# TAX AND NON-ARBITRAGE CERTIFICATE 

I, Rick Waller, DO HEREBY CERTIFY that I am the duly elected, qualified and acting Chairman of the Oconee County Industrial Development Authority (the "Issuer").

I HEREBY FURTHER CERTIFY for and on behalf of the Issuer as follows:

## 1. General

1.1. I am familiar with the Oconee County Industrial Development Authority Revenue Bond (Oconee County Economic Development Project), Series 2016 in the original principal amount of $\$ 4,285,000$ (the "Series 2016 Bond"), being issued and sold by the Issuer pursuant to a resolution of the Issuer adopted on February 8, 2015 (the "Resolution").
1.2. The Series 2016 Bond is being issued for the purpose of (i) financing all or a portion of the costs of acquiring, constructing, reconstructing, improving, bettering and extending certain road projects located in Oconee County, Georgia (the "County") (the "Project") and (ii) paying the costs of issuance of the Series 2016 Bond.
1.3. I have examined a completed copy of the Information Return for TaxExempt Governmental Obligations (IRS Form 8038-G) being filed with respect to the TaxExempt Bonds pursuant to Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code") on behalf of the Issuer with the Internal Revenue Service Center, Ogden, Utah 84201, and, to the best of my knowledge, all information therein is true and correct as of the date of this Certificate.
1.4. The Series 2016 Bond is a limited obligation of the Issuer payable from payments to be made by the County to the Issuer pursuant to an Intergovernmental Contract, dated as of March 1, 2016 (the "Contract"), between the Issuer and the County. The County's obligation to make payments to the Issuer sufficient in time and amount to enable the Issuer to pay the principal of and interest on the Series 2016 Bond (the "Contract Payments") is absolute and unconditional and will not expire so long as the Series 2016 Bond remains outstanding and unpaid. Under the Contract, the County has agreed to levy an annual tax on all taxable property located within the corporate limits of the County, unlimited as to rate or amount, as may be necessary to make the Contract Payments.
1.5. The Issuer has authorized the issuance of the Series 2016 Bond and the execution and delivery of the Contract pursuant to the Resolution.
1.6. The County has approved and authorized the execution and delivery of the Contract pursuant to its resolution adopted on February 23, 2016 (the "County Resolution").
1.7. Stifel Nicolaus \& Company, Incorporated has acted as the placement agent (the "Placement Agent") for the Series 2016 Bond.

## 2. Sources and Uses of Funds

2.1. The total sources and uses of the Series 2016 Bond are set forth in Exhibit "A" attached hereto.

## 3. Overissuance Test

3.1. Reasonably expected "proceeds" of the Series 2016 Bond means the sum of (a) the "sale proceeds" of the Series 2016 Bond (defined in Treasury Regulation § 1.148-1(b) and any amounts actually or constructively received from the sale of the Series 2016 Bond, including amounts used to pay post-issuance accrued interest), plus (b) any "investment proceeds" of the Series 2016 Bond (as defined in Treasury Regulation § 1.148-1(b)), plus (c) any "transferred proceeds" of the Series 2016 Bond (as defined in Treasury Regulation § 1.148-9).
3.2. There are no transferred proceeds of the Series 2016 Bond.
3.3. The reasonably expected proceeds of the Series 2016 Bond (i) will not exceed by more than a minor portion the amount necessary to accomplish the governmental purposes of the issue and (ii) are not in excess of the amount of sale proceeds allocated to expenditures for the governmental purposes of the issue.

## 4. Disbursements of Funds and Schedule of Expenditures; Yield

4.1. The sale proceeds shall be applied as follows:
(i) $\$ 4,200,000$ will be deposited into the project fund to be established by the Issuer in connection with the acquisition, construction, reconstruction, improvement, betterment, or extension of the Project (the "Project Fund") and used to pay the costs of the Project;
(ii) $\$ 85,000$ will be deposited into the cost of issuance fund created pursuant to the Resolution and used to pay the costs of issuance the Series 2016 Bond.
4.2. The Issuer intends that the moneys on deposit in the Project Fund and the investment earnings thereon qualify for the three-year temporary period in Treasury Regulation § 1.148-2(e)(2). As of the date of this Certificate, the Issuer has incurred, or reasonably expects to incur within six months of the date of this Certificate, a substantial binding obligation to a third party or parties which is not subject to contingencies within the Issuer's, or a related party's, control to expend at least $5 \%$ of such moneys on the acquisition, construction, reconstruction, improvement, betterment, or extension of the Project.

Work on the acquisition, construction reconstruction, improvement, betterment, or extension of the Project and the allocation of the moneys on deposit in the Project Fund to expenditures therefor are reasonably expected to proceed with due diligence to completion. The Issuer reasonably expects that at least $85 \%$ of the moneys on deposit in the Project Fund will be allocated to expenditures for the Project within three years from the date of this Certificate.

Attached as Exhibit " B " is a schedule showing the presently expected expenditure of moneys in the Project Fund.
4.3. Any moneys remaining in the Project Fund following the completion of the acquisition, construction reconstruction, improvement, betterment, or extension of the Project and the payment of all costs in connection therewith will be paid into the Sinking Fund created under the Resolution and used to pay principal of or interest on the Series 2016 Bond as the same comes due or to redeem Series 2016 Bond on the earliest possible redemption date permitted by the Resolution. Prior to such redemption, such moneys shall be invested at a yield (computed in accordance with Treasury Regulation § 1.148-5) not in excess of the yield on the Series 2016 Bond (computed in accordance with Treasury Regulation § 1.148-4).
4.4. That portion of the moneys used to pay costs of issuance of the Series 2016 Bond, together with any investment earnings thereon, is expected to be expended for the payment of costs of issuance of the Series 2016 Bond within 30 days after the date of this Certificate. If such moneys are not expended within 30 days, the Issuer will not invest those moneys at a yield higher than the yield on the Series 2016 Bond.
4.5. No portion of the cost of the acquisition, construction reconstruction, improvement, betterment, or extension of the Project includes reimbursement to the Issuer or the County for any costs of the acquisition, construction, reconstruction, improvement, betterment, or extension of any portion of the Project paid or incurred by the Issuer prior to the resolution of the Issuer adopted on February 8, 2016. No portion of the proceeds of the Series 2016 Bond will be applied to replace any funds of the Issuer that the Issuer had committed or intended to use to finance the Project.
4.6. The yield on the Series 2016 Bond is $2.3931 \%$. For purposes of this Certificate, the "yield" is, and shall be, calculated in the manner set forth in the Code and in accordance with Treasury Regulation § 1.148-4(b). Generally, the "yield" on a fixed yield issue means the discount rate which, when used in computing the present value of all unconditionally payable payments of principal, interest, and fees for a "qualified guarantee" (as defined in Treasury Regulation § $1.148-4(\mathrm{f})$ ), and amounts reasonably expected to be paid as fees for qualified guarantees, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of such obligation as of the issue date. In the case of the Series 2016 Bond, the "issue price" of any Bond is defined in the same manner as such term is defined under Sections 1273 and 1274 of the Code. The issue price and yield of the Series 2016 Bond is based on the Certificate of the Placement Agent attached hereto as Exhibit "C."

## 5. Funds and Accounts

5.1. The Issuer has established the following funds and accounts pursuant to the Resolution:
(a) Project Fund;
(b) Cost of Issuance Fund; and
(b) Sinking Fund.
5.2. The Sinking Fund is a "bona fide debt service fund" (the "Bona Fide Debt Service Fund") within the meaning of Section 148 of the Code and Treasury Regulation § 1.1481(b) in that:
(i) it will be used primarily to achieve a proper matching of revenues with principal and interest payments within each bond year; and
(ii) it will be depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of (a) the earnings on the bona fide debt service fund for the immediately preceding bond year, or (b) 1/12th of the principal and interest payments on the Series 2016 Bond for the immediately preceding bond year.

The Bona Fide Debt Service Fund is expected to be completely depleted on each payment date of principal and interest on the Series 2016 Bond. The moneys on deposit in the Bona Fide Debt Service Fund will be invested pending their disbursement.
5.3. Except for the Bona Fide Debt Service Fund, no "sinking fund" or "pledged fund" (as such terms are defined in Treasury Regulation § 1.148-1(c)(2) and (3), respectively), debt service fund, redemption fund, reserve fund, revolving fund or any similar fund or account has been or will be created or established by the Issuer or the County or will be established by any other person or entity with moneys or property derived from the Issuer or the County or any related party from which the principal of, redemption premium (if any) or interest on, the Series 2016 Bond is reasonably expected to be paid, directly or indirectly. All of the moneys to be used to pay the principal of, redemption premium (if any) and interest on the Series 2016 Bond will be deposited into the Bona Fide Debt Service Fund.
5.4. The moneys on deposit in the Project Fund and the Cost of Issuance Fund will be invested pending their disbursement.

## 6. Pledged and Replacement Funds

6.1. No stock or other "security" as defined in Section $165(\mathrm{~g})(2)(\mathrm{A})$ and (B) of the Code, annuity contract, "investment-type property" as described or defined in Section 148(d)(2)(D) of the Code and Treasury Regulation § 1.148-1(d), or any other obligation (other than an obligation described in Section 103(a) of the Internal Revenue Code of 1954, as amended, or Section 103(a) of the Code which is not a "specified private activity bond" within the meaning of Section $57(\mathrm{a})(5)(\mathrm{C})$ of the Code), will be pledged as security for the payment of principal of, redemption premium (if any) and interest on the Series 2016 Bond.
6.2. All of the proceeds of the Series 2016 Bond (including any investment proceeds) are being expended for the purposes set forth in paragraph 1.2 hereof, and no portion of the proceeds of the Series 2016 Bond is expected to be used to finance or be allocated to working capital expenditures or to create any working capital reserve, directly or indirectly.
6.3. The Series 2016 Bond will not be outstanding longer than is reasonably necessary for the governmental purposes of the issue, as determined under Treasury Regulation § 1.148-10.

## 7. Composite Issues

7.1. There are no other obligations heretofore issued or to be issued by or on behalf of any state, territory or possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia, which:
(a) are to be sold less than 15 days prior to or after the date of sale of the Series 2016 Bond;
(b) are to be sold pursuant to the same plan of financing with the Series 2016 Bond; and
(c) are reasonably expected to be paid from substantially the same source of funds as the Series 2016 Bond, determined without regard to guarantees from unrelated parties.

## 8. Private Activity Bond Test

8.1. No portion of the proceeds of the Series 2016 Bond or the Project is to be used, directly or indirectly, in a trade or business carried on by any person other than a governmental unit (other than use as a member of the general public) (a "private business use"), and no portion of the principal or interest on the Series 2016 Bond is, under the Resolution or pursuant to any underlying agreement, directly or indirectly (i) secured by any property used or to be used in a private business use or payments in respect of such property, or (ii) to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use.
8.2. Neither the Issuer nor the County has entered into a management agreement with respect to the Project. If the Issuer or the County enters into any such agreement, the agreement shall comply with Revenue Procedure 97-13 or any other similar law, regulation or ruling.
8.3. There is no arrangement for the sponsorship of research at the Project. No private business user has a contract, arrangement, or special legal entitlement for the use of the Project. The Project does not confer special economic benefits on any private business user.
8.4. No portion of the proceeds of the Series 2016 Bond is being used (i) to finance or refinance any "output facility" (within the meaning of Section 141(b)(4) of the Code), (ii) to make or to finance loans to persons other than governmental units or (iii) directly or indirectly, for the acquisition by a governmental unit of nongovernmental output property (within the meaning of Section 141(d) of the Code).
8.5. The County reasonably expects that the public use of the Project will continue as long as Series 2016 Bond remains outstanding.
8.6. The weighted average maturity of the Series 2016 Bond that will finance personal property (the "Personal Property") is not greater than $120 \%$ of the reasonably expected actual use of the Personal Property for governmental purposes. As of the disposition date, the fair market value of any Personal Property disposed of in the ordinary course will not be greater than $25 \%$ of its original cost. Any Personal Property disposed of will not be suited for its governmental purpose on the date of disposition.

## 9. Hedge Bonds

9.1. The Issuer reasonably expects that (a) at least $85 \%$ of the "spendable proceeds" of the Series 2016 Bond will be spent for the governmental purposes for which such Series 2016 Bond were issued within the three year period beginning the date of issuance of such Series 2016 Bond, and (b) not more than $50 \%$ of the proceeds of the Series 2016 Bond will be invested in "nonpurpose investments" (as defined in Treasury Regulation § 1.148-1(b)) having a substantially guaranteed yield for four years or more.
9.2. The Series 2016 Bond is being issued for the significant governmental purposes set forth in paragraph 1.2, and are not being issued to hedge against future increases in interest rates.

## 10. Rebate to the United States

10.1. The Issuer hereby covenants and agrees that unless the "gross proceeds" (as defined in Treasury Regulation §1.148-1(b)) of the Series 2016 Bond are expended or allocated to expenditures for the governmental purpose for which the Series 2016 Bond is issued in accordance with one of the spending exceptions to the rebate requirement in Treasury Regulation § 1.148-7, each five years beginning on the date of issuance of the Series 2016 Bond, or on such other date as may be permitted by applicable temporary, proposed or final Treasury Regulations (each such date a "computation date") it shall compute the Rebate Amount (as described in paragraph 10.3 of this Certificate) with respect to the Series 2016 Bond and within 60 days thereafter, make installment payments to the United States in an amount that, when added to the future value, as of the computation date, of previous rebate payments made with respect to the Series 2016 Bond, equals at least $90 \%$ of the Rebate Amount with respect to the Series 2016 Bond as of such date. The final installment (the "Final Rebate") shall be paid not later than the later of (a) the date 60 days after the final computation date or (b) if the Series 2016 Bond is retired within 3 years after the date of issuance thereof, within 60 days after the final computation date of the Rebate Amount which computation date need not occur before the end of eight months after the date of issuance of the Series 2016 Bond, and shall be in an amount sufficient to pay all of the Rebate Amount as of the final computation date.
10.2. Generally, the Rebate Amount with respect to the Series 2016 Bond as of any computation date is the excess of (a) the future value as of the date of computation of all nonpurpose receipts with respect to the Series 2016 Bond; over (b) the future value as of the date
of computation of all payments on nonpurpose payments with respect to the Series 2016 Bond, computed as required by Treasury Regulation §§ 1.148-1 to 1.148-9.
10.3. For purposes of determining the Rebate Amount, any amount earned on investments in the bona fide debt service account shall not be taken into account.
10.4. Each payment of the Rebate Amount required under the provisions of this Certificate and Section 148(f) of the Code shall be (a) filed with the Internal Revenue Service Center at the place or places designated by the Commissioner of Internal Revenue, presently Ogden, Utah 84201, and (b) accompanied by a copy of the form provided by the Commissioner for such purpose, presently IRS Form 8038-T, except as may be otherwise provided by applicable Treasury Regulations.

## 11. Miscellaneous

11.1. The Issuer has no present expectation or intention of selling or otherwise disposing of any portion of the Project or its interest therein prior to the last maturity of the Series 2016 Bond.
11.2. The Series 2016 Bond is not and will not be "federally guaranteed" within the meaning of Section 149(b) of the Code.
11.3. No portion of the Series 2016 Bond is being used, directly or indirectly, in connection with a transaction or a series of transactions that attempts to circumvent the provisions of Section 148 of the Code or the proposed, temporary or final Treasury Regulations applicable thereto (i) enabling the Issuer to exploit the difference between tax exempt and taxable interest rates to gain a material financial advantage and (ii) increasing the burden on the market for tax exempt obligations. The Series 2016 Bond is not being issued sooner will not remain outstanding longer than is reasonably necessary for the purposes for which the Series 2016 Bond is issued.
11.4. The Issuer has received no notice of deficiency or other notice from the Internal Revenue Service, the Department of Treasury or any other governmental agency or department challenging or questioning in any way the status of the interest on the Series 2016 Bond as being excludable from gross income for federal income tax purposes, nor has the Issuer been notified of any listing or proposed listing of it by the Internal Revenue Service as an issuer that may not certify its bonds.
11.5 The County shall retain all records relating to the Series 2016 Bond needed to comply with Section 6001 of the Code. Without limiting the foregoing, the County shall retain the following: (a) basic records relating to the transaction (including the bond documents, the opinion of bond counsel, etc.), (b) documents evidencing expenditure of the proceeds of the Series 2016 Bond, (c) documentation pertaining to any investment of the proceeds of the Series 2016 Bond (including the purchase and sale of securities, SLG subscriptions, yield calculations for each class of investments, actual investment income received from the investment of the proceeds of the Series 2016 Bond, guaranteed investment contracts and rebate calculations), (d) records sufficient to show that all Bond-related returns submitted to
the IRS are correct and (e) records necessary to satisfy the safe harbor requirements relating to guaranteed investment contracts and yield restricted defeasance escrows. Such records shall be maintained as long as Series 2016 Bond is outstanding, plus three years after the final payment or redemption date.
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IN WITNESS WHEREOF, this Certificate has been executed on behalf of the Issuer by the undersigned this $3^{\text {rd }}$ day of March, 2016.

## OCONEE COUNTY INDUSTRIAL

 DEVELOPMENT AUTHORITY

Acknowledged and Agreed:

## OCONEE COUNTY, GEORGIA



Chairman

Appendices, exhibits and schedules:
Exhibit "A" - Sources and Uses of Funds
Exhibit "B" - Drawdown Schedule
Exhibit "C" - Certificate as to Issue Price, Yield and Weighed Average Maturity

## Exhibit "A"

## SOURCES AND USE OF FUNDS

Series 2016 Bond Proceeds:
Series 2016 Par Amount

Total Sources of Funds
Estimated Application of Funds Project Costs
Cost of Issuance ${ }^{(1)}$
Total Application of Funds
$\$ 4,285,000.00$
$\$ 4,285,000.00$
\$4,200,000.00
85,000.00
$\$ 4,285,000.00$
${ }^{(1)} \quad$ Includes placement agent fees, legal and accounting fees, printing and engraving costs, validation court costs and other costs of issuance.

Exhibit "B"

## DRAWDOWN SCHEDULE

OCONEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
Revenue Bond
(Oconee County Economic Development Project)
Series 2016

| July -16 | \$ | 525,000 |
| :--- | :--- | ---: |
| October -16 |  | 525,000 |
| January - 17 |  | 525,000 |
| April - 17 |  | 525,000 |
| July - 17 |  | 525,000 |
| October - 17 |  | 525,000 |
| January - 18 |  | 525,000 |
| April - 18 |  | 525,000 |
| Total | $\$$ | $4,200,000$ |

## Exhibit "C"

## CERTIFICATE AS TO ISSUE PRICE, YIELD AND WEIGHTED AVERAGE MATURITY

The undersigned officer of Stifel Nicolaus \& Company, Incorporated, as the bond placement agent for the $\$ 4,285,000$ Oconee County Industrial Development Authority Revenue Bond (Oconee County Economic Development Project), Series 2016 (the "Series 2016 Bond"), DOES HEREBY CERTIFY as follows:

1. The price paid for the Series 2016 Bond does not exceed the fair market value of such Series 2016 Bond as of the sale date.
2. The Series 2016 Bond was not sold in exchange for property.
3. For purposes of the Internal Revenue Service Form 8038-G, the issue price for the Series 2016 Bond is $\$ 4,285,000$, the yield of the Series 2016 Bond is $2.3931 \%$ and the weighted average maturity of the Series 2016 Bond is 5.8163 years.

Witness my hand this $3^{\text {rd }}$ day of March, 2016.

## STIFEL NICOLAUS \& COMPANY, INCORPORATED


[Certificate as to Issue Price, Yield and Weighted Average Maturity]

