

CLOSING CERTIFICATE

We, the undersigned, Mayor and City Clerk of the City of Marshalltown, Iowa (the “City”), do hereby certify as of January 27, 2023 (the “Dated Date”), that we are now and were at the time of the execution of the City’s \$13,125,000 Sewer Revenue Bond, Series 2023, dated the date hereof (the “Series 2023 Bond”), the officers respectively above indicated of the City; that in pursuance of Chapter 384 of the Code of Iowa, a resolution adopted by the City Council on January 9, 2023 (the “Resolution”), and a certain Loan and Disbursement Agreement (the “Agreement”), by and between the City and the Iowa Finance Authority, Des Moines, Iowa, as lender (the “Lender”), the Series 2023 Bond has been heretofore lawfully authorized and this day by us lawfully issued and delivered to the Lender and pursuant to the Agreement, the Lender shall loan to the City the maximum sum of \$13,125,000. Terms not otherwise defined herein shall have the meaning given such terms in the Resolution and the Agreement.

The Series 2023 Bond has been executed by the aforesaid officers; the certificate on the back of the Series 2023 Bond has been executed by the City Treasurer; and the Series 2023 Bond has been fully registered as to principal and interest in the name of the Lender on the registration books of the City.

We further certify that the Series 2023 Bond is being issued to evidence the City’s obligation under the Agreement entered into by the City for the purpose of providing funds to pay a portion of the cost of planning, designing and constructing improvements and extensions (the “Project”) to the Municipal Sanitary Sewer System of the City (the “Utility”).

We further certify that no controversy or litigation is pending, prayed or threatened involving the incorporation, organization, existence or boundaries of the City or the titles of the aforesaid officers to their respective positions or the proceedings incident to the authorization of the Series 2023 Bond or in any way concerning the validity of the Series 2023 Bond or the power and duty of the City to appropriate and apply the Net Revenues (as defined in the Resolution) from the operation of the Utility to the full and prompt payment of the principal of and interest on the Series 2023 Bond, and that none of the proceedings incident to the authorization and issuance of the Series 2023 Bond have been repealed or rescinded.

We further certify that no appeal of the decision of the City Council to enter into the Agreement and to issue the Series 2023 Bond has been taken to the district court.

We further certify that the City has no other bonds or obligations of any kind now outstanding secured by or payable from the revenues to be derived from the operation of the Utility, except for the City’s outstanding Sewer Revenue Bonds, Series 2013, dated June 18, 2013; Sewer Revenue Refunding Bond, Series 2020, dated January 8, 2020; Sewer Revenue Refunding Bonds, Series 2021, dated April 1, 2021; and Sewer Revenue Improvement and Refunding Bond, SRF Series 2021A, dated September 24, 2021.

We further certify that no board of trustees has been created for the management and control of the Utility and such management and control are vested in the Council of the City.

We further certify that all meetings held in connection with the Series 2023 Bond were open to the public at a place reasonably accessible to the public and that notice was given at least

24 hours prior to the commencement of all meetings by advising the news media who requested notice of the time, date, place and the tentative agenda and by posting such notice and agenda at the City Hall or principal office of the City on a bulletin board or other prominent place which is easily accessible to the public and is the place designated for the purpose of posting notices of meetings.

We further certify as follows:

1. The total costs of the Project (the “Total Project Costs”), including engineering fees, are currently estimated to be at least \$15,770,000.

2. The net sales proceeds of the Series 2023 Bond are \$13,125,000 (the “Net Sales Proceeds”), the same being the Issue Price thereof.

3. The Net Sales Proceeds, including investment earnings thereon, will be invested by the City without restriction as to yield for a period not to exceed three years from the date hereof (the “Three Year Temporary Period”), the following three tests being reasonably expected to be satisfied by the City:

a. Time Test: The City has entered into or, within six months of the date hereof, will enter into binding contracts for the Project with third parties (e.g. engineers or contractors);

(i) which are not subject to contingencies directly or indirectly within the City’s control;

(ii) which provide for the payment by the City to such third parties of an amount equal to at least 5% of the Net Sales Proceeds;

b. Expenditure Test: At least 85% of Net Sales Proceeds will be applied to the payment of Total Project Costs within the Three Year Temporary Period; and

c. Due Diligence Test: Acquisition and construction of the Project to completion and application of the Net Sales Proceeds to the payment of Total Project Costs will proceed with due diligence.

4. The Series 2023 Bond is payable from Net Revenues of the Utility which will be collected in a Sinking Fund and applied to the payment of interest on the Series 2023 Bond on each June 1 and December 1 and principal of the Series 2023 Bond on each June 1 (the 12-month period ending on each June 1 being herein referred to as a “Bond Year”); the Sinking Fund is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; the Sinking Fund will be depleted at least once each Bond Year except for a reasonable carryover amount not to exceed the greater of (i) the earnings on the fund for the immediately preceding Bond Year; or (ii) 1/12 of the principal and interest payments on the Series 2023 Bond for the immediately preceding Bond Year; amounts on deposit in the Sinking Fund will be invested by the City without restriction as to yield for a period of 13 months after their date of deposit.

5. The City Council adopted a resolution on June 13, 2022, declaring its official intent to acquire and construct the Project and finance the same with bonds or other obligations (the “Intent Resolution”).

The City certifies that none of the costs of the Project to be paid for from the Net Sales Proceeds are for expenditures made more than 60 days prior to the date of adoption of the Intent Resolution, except for (i) costs of issuance of the Series 2023 Bond; (ii) costs aggregating an amount not in excess of the lesser of \$100,000 or 5% of the Net Sales Proceeds; (iii) costs for preliminary expenditures (including architectural, engineering, surveying, soil testing, and similar costs incurred prior to commencement of acquisition or construction of the Project, other than land acquisition, site preparation and similar costs) not in excess of 20% of the Net Sales Proceeds of the Series 2023 Bond; the City will allocate Net Sales Proceeds to reimbursement of such expenditures no later than 3 years after the later of (i) the date any such expenditure was originally paid or (ii) the date the Project is placed in service (or abandoned); and such allocations will be made by the City in writing.

The City will seek reimbursement of prior expenditures already paid by the City from the proceeds of the Series 2023 Bond in the amount of \$_____, such amounts having been expended to pay the costs of the Project.

6. Not more than 50% of the Net Sales Proceeds will be invested in nonpurpose investments [as defined in Section 148(f)(6)(A) of the Internal Revenue Code of 1986, as amended (the “Code”)] having a substantially guaranteed yield for four years or more (e.g., a four-year guaranteed investment contract or a Treasury Obligation that does not mature for four years).

7. The proceeds of the Series 2023 Bond will be advanced by the Lender from time to time to pay or reimburse the City for costs of the Project. Accordingly, the City does not expect to invest the proceeds of the Series 2023 Bond prior to payment or reimbursement of the costs of the Project, and therefore no arbitrage earnings are expected to be realized.

If the City does invest the proceeds of the Series 2023 Bond prior to the payment or reimbursement of the costs of the Project, the City covenants and agrees to invest the proceeds of the Series 2023 Bond in investments purchased at fair market value in a manner that satisfies the safe harbors provided by the Internal Revenue Service, Iowa law governing investments by the City and the City’s investment policy. Additionally, if the City does not spend the Series 2023 Bond proceeds in accordance with the time periods set forth in the next paragraph (or another applicable rebate exception), rebate payments to the United States regarding investment proceeds may be required to be made by the City.

The City expects to spend the Net Sales Proceeds (along with any investment earnings on such proceeds) by November 15, 2024. Accordingly, the City reasonably expects that the Net Sales Proceeds will be fully spent for costs of the Project within the time periods set forth in the Two-Year Exception described below:

Two-Year Exception: The Series 2023 Bond will qualify as a “construction issue” as defined in Section 148(f)(4)(c)(vi) of the Code and Section 1.148-7(f) of the Regulations because

at least 75% of the “available construction proceeds” as defined in Section 148(f)(4)(c)(vi) of the Code will be allocated to capital expenditures that are allocable to the cost of land, buildings, improvements, permanent structures or constructed personal property. Accordingly, if all Net Sales Proceeds of the Series 2023 Bond (other than the amount used to pay costs of issuance), are expended at least as quickly as 10% within 6 months from the date of issuance of the Series 2023 Bond, 45% within 12 months, 75% within 18 months and 100% within 2 years, then rebate will be required only with respect to a reasonably required reserve or replacement fund, if any. If the City exercises due diligence to complete the Project and an amount not exceeding the lesser of 3% of the Net Sales Proceeds (\$393,750) or \$250,000 remains unspent as of the end of the two years, the City will be treated as satisfying the final expenditure requirement. In addition, a reasonable retainage of up to five percent of the Net Sales Proceeds (\$626,250) need not be spent until 3 years after the Dated Date (the issue date of the Series 2023 Bond).

We certify that the City will comply with the investment requirements of Section 148 of the Code and the Regulations relating thereto with respect to the proceeds of the Series 2023 Bond, including the requirement to invest the proceeds of the Series 2023 Bond (and the investment earnings thereon) at fair market value, and, if appropriate, to comply with the bidding requirements for investment contracts. The City acknowledges that if it fails to spend the proceeds of the Series 2023 Bond (along with the investment earnings thereon) within the time periods set forth in the 18 Month Exception (or another applicable rebate exception), the City may have a rebate liability to the United States pursuant to Section 148 of the Code. The City shall consult with the appropriate auditors or rebate specialists with regard to determination of rebate liability.

8. The City shall make a final allocation of the proceeds of the Series 2023 Bond to capital expenditures not later than 18 months after the in-service date of the Project and in any event not later than five years and 60 days after the issuance of the Series 2023 Bond or not later than 60 days after retirement of the Series 2023 Bond.

9. The weighted average maturity of the Series 2023 Bond does not exceed the reasonably expected economic life of the Project.

10. To our best knowledge and belief, there are no facts, estimates or circumstances which would materially change the foregoing conclusions.

11. On the basis of the foregoing, it is not expected that the Net Sales Proceeds will be used in a manner that would cause the Series 2023 Bond to be an “arbitrage bond” under Section 148 of the Code and the regulations prescribed under that section. The City has not been notified of any listing or proposed listing of it by the Internal Revenue Service as a bond issuer whose arbitrage certifications may not be relied upon.

IN WITNESS WHEREOF, we have hereunto affixed our hands on the Dated Date.

CITY OF MARSHALLTOWN, IOWA

Mayor

Attest:

City Clerk