

CARSON CITY, NEVADA
BAB ACKNOWLEDGEMENT CERTIFICATE – WATER BOND

Carson City, Nevada (the “City”) hereby represents and certifies as follows with respect to its Carson City, Nevada General Obligation (Limited Tax) Water Bond (Additionally Secured by Pledged Revenues), Series 2010E (Direct Pay Build America Bond), dated as of the date hereof (the “Bond”).

1. The City has determined to issue the Bond being purchased by the State Safe Drinking Water Revolving Fund (the “SRF”) as a Direct-Pay Build America Bond (“BAB”) and apply for the credit (“BAB Credits”) allowed for BABs under Sections 54AA(g) and Section 6431 of the Internal Code of 1986, as amended (the “Code”). None of the State, or any of its agencies, official, or employees have advised the City to issue the Bond as a BAB, but the City has determined to do so on its own, based on its own considerations and the advice of others.

2. If the BAB Credit is disallowed in whole or in part for any reason, the City remains responsible for paying the full amount of interest on the Bond to the SRF.

3. The City understands that there are additional accounting, recordkeeping and reporting requirements associated with the issuance of BABs, and that the City is subject to an audit(s) by the Internal Revenue Service related to the issuance of BABs.

4. The State, its officers, agencies and employees, and the SRF are not responsible in any way for any disallowance of the BAB Credit, whether it is caused by action or inaction by the United States Congress, Internal Revenue Service, any other federal agency, the City, any officer or employee thereof, any other person or entity, or a determination that the structure of this financing is not eligible for the BAB Credits due to the tax-exempt nature of the owner of the Bond (the SRF), or for any other reason. All risk of an adverse determination as to whether the Bond qualifies for and/or entitles the City to BAB Credits under Section 54AA(g) and 6431 of the Code is assumed by the City.

5. The City understands that if the BAB Credit is disallowed as described in 3 above, the City may not only be ineligible to receive future BAB Credits related to the Bond after the adverse determination, but also it may be required to repay, with interest, any BAB Credits related to the Bond previously received.

Dated this ___ day of _____, 2010

CARSON CITY, NEVADA

By _____