

of a governmental unit, the jurisdiction of which is entirely within the jurisdiction of the City; and

- (4) The aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City and all units subordinate to the City is not reasonably expected to exceed \$5,000,000 in calendar year 1992.

Therefore, the City meets the requirements of Section 148(f)(4)(D) of the Code and will not have to rebate any arbitrage profits to the United States. The City further represents and covenants that:

- (1) The bonds are not private activity bonds as defined in Section 141 of the Code;
- (2) The City hereby designates the bonds as qualified tax-exempt obligations for purposes of Section 265(b) of the Code;
- (3) The reasonably anticipated amount of qualified tax-exempt obligations (including qualified 501(c)(3) obligations and tax-exempt leases but excluding other private activity bonds) which will be issued by the City and all entities subordinate to the City during 1992 does not exceed \$10,000,000; and
- (4) The City has not designated and will not designate more than \$10,000,000 of qualified tax-exempt obligations during 1992.

Therefore, the bonds qualify for the exception in the Code from the disallowance of 100% of the deduction by financial institutions of interest expense allocable to newly acquired tax-exempt obligations.