CERTIFICATE REGARDING
COMPLIANCE WITH CERTAIN TAX MATTERS

with reference to

$3,000,000 Note of the
Mountains Recreation and Conservation Authority
(Issued October 3, 2014)

This Certificate, dated as of October 3, 2014, is executed and delivered by the Mountains Recreation and Conservation Authority (the "Authority") in connection with the issuance of a promissory note in the aggregate principal amount $3,000,000 (the "Note"). The Note is being issued pursuant to Resolution No. ____ (the "Resolution") adopted by the Authority on October 1, 2014, and pursuant to a Second Modification to Revolving Credit Agreement dated as of September 1, 2014. Pursuant to the Resolution and Treasury Regulations Section 1.148-2(b)(2), the Authority certifies, covenants, warrants and represents as follows:

1. Definitions. The terms used in this Certificate and not defined herein shall have the meanings ascribed thereto in the Resolution. Other capitalized terms used in this Certificate are defined as follows:

"Available Amounts" means any amounts that are available to the Authority to pay Working Capital Expenditures of the type financed by the issue, excluding Proceeds of the Note, but including cash, investments, and other amounts held in accounts or otherwise by the Authority or a Related Party if those amounts may be used by the Authority for Working Capital Expenditures of the type being financed by the Authority without legislative or judicial action and without a legislative, judicial, or contractual requirement that those amounts be reimbursed.

"Available Construction Proceeds" means an amount equal to (a) the sum of (i) the Issue Price of the Note, (ii) Investment Proceeds on that Issue Price, (iii) earnings on any reasonably required reserve or replacement fund allocated to the Note not funded from the Issue Price, and (iv) Investment Proceeds and earnings on (ii) and (iii), (b) reduced by the portions, if any, of the Issue Price of the Note (i) attributable to Pre-Issuance Accrued Interest and earnings thereon, (ii) allocated to the Lender's discount or other compensation, if any, (iii) used to pay other Costs of Issuance of the Note, and (iv) deposited in a reasonably required reserve or replacement fund allocated to the Note. Available Construction Proceeds do not include Investment Proceeds or earnings on a reasonably required reserve or replacement fund allocated to the Note for any period after the earlier of (a) the close of the two-year period that begins on the Issue Date or (b) the date the construction of any capital improvements financed by the Note are substantially completed.

"Bona Fide Debt Service Fund" means a fund, including a portion of or an account in that fund (or in the case of a fund established for two or more bond or note issues, the portion of that fund properly allocable to an issue) or a combination of such funds, accounts or portions that is used primarily to achieve a proper matching of revenues with Debt Service on an issue within each Bond Year and that is depleted at least once each year except for a reasonable carryover amount not to exceed the greater of the earnings thereon for the immediately preceding Bond

Year or one twelfth of the annual Debt Service on the issue for the immediately preceding Bond Year.

"Bond Year" means the annual period relevant to the application of Section 148(f) of the Code to the Note, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the Issue Date unless the Authority selects another date on which to end a Bond Year in the manner permitted by the Code.

"Capital Expenditures" means costs that are properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commingled Fund" means any fund or account of the Authority that contains both Gross Proceeds of an issue and amounts in excess of $25,000 that are not Gross Proceeds of that issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account.

"Commingled Investment Proceeds" means, in the case of certain issues specified in Treasury Regulations Section 1.148-6(d)(6), Investment Proceeds of such issue (other than Investment Proceeds held in a Refunding Escrow) that are deposited in a Commingled Fund with substantial tax or other revenues from governmental operations of the issuer and that are reasonably expected to be spent for governmental purposes within six months from the date of deposit in the Commingled Fund, using any reasonable accounting assumptions.

"Computation Date" means each date on which the Rebate Amount is required to be computed under Treasury Regulations Section 1.148-3(e). In the case of a Fixed Yield Issue, the first Computation Date shall not be later than five years after the Issue Date of the issue. Subsequent Computation Dates shall be not later than five years after the immediately preceding Computation Date for which an installment payment of the Rebate Amount was paid. The final Computation Date is the date an issue is retired.

"Construction Issue" means the Note, so long as at least 75 percent of the Available Construction Proceeds of which are to be used for construction expenditures with respect to property which is or is to be owned by a Governmental Unit or a 501(c)(3) Organization.

"Controlled Group" means a group of entities controlled directly or indirectly by the same entity or group of entities within the meaning of Treasury Regulations Section 1.150-1(e).

"Costs of Issuance" means any financial, legal, administrative and other fees or costs incurred in connection with the issuance of an issue, including any lender's compensation withheld from the Issue Price.

"Debt Service" means the principal of, interest on and any redemption premium on an issue.

“Debt Service Fund” means the Debt Service Fund established under the Indenture, and the accounts therein, which are to be used to pay Debt Service on the Note and are properly allocated to the Note.

“501(c)(3) Organization” means an organization described in Section 501(c)(3) of the Code and exempt from tax under Section 501(a) thereof.

“Financial Advisor” means C.M. de Crinis & Co., Inc.

“Fixed Yield Issue” means an issue of obligations the Yield on which is fixed and determinable on the Issue Date.

“Governmental Unit” means a state, territory or possession of the United States, the District of Columbia, or any political subdivision thereof referred to as a “State or local governmental unit” in Treasury Regulations Section 1.103-1(a). “Governmental Unit” does not include the United States or any agency or instrumentality of the United States.

“Gross Proceeds” means Proceeds and Replacement Proceeds of an issue.

“Higher Yielding Investments” means any Investment Property that produces a Yield that (i) in the case of Investment Property allocable to Replacement Proceeds of an issue and Investment Property in a Refunding Escrow, is more than one thousandth of one percentage point higher than the Yield on the applicable issue, and (ii) for all other purposes of this Certificate, is more than one eighth of one percentage point higher than the Yield on the applicable issue.

“Investment Proceeds” means any amounts actually or constructively received from investing Proceeds of an issue in Investment Property.

“Investment Property” means investment property within the meaning of Sections 148(b)(2) and 148(b)(3) of the Code, including any security (within the meaning of Section 165(g)(2)(A) or (B)) of the Code, any obligation, any annuity contract and any other investment type property (including certain residential rental property for family units as described in Section 148(b)(2)(E) of the Code in the case of any bond other than a Private Activity Bond). Investment Property includes a Tax Exempt Obligation that is a “specified private activity bond” as defined in Section 57(a)(5)(C) of the Code but does not include other Tax Exempt Obligations.

“Issue Date” means the date of physical delivery of an issue by the issuer in exchange for the purchase price of the issue.

“Issue Price” means the initial offering price to the general public in a bona fide public offering at which a substantial amount of each maturity of an issue (including any Pre-Issuance Accrued Interest and original issue premium), which is not more than the fair market value thereof as of the Sale Date, and at which initial offering price not less than ten percent of the principal amount of each maturity, as of the Sale Date, was sold or reasonably expected to be sold (other than to bond houses, brokers or other intermediaries).

"Lender" means Zions First National Bank.

"Loan Agreement" means the Second Modification to Revolving Credit Agreement dated as of September 1, 2014, between Authority and the Lender.

"Minor Portion" means an amount equal to the lesser of $100,000 or five percent of the Sale Proceeds of an issue.

"Net Sale Proceeds" means the Sale Proceeds of an issue less the portions of the Sale Proceeds invested in a reasonably required reserve or replacement fund for such issue and invested as a part of a Minor Portion for such issue.

"Nonpurpose Investments" means any Investment Property that is acquired with Gross Proceeds of an issue as an investment and not in carrying out any governmental purpose of the issue. "Nonpurpose Investments" does not include any investment that is not regarded as "investment property" or a "nonpurpose investment" for the particular purposes of Section 148 of the Code (such as certain investments in United States Treasury obligations in the State and Local Government Series and certain temporary investments), but does include any other investment that is a "nonpurpose investment" within the applicable meaning of Section 148 of the Code.

"Note" means the $3,000,000 Note issued and delivered by the Authority to the Lender on the date of this certificate.

"Pre Issuance Accrued Interest" means interest on an obligation that accrued for a period not greater than one year before its Issue Date and that will be paid within one year after such Issue Date.

"Private Activity Bond" means (i) obligations of an issue more than ten percent of the Proceeds of which are or are to be used for a Private Business Use and more than ten percent (five percent in each case for either unrelated or disproportionate Private Business Use) of the Debt Service on which is or is to be paid from or secured by payments with respect to property, or secured by property, used for a Private Business Use, or (ii) obligations of an issue five percent or more of the Proceeds of which are or are to be used to make or finance loans to any Private Person.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any Private Person other than use as a member of, and on the same basis as, the general public. Any activity carried on by a Private Person (other than a natural person) shall be treated as a trade or business.

"Private Person" means any natural person or any artificial person, including a corporation, partnership, trust or other entity, that is not a Governmental Unit and that is not acting solely and directly as an officer or employee of or on behalf of the Authority or another Governmental Unit. "Private Person" includes the United States and any agency or instrumentality of the United States.

"Proceeds" means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue. "Proceeds" do not include Replacement Proceeds.

"Qualified Administrative Costs" means reasonable direct administrative costs (other than carrying costs), such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody, and similar costs. General overhead costs and similar indirect costs of an issuer such as employee salaries and office expenses and costs associated with computing the Rebate Amount are not Qualified Administrative Costs.

"Qualified Guarantee" means any guarantee of an obligation that constitutes a "qualified guarantee" within the meaning of Treasury Regulations Section 1.148-4(f).

"Qualified Hedge" means a "qualified hedge" as defined in Treasury Regulations Section 1.148-4(h)(2).

"Rebate Amount" means the excess of the future value, as of any date, of all receipts on Nonpurpose Investments acquired with Gross Proceeds of an issue over the future value, as of that date, of all payments on Nonpurpose Investments acquired with Gross Proceeds of such issue, computed in accordance with Section 148(f) of the Code and Treasury Regulations Section 1.148-3.

"Related Party" means, in reference to a Governmental Unit or 501(c)(3) Organization, any member of the same Controlled Group, and, in reference to any person that is not a Governmental Unit or 501(c)(3) Organization, a related person as defined in Section 144(a)(3) of the Code.

"Replacement Proceeds" means with respect to an issue, amounts (including any investment income but excluding any Proceeds of that issue) replaced by Proceeds of that issue under Section 148(a)(2) of the Code. Replacement Proceeds include amounts, other than Proceeds, held in a sinking fund, pledged fund or reserve or replacement fund for the issue.

"Sale Date" means with respect to an issue (or a portion of an issue) the first date upon which there is a binding contract in writing with the Issuer for the sale and purchase of the issue (or of respective obligations of the issue if sold by the issuer on different dates) on specific terms that are not later modified or adjusted in any material respect.

"Sale Proceeds" means that portion of the Issue Price actually or constructively received by the issuer upon the sale or other disposition of an issue, including any lender's compensation withheld from the Issue Price, but excluding Pre Issuance Accrued Interest.

"Same Plan of Financing" is determined based on such factors as the purposes for the obligations and the structure of the financing. For example, generally (i) obligations to finance a single facility or related facilities are part of the same plan of financing; (ii) short term obligations to finance working capital expenditures and long term obligations to finance capital projects are not part of the same plan of financing; and (iii) certificates of participation in a lease and general obligation obligations secured by tax revenues are not part of the same plan of financing.

"Spendable Proceeds" means the Net Sale Proceeds of an issue.

"Tax-Exempt Obligation" means any obligation or issue of obligations (including bonds, notes and lease obligations treated for federal income tax purposes as evidences of indebtedness) the interest on which is excluded from gross income for federal income tax purposes within the meaning of Section 150 of the Code, and includes any obligation or any investment treated as a "tax exempt bond" for the applicable purpose of Section 148 of the Code.

"Tax-Exempt Organization" means a Governmental Unit or a 501(c)(3) Organization.

"Temporary Period" means the period of time, as set forth in this Certificate, applicable to particular categories of Gross Proceeds of an issue during which such category of Gross Proceeds may be invested in Higher Yielding Investments without the issue being treated as arbitrage bonds under Section 148 of the Code.

"Treasury Regulations" means the Treasury Regulations promulgated by the Department of Treasury of the United States under Section 103 and Sections 141 through 150 of the Code.

"Universal Cap" means the value of all the outstanding Note.

"Value," with respect to an investment, has the meaning set forth in Section 1.148-5(d) of the Treasury Regulations.

"Working Capital Expenditures" means any costs of a type that do not constitute Capital Expenditures, including current operating expenses.

"Yield" has the meaning assigned to it for purposes of Section 148 of the Code, and means, with respect to a Fixed Yield Issue, that discount rate (stated as an annual percentage) that, when used in computing the present worth of all applicable unconditionally payable payments of Debt Service and all payments for a Qualified Guarantee, if any, paid and to be paid with respect to an obligation, produces an amount equal to (i) the Issue Price, or (ii) the purchase price for yield purposes in the case of Investment Property, all subject to the applicable methods of computation provided for under Section 148, including variations from the foregoing. The Yield on Investment Property in which Proceeds or Replacement Proceeds of the Note are invested is computed on a basis consistent with the computation of Yield on the Note, including the same compounding interval (of not more than one year selected by the Authority).

"Yield Period" means, in the case of the first Yield Period, the period that commences on the Issue Date and ends at the close of business on the first Computation Date and, in the case of each succeeding Yield Period, the period that begins immediately after the end of the immediately preceding Yield Period and ends at the close of business on the next succeeding Computation Date.

2. Issuer and Purpose of the Note.

A. Issuer. The Authority is a joint exercise of powers authority created by and among the Santa Monica Mountains Conservancy (the "Conservancy"), the Conejo Recreation and Park District and the Rancho Simi Recreation and Park District (collectively, the

"Members"), all public agencies of the State of California duly constituted and validly existing under the laws of the State, pursuant to the Mountains Recreation and Conservation Authority Joint Exercise of Powers Agreement. The Authority is authorized to exercise any power common to the Members, including the power of eminent domain to further its governmental purposes. The Authority has four directors on its board, and each Member appoints a director and the three directors so appointed appoint a public member.

B. Purpose of Bonds. On the date of this Certificate, in exchange for good funds, the Authority is delivering the Note to the Lender to hold for its own account with no present view towards resale. The Note is being issued to provide moneys which, together with other available moneys of the Authority, will be sufficient to: (i) finance the purchase and/or improvement of land for open space and recreational use, and (ii) pay costs related to the issuance of the Note.

C. Sale Date. The Sale Date of the Note is October 3, 2014.

D. Issue Date. The Issue Date of the Note is October 3, 2014 (which is the delivery date of the Note and the date of this Certificate).

E. Single Issue. Except for a taxable interest note in the principal amount of $1,000,000, no other obligations have been or will be sold less than 15 days before or after the Sale Date of the Note pursuant to the Same Plan of Financing with the Note that are expected to be paid from substantially the same source of funds as the Note, determined without regard to guarantees from a person who is not a Related Party to the Authority.

F. Issue Price. The Issue Price of the Note is as follows:

Par	$3,000,000
Original Issue Premium or Discount	-0-
Issue Price	$3,000,000

G. Sale Proceeds and Net Sale Proceeds. The Sale Proceeds and Net Sale Proceeds of the Note are as follows:

Issue Price	$3,000,000
Pre-Issuance Accrued Interest	-0-
Sale Proceeds	$3,000,000
Minor Portion	(100,000)
Net Sale Proceeds	$2,900,000

3. Use of Sale Proceeds; Temporary Periods.

A. Lender's Discount and Costs of Issuance. The Authority will pay from Sale Proceeds $40,000 of lender's compensation, and $10,000 from Sale Proceeds will be used by the Authority to pay all or a portion of the Financial Advisor fee and/or Bond Counsel fee. None of the Proceeds of the Note will be used to pay other Costs of Issuance of the Note.

B. Projects; Timing of Expenditures; Due Diligence.

(1) The Net Sale Proceeds of the Note will be drawn over time pursuant to the Loan Agreement, which is a revolving line of credit with the Lender. The amount of Net Sale Proceeds drawn on the Issue Date is at least $50,000. Amounts drawn on the revolving line of credit will be used to reimburse the Authority for payments made to contractors after the Issue Date of this Note, or to pay contractors for Capital Expenditures invoiced up to approximately 60 days after the date of withdrawal. The first project for which funds are first scheduled for withdrawal is Milton Street Park for open space and recreational purposes. There are a number of other projects of a similar nature which the Authority expects to undertake and complete within three years of the Issue Date of the Note. The entire line is expected to be drawn down and spent within three years of the Issue Date of the Note.

(2) Net Sale Proceeds may be invested for a three-year period which is the Temporary Period for such Net Sale Proceeds because of the following: (i) at least 85 percent of the aggregate Net Sale Proceeds will be allocated to expenditures on the improvement of land by the end of such Temporary Period; (ii) within six months of the Issue Date of the Note, the Authority will incur substantial binding obligations to expend at least five percent of the aggregate Net Sale Proceeds on the improvement of land; and (iii) completion of the improvement of land and allocation of the Net Sale Proceeds in such funds to expenditures will proceed with due diligence.

(3) Although the Authority expects to allocate Net Sale Proceeds to expenditures within three years of the Issue Date, any Sale Proceeds that remain unspent on the third anniversary of the Issue Date of the Note, which is the expiration date of the Temporary Period for such Proceeds, will not be invested in Higher Yielding Investments after that date except as part of the Minor Portion. In complying with the foregoing requirements, the Authority may take into account yield reduction payments timely paid to the United States.

C. Investment Proceeds. Any Investment Proceeds of the Note used to pay costs of the improvement of land may be invested in Higher Yielding Investments during a three-year Temporary Period or, if longer, one year from the date of receipt, such period being the Temporary Period for Investment Proceeds. Any other Investment Proceeds of the Note will be used to pay Debt Service on the Note or for other governmental purposes of the Note within one year after the receipt of those Investment Proceeds, being the Temporary Period applicable to such Investment Proceeds.

D. Debt Service. Amounts (State grants and other grant moneys) used to pay Debt Service on the Note will be used for that purpose within 13 months after the amounts are received by the Authority, such 13-month period being the Temporary Period for such amounts. All payments of Debt Service on the Note are expected to be made from State grants and other grant moneys made to the Authority. The grant moneys received by the Authority within each Bond Year will be applied immediately (but in any event, within three days) to the payment of principal of or interest on the Note within such Bond Year.

E. No Other Funds. Other than the grant funds described above, the Authority does not intend to use any of its revenues or income to pay Debt Service on the Note and the Authority has not established and will not establish any fund or account which is reasonably expected to be used to pay directly or indirectly Debt Service on the Note or with respect to which there will be reasonable assurance that moneys would be available for the payment of Debt Service were the Authority to encounter financial difficulties.

F. No Replacement; Weighted Average Maturity and Useful Life. The Authority has not established and does not expect to establish or use any sinking fund, debt service fund, redemption fund, reserve or replacement fund, or similar fund, or any other fund to pay Debt Service. Except for the State grants and other grant moneys described above, no other money or Investment Property is or will be pledged as collateral or used for the payment of Debt Service on the Note (or for the reimbursement of others who may provide money to pay that Debt Service), or is or will be restricted, dedicated, encumbered, or set aside in any way as to afford the holders of the Note reasonable assurance of the availability of such money or Investment Property to pay Debt Service on the Note. No portion of any amounts received from the sale of the Note will be used, directly or indirectly, to replace moneys or substitute for other funds of the Authority (or any related person) that have a sufficiently direct nexus to the Note or to the governmental purpose of the Note to permit the conclusion that such moneys would have been used as a source of financing or to pay principal and interest on the Note if the Note were not issued for such purpose. The weighted average economic life of the subject improvements to land financed with Proceeds of the Note, as determined on the Issue Date of the Note and treating land as having an economic life of 30 years, extends beyond the weighted average maturity of the Note. As shown by the schedules of the Financial Advisor attached hereto, the weighted average maturity of the Note does not exceed 120 percent of the weighted average economic life of the facilities financed with the Proceeds of the Note, determined in the same manner as under Section 147(b) of the Code.

G. No Overissuance. The Proceeds of the Note are not reasonably expected to exceed the amount needed for the governmental purposes of the Note as set forth in paragraphs 2 and 3.

H. Other Use of Proceeds. Except as stated otherwise in this Certificate, none of the Proceeds of the Note will be used:

(1) to pay principal of or interest on, refund, renew, roll over, retire, or replace any other obligations issued by or on behalf of the Authority or any other Governmental Unit,

(2) to replace any Proceeds of another issue that were not expended on the subject improvements to land for which such other issue was issued,

(3) to replace any money that was or will be used directly or indirectly to acquire Higher Yielding Investments,

(4) to make a loan to any person or Governmental Unit,

(5) to pay any Working Capital Expenditure other than Costs of Issuance of the Note, Qualified Administrative Costs, reasonable charges for a Qualified Guarantee or for a Qualified Hedge, payments of the Rebate Amount, and costs, other than those

already described, that do not exceed five percent of the Sale Proceeds and that are directly related to Capital Expenditures financed by the Note, principal or interest on an issue paid from unexpected excess Sale Proceeds or Investment Proceeds, and principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a Bona Fide Debt Service Fund, or

(6) to reimburse any expenditures made prior to the Issue Date of the Note.

For purposes of this Certificate, Gross Proceeds will be treated as spent when they are used to pay or reimburse disbursements by the Authority that are (i) capital expenditures relating to the subject land acquisition, (ii) costs of issuance the Note, (iii) interest on the Note through the later of three years after the Issue Date or one year after the land acquired for open space and recreational use is placed in service, (iv) initial operating expenses directly associated with the subject land acquisition (in an amount not exceeding five percent of the Sale Proceeds allocable to the Project), or (v) other miscellaneous expenditures described in Treasury Regulations Section 1.148-6(d)(3)(ii). The Authority hereby covenants, certifies and warrants that no disbursement to be paid or reimbursed from Gross Proceeds shall have been previously paid or reimbursed from the Proceeds of any other obligation, whether issued by the Authority or any other party. Absent an Opinion of Counsel, all expenditures of Gross Proceeds will be made in respect of (a) preliminary expenditures, (b) capital expenditures relating to the subject land acquisition reimbursed in respect of payments made by the Authority on or after 60 days prior to the Issue Date, (c) costs of issuance of the Note, or (d) other payments described in (i) through (v) above that are made by the Authority on or after the Issue Date. In connection with all expenditures of Gross Proceeds described in (b) the reimbursement allocation will be made no later than the later of 18 months after the later of the Issue Date or the date on which the improvements to land acquired for open space and recreational use is placed in service, but in no event later than three years after the date of the expenditure. As of the Issue Date, the Authority expects no reimbursements.

I. <u>Higher Yielding Investments</u>. Gross Proceeds will not be invested in Higher Yielding Investments except for (i) the Minor Portion, and (ii) those Gross Proceeds identified in subparagraph A, B, C and D of this paragraph 3, but only during the applicable Temporary Periods therein described for those Gross Proceeds. No portion of the Note is being issued solely for the purpose of investing Proceeds in Higher Yielding Investments.

J. <u>Disposition of Land; Purchase of Bonds</u>. The Authority does not expect or intend that the subject improvements or land or any portion thereof will be sold or otherwise disposed of during the term of the Note except for dispositions of property in the normal course at the end of such property's useful life. The Authority does not intend to purchase, directly or indirectly, any portion of the Note in a transaction or series of transactions that would reduce the Yield on the Note.

4. <u>Rebate; Bond Yield</u>. The Authority will calculate and make, or cause to be calculated and made, payments of the Rebate Amount in the amounts and at the times and in the manner provided in Section 148(f) of the Code with respect to Gross Proceeds to the extent not exempted under Section 148(f)(4) of the Code. No amounts that are required to be paid to the

United States will be used to make any payment to a party other than the United States through a transaction or a series of transactions that reduces the amount earned on any Investment Property or that results in a smaller profit or a larger loss on any Investment Property than would have resulted in an arm's length transaction in which the Yield on the Note was not relevant to either party to the transaction.

A. Generally. Section 148(f) of the Code requires that the Rebate Amount on Nonpurpose Investments allocable to the Gross Proceeds of the Note be paid to the United States to prevent the Note from being arbitrage bonds.

B. Computation Dates. The Authority may treat any date as the first Computation Date provided such date is within five years of the Issue Date. After the first rebate payment is due, the Authority will consistently treat either the end of each Bond Year or the end of each fifth Bond Year as Computation Dates and will not change these Computation Dates after the first rebate payment is due.

C. Final Computation Date. The date that the Note is discharged is the Final Computation Date. For the Final Computation Date, the final rebate payment will be paid in an amount that, when added to the future value of previous rebate payments made for the Note, equals 100 percent of the Rebate Amount as of that date.

D. Time and Manner of Payment. Each rebate payment will be paid no later than 60 days after the Computation Date to which the payment relates. Any rebate payment paid within such 60-day period may be treated as paid on the Computation Date to which it relates. Each payment made will be filed with the applicable Internal Revenue Service Center, and will be accompanied by Form 8038-T.

E. Recordkeeping Requirement. The Authority will retain records of the determination of its Rebate Amount until three years after the retirement of the last obligation of the Note.

F. Note Yield. For purposes of this Certificate, the Yield of the Note is generally the discount rate which when used in computing the present value of all unconditionally payable payments of principal and interest on the Note produces an amount equal to the Issue Price of the Note. There is no Pre-issuance Accrued Interest. The Issue Price of the Note is $3,000,000 (the aggregate price at which the Note was sold to the Lender to hold for its own account with no present view towards resale as shown by the Investor Letter of the Lender attached hereto as Exhibit B). For purposes of this Certificate, Yield is, and will be, calculated on a 360-day year basis with interest compounded semiannually.

G. Reoffering Price. The Authority is delivering the Note to the Lender on the date hereof in exchange for payment of $50,000, which represents the lesser of $50,000 or five percent of the Issue Price of the Note. Based upon representations of the Lender in a separate investor letter, the entire Note has been placed with the Lender, which is not a bond house, broker or other intermediary. Based upon advice of the Financial Advisor, as reflected in Exhibit C hereto, the initial price of the Note was reasonable under customary standards in the applicable tax-exempt market as of the Sale Date.

H. Exceptions to Rebate.

(1) Six-Month Spending Exception. The Note will be treated as satisfying the rebate requirements if: (i) all of the Gross Proceeds of the Note are allocated to expenditures for the governmental purposes of the Note within the six-month period beginning on the Issue Date, and (ii) the Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or a Bona Fide Debt Service Fund if and to the extent that such Fund is subject to the Rebate requirement is timely paid to the United States, such six-month period will be extended for an additional six months if the unexpended Gross Proceeds of the Note at the end of such six-month period do not exceed the lesser of five percent of the Proceeds of the Note or $100,000.

Gross Proceeds required to be spent within such six-month period do not include amounts in the Reserve Account or in the other accounts in the Debt Service Fund.

(2) 18-Month Spending Exception. The Note will be treated as satisfying the rebate requirement if:

(i) All of the Gross Proceeds of the Note (excluding amounts in the Reserve Account and the other accounts in the Debt Service Fund) are allocated to expenditures for the governmental purposes of the Note in accordance with the following schedule, measured from the Issuance Date:

(1) at least 15 percent within six months;

(2) at least 60 percent within 12 months; and

(3) 100 percent within 18 months, subject to a Reasonable Retainage.

(ii) The Rebate Amount, if any, with respect to earnings on amounts deposited in the Reserve Account is timely paid to the United States, and,

(iii) The Gross Proceeds of the Note qualify for the initial three-year Temporary Period.

If the only unspent Gross Proceeds at the end of the 18th month are Reasonable Retainage, the requirement that 100 percent of the Gross Proceeds be spent by the end of the 18th month is treated as met if the reasonable retainage, and all earnings thereon, are spent for the governmental purposes of the Issue within 30 months of the Issue Date of the Note.

For purposes of determining whether the spending requirements have been met as of the end of each of the first two spending periods, the amount of Investment Proceeds that the Authority reasonably expects as of the Issue Date to earn on the Sale Proceeds and Investment Proceeds of the Issue during the 18 month period are included in Gross Proceeds of the Issue. The final spend down requirement includes actual Investment Proceeds for the entire 18 months.

(3) Two-Year Spending Exception. A Construction Issue is treated as satisfying the rebate requirement if the Available Construction Proceeds are allocated to expenditures for the governmental purposes of the issue in accordance with the following schedule, measured from the Issue Date:

(i) at least 10 percent within six months;

(ii) at least 45 percent within one year;

(iii) at least 75 percent within 18 months; and

(iv) 100 percent within two years, subject to the Reasonable Retainage.

The Bonds will not fail to satisfy the spending requirements for the fourth spend down period if the only unspent Available Construction Proceeds are amounts for Reasonable Retainage if such amounts (together with all earnings on such amounts) are allocated to expenditures within three years of the Issue Date.

5. Not Private Activity Bonds. The Note will not be a Private Activity Bond based on the following:

A. Not more than ten percent of the Proceeds of the Note, if any, will be used for a Private Business Use and not more than ten percent of the Debt Service on the Note (five percent in both instances in the case of unrelated or disproportionate Private Business Use) will be paid from or secured by payments with respect to property, or secured by property, used for a Private Business Use.

B. Less than five percent of the Proceeds, if any, will be used to make or finance loans to any Private Person.

In no event will the Authority accept or permit the payment by any person of any amount or the provision of property or services of any value in respect of the "private business use" of any property financed or refinanced with Proceeds of the Note. For purposes of the preceding sentence, the Authority acknowledges that "private business use" may arise by reason of the transfer of any proprietary or leasehold interest in financed property to any nongovernmental person (other than to an individual not engaged in a trade or business), or by reason of a contractual arrangement pursuant to which any nongovernmental person provides services to the Authority with respect to any function of financed property (unless such arrangement conforms to the requirements of Revenue Procedure 97-13 or otherwise is structured to not create a private business use relationship), or, with respect to financed property that is part of an electric, water or gas output facility, by reason of an output contract under which a nongovernmental person agrees to purchase output of the facility. In addition, in no event will the Authority enter into a sale of financed property under a deferred payment arrangement, or enter into any other arrangement with any nongovernmental person, that might, for federal income tax purposes, be characterized as a loan of Proceeds of the Note. On the basis of the foregoing, the Authority expects that the Note will not be "private activity bonds" within the meaning of Section 141(a) of the Code.

6. No Federal Guarantee. The payment of Debt Service on the Note, or the payment of principal or interest with respect to any loans made from the Proceeds of the Note, is not directly or indirectly guaranteed in whole or in part by the United States or by an agency or instrumentality of the United States, within the meaning of Section 149(b) of the Code. Not more than five percent of the Proceeds of the Note will be invested directly or indirectly in federally insured deposits or accounts. The foregoing do not apply to (i) Proceeds invested during the initial Temporary Period, (ii) investments of a Bona Fide Debt Service Fund, (iii) direct purchases from the United States of obligations issued by the United States Treasury, or (iv) other investments permitted by Section 149(b) of the Code or Treasury Regulations Section 1.149(b)-1(b).

7. Timing of Issuance; No Hedge Bonds. As described in sections B and C of paragraph 3, at least 85 percent of the Spendable Proceeds of the Note (other than such Spendable Proceeds to be used to pay Debt Service on another issue) will be used to carry out the governmental purposes of the Note within three years from the Issue Date of the Note. None of the Proceeds of the Note will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more, including but not limited to any investment contract or fixed Yield investment having a maturity of four years or more. The reasonable expectations stated above were not and are not based on and do not take into account (i) any expectations or assumptions as to the occurrence of changes in market interest rates or changes of federal tax law or regulations or rulings thereunder or (ii) any prepayments of items other than items that are customarily prepaid.

The Issue Date of the Note has been determined solely on the basis of bona fide financial reasons, in accordance with ordinary financial practice in financing the improvements similar to those described in this Certificate, and has not been determined with a view to prolonging the period between issuance of the Note and the expenditure of the Proceeds.

8. Form 8038-G. Within the time and on the form prescribed by the Internal Revenue Service under Section 149(e) of the Code, the Authority will file or cause to be filed with the Internal Revenue Service a Form 8038-G setting forth the required information relating to the Note. The information reported thereon will be true, correct, and complete to the best of the knowledge and belief of the undersigned.

9. Reasonable Expectations. In making the representations in this Certificate the undersigned is relying in part on the representations of the Lender and Financial Advisor set forth in Exhibits B and C. To the best of the knowledge, information, and belief of the undersigned, all expectations stated in this Certificate are the expectations of the Authority and are reasonable, all facts stated are true, and there are no other existing facts, estimates, or circumstances that would or could materially change the statements made in this Certificate. The certifications and representations made in this Certificate are intended to be relied upon as certifications described in Section 1.148-2(b) of the Treasury Regulations. The Authority acknowledges that any change in the facts or expectations from those set forth in this Certificate may result in different requirements or a change in status of the Note or interest thereon under the Code, and that bond counsel will be contacted if such changes are to occur or have occurred.

10. Prohibited Investments and Dispositions. Upon the purchase or sale of a Nonpurpose Investment, Gross Proceeds of the Note may not be allocated to a payment for that Nonpurpose Investment in an amount greater than, or to a receipt from that Nonpurpose Investment in an amount less than, the fair market value of the Nonpurpose Investment as of the purchase or sale date. The fair market value of a Nonpurpose Investment is adjusted to take into account Qualified Administrative Costs allocable to the investment. Thus, Qualified Administrative Costs increase the payments for, or decrease the receipts from, a Nonpurpose Investment. In that regard, the Authority will comply with the following:

A. Fair Market Value. The fair market value of an investment is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding (i.e., the trade date rather than the settlement date). An investment that is not of a type traded on an established securities market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

B. Certificates of Deposit. A certificate of deposit that has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal will be treated as purchased at its fair market value if the Yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States; and (ii) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

C. Guaranteed Investment Contracts. The purchase price of a guaranteed investment contract is treated as its fair market value on the purchase date if (i) the Authority makes a bona fide solicitation for a specified guaranteed investment contract and receives at least three bona fide bids from providers that have no material financial interest in the Note (e.g., lenders or brokers); (ii) the Authority purchases the highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's or other third party's fees); (iii) the Yield on the guaranteed investment contract (determined net of broker's or other third party's fees) is not less than the Yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to other persons from a source of funds other than Gross Proceeds of Tax-Exempt Bonds; (iv) the determination of the terms of the guaranteed investment contract takes into account as a significant factor the Authority's reasonably expected drawdown schedule for the amounts to be invested; (v) the terms of the guaranteed investment contract, including collateral security requirements, are reasonable; and (vi) the obligor on the guaranteed investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract.

The Authority will maintain records adequate to determine the fair market value of the investments described above.

11. Bank Qualified Obligations. The Authority hereby designates the Note as a "qualified tax-exempt obligation" pursuant to Section 265(b) of the Code. The Authority has not

designated and will not designate, and has not permitted and will not permit any subordinate entity or issuer issuing on behalf of the Authority to designate, during calendar year 2014, any other tax-exempt obligations as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Code, such that the aggregate amount of such other obligations, together with the amount of the Note, in total will exceed $10,000,000. The Authority has not issued and does not reasonably expect to issue, either directly or through any subordinate entity or on-behalf-of issuer, other tax-exempt obligations during calendar year 2014 in an aggregate amount that, together with the amount of the Note, would exceed $10,000,000. For purposes of this Certificate, the Authority is not subordinate to any entity with which the Authority is required to be aggregated for purposes of Section 265(b), and that, in any event, the Authority represents that the Conservancy has not and will not issue any tax-exempt obligations for the year 2014.

12. Post-Issuance Compliance Procedures. Pursuant to Resolution No. 14-145, adopted on September 10, 2014, the Authority has adopted "Tax Advantaged Bonds Post-Issuance Compliance Procedures" set forth in Exhibit D hereto (the "Procedures"). The Authority covenants to duly implement and follow the Procedures in its effort to ensure the continued tax-exempt status of the Note.

13. Amendment. In order to comply with the covenants in the Resolution and Loan Agreement regarding compliance with the requirements of the Code and the continued exclusion from gross income for purposes of federal income taxation of interest paid on the Note, the provisions and procedures described in this Certificate may be modified as necessary, if accompanied by an opinion of nationally recognized counsel experienced in matters of municipal bond law acceptable to the Authority, to comply with legislation, regulations, rulings, or judicial decisions as may be applicable to the Note.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Certificate on the date first written above.

____

Sheryl Lewanda, Chief Deputy Financial Officer
of the Mountain Recreation & Conservation
Authority

List of Exhibits

Exhibit A – IRS Form 8038-G

Exhibit B – Lender's Investor Letter

Exhibit C – Financial Advisor's Certificate

Exhibit D – Post-Issuance Compliance Procedures

EXHIBIT A
(to Certificate Regarding Compliance with Certain Tax Matters

IRS Form 8038-G

(see attached)

EXHIBIT B
(to Certificate Regarding Compliance with Certain Tax Matters)

Lender's Investor Letter

(see attached)

EXHIBIT C
(to Certificate Regarding Compliance with Certain Tax Matters)

CERTIFICATE OF THE FINANCIAL ADVISOR

C.M. de Crinis & Co., Inc. has served as Financial Advisor with respect to the $3,000,000 aggregate stated principal amount of that certain note (the "Note"), issued by the Mountains Recreation and Conservation Authority (the "Authority") on the date hereof. The undersigned hereby certifies and represents that in its opinion, and without the benefit of any market survey given the limited market for the Note, the purchase price of par represents the fair market price of the Note as of today's date.

Dated: October 3, 2014

C.M. de CRINIS & CO., INC.

By: ______________________________
Authorized Representative

EXHIBIT D
(to Certificate Regarding Compliance with Certain Tax Matters)

Post-Issuance Compliance Procedures

(see attached)