



CLEAN AIR *&* CLEAN ENERGY
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REQUEST FOR PROPOSALS
for
ARBITRAGE REBATE CALCULATION
SERVICES

December 1, 2021

OHIO AIR QUALITY DEVELOPMENT AUTHORITY
REQUEST FOR ARBITRAGE REBATE CALCULATION SERVICES

The Ohio Air Quality Development Authority (the Authority) is issuing this Request for Proposals for arbitrage rebate calculation services (the RFP). If you wish to submit a response to this RFP, please observe the following requirements:

1. The response must provide the information requested (see **Information to be provided**). Responses to the RFP are limited to 20 pages, not including exhibits. All exhibits should be numbered and referenced, but included in the text of the proposal. The Authority may request more detailed information regarding any proposal submitted.
2. Your proposal must be delivered to the Authority via email to info@aqda.state.oh.us by 12:00 pm (EST), on February 2, 2022.
3. The Authority will entertain electronic requests for additional information in connection with this RFP, if such requests are received by the Authority by January 5, 2022, by 12:00 pm (EST). Any such request should be sent by e-mail to info@aqda.state.oh.us. Any responses to requests for additional information will be sent to all the recipients of this RFP and posted on the Authority's website (www.ohioairquality.org) by the close of business on January 14, 2022. The Authority will respond only to requests seeking specific information regarding the RFP. The Authority will not respond to requests seeking an indication of the Authority's preferences or intentions. In addition, the Authority reserves the discretion to decline to respond to any request.
4. It is the policy of the Authority to provide an equal opportunity to all qualified applicants who respond to the RFP. To achieve this, the Authority will take affirmative steps to administer this process without regard to race, sex, or other protected status, and to base all decisions on valid selection criteria. Unlawful discrimination against qualified applicants is strictly prohibited.
5. Responses to the RFP and requests for additional information are property of the Authority and will be considered "public records" subject to disclosure pursuant to the Authority's records policy and Ohio law. Potential respondents are advised that the Authority will not sign non-disclosure or confidentiality agreements.

THE AUTHORITY

The mission of the Authority is to improve air quality by supporting businesses, creating jobs and improving communities while enhancing the health and safety of all Ohioans. Its primary purpose is to contribute to cleaner air in Ohio by assisting Ohio businesses to invest in air quality through the provision of conduit financing for the purchase, construction and/or installation of air quality facilities.

The Constitution of the State, particularly Article VIII, Section 13, and Ohio Revised Code Chapter 3706 are the sources of, and enabling legislation for, the exercise of the powers of the Authority.

The Authority consists of seven members. Five public members are appointed by the Governor with the advice and consent of the Senate. No more than three members may belong to the same political party. Each member's term of office is eight years. The terms are staggered. The two remaining members serve ex-officio. They are the Director of the Ohio Environmental Protection Agency and the Director of the Ohio Department of Health.

SCOPE OF SERVICES

The Authority seeks a qualified firm to provide arbitrage rebate calculation services to comply with federal tax laws applicable to its outstanding and future tax-exempt debt obligations ("Tax-Exempt Debt) and ensure that interest paid on such Tax-Exempt Debt remains exempt from federal income tax. Federal law requires compliance with numerous rules and regulations, including but not limited to filing requirements, yield restrictions limitations, arbitrage rebate requirements and recordkeeping requirements.

The Authority serves as the conduit bond issuer for Tax-Exempt Debt and relies on the representations of the conduit borrower for compliance purposes, as well as the advice of bond counsel and issuer's counsel assigned on each issuance. The Authority also adopted its Post-Issuance Compliance Policies and Procedures ("Policies and Procedures"), which directs the hiring and retention of an arbitrage calculating agent ("Contractor"). The current list of Authority Bonds associated with its outstanding Tax-Exempt Debt is attached as Appendix A. The Authority's Post-Issuance Compliance P&P is attached as Appendix B.

The Authority's outstanding Tax-Exempt Debt may be questioned by the Executive Director, conduit borrower, bond counsel, issuer's counsel, and/or other related parties regarding its compliance with federal tax laws and the Authority's Policies and Procedures. As a result, the Executive Director, on behalf of the Authority, will direct the Contractor to:

- (a) provide legal and financial consultation, advice and recommendations to the Executive Director, borrower, bond counsel, issuer's counsel and/or other related parties related to the Authority's compliance of its Tax-Exempt Debt with applicable federal tax laws and Policies and Procedures;

- (b) perform calculations that provides the amount, if any, for an arbitrage rebate payment or yield reduction payment that is owed to the IRS;
- (c) determine whether the Tax-Exempt Debt qualifies for an exception to the arbitrage rebate rules, and provide a legal opinion regarding such exception;
- (d) work with the conduit borrower, as the responsible party for the arbitrage rebate payment owed to the IRS, to prepare the appropriate IRS forms, obtain signatures, and remit the completed forms, with payment, to the IRS on behalf of the Authority;
- (e) provide a legal opinion or certification that the Contractor's arbitrage rebate calculation and related actions were performed in accordance with applicable federal tax law and the Authority's Policies and Procedures; and
- (f) report to the Executive Director at least 60 days prior to the date any rebate is due.

For future Tax-Exempt Debt and prior to issuance, the Authority will note, for the conduit borrower, the responsibility to execute an agreement with the Contractor, to cooperate with the Contractor, to bear expense of all such rebate calculations and payments, and be responsible for all such record-keeping in connection with such rebate calculations. The Contractor will continue to monitor the Authority's Tax-Exempt Debt for compliance with applicable federal tax laws and assist with revising any documentation to ensure compliance, including the periodic review of the Authority's Policies and Procedures.

BASE OF SELECTION

Selection will be based upon, but not limited to, the following:

- (a) Articulation of ability to fulfill the scope of work; and
- (b) Experience servicing the State of Ohio, its agencies and departments and other political subdivisions in the capacity of providing arbitrage rebate calculation services; and
- (c) Experience servicing non-Ohio public-entity bond issuers in the capacity of providing arbitrage rebate calculation services; and
- (d) Qualifications, education and experience of the individuals assigned to perform services; and
- (e) Cost; each proposal should include specific compensation amount, with the understanding that the payment amounts will generally be the responsibility of the conduit borrower and will be negotiated with the successful proposer; and
- (f) Organizational history, structure, insurance policies, and ability to certify regarding conflicts of interests; and
- (g) Physical presence within the State of Ohio and Responsiveness – ability to quickly respond to requests from the Authority’s personnel with respect to any services is essential; and
- (h) References

The Authority reserves the right to accept or reject in whole or in part—without incurring liability of any kind—any or all proposals submitted pursuant to this solicitation. Respondents are responsible for all costs associated with preparing and submitting their response to this RFP.

PROPOSED SCHEDULE OF EVENTS

The Authority intends to use the following schedule of events for the solicitation, selection and award of bookkeeping services:

<u>Date</u>	<u>Description of Event</u>
December 1, 2021	RFP Released
January 5, 2022	Deadline to submit requests for additional information
January 14, 2022	Deadline for the Authority to respond to requests for additional information
February 2, 2022	Deadline for proposals to be submitted
February 14 – 18, 2022	Possible interviews with entities submitting proposals
March 8, 2022	Authority's selection of arbitrage rebate calculation services contractor

INFORMATION TO BE PROVIDED

1. Articulation of ability to fulfill scope of work (five-page maximum).
2. Information regarding applicant or individual and specific areas of expertise. Identify ownership and legal organization.
3. The number and location of offices, the number of professional specialists and types of expert specializations, number and type of support employees, the location of headquarters and principal place of business, the location of offices in the State of Ohio and the number of professional specialists and other employees located at each of those offices.
4. An overview of experience in providing arbitrage rebate calculation services with emphasis on services provided to a state, its agencies and departments and other political subdivisions in the state. Focus should be on the experience of current employees or principals who are proposed to work on this assignment, not just of the firm in general.
5. Description of approach in fulfilling scope of services.
6. Evidence of professional liability insurance.
7. Identify the individuals to be assigned to provide services to the Authority, their areas of expertise, experience, title, position, office location and time in current position, time in the organization. Identify professionals primarily responsible for services and indicate services to be performed by individuals identified. Brief resumes of each should be provided (may be attachment or exhibit).
8. Anticipated division of duties among the assigned individuals.
9. Proposed compensation amount, either hourly rate and/or fixed, or not to exceed, fee amount
10. References for each individual identified.
11. Any existing or potential conflicts(s) of interest arising from relationship with or representation of other parties and if selected, potential conflicts(s) between other parties and the Authority.
12. Any litigation, administrative and/or investigative proceedings regarding a violation or alleged violation by the applicant or the identified individuals of any State or federal law or regulation that is currently pending or concluded since January 1, 2010.
13. Any other relevant factors that should be considered by the Authority.

OTHER TERMS AND CONDITIONS

In connection with this RFP, the Authority reserves the right, in its sole discretion, to:

1. Rescind or amend this RFP, and distribute the amendments prior to the submittal deadline to any potential respondent known to the Authority to have requested this RFP;
2. Reject any or all proposals;
3. Select one or more applicants in the future, in addition to any selected pursuant to this RFP, or to re-issue an RFP for the services listed herein or similar services at any time;
4. Request an interview with, or request additional information from individuals or organizations prior to selection of the bookkeeping consultant;
5. Investigate the references and past performance of any respondent with respect to its successful performance of similar services, compliance with specifications and contractual obligations.
6. Select any organization(s) for further negotiations which, in the Authority's judgment, will best meet the Authority's needs;
7. Change the proposed schedule of events;
8. Waive any technicalities and make any award(s) that is determined to be in the Authority's best interests; and
9. Disqualify any response to this RFP if any individual lobbies or attempts to influence any member or staff of the Authority regarding the selection.

The Authority assumes no responsibility for any costs incurred by any person or entity in response to this RFP.

Appendix A

COMPANY	AMOUNT	MATURITY
Cincinnati Gas & Electric	\$84,000,000	9/1/2030
Duquesne Light Company	\$21,500,000	3/1/2031
AK Steel Corporation	\$62,000,000	6/1/2024
Cincinnati Gas & Electric	\$94,000,000	11/1/2039
JMG Funding LTD Partnership Series 2005A	\$54,500,000	1/1/2029
JMG Funding LTD Partnership Series 2005B	\$54,500,000	7/1/2028
Columbus Southern Power Series 2007-A	\$44,500,000	8/1/2040
Duke Energy of Ohio Inc.	\$25,300,000	1/1/2024
The Anderson's Marathon Ethanol	\$49,500,000	3/1/2032
Columbus Southern Power Series 2007-B	\$56,000,000	11/1/2042
Duke Energy of Ohio, Inc. Series 2007-A	\$70,000,000	12/1/2041
Duke Energy of Ohio, Inc. Series 2007-B	\$70,000,000	12/1/2041
FirstEnergy Nuclear Generation Corp. Series 2009-A	\$62,500,000	6/1/2033
FirstEnergy Generation Corp. Series 2009-D	\$100,000,000	8/1/2029
Columbus Southern Power Series 2009-B	\$32,245,000	12/1/2038
Ohio Valley Electric Corp Series 2009-A	\$25,000,000	2/1/2026
Ohio Valley Electric Corp Series 2009-B	\$25,000,000	2/1/2026
Ohio Valley Electric Corp Series 2009-C	\$25,000,000	2/1/2026
Ohio Valley Electric Corp Series 2009-D	\$25,000,000	2/2/2026
Buckeye Power Inc	\$75,000,000	12/1/2040
Kent State University Main Campus 2011 Series A	\$17,000,000	5/1/2022
City of South Euclid Series A	\$386,146	5/1/2020
Licking County Series A	\$2,515,256	12/1/2021
Hamilton County Series A	\$3,448,675	12/1/2022
AK Steel Corporation Refunding Series A	\$36,000,000	6/1/2024
AK Steel Corporation Refunding Series B	\$26,000,000	6/1/2024
City of Trotwood Series A	\$948,363	12/1/2021
Jefferson County Series A	\$721,255	12/1/2021
Hocking College	\$535,089	12/1/2022
The Ohio University Series A	\$20,140,370	1/1/2023
Kent State University Series A	\$17,446,900	5/1/2023
Licking County Series A	\$1,268,677	12/1/2022
The Ohio State University Series A	\$4,602,090	12/1/2023
Rumpke Consolidated Series A	\$31,500,000	1/1/2029
Rumpke Consolidated Series B	\$500,000	1/1/2039
Wright State University Series A	\$17,187,300	5/1/2024
Central State University Series A	\$9,550,000	5/1/2028
Franklin County Series A	\$4,990,025	12/1/2022
City of Akron Series A	\$2,493,540	12/1/2021
University of Akron, Series A	\$44,571,171	1/1/2026
AEP Generation Series 2014A	\$60,000,000	12/1/2038
AEP Generation Series 2014B	\$79,450,000	6/1/2041
AEP Generation Series 2014C	\$39,130,000	12/1/2027
AEP Generation Series 2014D	\$50,000,000	5/1/2026
Eastern Gateway Series 2014A	\$1,011,500	1/1/2024
Lake County Community College District 2016 Series A	\$5,288,844	12/1/2023
Orange City School District 2016 Series A	\$4,100,000	12/1/2023
Hocking Valley Community Hospital 2016 Series A (QECCB)	\$918,748	12/1/2024
Rumpke Consolidated Companies, Inc.	\$14,000,000	3/31/2038
Pratt Paper Series 2017 CUSIP 67754AAACB	\$37,700,000	1/15/2028
Pratt Paper Series 2017 CUSIP 67754AAD6	\$67,800,000	1/15/2038
Pratt Paper Series 2017 CUSIP 67754AAAE4	\$104,500,000	1/15/2048
AMG Vanadium	\$307,200,000	7/1/2049
Ohio Valley Electric Corp.	\$100,000,000	9/1/2029
Cargill	\$75,000,000	4/1/2051
Energy Systems Group, LLC - OFCC (Ohio Womem's Reformatory)	\$5,651,851	7/1/2022
Energy Systems Group (OFCC) Lebanon & Warren	\$14,111,678	7/1/2029
Brewer-Garrett Company (Marion Correctional Institution)	\$11,063,000	7/15/2026
Johnson Controls, Inc.	\$667,895	7/15/2031
Brewer-Garrett Company (Chillicothe Corr Institution)	\$6,703,045	8/1/2027
Brewer-Garrett Co-OFCC-Southeastern Correctional	\$2,598,439	8/1/2032
Johnson Controls International, Inc.-Belmont & Noble	\$10,698,869	8/1/2032
Gardiner Service Company-Northeast Reintegration Center	\$2,634,852	7/25/2025
MG Energy, Inc. and OFCC	\$8,704,086	8/1/2033
The Brewer-Garrett Company & OFCC	\$6,811,612	8/1/2034
Metzger Gleisinger, Inc. dba Energy Group and OFCC	\$8,236,108	8/1/2032

Appendix B



CLEAN AIR *&* CLEAN ENERGY
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OHIO AIR QUALITY DEVELOPMENT AUTHORITY

POST-ISSUANCE

COMPLIANCE POLICIES AND PROCEDURES

ADOPTED APRIL 14, 2015

AMENDED OCTOBER 8, 2019

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Section 1 - Purpose

It is the policy of the Ohio Air Quality Development Authority (“OAQDA”) to comply with federal tax law applicable to its outstanding tax-exempt debt obligations (the “Tax-Exempt Debt”) to ensure that interest paid on such Tax-Exempt Debt remains exempt from federal income tax. Federal tax law requires compliance with numerous rules and regulations, including but not limited to filing requirements, yield restriction limitations, arbitrage rebate requirements, use of proceeds and financed project limitations, remedial action requirements and recordkeeping requirements. Given the increasing complexity of the federal tax law, OAQDA hereby formally adopts the following policies and procedures concerning its Tax-Exempt Debt (the “Policies and Procedures”). These Policies and Procedures are intended to serve as a guide for OAQDA to facilitate compliance with federal tax law applicable to its Tax-Exempt Debt.

In the event these Policies and Procedures conflict, in whole or in part, with the federal tax agreement or federal tax certificate executed by OAQDA in connection with the issuance of its Tax-Exempt Debt (the “Tax Certificate”), the terms of the applicable Tax Certificate will control.

Section 2 – Executive Director Designation

The Executive Director of OAQDA is hereby designated as OAQDA’s compliance officer in connection with these Policies and Procedures. Except as otherwise described herein, OAQDA’s Executive Director will have primary responsibility for OAQDA’s compliance with federal tax law in order that the interest on OAQDA’s Tax-Exempt Debt is, and remains, exempt from federal income tax. It is intended, however, that the Executive Director shall consult with and rely on the advice and opinion of bond counsel and issuer’s counsel (collectively “Counsel to OAQDA”) with respect to all matters herein. Also, the Executive Director may delegate duties herein as deemed necessary. For conduit issues, the Executive Director may delegate a portion of its duties herein to any conduit borrower, as reasonably deemed prudent, upon the advice of Counsel to OAQDA as set forth in the following paragraph.

The Executive Director will at all times be familiar with these Policies and Procedures and will be authorized to consult with and rely upon third-party professionals (e.g., General Counsel, Counsel to OAQDA and arbitrage calculating agents), as necessary, to ensure compliance with these Policies and Procedures.

Section 3 – Closing of Tax-Exempt Debt Issues

I. Tax Certificates Prior to each transaction, the Executive Director will appoint a firm to serve as bond counsel from its approved list of Bond Counsel and a firm to serve as Issuer’s counsel to OAQDA, from its approved list, in connection with OAQDA’s Tax-Exempt Debt. The Executive Director may also appoint a financial advisor or other professionals to serve the interests of OAQDA in the transaction. The Tax Certificate (which is generally prepared by bond counsel and signed by OAQDA and the conduit borrower, as applicable) will serve as the operative document for purposes of establishing reasonable expectations of OAQDA as of the date of the issuance of OAQDA’s Tax-Exempt Debt. Each Tax Certificate will provide a summary of the federal tax rules applicable to each Tax-Exempt Debt issuance. Prior to each issuance, the Executive Director will review each Tax Certificate with Counsel to OAQDA to confirm that the

expectations set forth in the Tax Certificate are reasonable and accurate. The Executive Director shall rely on the advice of Counsel to OAQDA in connection with such review. For conduit issues, OAQDA may rely upon the representations of the conduit borrower set forth in the Tax Certificate.

II. Internal Revenue Service Forms 8038, 8038-G, 8038-GC – Tax-Exempt Bonds Bond Counsel, with assistance from OAQDA and other professionals associated with the financing, will prepare an IRS Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038-G, Information Return for Tax-Exempt Governmental Obligations, or Form 8038-GC, Informatory Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales, (collectively “8038 Form”) as applicable, in connection with each Tax-Exempt Debt issued by OAQDA, which the Issuer’s Counsel on behalf of the Executive Director will review prior to closing. An 8038 Form will be filed with the Internal Revenue Service no later than the 15th day after the second calendar month after the close of the calendar quarter in which the particular Tax-Exempt Debt is issued. All initial 8038 Forms will be filed by Bond Counsel, on behalf of OAQDA, with the IRS.

III. Late Filing of Information Returns If it comes to the attention of the Executive Director that an 8038 Form was not timely filed, the Executive Director will coordinate with Bond Counsel to file the relevant 8038 Form. All Bond Counsels selected by OAQDA on its approved list of Bond Counsel must be familiar with the late filing procedures applicable to 8038 Forms as currently outlined in Revenue Procedure 2002-48, 2002-37 I.R.B. 531. These procedures generally require that OAQDA: (a) attach a letter to the 8038 Form briefly explaining when the return was required to be filed, why the return was not timely filed, and whether or not the bond issue is under examination; (b) enter on top of the return “Request for Relief under section 3 of Revenue Procedure 2002-48;” and (c) file the letter and the return with the IRS at the applicable IRS address. Any fine or fees associated with the late filing shall be the responsibility of Bond Counsel.

IV. Volume Cap Limit The volume cap limit for certain qualified private activity bonds, as set forth in section 146 of the Internal Revenue Code of 1986, as amended (the “Code”), limits the amount of Tax-Exempt Debt that can be issued to finance a particular qualified purpose during a calendar year. If, during a given year, OAQDA issues qualified private activity bonds in excess of the applicable volume cap limit, the tax-exempt status of those bonds is jeopardized. To the extent OAQDA issues Tax-Exempt Debt requiring a volume cap allocation, the Executive Director will work with the Borrower along with Bond Counsel and Issuer’s Counsel in connection with each new issue to obtain a volume cap allocation through the Ohio Development Services Agency.

Most qualified private activity bonds require volume cap allocations. Some refundings of private activity bonds will require volume cap allocations. Governmental bonds and qualified(c)(3) bonds generally do not require a volume cap allocation, however, certain governmental bonds and qualified 501(c)(3) bonds may require volume cap in limited circumstances. The Executive Director will require that Bond Counsel determine whether volume cap is needed in connection with the issuance of its Tax-Exempt Debt.

V. Carryforward of Unused Volume Cap With the advice of Counsel to OAQDA, OAQDA may request the Ohio Development Services Agency to carry any unused volume cap of a calendar year forward for three years for the benefit of OAQDA.

VI. Public Approval Requirement Generally, prior to issuance, qualified private activity bonds (including qualified 501(c)(3) bonds) must be approved by an applicable elected representative for the governmental entity issuing the qualified private activity bonds, generally the Governor of State, and, in some cases, for each governmental entity having jurisdiction over the area in which a financed facility is to be located, after a public hearing with 14 days published notice. Governmental bonds are not subject to this public approval requirement. OAQDA will ensure that the public approval requirements applicable to its Tax-Exempt Debt are satisfied. Bond Counsel will advise OAQDA on the public approval requirements applicable to its Tax-Exempt Debt issues and OAQDA will rely on the opinions delivered by Bond Counsel and Issuer's Counsel.

VII. Limitations Relating to Fees Charged by OAQDA when serving as a Conduit Issuer For conduit bond issues (to the extent applicable), OAQDA may charge fees payable either out of the bond proceeds or directly by the conduit borrower with its own funds. Such fees may be used by OAQDA to offset all or a portion of the costs payable by OAQDA related to its role as a conduit issuer and may also be used to raise funds for governmental purposes of OAQDA. Such fees may increase the effective yield of the conduit loan when viewed by OAQDA as a purpose investment. Section 148 of the Code generally limits the yield on purpose investments to the yield on the bonds plus a spread. This limitation effectively limits the size of the fees that may be charged by OAQDA regardless of whether paid periodically or up front. For each conduit loan made by OAQDA to a conduit borrower with proceeds of OAQDA's Tax-Exempt Debt, the Executive Director will coordinate with Bond Counsel to ensure that the yield on the conduit loan does not exceed the yield on the Tax-Exempt Debt by more than the permitted spread and will rely on the opinion delivered by Bond Counsel and advice of Issuer's Counsel.

VIII. Certification Regarding Expectations for Use and Investment of Proceeds The Treasury Regulations generally require OAQDA to make a certification regarding its expectations for each issue of its Tax-Exempt Debt. Section 1.148-2(b)(2)(i) of the Treasury Regulations requires an officer of OAQDA to certify that OAQDA's expectations are reasonable as of the issue date of its Tax-Exempt Debt. For each issue of Tax-Exempt Debt, the Executive Director will review the Tax Certificate to make sure that the certification requirements described herein are satisfied. For such purpose, the Executive Director will rely on the certifications of the borrower, and the advice of Bond Counsel and Issuer's Counsel.

IX. Reimbursement Declarations of Official Intent Under section 1.150-2 of the Treasury Regulations, OAQDA (or the conduit borrower for conduit issues) is permitted to use proceeds of Tax-Exempt Debt to reimburse certain expenditures paid before the date of issuance of the Tax-Exempt Debt (subject to certain requirements). One requirement is that OAQDA (or in certain cases, the conduit borrower) must adopt a declaration of official intent to reimburse expenditures not later than 60 days after the reimbursed expenditure is paid. If proceeds of the Tax-Exempt Debt will be used for reimbursement purposes, the Executive Director will coordinate with OAQDA and Bond Counsel in order that such declaration of official intent is adopted on a timely basis and will rely on the advice of Bond Counsel and Issuer's Counsel.

X. Qualified Hedge Generally, OAQDA will not be a party to any qualified hedge or swap transaction. If OAQDA's Board determines that it is in the best interests of OAQDA to enter into a qualified hedge (e.g., swap transaction) pursuant to Section 1.148-4(h) of the Treasury Regulations in connection with its Tax-Exempt Debt, the Executive Director will immediately inform OAQDA's Bond and Issuer's Counsel, which may also include its General Counsel, to ensure compliance with the Treasury Regulations required for integration of the qualified hedge (to the extent integration is desired by OAQDA or conduit borrower). OAQDA will rely on the advice of Bond Counsel and Issuer's Counsel in all such matters.

Section 4 – Use of Debt Proceeds – Tax-Exempt Bonds

I. Private Business Use Bond Counsel shall provide in the applicable transaction documents that borrowers shall not permit an impermissible private business use of the project. OAQDA will not knowingly take or permit to be taken any action that would cause any of its outstanding Tax-Exempt Debt to become **taxable** "private activity bonds," as described below. Generally, an issue of Tax-Exempt Debt will be considered a taxable "private activity bond" if more than a certain amount (5% for qualified private activity bonds, including qualified(c)(3) bonds, or 10% for governmental bonds) of the proceeds are used directly or indirectly in any trade or business carried on by a private business user and more than a certain amount (5% for qualified private activity bonds, including qualified(c)(3) bonds, or 10% for governmental bonds) of the debt service is directly or indirectly (a) secured by any interest in property used or to be used in any trade or business carried on by a private business user, or (b) derived from payments made in respect of property used or to be used in any trade or business carried on by a private business user.

Prior to entering into certain arrangements that could give rise to an impermissible amount of private business use, the Executive Director will consult with Counsel to OAQDA before entering into such arrangements that include, but are not limited to, management contracts, operating agreements, licenses, leases, subleases, naming rights agreements, research agreements, cellular tower or solar panel placement agreements, clinical trial agreements and joint venture or partnership arrangements. OAQDA reserves the right to require the borrower to monitor the use of proceeds or the performance of the project benefiting from Tax Exempt Debt for a period of time during the outstanding term of the bonds, and to report such information to OAQDA.

In the event the Executive Director becomes aware that OAQDA has entered into an arrangement involving any of its facilities financed with Tax-Exempt Debt that may give rise to an impermissible amount of private business use, the Executive Director will consult with Counsel to OAQDA to determine whether such arrangement impacts the tax-exempt status of the Tax-Exempt Debt.

II. Private Loans OAQDA's Tax-Exempt Debt will be considered **taxable** "private loan bonds" if more than the lesser of 5% or \$5 million of the Tax-Exempt Debt is used, directly or indirectly, to make or finance loans to private persons. OAQDA will not take or permit to be taken any action that would cause any of its Tax-Exempt Debt to be considered taxable "private loan bonds." OAQDA will not loan the proceeds of its Tax-Exempt Debt to any third party, other than the borrower on the transaction documents approved by OAQDA, without first consulting with OAQDA's Counsel. The Executive Director will consult with Counsel to OAQDA prior to

any such loans being made by OAQDA. Bond Counsel shall be responsible for providing that all applicable transaction documents comply with this provision.

III. Sale of Tax-Exempt Debt-Financed Property Prior to agreeing to sell or disposition of any facilities financed with outstanding Tax-Exempt Debt, the Executive Director will consult with OAQDA's Counsel to determine what impact, if any, such sale or other disposition would have on the tax-exempt status of the outstanding Tax-Exempt Debt.

IV. Remedial Actions The Executive Director will be aware of the remedial action rules contained in Section 1.141-12 of the Treasury Regulations providing, in certain circumstances, a mechanism to voluntarily remediate violations of the private business tests or private loan financing test. Although OAQDA intends that none of its Tax-Exempt Debt will require the application of the remedial action rules, prior to taking any action that would cause its outstanding Tax-Exempt Debt to, absent a remedial action, violate the private business use tests or private loan financing test, the Executive Director will consult with Counsel to OAQDA regarding the applicability of the remedial action rules to such action and the ability to remediate the impacted Tax-Exempt Debt in the event the Executive Director becomes aware of such violations.

Section 5 – Arbitrage Limitations Imposed on Debt Issuances

I. Hiring an Arbitrage Calculating Agent With regard to each of OAQDA's outstanding Tax-Exempt Debt borrowings, the Executive Director, on behalf of OAQDA, will retain an arbitrage calculating agent to (a) determine whether the Tax-Exempt Debt in question qualifies for an exception to the arbitrage rebate rules and (b) perform calculations to ascertain whether an arbitrage rebate payment or yield reduction payment is owed to the IRS, unless, in the judgment of the Executive Director and OAQDA's arbitrage calculating agent and in compliance with these Policies and Procedures and the Tax Certificate, there is no reasonable prospect of any arbitrage rebate or yield reduction payment liability. The Executive Director will coordinate the timely hiring of an arbitrage calculating agent as required by these Policies and Procedures. OAQDA's Application for Financing shall note that prior to the issuance of any Tax-Exempt Debt, the borrower shall be required to execute a Rebate Calculation Agreement with the arbitrage calculating agent and the borrower shall agree to cooperate with the arbitrage calculating agent, to bear the expense of all such rebate calculations and payments, and shall be responsible for all such record-keeping in connection with such rebate calculations.

II. Payment of Arbitrage Rebate and Yield Reduction Liability The arbitrage calculating agent appointed by OAQDA will determine whether an arbitrage rebate payment or yield reduction payment is owed to the IRS by the borrower. If payment is owed to the IRS, the borrower will instruct the arbitrage calculating agent to prepare IRS Form, 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate ("Form 8038-T"). The arbitrage calculating agent will obtain OAQDA's signature and remit the Form 8038-T, with the required payment, to the IRS on behalf of OAQDA.

The arbitrage calculating agent will report to the Executive Director at least 60 days prior to the date any Rebate would be due. Each document prepared by Bond Counsel in connection with the issuance of Tax-Exempt Debt shall clearly state that it is the borrower's obligation to pay the fees of the arbitrage calculating agent, cooperate with the arbitrage calculating agent and pay

all amounts due the IRS, as calculated by the arbitrage calculating agent. In addition, all documents shall require that copies of all filings made by the borrower or rebate calculating agent shall be provided to OAQDA. The arbitrage calculating agent shall report to OAQDA at least annually regarding the status of all outstanding Rebate Calculation Agreements. As background, for these purposes, within 60 days after each installment computation date, OAQDA must cause to be paid to the IRS at least 90% of the amount of arbitrage rebate and yield reduction payment liability owed. In addition, within 60 days after the final installment computation date, OAQDA must cause to be paid to the IRS 100% of the amount of arbitrage rebate and yield reduction payment liability owed. For conduit bond issues, the Tax Certificate will require the borrower to remit these payments for filing with the Form 8038-T. Each completed Form 8038-T, together with full payment in the amount equal to the arbitrage rebate or yield reduction payment liability calculated by the arbitrage calculating agent, must be filed with the IRS at the applicable address which is currently, Internal Revenue Service Center, Ogden, UT 84201-0027.

III. Yield Restriction Limitations For each Tax-Exempt Debt issue, OAQDA will cause the borrower to comply with the applicable yield restriction investment limitations and temporary periods with regard to its outstanding Tax-Exempt Debt, as described in the related Tax Certificate.

IV. Timely Expenditure of Proceeds of OAQDA's Tax-Exempt Debt The IRS generally requires that issuers of Tax-Exempt Debt (or conduit borrowers for conduit bond issues) reasonably expect to spend 85% of the proceeds of such tax-exempt bonds within three years. Accordingly, it is OAQDA's policy to utilize (or require conduit borrowers for conduit bond issues to utilize) tax-exempt financing for projects that it reasonably expects will be substantially completed within three years, unless otherwise approved by OAQDA and by Counsel to OAQDA. If the Executive Director becomes aware that a portion of such proceeds will not be fully expended within three years of the issue date of the Tax-Exempt Debt, the Executive Director will work with the borrower to determine how quickly such amounts can be spent, and if needed, contact Counsel to OAQDA to determine whether remedial action as described above (or some other form of action) will be needed.

V. Advance Refunding Policies To the extent Advance Refundings are permitted under the Internal Revenue Code, it is the policy of OAQDA to retain a third-party verification agent for each of its advance refunding Tax-Exempt Debt issues. The verification agent will verify the arbitrage yield on the Tax-Exempt Debt, the arbitrage yield on the investments acquired as part of the refunding escrow established using gross proceeds of the tax-exempt debt issuance, and the sufficiency of the refunding escrow.

OAQDA will deposit the Tax-Exempt Debt proceeds (and any other amounts) to be used to advance refund prior OAQDA debt into one or more separate escrow trust accounts established with the trustee selected by OAQDA for the transaction. Working with Bond Counsel, and in accordance with the documentation prepared for the refunding transaction, the primary responsibility for initiating actions required to be taken with respect to the refunding escrow (including the reinvestment of amounts within the escrow and disbursing funds from the escrow) will be imposed on the trustee. If it comes to the attention of the Executive Director that an omission on the part of the trustee, an error in the documentation or procedures establishing the refunding escrow has occurred, or an investment to be acquired as part of the refunding escrow is

not available for purchase, the Executive Director will timely consult with Bond Counsel and Issuer’s Counsel, to determine the impact, if any, on the tax-exempt status of the Tax-Exempt Debt.

When funding deposits to advance refunding escrows using proceeds of Tax-Exempt Debt, it is OAQDA’s policy to acquire United States Treasury Securities – State and Local Government Series (SLGS) or securities purchased on the open market in accordance with the terms of OAQDA’s bond documents.

In the event OAQDA chooses to fund an advance refunding escrow using securities purchased on the open market, OAQDA will retain a third-party investment bidding agent to solicit bids from providers of qualifying securities in accordance with the limitations described in the “3-bid” safe harbors set forth in Section 1.148-5(d)(6) of the Treasury Regulations.

OAQDA acknowledges that tax-exempt advance refundings of tax-exempt bonds are currently not permitted under the Internal Revenue Code.

Section 6 – Accounting for Debt Proceeds

I. General Except as otherwise described below and in the Tax Certificate entered into by OAQDA in connection with its Tax-Exempt Debt, it is the policy of OAQDA to apply a direct tracing method of accounting for and allocating its tax-exempt debt proceeds. However, OAQDA reserves the right to utilize any other reasonable accounting and allocation method allowable under the law, as set forth in the Tax Certificate.

II. Investment of Proceeds Proceeds of OAQDA’s Tax-Exempt Debt shall be held in separate funds or accounts, and will be invested in accordance with the permitted investments as determined by the relevant bond documents as authorized by the Tax-Certificate as approved by Bond Counsel.

III. Expenditure of Debt Proceeds on Capital Projects The borrower, Trustee, Escrow Agent, Registrar and/or Paying Agent, as set forth in the relevant bond documents, on behalf of OAQDA, shall maintain an active ledger, updated with each payment of an expenditure from proceeds of its Tax-Exempt Debt that for each outstanding issuance shows:

- a. The name and date of issue of the Tax-Exempt Debt to which the proceeds relate;
- b. The projects financed with the proceeds of the Tax-Exempt Debt;
- c. The authorized amount of proceeds to be used to finance each project;
- d. The amount of proceeds of the Tax-Exempt Debt used to date to finance each project;
- e. The amount of unspent proceeds of the Tax-Exempt Debt to be used to finance each project; and

f. The date on which the proceeds of the Tax-Exempt Debt related to each project were fully expended.

Section 7 – Recordkeeping

I. Means of Maintaining Records The borrower, Trustee, Escrow Agent, Registrar and/or Paying Agent, as set forth in the relevant bond documents, on behalf of OAQDA shall maintain all records required to be held as described above, in paper or electronic (e.g., CD, disks, tapes) forms or both as long as proper retention and security practices are utilized. It is the policy of OAQDA to maintain as much of its records electronically as feasible. It shall be the policy of OAQDA to require all Bond Counsel to deliver to OAQDA a transcript of proceedings no later than 60 days following the issuance of any Debt.

II. Retention Period. OAQDA will maintain, or cause to be maintained, all records relating to the tax-exempt status of its Tax-Exempt Debt and the representations, certifications and covenants set forth in its respective Tax Certificates until the date that is seven years after the last outstanding obligation of the issue to which such records and Tax Certificate relate has been retired, or such longer period as required by OAQDA's Retention Policy.

OAQDA will maintain or cause the Trustee, Escrow Agent, Registrar and/or Paying Agent, as set forth in the relevant bond documents, to maintain, all of the records described above with respect to the refunded Tax-Exempt Debt as well (whether taxable or tax-exempt) until the date that is four years after the refunding Tax-Exempt Debt, the proceeds of which were used to refund the refunded Tax-Exempt Debt, has been retired. For example, if OAQDA issues Tax-Exempt Debt in 2019 (2019 Bonds) to refund Tax-Exempt Debt issued in 2009 (2009 Bonds), OAQDA will maintain the records described herein with respect to the 2009 Bonds until the date that is four years after the date on which the last outstanding 2019 Bond was retired. If the 2009 Bonds refunded prior debt, OAQDA will also maintain records related to such prior debt for the same period of time, or such longer period as required by OAQDA's Retention Policy.

III. Required Records OAQDA will maintain detailed records with respect to the following:

a. Transcript of Proceedings for OAQDA's Tax-Exempt Debt, in which Bond Counsel shall include:

(i) Documentation evidencing the expected expenditure of proceeds of OAQDA's Tax-Exempt Debt.

(ii) Documentation evidencing any private business use of facilities financed with proceeds of OAQDA's Tax-Exempt Debt.

(iii) Documentation evidencing all sources of payment or security for OAQDA's Tax-Exempt Debt.

(iv) Documentation pertaining to any investment of proceeds of OAQDA's Tax-Exempt Debt, including documentation pertaining to

broker's fees paid (if at all) or other administrative costs with respect to such investments.

(v) Documentation pertaining to the public approval/TEFRA process.

(vi) If required, arbitrage rebate payment and yield reduction payment calculations performed by the arbitrage calculating agent.

(vii) Documentation authorizing the reimbursement of expenditures using proceeds of OAQDA's Tax-Exempt Debt.

(viii) Appraisals, surveys and feasibility studies related to projects financed or refinanced with OAQDA's Tax-Exempt Debt, if any.

(ix) Documentation relating to any third-party funding for projects to which proceeds of OAQDA's Tax-Exempt Debt will be applied (including government grants), if any.

(b) OAQDA will also maintain the following:

(i) Records of any IRS audits or compliance checks, or any other IRS inquiry related to OAQDA's Tax-Exempt Debt.

(ii) Records related to any arbitrage rebate payments or yield reduction payments made to the IRS, including the calculations performed by the arbitrage calculating agent substantiating such payments, together with Form 8038-T, that accompanied all such payments.

Section 8 – Voluntary Closing Agreement Program

The Executive Director will be aware of the IRS's Tax-Exempt Bond Voluntary Closing Agreement Program ("VCAP") and its ability, pursuant to IRS Notice 2008-31, 2008-11 I.R.B. 592 (or a successor notice as the case may be), to request a voluntary closing agreement with the IRS to resolve compliance violations on the part of OAQDA with the federal tax rules applicable to its outstanding Tax-Exempt Debt. A copy of IRS Notice 2008-31 is available on the IRS's website at www.irs.gov. The Executive Director shall rely on the advice and opinion of Counsel to OAQDA with respect to VCAP.

Section 9 – Continuing Education

The Executive Director will consult with Counsel to OAQDA at least annually regarding the federal tax rules applicable to OAQDA's outstanding Tax-Exempt Debt and any changes to the federal tax law. Counsel to OAQDA will suggest updates to these policies and procedures as needed to reflect any such changes. The Executive Director and any designee are encouraged to attend continuing education events, conferences, trainings or certifications, as needed, pertaining to understanding and implementing the policies and procedures described herein.

Section 10 – Miscellaneous

OAQDA reserves the right to amend or withdraw these Policies and Procedures at any time and from time to time to reflect changes in federal tax laws or other applicable laws concerning its outstanding Tax-Exempt Debt. The Executive Director will consult with Counsel to OAQDA as it deems necessary to ensure the applicable federal tax law requirements are satisfied. These Policies and Procedures do not, and are not intended to, limit the actions of OAQDA solely to those federal tax matters listed above, but are intended to provide OAQDA with broad discretion and general guidelines in addressing any and all federal tax matters that may affect its outstanding Tax-Exempt Debt.

Section 11 – Consultation with Counsel

Should OAQDA, including the Executive Director, have further questions regarding these Policies and Procedures or any other questions concerning OAQDA's Tax-Exempt Debt, please contact the arbitrage rebate calculating agent selected by the Executive Director, General Counsel to OAQDA, or with respect to a specific Tax-Exempt Debt issuance, with Counsel to OAQDA.

Section 12– Acknowledgement of Receipt

The Executive Director shall provide a copy of these Policies and Procedures to each firm approved as bond counsel and issuer's counsel, and request acknowledgement of receipt in writing thereof from such firms. It shall be the responsibility of Counsel to OAQDA to insure that the applicable bond documents comply with the provisions of these Policies and Procedures.