

Appendix One Definitions

(a) **Available Construction Proceeds** shall mean, with respect to the applicable New Money Bonds, the amount equal to the respective sum of the issue price of the applicable New Money Bonds (excluding Pre-Issuance Accrued Interest), earnings on such issue price, earnings on any amounts in a reasonably required reserve or replacement fund for the applicable New Money Bonds not funded by the New Money Bonds, and earnings on all of the foregoing applicable earnings, less the amount of each such applicable issue price deposited in a reasonably required reserve or replacement fund and less the issuance costs financed by the applicable New Money Bonds. For purposes of this definition, earnings include earnings on any tax-exempt bond. Earnings on any reasonably required reserve or replacement fund for the applicable New Money Bonds are Available Construction Proceeds only to the extent that those respective earnings accrue before the earlier of (i) the date construction is substantially completed or (ii) the date that is two years after the Delivery Date.

(b) **Available Project Proceeds** shall mean the excess of the proceeds from the sale of the 2010C Bonds or the 2010D Bonds, as applicable, less the issuance costs financed by the 2010C Bond or the 2010D Bond proceeds, as applicable, (not to exceed two percent (2%) of such proceeds) plus proceeds from the investment of such excess.

(c) **Bond Counsel** shall mean Saul Ewing LLP or other nationally recognized Bond Counsel to the Issuer.

(d) **Bond Year** shall mean the one year period (or shorter period) ending on each October 27, or such other date as the Issuer shall elect prior to the first Installment Computation Date.

(e) **Code** shall mean the Internal Revenue Code of 1986, as amended.

(f) **Computation Date** shall mean an Installment Computation Date or the Final Computation Date.

(g) **Computation Date Credit** shall mean, with respect to each series of Bonds on an eligible Computation Date, a credit of \$1,000 on the last day of the applicable Bond Year during which there are amounts allocated to Gross Proceeds of the series of Bonds that are subject to the Rebate Requirement, and on the final maturity date.

(h) **Delivery Date** shall mean the date on which there is a physical delivery of the Bonds in exchange for the amount of issue price, which exchange is occurring this date, October 28, 2010.

(i) **Department of the Treasury** shall mean the Department of the Treasury of the United States.

(j) **Expenditure Period** shall mean the three-year period beginning October 28, 2010 and ending October 28, 2013

(k) **Fair Market Value**, with respect to a Nonpurpose Investment, shall mean, except where otherwise indicated in the Tax Certificate, the following:

(1) **General.** Except with respect to Investment Property that is an obligation of the United States Treasury, the fair market value of an investment shall be the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction. The fair market value of an Investment consisting of an obligation of the United States Treasury that is purchased directly from the United States Treasury shall be its purchase price.

(2) **Certificates of Deposit.** The market price of a certificate of deposit issued by a commercial bank that has a fixed interest rate, a fixed principal payment schedule, a fixed maturity, and a substantial penalty for early withdrawal shall be its purchase price if the certificate of deposit has a yield not less than (A) the yield on reasonably comparable direct obligations of the United States, and (B) the highest yield that is published or posed by the provider to be currently available from the provider on comparable certificates of deposit offered to the public.

(l) **Final Computation Date** shall mean the date the last Bond that is part of the particular series of Bonds is discharged.

(m) **Guaranteed Investment Contracts.** Except as provided in the definitions of Nonpurpose Payments and Nonpurpose Receipts, in the case of a guaranteed investment contract, the obligations acquired thereunder shall be considered acquired or disposed of for an amount equal to the fair market value of such obligations if:

(i) the purchaser makes a bona fide solicitation for a specified guaranteed investment contract and receives at least three bids on the guaranteed investment contract from reasonably competitive providers that have no material financial interest in the Bonds and at least one bid from a reasonably competitive provider. No potential provider was given the opportunity to review other providers' bids before submitting a bid. The bid specifications were in writing and timely forwarded to potential providers and included all material terms of the bid and such terms are commercially reasonable. If the Issuer uses an agent to conduct the bidding process, then the agent did not bid on the guaranteed investment contract;

(ii) the purchaser purchases the highest yielding guaranteed investment contract for which a bona fide bid is made (determined net of brokers' fees, however denominated);

(iii) the determination of the terms of the guaranteed investment contract takes into account the Issuer's reasonably expected draw-down schedule for the funds to be invested;

(iv) the terms of the guaranteed investment contract, are commercially reasonable;

(v) the obligor on the guaranteed investment contract certifies those administrative costs that are paid or expected to be paid to third parties in connection with the guaranteed investment contract;

(vi) the Issuer retains the following records with the Bond documents until three (3) years after the last outstanding Bond is redeemed: (i) a copy of the guaranteed investment contract; (ii) the receipt or other record of the amount actually paid by the Issuer for the guaranteed investment contract including a record of any administrative costs paid by the Issuer and the certification under (v) above; (iii) for each bid that this submitted, the name of the person and entity submitting the bid, the time and date of the bid and the bid results; (iv) the bid solicitation form, and, if the terms of the guaranteed investment contract are deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation;

(vii) the bid specifications include a statement that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the bond issue) and that the bid is not being submitted solely as a courtesy to the Issuer or any other person to satisfy the requisite amount of bidders requirement.

(n) **Gross Proceeds** shall have the meaning contained in Treasury Regulations Section 1.148-1(b), and shall generally *include* amounts which are:

(1) actually or constructively received from the sale of the Bonds, including amounts used to pay underwriters' discount or compensation and accrued interest other than Pre-Issuance Accrued Interest; and shall also include, but are not limited to, amounts derived from the sale of a right that is associated with the Bonds, and that is described in Treasury Regulations §1.148-4(b)(4);

(2) investment proceeds (defined in Treasury Regulations Section 1.148-1(b) to include amounts actually or constructively received at any time by the Issuer, such as interest and dividends, from the investment of proceeds of the Bonds);

(3) treated as proceeds under Treasury Regulations Section 1.148-1(c) (which treats amounts in invested sinking funds and pledged funds for an issue as

proceeds of an issue), including amounts in the 2010B Account, 2010C Account and 2010D Account; and

(4) treated as transferred proceeds of the Bonds (as described in Treasury Regulations §1.148-9).

Such term shall not include amounts that are not otherwise Gross Proceeds but that are allocated to the Rebate Requirement.

(o) **Installment Computation Date** shall mean initially any date chosen by the Issuer so long as such date is not later than five (5) years after the issue date of the Bonds and in subsequent years, any date so long as it is no more than five years after the previous installment computation date.

(p) **Investment Proceeds** shall mean investment earnings on Proceeds of the Bonds.

(q) **Investment Property** shall mean any security or obligation (other than tax-exempt obligations that are not "specified private activity bonds" within the meaning of Section 57(a)(5)(C) of the Code or a tax-exempt mutual fund that invests in tax-exempt bonds other than specified private activity bonds), any annuity contract or any other investment type property.

(r) **Investment-type Property** shall mean any property, other than property described in section 148(b)(2)(A), (B), (C), or (E) of the Code, that is held principally as a passive vehicle for the production of income. For this purpose, production of income includes any benefit based on the time value of money.

Except as otherwise provided herein, a prepayment for property or services, including a prepayment for property or services that is made after the date that the contract is entered into, also gives rise to investment-type property if a principal purpose for prepaying is to receive an investment return from the time the prepayment is made until the time payment otherwise would be made. A prepayment does not give rise to investment-type property if --

(1) Prepayments on substantially the same terms are made by a substantial percentage of persons who are similarly situated to the Issuer but who are not beneficiaries of tax-exempt financing.

(2) The prepayment is made within ninety (90) days of the reasonably expected date of delivery to the Issuer of all of the property or services for which the prepayment is made, or

(3) The prepayment meets the requirements of Treasury Regulations Section 1.148-1(e)(2)(iii)(A) or (B).

(s) **Net Sale Proceeds** shall mean Sale Proceeds, less the portion of Sale Proceeds invested in a reasonably required reserve or replacement fund under section 148(d) of the Code and as part of a minor portion under section 148(e) of the Code.

(t) **Nonpurpose Investment** shall mean any Investment Property in which Gross Proceeds are invested or to which Gross Proceeds are allocated other than purpose investments. Nonpurpose Investments shall not include:

(1) United States Treasury Demand Deposit Securities -- State and Local Government Series; and

(2) Tax-Exempt Obligations.

For purposes of this Tax Certificate, the term "Tax-Exempt Obligations" shall include only obligations the interest on which is (i) excluded from gross income for Federal income tax purposes, and (ii) not treated as an item of tax preference under Section 57(a)(5) of the Code. The term "Tax-Exempt Obligation" shall, however, include an interest in a regulated investment company (within the meaning of Section 851(a) of the Code) to the extent that at least ninety-five percent (95%) of the income to the holder is interest that is excluded from gross income by Section 103(a) of the Code.

(u) **Nonpurpose Payments** are: (i) amounts actually or constructively paid to acquire a Nonpurpose Investment (or treated as paid to acquire a Nonpurpose Investment in a Commingled Fund), (ii) for a Nonpurpose Investment that is first allocated to the applicable series of Bonds on a date after it is actually acquired (*e.g.*, an investment that becomes allocable to Transferred Proceeds or to Replacement Proceeds) or that become subject to the Rebate Requirement on a date after it is actually acquired, the Value of that investment on that date, (iii) for a Nonpurpose Investment that was allocated to the particular series of Bonds at the end of the preceding computation period, the Value of that investment at the beginning of the computation period, (iv) the Computation Date Credit, and (v) Yield Reduction Payments made pursuant to Section 3(q)(4) hereof.

(v) **Nonpurpose Receipts** are: (i) amounts actually or constructively received from a Nonpurpose Investment (including amounts treated as received from Nonpurpose Investments held by a Commingled Fund), such as earnings and return of principal, (ii) for a Nonpurpose Investment that ceases to be allocated to an issue before its disposition or redemption date (*e.g.*, an investment that becomes allocable to Transferred Proceeds of another issue) or that ceases to be subject to the Rebate Requirement on a date earlier than its disposition or redemption date (*e.g.*, an investment allocated to a fund initially subject to the Rebate Requirement but that subsequently qualifies as a bona fide debt service fund), the Value of that Nonpurpose Investment on that date, and (iii) for a Nonpurpose Investment that is held at the end of a computation period, the Value of that investment at the end of that period. Treasury Regulations Section 1.148-6(e) provides special rules for any fund containing both Gross Proceeds of the Bonds and amounts in excess of \$25,000 that are not Gross Proceeds of the

Bonds if the amounts in such fund are invested and accounted for collectively, without regard to the source of funds deposited in the fund (a "**Commingled Fund**").

(w) **Nonqualified Bonds** shall have the same meaning as in Section 142 of the Code.

(x) **Plain Par Bond** shall mean a bond (1) issued with not more than a *de minimis* amount of original issue discount or premium, (2) issued for a price that does not include accrued interest other than Pre-Issuance Accrued Interest, (3) that bears interest from the issue date at a single, stated, fixed rate or that is a variable rate debt instrument within the meaning of Section 1275 of the Code, in each case with interest unconditionally payable at least annually, and (4) that has a lowest stated redemption price that is not less than its outstanding stated principal amount. For this purpose, a "*de minimis*" amount means, with reference to original issue discount or premium, an amount that does not exceed two percent (2%) multiplied by the stated redemption price at maturity, plus any original issue premium that is attributable exclusively to reasonable underwriters' compensation.

(y) **Plain Par Investment** shall mean an investment that is (1) issued with not more than a *de minimis* amount of original issue discount or premium or, if acquired on a date other than its issue date, acquired with no more than a *de minimis* amount of market discount or premium, (2) issued for a price that does not include accrued interest other than Pre-Issuance Accrued Interest, (3) bears interest from its issue date at a single stated, fixed rate or that is a variable rate debt instrument, in each case with interest unconditionally payable at least annually and, (4) has a lowest stated redemption price that is not less than its outstanding stated principal amount. For this purpose, *de minimis* shall mean, with reference to original issue discount or premium, an amount that does not exceed two percent (2%) multiplied by the stated redemption price at maturity plus any original issue premium that is attributable exclusively to reasonable underwriters' compensation and, in reference to market discount or market premium, an amount that does not exceed two percent (2%) multiplied by the stated redemption price at maturity.

(z) **Pre-Issuance Accrued Interest** shall mean amounts representing interest that accrued on the Bonds for a period not greater than one year before their Delivery Date, but only if these amounts are paid within one year after the Delivery Date.

(aa) **Present Value** shall mean, with respect to an investment, an amount equal to the present value of all unconditionally payable receipts to be received from and payments to be paid for the investment after that date using the yield on the investment as the discount rate, computed under the economic accrual method, using the same compounding interval and financial conventions used to compute the Bond Yield.

(bb) **Prior Bonds** shall mean the Issuer's General Obligation Bonds – Series 2004A, 2005A, 2005B and 2005D.

(cc) **Proceeds** shall mean Sale Proceeds, Investment Proceeds and Transferred Proceeds of the Bonds.

(dd) **Qualified Purposes** shall mean expenditures for the construction, rehabilitation or repair of a public school facility or for the acquisition of land on which such facility is to be constructed with part of the proceeds of such issue, and also includes expenditures for the costs of acquisition of equipment to be used in such portion or portions of the public school facility that is being constructed, rehabilitated or repaired with the proceeds of such issue.

(ee) **Replacement Proceeds** shall mean amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose. For this purpose, governmental purposes include the use of amounts for the payment of debt service on a particular date. Replacement proceeds include, but are not limited to, sinking funds, pledge funds, and certain other amounts to the extent these funds or amounts are held by or derived from a substantial beneficiary of the Bonds.

(ff) **Resolution** shall mean collectively the Issuer's 2010B Resolution and 2010C and 2010D Resolution.

(gg) **Sale Proceeds** shall mean any amounts actually or constructively received from the sale of the applicable series of Bonds, excluding amounts used to pay Pre-Issuance Accrued Interest.

(hh) **Tax Certificate** shall mean this Federal Tax Certificate, as such Tax Certificate may be amended from time to time.

(ii) **Transferred Proceeds** shall mean those proceeds described in Treasury Regulations Section 1.148-9.

(jj) **Treasury Regulations** shall mean regulations issued by the United States Treasury pursuant to Sections 103 and 141 through 150 of the Code.

(kk) **2010B Resolution** shall mean the Issuer's Resolution authorizing the issuance of the 2010B Bonds, adopted on October 21, 2010.

(ll) **2010C and 2010D Resolution** shall mean the Issuer's resolution authorizing the issuance of the 2010C Bonds and 2010D Bonds, adopted on October 21, 2010.

(mm) **Value** shall mean, with respect to an investment (including a payment or receipt on an investment) on a date, an amount determined consistently using one of the following methods with respect to such investment for all purposes of Section 148 of the Code: (i) with respect to a Plain Par Investment, its outstanding stated principal amount, plus any accrued interest unpaid on that date, (ii) any fixed rate investment may be valued at its Present Value on that date, and (iii) any investment may be valued at its Fair Market Value on that date. Any yield restricted investment must be valued at its Present Value. Except with regard to (i)

yield-restricted investments, (ii) investments allocated or deallocated as a result of application of the Universal Cap (as it applies to each series of Bonds), (iii) Transferred Proceeds and (iv) amounts in a Commingled Fund, an investment must be valued at its Fair Market Value on the date that it is first allocated to the Bonds or first ceases to be allocated to the Bonds as a consequence of a deemed acquisition or deemed disposition.