Such records will also show all amounts earned on moneys invested in such funds, and the actual dates and amounts of all principal, interest and redemption premiums (if any) paid on the Bonds.

(b) Records relating to the investments in such Funds shall completely describe all transfers, deposits, disbursements and earnings including:

(1) a complete list of all investments and reinvestments of amounts in each such Fund including, if applicable, purchase price, purchase date, type of security, accrued interest paid, interest rate, dated date, principal amount, date of maturity, interest payment dates, date of liquidation, receipt upon liquidation, market value of such investment on the Final Bond Retirement Date if held by the Issuer on the Final Bond Retirement Date, and market value of the investment on the date pledged to the payment of the Bonds, or the Closing Date if different from the purchase date.

(2) the amount and source of each payment to, and the amount, purpose and payee of each payment from, each such Fund.

Section 3.9 Additional Payments

The Issuer hereby agrees to pay to the United States from legally available money of the Issuer (whether or not such available money is on deposit in any fund or account related to the Bonds) any amount which is required to be paid to the United States, but which is not available in a fund related to the Bonds for transfer to the Rebate Fund or payment to the United States.

ARTICLE IV

INVESTMENT RESTRICTIONS

Section 4.1 Avoidance of Prohibited Payments

The Issuer will not enter into any transaction that reduces the amount required to be deposited into the Rebate Fund or paid to the United States because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Bond Yield not been relevant to either party. The Issuer will not invest or direct the investment of any funds in a manner which reduces an amount required to be paid to the United States because such transaction results in a small profit or larger loss than would have resulted if the transaction had been at arm's length and had the Bond Yield not been relevant to the Issuer. In particular, notwithstanding anything to the contrary contained herein or in the Resolution, the Issuer will not invest or direct the investment of any funds in a manner which would violate any provision of this Article IV.

Section 4.2 Market Price Requirement

(a) The Issuer will not purchase or direct the purchase of Taxable Obligations for more than the then available market price for such Taxable Obligations. The Issuer will not sell, liquidate or direct the sale or liquidation of Taxable Obligations for less than the then available market price.

(b) For purposes of this Certificate, United States Treasury obligations purchased directly from the United States Treasury will be deemed to be purchased at the market price.

Section 4.3 Investment in Certificates of Deposit

(a) Notwithstanding anything to the contrary contained herein or in the Resolution, the Issuer will invest or direct the investment of funds on deposit in the Reserve Fund, any other Gross Proceeds Fund, the Bond Fund, and the Rebate Fund, in a certificate of deposit of a bank or savings bank which is permitted by law and by the Resolution only if the purchase price of such a certificate of deposit is treated as its fair market value on the purchase date and if the yield on the certificate of deposit is not less than (1) the yield on reasonably comparable direct obligations of the United States; and (2) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(b) The certificate of deposit described in paragraph 4.3(a) above must be executed by a dealer who maintains an active secondary market in comparable certificates of deposit and must be based on actual trades adjusted to reflect the size and term of that certificate of deposit and the stability and reputation of the bank or savings bank issuing the certificate of deposit.

Section 4.4 Investment Pursuant to Investment Contracts and Agreements

The Issuer will invest or direct the investment of funds on deposit in the Gross Proceeds Funds, the Bond Fund, and the Rebate Fund pursuant to an investment contract (including a repurchase agreement) only if all of the following requirements are satisfied:

(a) The Issuer makes a bona fide solicitation for the purchase of the investment. A bona fide solicitation is a solicitation that satisfies all of the following requirements:

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

(2) 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 investment.

(3) The bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the issuer or any other person (whether or not in connection with the Bonds), and that the bid is not being submitted solely as a courtesy to the issuer or any other person for purposes of satisfying the requirements of paragraph (d)(6)(iii)(B)(1) or (2) of Section 1.148-5 of the Regulations.

(4) 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 investment.

(5) For purchases of guaranteed investment contracts only, the terms of the solicitation take into account the Issuer's reasonably expected deposit and drawdown schedule for the amounts to be invested.

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

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

(b) The bids received by the Issuer meet all of the following requirements:

(1) The Issuer receives at least three bids from providers that the Issuer solicited under a bona fide solicitation meeting the requirements of paragraph (d)(6)(iii)(A) of Section 1.148-5 of the Regulations and that do not have a material financial interest in the issue. 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. In addition, any entity acting as a financial advisor with respect to the purchase of the investment at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue. 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.

(2) At least one of the three bids described in paragraph (d)(6)(iii)(B)(1) of Section 1.148-5 of the Regulations is from a reasonably competitive provider, within the meaning of paragraph (d)(6)(iii)(A)(7) of Section 1.148-5 of the Regulations.

(3) If the Issuer uses an agent to conduct the bidding process, the agent did not bid to provide the investment.

(c) The winning bid meets the following requirements:

(1) Guaranteed investment contracts. If the investment is a guaranteed investment contract, the winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(2) Other investments. If the investment is not a guaranteed investment contract, the winning bid is the lowest cost bona fide bid (including any broker's fees).

(d) The provider of the investments or 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 investment.

(e) The Issuer will retain the following records with the bond documents until three years after the last outstanding bond is redeemed:

(1) For purchases of guaranteed investment contracts, a copy of the contract, and for purchases of investments other than guaranteed investment contracts, the purchase agreement or confirmation.

(2) The receipt or other record of the amount actually paid by the Issuer for the investments, including a record of any administrative costs paid by the Issuer, and the certification under paragraph (d)(6)(iii)(D) of Section 1.148-5 of the Regulations.

(3) 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.

(4) The bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(5) For purchases of investments other than guaranteed investment contracts, the cost of the most efficient portfolio of State and Local Government Series Securities, determined at the time that the bids were required to be submitted pursuant to the terms of the bid specifications.

Section 4.5 Records

The Issuer will maintain records of all purchases, sales, liquidations, investments, reinvestments, redemptions, disbursements, deposits, and transfers of amounts on deposit.

Section 4.6 Investments to be Legal

All investments required to be made pursuant to this Certificate shall be made to the extent permitted by law. In the event that any such investment is determined to be ultra vires, it shall be liquidated and the proceeds thereof shall be invested in a legal investment, provided that prior to reinvesting such proceeds, the Issuer shall obtain an opinion of Bond Counsel to the effect that such reinvestment will not cause the Bonds to become arbitrage bonds under Sections 103, 148, 149, or any other applicable provision of the Code.

ARTICLE V

GENERAL COVENANTS

The Issuer hereby covenants to perform all acts within its power necessary to ensure that the reasonable expectations set forth in Article II hereof will be realized. The Issuer reasonably expects to comply with all covenants contained in this Certificate.

ARTICLE VI

AMENDMENTS AND ADDITIONAL AGREEMENTS

Section 6.1 Opinion of Bond Counsel; Amendments

The various provisions of this Certificate need not be observed and this Certificate may be amended or supplemented at any time by the Issuer if the Issuer receives an opinion or opinions of Bond Counsel that the failure to comply with such provisions will not cause any of the Bonds to become "arbitrage bonds" under the Code and that the terms of such amendment or supplement will not cause any of the Bonds to become "arbitrage bonds" under the Code, or otherwise cause interest on any of the Bonds to become includable in gross income for federal income tax purposes.

Section 6.2 Additional Covenants, Agreements

The Issuer hereby covenants to make, execute and enter into (and to take such actions, if any, as may be necessary to enable it to do so) such agreements as may be necessary to comply with any changes in law or regulations in order to preserve the tax-exempt status of the Bonds to the extent that it may lawfully do so. The Issuer further covenants (1) to impose such limitations on the investment or use of moneys or investments related to the Bonds, (2) to make such payments to the United States Treasury, (3) to maintain such records, (4) to perform such calculations, and (5) to perform such other lawful acts as may be necessary to preserve the tax-exempt status of the Bonds.

Section 6.3 Internal Revenue Service Audits

The Internal Revenue Service has not audited the Issuer regarding any obligations issued by or on behalf of the Issuer. To the best knowledge of the Issuer, no such obligations of the Issuer are currently under examination by the Internal Revenue Service.

Section 6.4 Amendments

Except as otherwise provided in Section 6.1 hereof, all the rights, powers, duties and obligations of the Issuer shall be irrevocable and binding upon the Issuer and shall not be subject to amendment or modification by the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Certificate to be executed by its duly authorized officer, all as of the day first above written.

Administrative Services Director , City of
Ankeny, State of Iowa

(SEAL)

EXHIBIT "A"

VERIFICATION CERTIFICATE OF THE PURCHASER

The undersigned officer of the Iowa Finance Authority (the "Purchaser"), hereby certifies as follows:

1. The Purchaser and the City of Ankeny, Iowa (the "Issuer"), have entered into a Loan and Disbursement Agreement (the "Agreement"), providing for the purchase of a \$11,103,000 Water Revenue Capital Loan Notes, Series 2023D of the City dated as of the date of delivery (the "Notes").

2. The Agreement is in full force and effect and has not been repealed, rescinded or amended.

3. The Purchaser hereby confirms that the Notes were purchased at par and will not be reoffered to the public, the terms of purchase being as follows:

<u>Principal Amount Issued</u>	<u>Principal Amount Sold</u>	<u>Interest Rate</u>	<u>Price (% of par) (do not include accrued interest)</u>
\$11,103,000	None	1.75%	100%

IN WITNESS WHEREOF, the Purchaser has caused this Verification Certificate to be executed by its duly authorized officer this _____ day of _____, 2023.

IOWA FINANCE AUTHORITY

By: _____
Its:

EXHIBIT "B"

CERTIFICATE OF FINANCIAL ADVISOR

I, the undersigned, do hereby certify that I am the _____ of PFM Financial Advisors LLC (the "Financial Advisor"). The Financial Advisor acknowledges that this Certificate is given, in part, as the basis for certain representations made in the Tax Exemption Certificate delivered by the City of Ankeny, State of Iowa (the "Issuer"), as of the date hereof, in connection with the issuance of \$11,103,000 Water Revenue Capital Loan Notes, Series 2023D, of the Issuer (the " Bonds "), and as a basis for certain opinions of Ahlers & Cooney, P.C., Bond Counsel, with regard to the tax-exempt status of the Bonds. All definitions contained in the Tax Exemption Certificate are hereby incorporated by reference.

1. Since Issuer revenues are subject to changes beyond its control, potential purchasers of the Bonds expect a reserve fund to be established to provide some measure of protection for their investments and to provide a workout period for the Issuer in case of adversity.

2. A reasonable time period for providing a workout is one year. Therefore, the reserve fund provided in the Resolution authorizing the issuance of the Bonds is, in our opinion, reasonably required under current market conditions.

IN WITNESS WHEREOF, I hereunto affix my official signature this _____ day of _____, 2023.

PFM FINANCIAL ADVISORS LLC

By: _____

Title: _____

EXHIBIT "C"

CONSTRUCTION ISSUE CERTIFICATION

I, the undersigned, do hereby certify that I am the Administrative Services Director of the City of Ankeny. I acknowledge that this Certificate is given as the basis for certain representations made in the Tax Exemption Certificate delivered by the City of Ankeny, State of Iowa (the "Issuer"), as of the date hereof, in connection with the issuance of \$11,103,000 Water Revenue Capital Loan Notes, Series 2023D, of the Issuer (the "Bonds").

The Issuer has elected to satisfy the requirements of Code Section 148(f)(4)(C)(iv)(I) based upon its reasonable expectations that more than 75% of the "available construction proceeds" of the Bonds, as defined in Section 148(f)(4)(C)(vi) of the Code, are to be used for construction expenditures with respect to property to be owned by the Issuer as a governmental unit.

Construction expenditures means capital expenditures, as defined in Regulation 1.150-1(b), that, on or before the date the property financed by the expenditures is placed in service, as defined in Regulation 1.150-2(c), will be properly chargeable to or may be capitalized as part of the basis of (1) real property, other than expenditures for the acquisition of any interest in land or real property other than land, (2) constructed personal property as defined in Regulation 1.148-7(g)(3), or (3) specially developed computer software as defined in Regulation 1.148-7(g)(4), that is functionally related and subordinate to real property or constructed personal property.

As of the date of issue of the Bonds, it is my opinion that at least 75% of the available construction proceeds of the Issue will be used for construction expenditures as defined above.

IN WITNESS WHEREOF, I hereunto affix my official signature this _____ day of _____, 2023.

By: _____

Title: Administrative Services Director