
TAX EXEMPTION CERTIFICATE

of

CITY OF DUBUQUE, IOWA

\$20,800,000 SALES TAX INCREMENT REVENUE BONDS
(Annual Appropriation Property Tax Supported), Senior Bond Series 2015A

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TABLE OF CONTENTS

This Table of Contents is not a part of this Tax Exemption Certificate and is provided only for convenience of reference.

INTRODUCTION	1
ARTICLE I	1
DEFINITIONS	1
ARTICLE II.....	5
SPECIFIC CERTIFICATIONS, REPRESENTATIONSAND AGREEMENTS.....	5
Section 2.1 Authority to Certify and Expectations.....	5
Section 2.2 Receipts and Expenditures of Sale Proceeds.....	8
Section 2.3 Purpose of Series 2015A Bonds	8
Section 2.4 Facts Supporting Tax-Exemption Classification.....	8
Section 2.5 Facts Supporting Temporary Periods for Proceeds	10
Section 2.6 Resolution Funds at Restricted or Unrestricted Yield.....	11
Section 2.7 Pertaining to Yields	13
ARTICLE III	14
REBATE.....	14
Section 3.1 Records	14
Section 3.2 Rebate Fund.....	14
Section 3.3 Exceptions to Rebate	14
Section 3.4 Calculation of Rebate Amount	15

Section 3.5 Rebate Requirements and the Bond Principal and Interest Fund.....	16
Section 3.6 Investment of the Rebate Fund.....	16
Section 3.7 Payment to the United States.....	17
Section 3.8 Records	17
Section 3.9 Additional Payments	18
ARTICLE IV	18
INVESTMENT RESTRICTIONS	18
Section 4.1 Avoidance of Prohibited Payments	18
Section 4.2 Market Price Requirement.....	18
Section 4.3 Investment in Certificates of Deposit.....	19
Section 4.4 Investment Pursuant to Investment Contracts and Agreements.....	19
Section 4.5 Records	21
Section 4.6 Investments to be Legal.....	21
ARTICLE V	21
GENERAL COVENANTS	21
ARTICLE VI	21
AMENDMENTS AND ADDITIONAL AGREEMENTS	21
Section 6.1 Opinion of Bond Counsel; Amendments	21
Section 6.2 Additional Covenants, Agreements.....	22
Section 6.3 Amendments.....	22
Signature and Seal	23

EXHIBIT "A" - VERIFICATION CERTIFICATE OF THE PURCHASER

TAX EXEMPTION CERTIFICATE
CITY OF DUBUQUE, IOWA

THIS TAX EXEMPTION CERTIFICATE made and entered into on June 15, 2015, by the City of Dubuque, Iowa (the "Issuer").

INTRODUCTION

This Certificate is executed and delivered in connection with the issuance by the Issuer of its Sales Tax Increment Revenue Bonds (Annual Appropriation Property Tax Supported), Senior Bond Series 2015A, in the aggregate principal amount of \$20,800,000 (the "Series 2015A Bonds"). The Series 2015A Bonds are issued pursuant to the provisions of the Series 2015A Resolution of the Issuer authorizing issuance of the Series 2015A Bonds. The Series 2015A Resolution provides that the covenants contained in this Certificate constitute a part of the Issuer's contract with the owners of the Series 2015A Bonds.

The Issuer recognizes that under the Code (as defined below) the tax-exempt status of the interest received by the owners of the Series 2015A Bonds is dependent upon, among other things, the facts, circumstances, and reasonable expectations of the Issuer as to future facts not in existence at this time, as well as the observance of certain covenants in the future. The Issuer covenants that it will take such action with respect to the Series 2015A Bonds as may be required by the Code, and pertinent legal regulations issued thereunder in order to establish and maintain the tax-exempt status of the Series 2015A Bonds, including the observance of all specific covenants contained in the Series 2015A Resolution and this Certificate.

ARTICLE I

DEFINITIONS

The following terms as used in this Certificate shall have the meanings set forth below. The terms defined in the Series 2015A Resolution shall retain the meanings set forth therein when used in this Certificate. Other terms used in this Certificate shall have the meanings set forth in the Code or in the Regulations.

"Annual Debt Service" means the principal of and interest on the Series 2015A Bonds scheduled to be paid during a given Bond Year.

"Bond Counsel" means Ahlers & Cooney, P.C., Des Moines, Iowa, or an attorney at law or a firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any State of the United States of America.

"Bond Principal and Interest Fund" means the Series 2015A Account by that name within the Sinking Fund established in Section 6.4 of the Master Resolution.

"Bond Year" as defined in Regulation 1.148-1(b), means a one-year period beginning on the day after expiration of the preceding Bond Year. The first Bond Year shall be the one-year or shorter period beginning on the Closing Date and ending on a principal or interest payment date, unless the Issuer selects another date.

"Bond Yield" means that discount rate which produces an amount equal to the Issue Price of the Series 2015A Bonds when used in computing the present value of all payments of principal and interest to be paid on the Series 2015A Bonds, using semiannual compounding on a 360-day year as computed under Regulation 1.148-4.

"Certificate" means this Tax Exemption Certificate.

"Closing" means the delivery of the Series 2015A Bonds in exchange for the agreed upon purchase price.

"Closing Date" means the date of Closing.

"Code" means the Internal Revenue Code of 1986, as amended, and any statutes which replace or supplement the Internal Revenue Code of 1986.

"Computation Date" means each five-year period from the Closing Date through the last day of the fifth and each succeeding fifth Bond Year.

"Excess Earnings" means the amount earned on all Nonpurpose Investments minus the amount which would have been earned if such Nonpurpose Investments were invested at a rate equal to the Bond Yield, plus any income attributable to such excess.

"Final Bond Retirement Date" means the date on which the Series 2015A Bonds are actually paid in full.

"Governmental Obligations" means direct general obligations of, or obligations the timely payment of the principal of and interest on which is unconditionally guaranteed by the United States.

"Gross Proceeds" as defined in Regulation 1.148-1(b), means any Proceeds of the Series 2015A Bonds and any replacement proceeds (as defined in Regulation 1.148-1(c)) of the Series 2015A Bonds.

"Gross Proceeds Funds" means the Project Fund and any other fund or account held for the benefit of the owners of the Bond or containing Gross Proceeds of the Bond except the Bond Principal and Interest Fund and the Rebate Fund.

"Issue Price" as defined in Regulation 1.148-1(b), means the initial offering price of the Bond to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Bond were sold to the public. The Purchaser has certified the Issue Price of the Bond to be not more than \$20,637,010.75.

"Issuer" means the City of Dubuque, Iowa.

"Master Resolution" means Resolution No. 159-14, passed and approved on May 19, 2014, entitled "Master Resolution relating to the issuance of Sales Tax Increment Revenue Bond by the City of Dubuque under the provisions of Chapter 418 of the Code of Iowa, authorizing and providing for the issuance and securing the payment of Sales Tax Increment Revenue Bond (Unlimited Property Tax Supported), Second Lien Series 2014, and providing for a method of payment thereof, and related matters," as the same may be amended from time to time.

"Minor Portion of the Bond", as defined in Regulation 1.148-2(g), means the lesser of five (5) percent of Proceeds or \$100,000. The Minor Portion of the Bond is computed to be \$100,000.

"Nonpurpose Investments" means any investment property which is acquired with Gross Proceeds and is not acquired to carry out the governmental purpose of the Bond, and may include but is not limited to U.S. Treasury Bond, corporate Bond, or certificates of deposit.

"Proceeds" as defined in Regulation 1.148-1(b), means Sale Proceeds, investment proceeds and transferred proceeds of the Bond.

"Projects" means the Series 2015A Projects, as more fully described in the Series 2015A Resolution.

"Project Fund" means the Project Construction Fund by that name established in Section 5.1 of the Master Resolution.

"Purchaser" means Robert W. Baird & Co., Inc., as the purchaser of the Series 2015A Bonds from the Issuer at the time of their original issuance.

"Rebate Amount" means the amount computed as described in this Certificate.

"Rebate Fund" means the fund to be created, if necessary, pursuant to this Certificate.

"Rebate Payment Date" means a date chosen by the Issuer which is not more than 60 days following each Computation Date or the Final Bond Retirement Date.

"Regulations" means the Income Tax Regulations, amendments and successor provisions promulgated by the Department of the Treasury under Sections 103, 148 and 149 of the Code, or other Sections of the Code relating to "arbitrage Bond", including without limitation Regulations 1.148-1 through 1.148-11, 1.149(b)-1, 1.149-d(1), 1.150-1 and 1.150-2.

"Replacement Proceeds" include, but are not limited to, sinking funds, amounts that are pledged as security for an issue, and amounts that are replaced because of a sufficiently direct nexus to a governmental purpose of an issue.

"Sale Proceeds" as defined in Regulation 1.148-1(b), means any amounts actually or constructively received from the sale of the Bond, including amounts used to pay underwriter's discount or compensation and accrued interest other than pre-issuance accrued interest.

"Series 2015A Bonds" means the \$20,800,000 Sales Tax Increment Revenue Bonds (Annual Appropriation Property Tax Supported), Senior Bond Series 2015A, dated the date of delivery, authorized to be issued pursuant to the Series 2015A Resolution.

"Series 2015A Costs of Issuance Account" means the account by that name within the Project Fund established in Section 5.1 of the Master Resolution.

"Series 2015A Projects" shall mean the Projects being financed with the proceeds of the Series 2015A Bonds, consisting of the acquisition, construction, installation and equipping of the Bee Branch Watershed Flood Mitigation Project, including those costs associated with the Lower Bee Branch Creek Restoration (Phase 4), the Upper Bee Branch Creek Restoration (Phase 7), the Flood Mitigation Gate Replacement (Phase 5), the Flood Control Maintenance Facility (Phase 9), and the North End Storm Sewers (Phase 10), the funding of a debt service reserve for the Series 2015A Bonds, and the related costs for property acquisition, engineering and design and other professional services, as described generally in the plans and specifications on file from time to time with the Issuer.

"Series 2015A Projects Account" means the account by that name within the Project Fund established in Section 5.1 of the Master Resolution.

"Series 2015A Rebate Account" means the account by that name within the Rebate Fund established in Section 6.10 of the Master Resolution.

"Sinking Fund" means the Bond Principal and Interest Account.

"SLGS" means demand deposit Treasury securities of the State and Local Government Series.

"Tax Exempt Obligations" means bonds or other obligations the interest on which is excludable from the gross income of the owners thereof under Section 103 of the Code and including certain regulated investment companies, stock in tax-exempt mutual funds and demand deposit SLGS.

"Taxable Obligations" means all investment property, obligations or securities other than Tax Exempt Obligations.

"Verification Certificate" means the certificate attached to this Certificate as Exhibit A, setting forth the offering prices at which the Purchaser will reoffer and sell the Series 2015A Bonds to the public.

ARTICLE II

SPECIFIC CERTIFICATIONS, REPRESENTATIONS AND AGREEMENTS

The Issuer hereby certifies, represents and agrees as follows:

Section 2.1 Authority to Certify and Expectations

(a) The undersigned officer of the Issuer, along with other officers of the Issuer, are charged with the responsibility of issuing the Series 2015A Bonds.

(b) This Certificate is being executed and delivered in part for the purposes specified in Section 1.148-2(b)(2) of the Regulations and is intended (among other purposes) to establish reasonable expectations of the Issuer at this time.

(c) The Issuer has not been notified of any disqualification or proposed disqualification of it by the Commissioner of the Internal Revenue Service as a bond issuer which may certify bond issues under Section 1.148-2(b)(2) of the Regulations.

(d) The certifications, representations and agreements set forth in this Article II are made on the basis of the facts, estimates and circumstances in existence on the date hereof, including the following: (1) with respect to amounts expected to be received from delivery of the Series 2015A Bonds, amounts actually received, (2) with respect to payments of amounts into various funds or accounts, review of the authorizations or directions for such payments made by the Issuer pursuant to the Resolution and this Certificate, (3) with respect to the Issue Price, the certifications of the Purchaser as set forth in the Verification Certificate, (4) with respect to expenditure of the Proceeds of the Series 2015A Bonds, actual expenditures and reasonable expectations of the Issuer as to when the Proceeds will be spent for purposes of the Projects, (5) with respect to Bond Yield, review of the Verification Certificate, and (6) with respect to the amount of governmental Bond to be issued during the calendar year, the budgeting and present planning of Issuer. The Issuer has no reason to believe such facts, estimates or circumstances are untrue or incomplete in any material way.

(e) To the best of the knowledge and belief of the undersigned officer of the Issuer, there are no facts, estimates or circumstances that would materially change the representations, certifications or agreements set forth in this Certificate, and the expectations herein set out are reasonable.

(f) No arrangement exists under which the payment of principal or interest on the Series 2015A Bonds would be directly or indirectly guaranteed by the United States or any agency or instrumentality thereof.

(g) After the expiration of any applicable temporary periods, and excluding investments in a bona fide debt service fund, not more than five percent (5%) of the Proceeds of the Series 2015A Bonds will be (a) used to make loans which are guaranteed by the United States or any agency or instrumentality thereof, or (b) invested in federally insured deposits or accounts.

(h) The Issuer will file with the Internal Revenue Service in a timely fashion Form 8038-G, Information Return for Tax-Exempt Governmental Obligations with respect to the Series 2015A Bonds and such other reports required to comply with the Code and applicable Regulations.

(i) The Issuer will take no action which would cause the Series 2015A Bonds to become "private activity bonds" as defined in Section 141(a) of the Code, including any use of the Projects by any person other than a governmental unit if such use will be by other than a member of the general public. None of the Proceeds of the Series 2015A Bonds will be used directly or indirectly to make or finance loans to any person other than a governmental unit.

(j) The Issuer will make no change in the nature or purpose of the facilities financed with the Proceeds of the Series 2015A Bonds except as provided in Section 6.1 hereof.

(k) Except as provided in Section 6.1 hereof, the Issuer will not establish any sinking fund, debt service fund or other fund reasonably expected to be used to pay debt service on the Series 2015A Bonds (other than the Bond Principal and Interest Account), exercise its option to redeem Bond prior to maturity or effect a refunding of the Series 2015A Bonds.

(l) No other bonds or other obligations of the Issuer (1) were sold in the 15 days preceding the date of sale of the Series 2015A Bonds, (2) were sold or will be sold within the 15 days after the date of sale of the Series 2015A Bonds, (3) have been delivered in the past 15 days or (4) will be delivered in the next 15 days pursuant to a common plan of financing for the issuance of the Series 2015A Bonds and payable out of substantially the same source of revenues.

(m) None of the Proceeds of the Series 2015A Bonds will be used directly or indirectly to replace funds of the Issuer used directly or indirectly to acquire obligations having a yield higher than the Bond Yield.

(n) No portion of the Series 2015A Bond is issued for the purpose of investing such portion at a higher yield than the Bond Yield.

(o) The Issuer does not expect that the Proceeds of the Series 2015A Bonds will be used in a manner that would cause them to be "arbitrage Bond" as defined in Section 148(a) of the Code. The Issuer does not expect that the Proceeds of the Series 2015A Bonds will be used in a manner that would cause the interest on the Series 2015A Bonds to be includable in the gross income of the owners of the Series 2015A Bonds under the Code. The Issuer will not intentionally use any portion of the Proceeds to acquire higher yielding investments.

(p) The Issuer will not use the Proceeds of the Series 2015A Bonds to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage.

(q) The Issuer has not issued more Series 2015A Bonds, issued the Series 2015A Bonds earlier, or allowed the Series 2015A Bonds to remain outstanding longer than is reasonably necessary to accomplish the governmental purposes of the Series 2015A Bonds. The Issuer reasonably expects that the Series 2015A Bonds will not remain outstanding longer than 120% of the economic useful life of the assets financed with the Proceeds of the Series 2015A Bonds.

(r) The Series 2015A Bonds will not be Hedge Bond as described in Section 149(g)(3) of the Code because the Issuer reasonably expects that it will meet the Expenditure Test set forth in Section 2.5(b) hereof and that 50% or more of the Proceeds will not be invested in Nonpurpose Investments having a substantially guaranteed yield for four or more years.

Section 2.2 Receipts and Expenditures of Sale Proceeds

The Sale Proceeds of the Series 2015A Bonds are expected to be deposited and expended as follows:

(i) The aggregate amount of \$110,950 shall be deposited into the Series 2015A Costs of Issuance Account and applied to the costs of issuance for the Series 2015A Bonds.

(ii) The amount of \$1,495,641.39 shall be deposited into the Capitalized Interest Subaccount of the Bond Principal and Interest Account and used to pay interest on the Series 2015A Bonds through June 1, 2017.

(iii) The amount of \$2,080,000 shall be deposited into the Debt Service Reserve Account.

(iv) The balance of proceeds of the Series 2015A Bonds shall be deposited into the Series 2015A Project Account of the Project Fund and applied thereafter to pay Project Costs of the Series 2015A Projects.

Section 2.3 Purpose of Bonds

(a) The Issuer is issuing the Series 2015A Bonds to pay the costs of the acquisition, construction, installation and equipping of the Bee Branch Watershed Flood Mitigation Project, including those costs associated with the Lower Bee Branch Creek Restoration (Phase 4), the Upper Bee Branch Creek Restoration (Phase 7), the Flood Mitigation Gate Replacement (Phase 5), the Flood Control Maintenance Facility (Phase 9), and the North End Storm Sewers (Phase 10), the funding of a debt service reserve for the Series 2015A Bonds, and the related costs for property acquisition, engineering and design and other professional services, as described generally in the plans and specifications on file from time to time with the Issuer.

Section 2.4 Facts Supporting Tax-Exemption Classification

Governmental Bond

Private Business Use/Private Security or Payment Tests

The Series 2015A Bonds are considered to be governmental Bonds, not subject to the provisions of the alternate minimum tax. The Proceeds will be used for the purposes described in Section 2.3 hereof. The Series 2015A Bonds are not private activity Bonds because no amount of Proceeds of the Series 2015A Bonds is to be used in a trade or business carried on by a non-governmental unit. Rather, the Proceeds will be used to finance the general government operations and facilities of the Issuer described in Section 2.3 hereof. None of the payment of principal or interest on the Series 2015A Bonds will be derived from, or secured by, money or property used in a trade or business of a non-governmental unit. In addition, none of the governmental operations or facilities of the Issuer being

financed with the Proceeds of the Series 2015A Bonds are subject to any lease, management contract or other similar arrangement or to any arrangement for use other than as by the general public.

Private Loan Financing Test

No amount of Proceeds of the Series 2015A Bonds is to be used directly or indirectly to make or finance loans to persons other than governmental units.

Section 2.5 Facts Supporting Temporary Periods for Proceeds

(a) Time Test. Not later than six months after the Closing Date, the Issuer will incur a substantial binding obligation to a third party to expend at least 5% of the net Sale Proceeds of the Series 2015A Bonds.

(b) Expenditure Test. Not less than 85% of the net Sale Proceeds will be expended for Project costs, including the reimbursement of other funds expended to date, within a three-year temporary period from the Closing Date.

(c) Due Diligence Test. Not later than six months after Closing, work on the Project will have commenced and will proceed with due diligence to completion.

(d) Proceeds of the Series 2015A Bonds, if any, representing less than six months accrued interest on the Series 2015A Bonds will be spent within six months of this date to pay interest on the Series 2015A Bonds, and will be invested without restriction as to yield for the temporary period not in excess of six months.

Section 2.6 Master Resolution Funds at Restricted or Unrestricted Yield

(a) The following funds and accounts are created and established under the Master Resolution:

- (i) Flood Project Fund;
- (ii) Bond Principal and Interest Account;
- (iii) Debt Service Reserve Account;
- (iv) Rebate Fund;
- (v) Second Lien Bond Account (while Second Lien Bond are Outstanding);
- (vi) Additional Projects Account; and

(vii) Project Construction Fund, and within such fund a separate account for the Bond.

(b) Proceeds of the Series 2015A Bonds will be held and accounted for in the above-referenced funds in the manner provided in the Master Resolution. The Issuer has not and does not expect to create or establish any other bond fund, reserve fund, or similar fund or account for the Series 2015A Bonds. The Issuer has not and will not pledge any moneys or Taxable Obligations in order to pay debt service on the Series 2015A Bonds or restrict the use of such moneys or Taxable Obligations so as to give reasonable assurances of their availability for such purposes.

(c) Any monies which are invested beyond a temporary period are expected to constitute less than a major portion of the Series 2015A Bonds or to be restricted for investment at a yield not greater than one-eighth of one percent above the Bond Yield.

(d) The Minor Portion of the Series 2015A Bonds will be invested without regard to yield.

(e) Bond Principal and Interest Account. The Issuer has established and will use the Bond Principal and Interest Account primarily to achieve a proper matching of revenues and debt service within each Bond Year and the Issuer will apply moneys deposited into the Bond Principal and Interest Account to pay the principal of and interest on the Series 2015A Bonds. Such Account will be depleted at least once each Bond Year except for a reasonable carryover amount. The carryover amount will not exceed the greater of (1) one year's earnings on the Bond Principal and Interest Account or (2) one-twelfth of Annual Debt Service. The Issuer will spend moneys deposited from time to time into such fund within 13 months after the date of deposit. Revenues, intended to be used to pay debt service on the Series 2015A Bonds, will be deposited into the Bond Principal and Interest Account as set forth in the Resolution. The Issuer will spend interest earned on moneys in such fund not more than 12 months after receipt. Accordingly, the Issuer will treat the Bond Principal and Interest Account as a bona fide debt service fund as defined in Regulation 1.148-1(b).

Investment of amounts on deposit in the Bond Principal and Interest Account will not be subject to arbitrage rebate requirements as the Series 2015A Bonds meet the safe harbor set forth in Regulation 1.148-3(k), because the Issuer anticipates earnings on the Bond Principal and Interest Account will not exceed \$100,000 per year.

(f) Project Fund. Amounts deposited in the Series 2015A Project Account of the Project Fund may be invested at a yield in excess of the Bond Yield for a temporary

period of three years from the date of Closing. Any amounts not expended within three years of the Closing shall be invested at a yield no higher than the Bond Yield or invested in Tax Exempt Obligations, unless such amounts qualify for investment as part of the Minor Portion.

(g) Reserve Fund. A Reserve Fund is established under the Master Resolution and will secure the Series 2015A Bonds, however, the Issuer does not expect that principal of or interest on the Series 2015A Bonds will be paid from the Reserve Fund. Monies in the Reserve Fund will not be accumulated except to a reasonable extent. Within one year of receipt, earnings upon the investment of the Reserve Fund monies will be commingled with other revenues from the operations of the Issuer which are substantial in amount for accounting and expenditure.

(h) The amounts on deposit in the Reserve Fund will at all times be equal to or less than the Allowable Reserve Fund Amount. However, if the amount in the Reserve Fund exceeds the Allowable Reserve Fund Amount, such excess must be invested at a yield no higher than the Bond Yield or will be invested in Tax Exempt Obligations.

(i) For purposes of Subsections (g) and (h), the following terms shall have the meanings set forth below:

(i) "Allowable Reserve Fund Amount" as described in Regulation 1.148-2(f)(2) means an amount equal to the lesser of (10) percent of the stated principal amount of the Series 2015A Bonds, the maximum annual principal and interest coming due on the Series 2015A Bonds, or 125% of the average annual principal and interest coming due on the Series 2015A Bonds. The Allowable Reserve Fund Amount is computed to be \$2,080,000.

(ii) "Reserve Fund" means that portion of the Debt Service Reserve Account as described in the Master Resolution that is established for the Series 2015A Bonds.

(j) Additional Projects Account. None of the Proceeds of the Series 2015A Bonds have been or will be deposited in the Additional Projects Account. Amounts deposited in the Additional Projects Account from time to time may be withdrawn at any time by the Issuer and are not expected to be available for payment of the Series 2015A Bonds. As such, the amounts in the Additional Projects Account will be invested by the Issuer without regard to yield restriction or rebate requirements.

(k) Rebate Fund. The Issuer will invest amounts in the Rebate Fund pursuant to Section 3.6.

Section 2.7 Pertaining to Yields

(a) The purchase price of all Taxable Obligations to which restrictions apply under this Certificate as to investment yield or rebate of Excess Earnings, if any, has been and shall be calculated using (i) the price taking into account discount, premium and accrued interest, as applicable, actually paid or (ii) the fair market value if less than the price actually paid and if such Taxable Obligations were not purchased directly from the United States Treasury. The Issuer will acquire all such Taxable Obligations directly from the United States Treasury or in an arm's length transaction without regard to any amounts paid to reduce the yield on such Taxable Obligations. The Issuer will not pay or permit the payment of any amounts (other than to the United States) to reduce the yield on any Taxable Obligations. Obligations pledged to the payment of debt service on the Series 2015A Bonds will be treated as though they were acquired for their fair market value on the date of such pledge or deposit.

(b) No qualified guarantee has been considered or used in computing yield.

(c) The Bond Yield has been computed as not less than 3.732 percent. This Bond Yield has been computed on a combined basis by reference to the purchase price for the Series 2015A Bonds.

ARTICLE III

REBATE

Section 3.1 Records

Sale Proceeds of the Series 2015A Bonds will be held and accounted for in the manner provided in the Master Resolution. The Issuer will maintain adequate records for funds created by the Master Resolution and this Certificate including all deposits, withdrawals, transfers from, transfers to, investments, reinvestments, sales, purchases, redemptions, liquidations and use of money or obligations until six years after the Final Bond Retirement Date.

Section 3.2 Rebate Fund

(a) In the Master Resolution, the Issuer has covenanted to pay to the United States

the Rebate Amount, an amount equal to the Excess Earnings on the Gross Proceeds Funds, if any, at the times and in the manner required or permitted and subject to stated special rules and allowable exceptions or exemptions.

(b) The Issuer has established a fund pursuant to the Master Resolution which is herein referred to as the Rebate Fund. The Issuer will invest and expend amounts on deposit in the Rebate Fund in accordance with this Certificate.

(c) Moneys in the Rebate Fund shall be held by the Issuer or its designee and, subject to Sections 3.4, 3.5 and 6.1 hereof, shall be held for future payment to the United States as contemplated under the provisions of this Certificate and shall not constitute part of the trust estate held for the benefit of the owners of the Series 2015A Bonds or the Issuer.

(d) The Issuer will pay to the United States from legally available money of the Issuer (whether or not such available money is on deposit in any fund or account related to the Series 2015A Bonds) any amount which is required to be paid to the United States.

Section 3.3 Exceptions to Rebate

The Issuer reasonably expects that the Series 2015A Bonds are eligible for one or more exemptions from the arbitrage rebate rules set forth in the Treasury Regulations. If the Series 2015A Bonds are ineligible, or become ineligible, for an exemption to the arbitrage rebate rules, the Issuer will comply with the provisions of Article III hereof.

A description of the applicable rebate exemptions for the Series 2015A Bonds is as follows:

- Election to Treat as Construction Bonds

The Series 2015A Bonds qualify as a "construction issue" as defined in Section 148(f)(4)(C)(vi) of the Code. The Issuer reasonably expects that more than 75 percent of the "available construction proceeds" ("ACP") of the Bond, as defined in Section 148(f)(4)(C)(vi) of the Code, will be used for construction expenditures. ACP includes the issue price of the issue plus the earnings on such issue. Not less than the following percentages of the ACP will be spent within the following periods:

- 1) 10 percent spent within six months of the Closing Date;
- 2) 45 percent spent within one year of the Closing Date;
- 3) 75 percent spent within eighteen months of the Closing Date;

- 4) 100 percent spent within two years of the Closing Date (subject to 5 percent retainage for not more than one year).

In any event, the Issuer expects that the 5% reasonable retainage will be spent within a three-year period beginning on the Closing Date. A failure to spend an amount that does not exceed the lesser of (i) 3% of the issue price or (ii) \$250,000, is disregarded if the Issuer exercises due diligence to complete the Project.

- Election with respect to future earnings

Pursuant to Section 1.148-7(h)(i)(3) of the Regulations, the Issuer shall calculate the amount of future earnings to be used in determining compliance with the first three spending periods based on its reasonable expectations that the average annual interest rate on investments of the ACP will be not more than 1.0%. Compliance with the final spending period shall be calculated using actual earnings.

If the Issuer fails to meet the foregoing expenditure schedule, the Issuer shall comply with the arbitrage rebate requirements of the Code.

Section 3.4 Calculation of Rebate Amount

(a) As soon after each Computation Date as practicable, the Issuer shall, if necessary, calculate and determine the Excess Earnings on the Gross Proceeds Funds (the "Rebate Amount"). All calculations and determinations with respect to the Rebate Amount will be made on the basis of actual facts as of the Computation Date and reasonable expectations as to future events.

(b) If the Rebate Amount exceeds the amount currently on deposit in the Rebate Fund, the Issuer may deposit an amount in the Rebate Fund such that the balance in the Rebate Fund after such deposit equals the Rebate Amount. If the amount in the Rebate Fund exceeds the Rebate Amount, the Issuer may withdraw such excess amount provided that such withdrawal can be made from amounts originally transferred to the Rebate Fund and not from earnings thereon, which may not be transferred, and only if such withdrawal may be made without liquidating investments at a loss.

Section 3.5 Rebate Requirements and the Bond Principal and Interest Account

It is expected that the Bond Principal and Interest Account described in the Master Resolution and Section 2.6(e) of this Certificate will be treated as a bona fide debt service fund as defined in Regulation 1.148-1(b). As such, any amount earned during a Bond

Year on the Bond Principal and Interest Account and amounts earned on such amounts, if allocated to the Bond Principal and Interest Account, will not be taken into account in calculating the Rebate Amount if the annual gross earnings on the Bond Principal and Interest Account for such Bond Year are less than \$100,000 or if average annual debt service will not exceed \$2,500,000. However, should annual gross earnings exceed \$100,000 or should the Bond Principal and Interest Account cease to be treated as a bona fide debt service fund, the Bond Principal and Interest Account will become subject to the rebate requirements set forth in Section 3.4 hereof.

Section 3.6 Investment of the Rebate Fund

(a) Immediately upon a transfer to the Rebate Fund, the Issuer may invest all amounts in the Rebate Fund not already invested and held in the Rebate Fund, to the extent possible, in (1) SLGS, such investments to be made at a yield of not more than one-eighth of one percent above the Bond Yield, (2) Tax Exempt Obligations, (3) direct obligations of the United States or (4) certificates of deposit of any bank or savings and loan association. All investments in the Rebate Fund shall be made to mature not later than the next Rebate Payment Date.

(b) If the Issuer invests in SLGS, the Issuer shall file timely subscription forms for such securities (if required). To the extent possible, amounts received from maturing SLGS shall be reinvested immediately in zero yield SLGS maturing on or before the next Rebate Payment Date.

Section 3.7 Payment to the United States

(a) On each Rebate Payment Date, the Issuer will pay to the United States at least ninety percent (90%) of the Rebate Amount less a computation credit of \$1,000 per Bond Year for which the payment is made.

(b) The Issuer will pay to the United States not later than sixty (60) days after the Final Bond Retirement Date all the rebatable arbitrage as of such date and any income attributable to such rebatable arbitrage as described in Regulation 1.148-3(f)(2).

(c) If necessary, on each Rebate Payment Date, the Issuer will mail a check to the Internal Revenue Service Center, Ogden, UT 84201. Each payment shall be accompanied by a copy of Form 8038-T, Arbitrage Rebate, filed with respect to the Series 2015A Bonds or other information reporting form as is required to comply with the Code and applicable Regulations.

Section 3.8 Records

(a) The Issuer will keep and retain adequate records with respect to the Series 2015A Bonds, the Gross Proceeds Funds, the Bond Principal and Interest Account, and the Rebate Fund until six years after the Final Bond Retirement Date. Such records shall include descriptions of all calculations of amounts transferred to the Rebate Fund, if any, and descriptions of all calculations of amounts paid to the United States as required by this Certificate. Such records will also show all amounts earned on moneys invested in such funds, and the actual dates and amounts of all principal, interest and redemption premiums (if any) paid on the Series 2015A Bonds.

(b) Records relating to the investments in such Funds shall completely describe all transfers, deposits, disbursements and earnings including:

(i) a complete list of all investments and reinvestments of amounts in each such Fund including, if applicable, purchase price, purchase date, type of security, accrued interest paid, interest rate, dated date, principal amount, date of maturity, interest payment dates, date of liquidation, receipt upon liquidation, market value of such investment on the Final Bond Retirement Date if held by the Issuer on the Final Bond Retirement Date, and market value of the investment on the date pledged to the payment of the Series 2015A Bonds, or the Closing Date if different from the purchase date.

(ii) the amount and source of each payment to, and the amount, purpose and payee of each payment from, each such Fund.

Section 3.9 Additional Payments

The Issuer hereby agrees to pay to the United States from legally available money of the Issuer (whether or not such available money is on deposit in any fund or account related to the Series 2015A Bonds) any amount which is required to be paid to the United States, but which is not available in a fund related to the Series 2015A Bonds for transfer to the Rebate Fund or payment to the United States.

ARTICLE IV

INVESTMENT RESTRICTIONS

Section 4.1 Avoidance of Prohibited Payments

The Issuer will not enter into any transaction that reduces the amount required to be deposited into the Rebate Fund or paid to the United States because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Bond Yield not been relevant to either party. The Issuer will not invest or direct the investment of any funds in a manner which reduces an amount required to be paid to the United States because such transaction results in a small profit or larger loss than would have resulted if the transaction had been at arm's length and had the Bond Yield not been relevant to the Issuer. In particular, notwithstanding anything to the contrary contained herein or in the Master Resolution, the Issuer will not invest or direct the investment of any funds in a manner which would violate any provision of this Article IV.

Section 4.2 Market Price Requirement

(a) The Issuer will not purchase or direct the purchase of Taxable Obligations for more than the then available market price for such Taxable Obligations. The Issuer will not sell, liquidate or direct the sale or liquidation of Taxable Obligations for less than the then available market price.

(b) For purposes of this Certificate, United States Treasury obligations purchased directly from the United States Treasury will be deemed to be purchased at the market price.

Section 4.3 Investment in Certificates of Deposit

(a) Notwithstanding anything to the contrary contained herein or in the Master Resolution or the Series 2015A Resolution, the Issuer will invest or direct the investment of funds on deposit in the Gross Proceeds Fund, the Bond Principal and Interest Account, the Reserve Fund, and the Rebate Fund, in a certificate of deposit of a bank or savings bank which is permitted by law and by the Master Resolution only if (1) the price at which such certificate of deposit is purchased or sold is the bona fide bid price quoted by a dealer who maintains an active secondary market in certificates of deposit of the same type or (2) if there is no active secondary market in such certificates of deposit, the certificate of deposit must have a yield (A) as high or higher than the yield on comparable obligations traded on an active secondary market, as certified by a dealer who maintains such a market, and (B) as high or higher than the yield available on comparable obligations of the United States Treasury.

(b) The certificate of deposit described in part 2(A) of paragraph 4.3(a) above must be executed by a dealer who maintains an active secondary market in comparable certificates of deposit and must be based on actual trades adjusted to reflect the size and term of that certificate of deposit and the stability and reputation of the bank or savings bank issuing the certificate of deposit.

Section 4.4 Investment Pursuant to Investment Contracts and Agreements

The purchase price of any Investment Property acquired pursuant to an investment contract (within the meaning of Section 1.148-1(b) of the Regulations) shall be determined as provided in this Section 4.4. No investment contract shall be acquired with Gross Proceeds unless the requirements of this Section 4.4 are satisfied. With respect to any investment contract, the Issuer will obtain from any provider of the investment

contract, broker thereof or other party, such information, certification or representation as will enable the Issuer to determine that the requirements of this Section 4.4 are satisfied.

(i) General Rule. The purchase price of an investment contract will be considered to be fair market value, and the requirements of this Section 4.4 shall be satisfied, if:

(1) the Issuer has made (or had made on its behalf) a bona fide solicitation for the investment contract. The solicitation must have specified the material terms of the investment contract, including the collateral security requirements for the investment contract, if any, and, unless the moneys invested pursuant to such investment contract will be held in a float fund (i.e., the Flood Project Fund) or reasonably required reserve or replacement fund, the Issuer's reasonably expected drawdown schedule for the moneys to be invested;

(2) at least three bids meeting the qualification requirements of the bid solicitation (as set forth in (1) above) have been received from different reasonably competitive providers of investment contracts that have no material financial interest in the Series 2015A Bonds;

(3) the investment contract has a yield at least equal to the highest yielding of the qualifying bids received from the bidders that have no material financial interest in the Series 2015A Bonds (determined net of any broker's fees);

(4) the yield on the investment contract takes into account as a significant factor the reasonably expected drawdown schedule for the fund(s) to be invested therein, unless such moneys will be held in a float fund (i.e., the Flood Project Fund) or reasonably required reserve or replacement fund;

(5) the terms of the investment contract and the collateral security requirements, if any, are reasonable, based on all the facts and circumstances;

(6) the provider of the investment contract certifies as to all administrative costs to be paid on behalf of the Issuer, including any amounts paid as commissions or fees to any broker, finders or other intermediary, whether payable by or on behalf of the obligor or obligee, in connection with the investment contract; and

(7) the yield on the investment contract (determined net of any broker's fees) is no less than the yield available from the provider thereof at the time such investment contract was entered into on reasonably comparable investment contracts offered to other

persons, if any, from a source of funds other than gross Proceeds of an issue of tax-exempt obligations.

(ii) **Brokers Compensation.** For purposes of computing the yield on any investment contract acquired through a broker, any compensation received by such broker, whether payable by or on behalf of the obligor or obligee of such investment contract may be taken into account in determining the cost of the investment contract (as provided in Section 1.148-5(e)(2) (iii) of the Regulations) to the extent that such compensation does not exceed the lesser of a reasonable amount (within the meaning of Section 1.148-5(e)(2)(i) of the Regulations) or .05% of the weighted average amount reasonably expected to be invested each year during the term of the contract. For this purpose, present value is computed using the taxable discount rate used by the parties to compute such commission or, if such taxable discount rate is not reasonably ascertainable, a reasonable taxable discount rate.

Section 4.5 Records

The Issuer will maintain records of all purchases, sales, liquidations, investments, reinvestments, redemptions, disbursements, deposits, and transfers of amounts on deposit.

Section 4.6 Investments to be Legal

All investments required to be made pursuant to this Certificate shall be made to the extent permitted by law. In the event that any such investment is determined to be ultra vires, it shall be liquidated and the proceeds thereof shall be invested in a legal investment, provided that prior to reinvesting such proceeds, the Issuer shall obtain an opinion of Bond Counsel to the effect that such reinvestment will not cause the Series 2015A Bonds to become arbitrage Bond under Sections 103, 148, 149, or any other applicable provision of the Code.

ARTICLE V

GENERAL COVENANTS

The Issuer hereby covenants to perform all acts within its power necessary to ensure that the reasonable expectations set forth in Article II hereof will be realized. The Issuer reasonably expects to comply with all covenants contained in this Certificate.

ARTICLE VI

AMENDMENTS AND ADDITIONAL AGREEMENTS

Section 6.1 Opinion of Bond Counsel; Amendments

The various provisions of this Certificate need not be observed and this Certificate may be amended or supplemented at any time by the Issuer if the Issuer receives an opinion or opinions of Bond Counsel that the failure to comply with such provisions will not cause any of the Series 2015A Bonds to become "arbitrage Bond" under the Code and that the terms of such amendment or supplement will not cause any of the Series 2015A Bonds to become "arbitrage Bond" under the Code, or otherwise cause interest on any of the Series 2015A Bonds to become includable in gross income for federal income tax purposes.

Section 6.2 Additional Covenants, Agreements

The Issuer hereby covenants to make, execute and enter into (and to take such actions, if any, as may be necessary to enable it to do so) such agreements as may be necessary to comply with any changes in law or regulations in order to preserve the tax-exempt status of the Series 2015A Bonds to the extent that it may lawfully do so. The Issuer further covenants (1) to impose such limitations on the investment or use of moneys or investments related to the Series 2015A Bonds, (2) to make such payments to the United States Treasury, (3) to maintain such records, (4) to perform such calculations, and (5) to perform such other lawful acts as may be necessary to preserve the tax-exempt status of the Series 2015A Bonds.

Section 6.3 Amendments

Except as otherwise provided in Section 6.1 hereof, all the rights, powers, duties and obligations of the Issuer shall be irrevocable and binding upon the Issuer and shall not be subject to amendment or modification by the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Certificate to be executed by its duly authorized officer, all as of the day first above written.

Signature and Seal

Finance Director

(SEAL)

EXHIBIT A

VERIFICATION CERTIFICATE OF THE PURCHASER

I, the undersigned, do hereby certify that I am the _____, of Robert W. Baird & Co., Inc. of Milwaukee, Wisconsin (the "Purchaser"), and hereby certifies as follows:

1. That the Purchaser and the City of Dubuque, Iowa (the "Issuer"), have entered into a Bond Purchase Agreement (the "Contract") dated May 18, 2015 (the "Sale Date"), concerning purchase by the Purchaser from Issuer of \$20,800,000 Sales Tax Increment Revenue Bond (Annual Appropriation Property Tax Supported), Senior Bond Series 2015A, dated June 15, 2015 (the "Series 2015A Bonds").
2. That the Contract is in full force and effect and has not been repealed, rescinded or amended.
3. That the Purchaser hereby confirms that all of the Series 2015A Bonds have been the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers) (the "Public") at the price for each maturity of the Series 2015A Bonds as shown on the Final Official Statement related to the issuance of the Series 2015A Bonds, and any addenda thereto (the "Price"); and that in offering the Series 2015A Bonds to the Public, the Purchaser did not reserve or hold back any Series 2015A Bonds for itself, its affiliates or its affiliated accounts or for any other person not part of the Public. For purposes of this Certificate, "affiliate" means any company that controls, is controlled by, or is under common control with the Purchaser, and "affiliated account" means any account of the Purchaser or its affiliates that is controlled by the Purchaser or an affiliate or in which the Purchaser or an affiliate has a beneficial ownership.
4. That on the Sale Date based upon the Purchaser's assessment of then prevailing market conditions, the Price for the Series 2015A Bonds of each maturity did not exceed the fair market value to the Public of the Series 2015A Bonds of such maturity as of the Sale Date.
5. That as of the Sale Date the Purchaser reasonably expected that (a) the first sale to the Public of an amount of Series 2015A Bonds of each maturity equal to ten percent or more of such maturity of Series 2015A Bonds (the "First Substantial Block")

would be at the Price for such maturity and (b) no Series 2015A Bonds of any maturity would be sold at a higher price before the First Substantial Block of Series 2015A Bonds of such maturity was sold to the Public at the Price, and that, in addition, accrued interest to the date of issuance of the Series 2015A Bonds by the Issuer will be paid by the investors purchasing the Series 2015A Bonds.

6. That the Purchaser agrees that based upon the Price reflected herein the arbitrage yield on the Series 2015A Bonds is 3.732081%, and that the weighted average maturity of the Series 2015A Bonds based on the Price reflected herein is 12.195 years.

7. That the undersigned is a duly authorized representative of the Purchaser, with the power to make the representations herein.

IN WITNESS HERETO, I affix my signature this _____ day of
_____, 2015.

ROBERT W. BAIRD & CO., INC.
(PURCHASER)

By: _____
Title: _____

(Attach copy of coversheet of Final Official Statement)

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