
FEDERAL TAX CERTIFICATE

Dated as of November 19, 2025

OF
CITY OF WILLARD, MISSOURI

Not to Exceed
\$2,134,000
CITY OF WILLARD, MISSOURI
EQUIPMENT LEASE PURCHASE AGREEMENT

FEDERAL TAX CERTIFICATE

TABLE OF CONTENTS

	<u>Page</u>
PARTIES AND RECITALS	1
<u>ARTICLE I</u>	
DEFINITIONS	
Section 1.1. Definitions of Words and Terms	1
<u>ARTICLE II</u>	
GENERAL REPRESENTATIONS AND COVENANTS	
Section 2.1. Representations and Covenants of the City	5
Section 2.2. Survival of Representations and Covenants	8
<u>ARTICLE III</u>	
ARBITRAGE CERTIFICATIONS AND COVENANTS	
Section 3.1. General	8
Section 3.2. Reasonable Expectations	8
Section 3.3. Purposes of the Financing	9
Section 3.4. Funds and Accounts	9
Section 3.5. Amount and Use of Lease Proceeds and Other Money	9
Section 3.6. Multipurpose Issue	9
Section 3.7. No Current Refunding	9
Section 3.8. Project Completion	9
Section 3.9. Sinking Funds	9
Section 3.10. Reserve, Replacement and Pledged Funds	9
Section 3.11. Purpose Investment Yield	10
Section 3.12. Issue Price and Yield on Lease	10
Section 3.13. Miscellaneous Arbitrage Matters	10
Section 3.14. Conclusion	10
<u>ARTICLE IV</u>	
POST-ISSUANCE TAX REQUIREMENTS, POLICIES AND PROCEDURES	
Section 4.1. General	10
Section 4.2. Record Keeping, Use of Lease Proceeds and Use of Financed Facility	11
Section 4.3. Temporary Periods/Yield Restriction	12
Section 4.4. Procedures for Establishing Fair Market Value	12
Section 4.5. Lease Exempt from the Rebate Requirement	14
Section 4.6. Filing Requirements	15
<u>ARTICLE V</u>	

MISCELLANEOUS PROVISIONS

Section 5.1.	Term of Tax Certificate	15
Section 5.2.	Amendments	15
Section 5.3.	Opinion of Special Counsel	15
Section 5.4.	Reliance	15
Section 5.5.	Severability	16
Section 5.6.	Benefit of Agreement	16
Section 5.7.	Default, Breach and Enforcement	16
Section 5.8.	Execution in Counterparts	16
Section 5.9.	Governing Law	16
Section 5.10.	Electronic Transactions	16
Signatures		S-1

Exhibit A – Rental Payment Schedule and Proof of Lease Yield

Exhibit B – IRS Form 8038-G

Exhibit C – Copy of Resolution of Official Intent

Exhibit D – Description of Property Comprising the Financed Facility

Exhibit E – Sample Annual Compliance Checklist

Exhibit F – Sample Final Written Allocation

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FEDERAL TAX CERTIFICATE

THIS FEDERAL TAX CERTIFICATE (the “Tax Certificate”), is executed as of November 19, 2025, by **CITY OF WILLARD, MISSOURI**, a political subdivision organized and existing under the laws of the State of Missouri (the “City”).

RECITALS

1. This Tax Certificate is being executed and delivered in connection with the execution of the Equipment Lease Purchase Agreement dated as of November 19, 2025 (the “Lease”), in the original principal amount of not to exceed \$2,134,000, between the City, as lessee, and O’Bannon Banking Company, as lessor (the “Bank”), approved by an Ordinance adopted by the City (the “Ordinance”), for the purposes described in this Tax Certificate, the Lease and in the Ordinance.

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

3. The City is executing this Tax Certificate in order to set forth certain facts, covenants, representations, and expectations relating to the use of Lease proceeds and the property financed or refinanced with those proceeds and the investment of the Lease proceeds and of certain other related money, in order to establish and maintain the exclusion of the Interest Component of Rental Payments related to the Lease from gross income for federal income tax purposes, and to provide guidance for complying with the arbitrage rebate and yield reduction amounts provisions of Code § 148(f).

4. The City adopted a Tax-Exempt Financing Compliance Policy and Procedure on November 10, 2025 as it may from time to time be amended (the “Tax Compliance Procedure”) for the purpose of setting out general procedures for the City to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations.

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

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

ARTICLE I

DEFINITIONS

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

“Annual Compliance Checklist” means a checklist for the Financed Facility designed to measure compliance with the requirements of this Tax Certificate and the Tax Compliance Procedure after the Issue Date, as further described in **Section 4.2** hereof and substantially in the form attached hereto as **Exhibit D**.

“Bank” means O’Bannon Banking Company, lessor pursuant to the Lease.

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

“Bond Compliance Officer” means the person named in the Tax Compliance Procedure.

“Basic Rent” means the Rental Payments due under the Lease, comprised of a Principal Portion and an Interest Portion, as set forth in the Lease.

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

“Closing Advance” means the amount of \$50,001, paid by the Lessor pursuant to the Lease on the Issue Date.

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

“Final Written Allocation” means the Final Written Allocation of expenditures prepared by the Bond Compliance Officer in accordance with the Tax Compliance Procedure and **Section 4.2(b)** of this Tax Certificate.

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

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the City from the sale of the Lease, including amounts used to pay underwriting discount or fees, t), (b) Investment proceeds (any amounts received from investing sale proceeds), (c) any amounts held in a sinking fund for the Lease, (d) any amounts held in a pledged fund or reserve fund for the Lease, and (e) any other replacement proceeds.

“Guaranteed Investment Contract” is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on 2 or more future dates (e.g., a forward supply contract).

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

“Investment” means any security, obligation, annuity contract or other investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. This term does not include a tax-

exempt bond, except for “specified private activity bonds” as defined in Code § 57(a)(5)(C), but it does include the investment element of most interest rate caps.

“IRS” means the United States Internal Revenue Service.

“Issue Date” means November 19, 2025, the first date on which aggregate draws on the Lease exceed the lesser of \$50,000 or 5% of the issue price of the Lease.

“Lease” means the Equipment Lease Purchase Agreement between the City and the Bank, delivered pursuant to the Ordinance.

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

“Management or Service Agreement” means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. 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 or Service Agreements.

“Measurement Period” means, with respect to each item of property financed as part of the Financed Facility, the period beginning on the later of (a) the Issue Date or (b) the date the property is placed in service and ending on the earlier of (1) the final maturity date of the Lease or (2) the expected economic useful life of the property.

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

“Net Proceeds” means, when used in reference to the Lease, 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.

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

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

“Official Intent Date” means November 10, 2025 as described in **Section 2.1(i)**.

“Opinion of Special Counsel” means the written opinion of Special Counsel to the effect that the action or proposed action or the failure to act or proposed failure to act for which the opinion is required will not adversely affect the exclusion of the Interest Portion of Rental Payments under the Lease from gross income for federal income tax purposes.

“Ordinance” means the Ordinance authorizing the Lease as originally executed by the City as amended and supplemented in accordance with the provisions of the Ordinance.

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

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

“Project” means all of the property being acquired, developed, constructed, renovated, and equipped by the City using Lease proceeds and other money contributed by the City (if any), all as described on **Exhibit D**.

“Qualified Equity” means funds that are not derived from proceeds of a tax-exempt financing that are spent on the Project at any time during the period beginning no earlier than the later of (a) 60 days prior to the Official Intent Date or (b) three years prior to the Issue Date and ending not later than the date the Project is capable of and actually used at substantially its designed level. Qualified Equity excludes an ownership interest in real property or tangible personal property.

“Qualified Use Agreement” means any of the following:

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

(b) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 200 days in length pursuant to an arrangement whereby (1) the use of the Financed Facility under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (2) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

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

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

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

“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 Lease.

“Rental Payment” means the payment of Basic Rent.

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

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

“Tax Compliance Procedure” means the City’s Tax-Exempt Financing Compliance Policy and Procedure, dated November 10, 2025, as it may from time to time be amended.

“Tax-Exempt Obligation File” means documents and records for the Lease, maintained by the Bond Compliance Officer pursuant to the Tax Compliance Procedure.

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

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

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

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

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

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

(1) The City (to the extent within its power or direction) will not use any money on deposit in any fund or account maintained in connection with the Lease, whether or not such money was derived from the proceeds of the sale of the Lease or from any other source, in a manner that would cause the Lease to be an “arbitrage bond,” 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 Lease proceeds

or any other funds of the City, directly or indirectly, in any manner, or take or permit to be taken any other action or actions, that would cause any Interest Component of Rental Payments under the Lease to be included in gross income for federal income tax purposes.

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

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

(d) *Governmental Obligations—Private Security or Payment.* As of the Issue Date, the City expects that none of the Rental Payments will be (under the terms of the Lease or any underlying arrangement) directly or indirectly:

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

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

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

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

(f) *Management or Service Agreements.* As of the Issue Date, the City has no Management or Service Agreements with Non-Qualified Users. During the Measurement Period, the City will not enter into or renew any Management or Service Agreement with any Non-Qualified User without first consulting with Special Counsel.

(g) *Leases and Other Use Agreements.* As of the Issue Date, the City has not entered into any leases or any similar use agreement or arrangement with respect to any portion of the Financed Facility other than Qualified Use Agreements during the Measurement Period. During the Measurement Period, the City will not enter into or renew any lease or similar use agreement or arrangement other than a Qualified Use Agreement without first consulting with Special Counsel.

(h) *Limit on Maturity of Lease.* A list of the assets included in the Project and a computation of the “average reasonably expected economic life” is attached to this Tax Certificate as **Exhibit D**. Based on this computation, the “average maturity” of the Lease as computed by Special Counsel, does not exceed the average reasonably expected economic life of the Financed Facility, as such terms are used in Code § 147(b).

(i) *Expenditure of Lease Proceeds.*

(1) General. The City will evidence each allocation of the proceeds of the Lease and Qualified Equity for the Project to an expenditure in writing. No allocation will be made more than 18 months following the later of (i) the date of the expenditure or (ii) the date the Financed Facility was placed in service.

(2) Reimbursement of Expenditures; Official Intent. On the Official Intent Date, the governing body of the City adopted the Ordinance declaring the intent of the City to finance the Financed Facility with tax-exempt Lease and to reimburse the City for expenditures made for the Financed Facility prior to the delivery of those Lease. A copy of the Ordinance is attached to this Tax Certificate as **Exhibit C**. No portion of the Net Proceeds of the Lease will be used to reimburse an expenditure paid by the City more than 60 days prior to the date the resolution was adopted. No reimbursement allocation will be made more than 3 years following the later of (i) the date of the expenditure or (ii) the date the Financed Facility was placed in service.

(j) *Registration Requirement.* The Ordinance requires that the Lease will be issued and held in registered form within the meaning of Code § 149(a).

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

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

(m) *Hedge Bond.* At least 85% of the net sale proceeds (the sale proceeds of the Lease less any sale proceeds invested in a reserve fund) of the Lease will be used to carry out the governmental purpose of the Lease within 3 years after the Issue Date, and not more than 50% of the proceeds of the Lease will be invested in Investments having a substantially guaranteed Yield for 4 years or more.

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

(o) *Single Issue; No Other Issues.* The Lease is being sold and issued as a draw-down obligation but constitutes a single “issue” under Regulations § 1.150-1(c)(4)(i). On the Issue Date, a Closing Advance is being drawn down in an amount in excess of \$50,000. No other debt obligations of the City (1) are being sold within 15 days of the execution and delivery of the Lease, (2) are being sold under the same plan of financing as the Lease, and (3) are expected to be paid from substantially the same source of funds as the Lease (disregarding guarantees from unrelated parties, such as bond insurance). All advances of Lease funds will occur within 3 years of the Issue Date.

(p) *Interest Rate Swap.* As of the Issue Date, the City has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the

Lease. The City will not enter into any such arrangement in the future without first consulting with Special Counsel.

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

(r) *Bank Qualified Tax-Exempt Obligation.* The City designates the Lease as “qualified tax-exempt obligations” under Code § 265(b)(3), and with respect to this designation certifies as follows:

(1) the City reasonably anticipates that the amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) that will be issued by or on behalf of the City (and all subordinate entities of the City) during the calendar year that the Lease is issued, including the Lease, will not exceed \$10,000,000; and

(2) the City (including all subordinate entities of the City) will not issue tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) during the calendar year that the Lease is issued, including the Lease, in an aggregate principal amount or aggregate issue price in excess of \$10,000,000, without first obtaining advice of Special Counsel that the designation of the Lease as a “qualified tax-exempt obligation” will not be adversely affected.

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

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 City’s expectations as to the sources, uses and investment of Lease proceeds and other money, in order to support the City’s conclusion that the Lease is not an arbitrage bond. The person executing this Tax Certificate on behalf of the City is an officer of the City responsible for delivering the Lease.

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

Section 3.3. Purposes of the Financing. The Lease is being delivered for the purpose of providing funds to (a) finance the costs of the Financed Facility, and (b) pay certain costs of delivering the Lease.

Section 3.4. Funds and Accounts. The proceeds of the Lease will be held in the Project Fund established pursuant to the Lease and used to finance certain costs of the Financed Facility and no other funds or accounts related to the Lease have been established by the City. Amounts on deposit in the Project Fund are not expected to be invested prior to being allocated to expenditures.

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

(a) *Amount of Lease Proceeds.* The maximum amount of proceeds to be received by the City from the Lease, including the Closing Advance and all subsequent amounts advances, will not exceed \$2,134,000.

(b) *Use of Lease Proceeds.* The Closing Advance and all subsequent amounts advanced are expected to be allocated to expenditures as follows:

- (a) \$34,000.00 will be used to pay the costs of delivering the Lease.
- (b) \$2,100,000 will be used to finance the costs of the Project.

Section 3.6. Multipurpose Issue. [Reserved]

Section 3.7. No Refunding. No proceeds of the Lease will be used to pay principal of or interest on any other debt obligation.

Section 3.8. Project Completion. The City has incurred, or will incur within 6 months after the Issue Date, a substantial binding obligation to a third party to spend at least 5% of the Net Proceeds of the Lease on the Financed Facility. The completion of the Financed Facility and the allocation of the Net Proceeds of the Lease to expenditures will proceed with due diligence. At least 85% of the Net Proceeds of the Lease will be allocated to expenditures on the Financed Facility within 3 years after the Issue Date.

Section 3.9. Sinking Funds. The City is required to make periodic payments in amounts sufficient to pay the Principal Components and Interest Portion of Rental Payments under the Lease. No sinking fund or other similar fund that is expected to be used to pay Rental Payments under the Lease has been established or is expected to be established.

Section 3.10. Reserve, Replacement and Pledged Funds.

(a) *No Debt Service Reserve Fund.* No reserve or replacement fund has been established for the Lease.

(b) *No Other Replacement or Pledged Funds.* None of the Lease proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility, and that instead has been or will be used to acquire higher yielding Investments. 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 Components or Interest Portion of Rental Payments under the Lease if the City encounters financial difficulty.

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

Section 3.12. Issue Price and Yield on Lease.

(a) *Issue Price.* The Bank has agreed to advance an aggregate maximum principal amount of \$2,134,000 at par. Based on the certifications of the Bank in the Purchaser's Receipt for Lease and Closing Certificate, the issue price of the Lease pursuant to Regulations § 1.148-1(f)(2)(i) (relating to the so-called "private placement rule"). Therefore, the issue price of the Lease will equal the maximum aggregate amount of Lease proceeds advanced pursuant to the Lease. This amount is expected to be \$2,134,000.

(b) *Lease Yield.* Based on the issue price, the Yield on the Lease is 5.064793%, as computed by Special Counsel as shown on **Exhibit A**. The City has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Lease.

Section 3.13. Miscellaneous Arbitrage Matters.

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

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

Section 3.14. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Certificate, the City does not expect that the Lease proceeds will be used in a manner that would cause any Lease to be an "arbitrage bond" within the meaning of Code § 148 and the Regulations.

ARTICLE IV

POST-ISSUANCE TAX REQUIREMENTS, POLICIES AND PROCEDURES

Section 4.1. General.

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

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

(c) *Bond Compliance Officer.* The City when necessary to fulfill its Post-Issuance Tax Requirements will, through its Bond Compliance Officer, sign Form 8038-T in connection with the payment of arbitrage rebate or Yield reduction payments, participate in any federal income tax audit of the Lease 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 City shall be treated as a reasonable cost of administering the Lease and the City shall be entitled to reimbursement and recovery of its costs to the same extent as provided in the Lease or State law.

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

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

(b) *Accounting and Allocation of Lease Proceeds and Qualified Equity to Expenditures.* The Bond Compliance Officer will account for the investment and expenditure of Lease proceeds in the level of detail required by the Tax Compliance Procedure. The Bond Compliance Officer will supplement the expected allocation of Lease proceeds and Qualified Equity to expenditures with a Final Written Allocation as required by the Tax Compliance Procedure. A sample form of Final Written Allocation is attached as **Exhibit F**.

(c) *Annual Compliance Checklist.* Attached as **Exhibit E** is a sample Annual Compliance Checklist for the Lease. The Bond Compliance Officer will prepare and complete an Annual Compliance Checklist for the Financed Facility at least annually in accordance with the Tax Compliance Procedure. If the Annual Compliance Checklist identifies a deficiency in compliance with the requirements of this Tax Certificate, the Bond Compliance Officer will take the actions identified in advice of Special Counsel or as described in the Tax Compliance Procedure to correct any deficiency.

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

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

(a) *Project Fund and Costs of Issuance.* Lease proceeds held in the Project Fund, including any amounts held for costs of delivery and Investment earnings on those proceeds may be invested without Yield restriction for up to 3 years following the Issue Date. If any unspent proceeds remain after 3 years, those amounts may continue to be invested without Yield restriction so long as the City pays to the IRS all Yield reduction payments in accordance with Regulations § 1.148-5(c). These payments are required whether or not the Lease is exempt from the arbitrage rebate and Yield reduction amounts requirements of Code § 148.

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

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

(i) 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.

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

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

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

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

(vi) 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”).

(vii) 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:

(i) 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, (A) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Issue Date of the issue, (B) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (C) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(ii) At least 1 of the 3 bids received is from a reasonably competitive provider, as defined above.

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

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

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

(5) Records. The City retains the following records with the Lease documents until 3 years after the last outstanding Lease is redeemed:

(i) A copy of the Guaranteed Investment Contract.

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

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

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

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

(1) at least 3 bids on the Investment must be received from persons with no financial interest in the Lease (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. Lease Exempt from the Rebate Requirement.

(a) *The Lease Qualify as a Rebate-Exempt Small Issue.*

(1) the City is a governmental unit under State law with general taxing powers;

(2) the Lease is not a "private activity bond" as defined in Code § 141;

(3) 95% or more of the net proceeds of the Lease is to be used for local governmental activities of the City; and

(4) the aggregate face amount of all tax-exempt Lease (other than private activity bonds), and qualified tax credit bonds as defined in Code § 54A(d)(1) to be issued by the City during the current calendar year is not reasonably expected to exceed \$5,000,000. The City understands that, for this purpose: (i) the City and all entities which issue bonds on behalf of the City are treated as one issuer; (ii) all bonds issued by an entity subordinate to the City are treated as issued by the City; and (iii) bonds issued by the City to currently refund any other bonds are not

taken into account to the extent that the amount of the refunding bonds does not exceed the outstanding amount of the refunded obligations.

(b) *Conclusion as to Small Issuer Exemption.* Based on these certifications, Special Counsel has advised the City that the Lease is exempt from the arbitrage rebate requirements of Code § 148(f), under the small-issuer exception set forth in Code § 148(f)(4)(D).

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

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1. Term of Tax Certificate. This Tax Certificate will be effective concurrently with the delivery of the Lease and will continue in force and effect until the Principal Components and Interest Portion of Rental Payments under the Lease have been fully paid and all such Lease is cancelled; provided that, the provisions of **Article IV** of this Tax Certificate regarding payment of arbitrage rebate and Yield reduction amounts 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 owners of the Lease, but only if such amendment is in writing and is accompanied by an Opinion of Special Counsel to the effect that, under then existing law, assuming compliance with this Tax Certificate as so amended such amendment will not cause any Interest Component of Rental Payments to be included in gross income for federal income tax purposes. No such amendment will become effective until the City receives this Opinion of Special Counsel.

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

Section 5.4. Reliance. In delivering this Tax Certificate the City is making only those certifications, representations and agreements as are specifically attributed to them in this Tax Certificate. The City is not aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Certificate and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The City understands that its certifications will be relied upon by the law firm of Gilmore & Bell, P.C., in rendering its opinion as to the validity of the Lease and the exclusion from federal gross income of the Interest Component of Rental Payments.

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

Section 5.6. Benefit of Agreement. This Tax Certificate is binding upon the City its respective successors and assigns, and inures to the benefit of the parties to the Lease. Nothing in this Tax Certificate or in the Ordinance or the Lease, express or implied, gives to any person, other than the parties to this Tax Certificate, their successors and assigns, and the owners of the Lease, 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 owners of the Lease pursuant to the terms of the Ordinance or any other document which references this Tax Certificate and gives remedies for a misrepresentation or breach thereof.

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

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

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

[Remainder of this page intentionally left blank.]

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

CITY OF WILLARD, MISSOURI

By: _____
Title: Mayor

EXHIBIT A

RENTAL PAYMENT SCHEDULE AND PROOF OF LEASE YIELD

EXHIBIT B

IRS FORM 8038-G

EXHIBIT C

RESOLUTION OF OFFICIAL INTENT

EXHIBIT D

DESCRIPTION OF PROPERTY COMPRISING THE PROJECT

EXHIBIT E
SAMPLE
ANNUAL COMPLIANCE CHECKLIST

Name of tax-exempt Lease (“Lease”) financing Financed Asset:	Not to Exceed \$2,134,000 City of Willard Equipment Lease Purchase Agreement dated as of November 19, 2025
Issue Date of Lease:	<u>November 19, 2025</u>
Placed in service date of Financed Facility:	
Name of Bond Compliance Officer:	
Period covered by request (“Annual Period”):	

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

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

Item	Question	Response
3 Management or Service Agreements	<p>During the Annual Period, has the management of all or any part of the operations of the Financed Facility (e.g., cafeteria, gift shop, etc.) been assumed by or transferred to another entity?</p> <p>If answer above was “Yes,” was advice of Special Counsel obtained prior to entering into the Management or Service Agreement?</p> <p>If Yes, include a description of the advice in the Tax-Exempt Lease File.</p> <p>If No, contact Special Counsel and include description of resolution in the Tax-Exempt Lease File.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Yes <input type="checkbox"/> No

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

Item	Question	Response
5 Arbitrage & Yield Restriction	<p>Has the City set aside money in any fund or account in excess of an amount needed to pay debt service on the Lease within the next 12 months (i.e. is more than one year of debt service pre-funded)?</p> <p>Were any Lease proceeds on deposit more than three years after the Issue Date?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
	If Yes to either, contact Rebate Analyst or Special Counsel and incorporate report or include description of resolution in the Tax-Exempt Lease File.	

Bond Compliance Officer: _____

Date Completed: _____

EXHIBIT F

SAMPLE FINAL WRITTEN ALLOCATION

City of Willard, Missouri Equipment Lease Purchase Agreement

Final Written Allocation

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

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

Background. The Lease was delivered on November 19, 2025 (the “Issue Date”), by the City of Willard, Missouri (the “City”), in order to provide funds needed to equip a sewer lift station (the “Project”). The Lease was authorized to be executed by the City pursuant to an Ordinance of the City. The proceeds of the Lease were deposited into the Project Fund to pay costs of executing and delivering the Lease.

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

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

Identification and Timing of Expenditures for Arbitrage Purposes. For purposes of complying with the arbitrage rules, the City allocates the proceeds of the Lease to the various expenditures described in the invoices, requisitions or other substantiation attached as **Schedule 2** to this Final Written Allocation. In each case, the cost requisitioned was either paid directly to a third party or reimbursed the City for an amount it had previously paid or incurred.

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

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

CITY OF WILLARD, MISSOURI

By: _____
Title: _____

Dated: _____

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

Date of Review: _____

**SCHEDULE 1
TO FINAL WRITTEN ALLOCATION**

ALLOCATION OF SOURCES AND USES

**SCHEDULE 2
TO FINAL WRITTEN ALLOCATION**

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