

Recipient: AUGUSTA-RICHMOND COUNTY

Loan Number: LSLR2022069

TAX CERTIFICATE

Certain terms that are used herein and that are defined or used in the Internal Revenue Code of 1986, as amended (the "Code"), or in the Treasury Regulations issued thereunder are explained in general terms in Exhibit I attached to this Certificate and made a part hereof. These terms have been marked with an asterisk.

The undersigned officials of **AUGUSTA-RICHMOND COUNTY** (the "Borrower") hereby certify that we are the duly appointed, qualified, and acting officials of the Borrower set forth under our respective signatures, and that we have all authority necessary to execute this Certificate on behalf of the Borrower, and we hereby certify for and on behalf of the Borrower that:

1. In General

1.1. We are familiar with the loan in the authorized principal amount not to exceed **\$5,625,000** the "Loan"), being made by the **DRINKING WATER STATE REVOLVING FUND, ADMINISTERED BY GEORGIA ENVIRONMENTAL FINANCE AUTHORITY** (the "Lender") to the Borrower pursuant to the terms of a Loan Agreement, dated the date hereof, between the Lender and the Borrower, for the purpose of providing funds that will be used to permanently finance the costs of certain replacements, additions, extensions, and improvements to the Borrower's environmental facilities (the "System"). The Loan is a draw-down loan, in which the Lender will advance loan amounts to the Borrower to pay for eligible costs only after such costs have been incurred by the Borrower. Proceeds of the Loan will not be invested before they are used to pay eligible costs. The Borrower reasonably expects to draw the full amount of the Loan to pay eligible costs within the 3-year period beginning on the "issue date."*

2. Private Activity Bond Test

2.1. Either (a) no more than ten percent of the proceeds of the Loan are to be used for any "private business use"; or

(b) the payment of the principal of, or the interest on, no more than ten percent of the proceeds of the Loan is (under the terms of the Loan or any underlying arrangement) directly or indirectly (1) secured by any interest in (A) property used or to be used for a "private business use,"* or (B) payments in respect of such property, or (2) to be derived from payments (whether or not to the Borrower) in respect of property, or borrowed money, used or to be used for a "private business use."*

2.2. No proceeds of the Loan are to be used for any "private business use,"* which use is not related to any "government use"* of such proceeds.

2.3. The proceeds of the Loan that are to be used for any "private business use"* will not exceed the proceeds of the Loan that are to be used for the "government use"* to which such "private business use"* relates.

2.4. The amount of the proceeds of the Loan that are to be used (directly or indirectly) to make or finance loans to persons other than "qualified users"* will not exceed the lesser of five percent of such proceeds or \$281,250.

2.5. Without limiting the general nature of the certifications set forth above, the Borrower certifies as follows:

(i) The Borrower will own and operate the System.

(ii) The System will be available for general public use.

(iii) Use of the System by any person other than a "qualified user"* will be on the same basis as use by other members of the general public. No portion of the services, facilities, and commodities provided by the System will be made available to any one customer (other than a "qualified user"*), or limited group of customers (other than "qualified users"*), on a basis other than the same basis as such services, facilities, and commodities are made available to the general public. The Borrower may, however, grant volume discounts to reasonable classifications of "private users,"* if other "private users"* in the same classifications are entitled to the same volume discounts.

(iv) The Borrower knows of no facts or circumstances surrounding the capital improvements to be financed by the Loan that would indicate that the primary purpose of the capital improvements to be financed by the Loan is to benefit one "private user"* or a limited number of "private users."*

3. Contracts and Other Arrangements

3.1. The Borrower has not entered into and will not enter into any output or take or take-or-pay contracts or other preferred arrangements with any entity other than a "qualified user"* with respect to the services, facilities, and commodities provided by the System.

3.2. The Borrower has not entered into and will not enter into any lease or other contract providing for use of the System with any entity other than a "qualified user."*

3.3. The Borrower has not entered into and will not enter into a "management contract"* involving the System with any entity other than a "qualified user,"* unless it is a "qualified management contract."*

3.4. The Borrower has not entered into and will not enter into any other arrangements with any entity other than a "qualified user"* that convey special legal entitlements to the services, facilities, and commodities provided by the System.

4. Section 149 Matters

4.1. The Loan is not and will not be "federally guaranteed."*

4.2. The Borrower reasonably expects that at least 85 percent of the spendable proceeds of the Loan will be used to carry out the governmental purposes of the Loan within the 3-year period beginning on the "issue date."* Not more than 50 percent of the proceeds of the Loan will be invested in nonpurpose investments having a substantially guaranteed yield for 4 years or more.

To the best of our knowledge, information, and belief, there are no other facts, estimates, or circumstances that would materially change any of the foregoing certifications. The representations contained in this Certificate are made for the benefit of the Lender and may be relied upon by the Lender in determining whether or not the interest on the Loan is subject to income taxation by the United States under existing statutes, regulations, and decisions.

Dated: _____

AUGUSTA-RICHMOND COUNTY

Signature: _____

Print Name: _____

Title: _____

(SEAL)

Attest Signature: _____

Print Name: _____

Title: _____

DEFINITIONS

The following definitions are furnished only as general guidelines. For complete definitions, competent tax counsel should be consulted.

"Eligible Expense Reimbursement Arrangement"

"Eligible expense reimbursement arrangement" means a "management contract"* under which the only compensation consists of reimbursements of actual and direct expenses paid by the "service provider"* to "unrelated parties"* and reasonable related administrative overhead expenses of the "service provider."*

"Federally Guaranteed"

(1) An obligation will be considered to be "federally guaranteed" if:

(a) the payment of principal or interest with respect to such obligation is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof);

(b) such obligation is issued as part of an issue and 5% or more of the proceeds of such issue are to be -

(i) used in making loans the payment of principal or interest with respect to which are to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof), or

(ii) invested (directly or indirectly) in federally insured deposits or accounts; or

(c) the payment of principal or interest on such obligation is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

(2) A federally insured deposit or account means any deposit or account in a financial institution to the extent such deposit or account is insured under federal law by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any similar federally chartered corporation.

(3) An obligation will not be treated as federally guaranteed if the obligation is guaranteed by:

(a) the Federal Housing Administration, the Veteran's Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or the Government National Mortgage Association; or

(b) the Student Loan Marketing Association.

(4) The provisions prohibiting an obligation from being federally guaranteed are inapplicable to:

(a) proceeds of an issue invested for an initial temporary period until such proceeds are needed for the purpose for which such issue was issued,

(b) investments of a bona fide debt service fund,

(c) investments of a reserve that meets the requirements of Section 148(d) of the Code,

(d) investments in bonds issued by the United States Treasury, or

(e) other investments permitted under regulations.

"Government Use"

"Government use" means any use other than a "private business use."*

"Issue Date"

"Issue date" means the first date on which the aggregate draws under the Loan exceed the lesser of \$281,250 or 5 percent of **\$5,625,000**.

"Managed Property"

"Managed property" means the portion of facilities or capital projects, including land, buildings, equipment, or other property, financed in whole or in part with proceeds of the Loan, with respect to which a "service provider"* provides services.

"Management Contract"

"Management contract" means a management, service, or incentive payment contract between the Borrower and a "service provider"* under which the "service provider"* provides services for a "managed property."* A "management contract"* does not include a contract or portion of a contract for the provision of services before a managed property is placed in service (for example, pre-operating services for construction design or construction management).

"Private Business Use"

"Private business use" means use (directly or indirectly) in a trade or business carried on by any person other than a "qualified user."* For purposes of the preceding sentence, use as a member of the general public is not taken into account, and any activity carried on by a person other than a natural person is treated as a trade or business.

"Private User"

"Private user" means a person other than a "qualified user."*

"Qualified Management Contract"

"Qualified management contract" means a "management contract"* that (1) is an "eligible expense reimbursement arrangement"* or (2) meets all of the applicable requirements set forth in (a), (b), (c), (d), (e), and (f) below.

(a) General Financial Requirements.

(1) In general. The payments to the "service provider"* under the contract must be reasonable compensation for services rendered during the term of the contract. Compensation includes payments to reimburse actual and direct expenses paid by the "service provider"* and related administrative overhead expenses of the "service provider."*

(2) No net profit arrangements. The contract must not provide to the "service provider"* a share of net profits from the operation of the "managed property."* Compensation to the "service provider"* will not be treated as providing a share of net profits if no element of the compensation takes into account, or is contingent upon, either the "managed property's"* net profits or both the "managed property's"* revenues and expenses for any fiscal period. For this purpose, the elements of the compensation are the eligibility for, the amount of, and the timing of the payment of the compensation. Further, solely for purposes of determining whether the amount of the compensation meets the requirements of this paragraph (2), any reimbursements of actual and direct expenses paid by the "service provider"* to "unrelated parties"* are disregarded as compensation. Incentive compensation will not be treated as proving a share of net profits if the eligibility for the incentive compensation is determined by the "service provider's"* performance in meeting one or more standards that measure quality of services, performance, or productivity, and the amount and the timing of the payment of the compensation meet the requirements of this paragraph (2).

(3) No bearing of net losses of the "managed property". The contract must not, in substance, impose upon the "service provider"* the burden of bearing any share of net losses from the operation of the "managed property."* An arrangement will not be treated as requiring the "service provider"* to bear a share of net losses if: (i) the determination of the amount of the "service provider's"* compensation and the amount of any expenses to be paid by the "service provider"* (and not reimbursed), separately and collectively, do not take into account either the "managed property's"* net losses or both the "managed property's"* revenues and expenses for any fiscal period; and (ii) the timing of the payment of

compensation is not contingent upon the “managed property’s” net losses. For example, a “service provider” whose compensation is reduced by a stated dollar amount (or one of multiple stated dollar amounts) for failure to keep the “managed property’s” expenses below a specified target (or one of multiple specified targets) will not be treated as bearing a share of net losses as a result of this reduction.

(b) Term of the Contract and Revisions. The term of the contract, including all “renewal options,” is no greater than the lesser of 30 years or 80 percent of the weighted average “reasonably expected economic life” of the “managed property.” A contract that is materially modified with respect to any matters relevant to this definition is retested under this definition as a new contract as of the date of the material modification.

(c) Control Over Use of the “Managed Property.” The Borrower must exercise a significant degree of control over the use of the “managed property.” This control requirement is met if the contract requires the Borrower to approve the annual budget of the “managed property,” capital expenditures with respect to the “managed property,” each disposition of property that is part of the “managed property,” rates charged for the use of the “managed property,” and the general nature and type of use of the “managed property” (for example, the type of services). For this purpose, for example, the Borrower may show approval of capital expenditures for the “managed property” by approving an annual budget for capital expenditures described by functional purpose and specific maximum amounts, and the Borrower may show approval of dispositions of property that is part of the “managed property” in a similar manner. Further, the Borrower may show approval of rates charged for use of the “managed property” by either expressly approving such rates (or the methodology for setting such rates) or by including in the contract a requirement that the “service provider” charge rates that are reasonable and customary as specifically determined by an independent third party.

(d) Risk of Loss of the “Managed Property.” The Borrower must bear the risk of loss upon damage or destruction of the “managed property” (for example, upon force majeure). The Borrower does not fail to meet this risk of loss requirement as a result of insuring against risk of loss through a third party or imposing upon the “service provider” a penalty for failure to operate the “managed property” in accordance with the standards set forth in the “management contract.”

(e) No Inconsistent Tax Position. The “service provider” must agree that it is not entitled to and will not take any tax position that is inconsistent with being a “service provider” to the Borrower with respect to the “managed property.” For example, the “service provider” must agree not to take any depreciation or amortization, investment tax credit, or deduction for any payment as rent with respect to the “managed property.”

(f) No Circumstances Substantially Limiting Exercise of Rights. The “service provider”* must not have any role or relationship with the Borrower that, in effect, substantially limits the Borrower’s ability to exercise its rights under the contract, based on all the facts and circumstances. This requirement is satisfied if:

(1) no more than 20 percent of the voting power of the governing body of the Borrower in the aggregate is vested in the directors, officers, shareholders, partners, members, and employees of the “service provider”*;

(2) the governing body of the Borrower does not include the chief executive officer of the “service provider”* or the chairperson (or equivalent executive) of the “service provider’s”* governing body; and

(3) the chief executive officer of the “service provider”* is not the chief executive officer of the Borrower or any of the Borrower’s related parties (as defined in Treasury Regulation Section 1.150-1(b)). For purposes of the above, the phrase “service provider”* includes related parties (as defined in Treasury Regulation Section 1.150-1(b)) and the phrase “chief executive officer” includes a person with equivalent management responsibility.

“Qualified User”

“Qualified user” means a state or political subdivision of a state or any instrumentality thereof.

“Reasonably Expected Economic Life”

The average “reasonably expected economic life” of the “managed property”* shall be determined:

(i) by taking into account the respective costs of such “managed property”* and

(ii) as of the date on which the “managed property”* is “placed in service”* (or is expected to be “placed in service”*).

Land is not taken into account. The economic life of assets is to be determined on a case by case basis (although Revenue Procedure 62-21 and the ADR system where applicable may be used to establish the economic lives of structures and other assets, respectively).

“Renewal Option”

“Renewal option” means a provision under which either party has a legally enforceable right to renew the contract. Thus, for example, a provision under which a

contract is automatically renewed for 1-year periods absent cancellation by either party is not a renewal option (even if it is expected to be renewed).

“Service Provider”

“Service provider” means any person other than a “qualified user”^{*} that provides services to or for the benefit of the Borrower under a “management contract.”^{*}

“Unrelated Parties”

“Unrelated parties” means persons other than a related party (as defined in Treasury Regulation Section 1.150-1(b)) or a “service provider’s”^{*} employee.