

**TOWN OF BRISTOL
BOND ANTICIPATION NOTE**

No. 1 of 1

\$65,774.00

The Town of Bristol, for value received, promises to pay in lawful money of the United States to PEOPLE'S UNITED BANK, NATIONAL ASSOCIATION, or order, the principal sum of

***** SIXTY FIVE THOUSAND SEVEN HUNDRED SEVENTY FOUR DOLLARS *****

upon presentation and surrender hereof, on the 7th day of August, 2019 with interest meanwhile at the rate of 2.95% per annum, payable at maturity at PEOPLE'S UNITED BANK, NATIONAL ASSOCIATION, Bridgeport, Connecticut.

Payment of this note may be accelerated by the holder hereof, and the rate of interest specified herein may be adjusted, as provided in Section (5) of the authorizing Resolution of the Board of Selectmen dated August 6, 2018, the terms of which are incorporated herein by reference thereto. Payment of interest, as adjusted, shall be an obligation of the Town surviving payment of the principal amount of this note and the stated interest hereon.

This note is issued in anticipation of the money to be derived from the sale of bonds to make improvements to South Street Bridge, authorized by vote of the Town at the meeting thereof held March 6, 2012, duly passed. Execution and delivery of this note is authorized by the affirmative vote and resolution duly adopted by the Board of Selectmen of said Town at a meeting thereof duly noticed, called and held August 6, 2018. It is hereby certified and recited that all acts, conditions, and things required to be done precedent to and in the issuance of this note have been done, have happened, and have been performed in regular and due form as required by the law, and that the full faith and credit of the said Town of Bristol are hereby irrevocably pledged for payment of this note.

Dated: August 8, 2018

BOARD OF SELECTMEN

Treasurer

By All or a Majority Thereof

**TOWN OF BRISTOL
RESOLUTION
BOND ANTICIPATION BORROWING**

WHEREAS, at a regular meeting of the Board of Selectmen of the Town of Bristol, at which at least a majority of the Board of Selectmen was present and voting, which meeting was duly called and held on January 30, 2012, it was unanimously found and determined that the public interest and necessity required certain public improvements hereinafter described, and it was further found and determined that the cost of completing said improvements would be too great to be paid out of ordinary annual income and revenue of the Town, and that a proposal to provide such improvements and incur debt of the Town to pay for the same should be submitted to the legal voters at [the annual meeting] a special meeting of the District to be called and held for that purpose, and it was so ordered, all of which action is hereby ratified and confirmed; and

WHEREAS, pursuant to the foregoing action, the Board of Selectmen caused to be issued a Warning for a meeting of the Town to be held March 6, 2012 to consider certain proposals described in the Warning dated January 30, 2012, which Warning is duly recorded in the records of the Town of Bristol; and

WHEREAS, said Warning was duly recorded, published and posted; and

WHEREAS, said meeting was duly held on the date, at the place and at the time appointed, and a certain proposal to make improvements and incur debt therefore was voted in the affirmative; and

WHEREAS, the Board of Selectmen has been and is now carrying forward the authorized improvements to completion and funds are needed to meet accruing costs of the same; and

WHEREAS, the Board of Selectmen has negotiated a temporary loan with PEOPLE'S UNITED BANK, NATIONAL ASSOCIATION for \$65,774.00 at 2.95% to be evidenced by a single [promissory note] Bond Anticipation Note as hereinafter set forth (the Note"). The Note is being issued in anticipation of the money to be derived from the sale of bonds to make improvements to South Street Bridge. The Note is issued to refund an obligation a previously issued [note] for the same purpose.

THEREFORE, BE IT RESOLVED, that the Board of Selectmen and the Treasurer proceed forthwith to complete said transaction and issue said evidence of indebtedness to cover the same; and

BE IT FURTHER RESOLVED, that said evidence of debt when issued and delivered pursuant to this Resolution shall be a valid and binding joint and several general obligation of the Town of Bristol payable according to the terms and tenor thereof from unlimited ad valorem taxes duly assessed on the grand list of taxable property in said Town, and its members as established, assessed and apportioned by law; and

BE IT FURTHER RESOLVED, that to the extent the proceeds of the Note will be used to effect a reimbursement for capital expenditures previously made for the improvements authorized as aforesaid, this Resolution shall serve as a declaration of official intent under section 1.150-2 of the Treasury Regulations (or a republication of any previously made declaration of official intent) to effect a reimbursement in an amount not to exceed the total of all previous capital expenditures made by the District for such improvements; and

BE IT FURTHER RESOLVED, that all acts and things heretofore done by the lawfully constituted officers of the Town of Bristol and its Board of Selectmen, in, about, or concerning the improvements or the contracting of loans in connection therewith are hereby ratified and confirmed; and

WE, the undersigned Board of Selectmen and Treasurer, hereby certify that we as such officers have signed the \$65,774.00 face amount [bond anticipation] Note, numbered 1, dated August 8, 2018, of the following denomination and maturity in the form attached hereto and made a part hereof:

<u>Number</u>	<u>Denomination</u>	<u>Maturity</u>
1	\$65,774.00	August 7, 2019

WE, the undersigned Board of Selectmen and Treasurer of the Town of Bristol, hereby certify that the above-described Note is issued under and pursuant to vote of the Town of Bristol, March 6, 2012 and this Resolution, adopted at a duly noticed and warned meeting of the Board of Selectmen of the Town of Bristol held August 6, 2018.

WE, the said Board of Selectmen and Treasurer of the Town of Bristol, hereby certify that we are the duly chosen, qualified and acting officers as undersigned, that the Note is issued pursuant to authority, that no proceeding relating thereto has been taken other than as shown in the foregoing recital, that no such authority or action has been amended or repealed, and that there is no litigation threatened or pending in any state or federal court of competent jurisdiction seeking to enjoin either the issuance of the above-described Note or the expenditures being financed by the proceeds of the same.

WE further certify that no litigation is pending or threatened affecting the validity of the Note or the apportionment and assessment of taxes, if necessary, to pay the same when due, that neither the corporate existence nor the boundaries of the Town of Bristol, nor the title of any of us to our respective offices, is being questioned or contested.

WE further certify that there has been full and timely compliance with all public procurement, solicitation and bidding laws, ordinances and regulations with respect to each of the transactions embodied in this Resolution.

WE further certify to and covenant with PEOPLE'S UNITED BANK, NATIONAL ASSOCIATION, its successors and assigns, including the transferees, assignees, holders and owners of the above described Note, that:

- (1) No proceeds of the Note (including investment proceeds thereof) will be used (directly or indirectly) in any trade or business carried on by any person other than the Town of Bristol, nor used to make or finance loans to any person.
- (2) The Town of Bristol will file when and as required with the Treasury Department or the Internal Revenue Service information returns relating to the issuance of the Note and all other obligations of the Town.
- (3) The Town will comply with, perform, maintain and keep each and every covenant, representation, certification and undertaking in the accompanying Tax Certificate, execution and delivery of which is hereby authorized.
- (4) During the current calendar year, the Town will not issue debt of any sort aggregating \$5,000,000.00 or more.
- (5) The interest charged to and payable by the Town under the note shall be increased and recalculated to the date of issue by 3.25% and paid to the holder thereof in any one of the following events:
 - (a) It shall be determined that the interest paid under [said] Note, or any part thereof, is included in the gross income of the holder thereof for federal income tax purposes.
 - (b) There shall be any breach by the Town of any covenant set forth in paragraphs (1)-(4) hereof.

Dated: August 6, 2018

BOARD OF SELECTMEN

Treasurer

By All or a Majority Thereof

**TOWN OF BRISTOL
TAX CERTIFICATE
BOND ANTICIPATION BORROWING**

WE, the Treasurer and at least a majority of the Board of Selectmen of the Town of Bristol, Vermont (the "Issuer") hereby certify and represent as follows with respect to the \$65,774.00 Bond Anticipation Note No. 1 of the Issuer (the "Note"), the Note is dated August 8, 2018, payable as therein set forth:

(1) The Issuer is issuing and delivering the Note simultaneously with the delivery of this Certificate.

(2) We are the officers of the Issuer charged by law with the responsibility for issuing the Note.

(3) The Note is being issued in anticipation of the money to be derived from the sale of bonds to make improvements to South Street Bridge as stated in the vote of the Issuer at a meeting thereof held March 6, 2012 (the "Project").

(4) The entire amount borrowed by the issuance of the Note, together with all of such, if any, amounts previously raised or borrowed for the same purpose, does not exceed the total costs of such project less all other funds available for the purpose, and all of the proceeds of the Note have been or are expected to be needed and expended for project costs within three (3) years from the date of the first borrowing for the project.

(5) Work on the project being financed by the Note has proceeded and is expected to proceed hereafter with due diligence to completion.

(6) The Note is being issued to refund [a note] an obligation previously issued for the same purpose.

(7) Any real and personal property, acquisition of which has been financed by the Note, has not been and is not expected during the life of the Note to be sold or otherwise disposed of for consideration.

(8) It is expected that any earnings or net profit derived from investment or deposit of the proceeds of the Note, including transferred proceeds, any accrued interest received upon sale of the Note and any premium received on the delivery thereof, will be expended for project costs within the period stated in paragraph (4) above to the extent such funds are not commingled for accounting purposes in the general funds of the Issuer with tax and other substantial operating revenues.

(9) The Issuer has not created and does not expect to create or establish any debt service fund, bond payment reserve, sinking fund, or other similar fund pledged to the payment of the Note or from which it is expected that payment of the Note would be made.

(10) Substantial binding obligations to commence the project being financed by the Note have been made, or are expected to be made, consisting of at least a binding obligation to expend more than five percent of the total cost of [said] the Project being financed by the Note.

(11) To the best of our knowledge, information and belief, the above expectations are reasonable.

(12) The Issuer has not been notified of any action by the Commissioner of Internal Revenue to disqualify it as an issuer whose arbitrage certificates may be relied upon.

(13) No part of the proceeds derived from the issuance and sale of the Note, nor the expenditures financed by the proceeds of the Note, shall be:

(a) Used, loaned or otherwise made available to any person or other entity, other than the Issuer or a governmental body, so as to cause the Note to be classified as a private activity bond, as that term is defined under the Internal Revenue Code of 1986; as amended, and the regulations promulgated thereunder (collectively, the "Code");

(b) Used directly or indirectly in a trade or business by any person other than the Issuer or another governmental entity;

(c) Loaned to any person directly or indirectly other than the Issuer;

(d) The subject of any contract, lease or agreement of any sort having a term of one year or more and calling for the payment by the Issuer of consideration other than a flat fee;

(e) Expended to finance the construction, alteration or renovation of any improvement the use, occupancy, availability or beneficial enjoyment of which shall be restricted among public users thereof or for which preferential, different or unique fees, rates, assessments or charges shall be levied;

(f) Invested in such a manner or for such a period or at a yield to result in the rebate of interest earnings thereon to the United States under any public law now or hereafter in effect.

(14) In addition to the record-retention requirements of Section 6011 of the Code, to the extent not previously adopted, the Issuer hereby adopts and commits to implement the procedures set forth in Exhibit A which are intended to documents the timely expenditure of Note proceeds, and the continuing use of the improvements financed by the proceeds of the Note in a manner which will prevent the Note being classified as a "private activity bond" or an "arbitrage bond" under sections 103(c), 141 and 148(a) of the Code.

(15) The Issuer shall furnish to the United States, or any agency, department or instrumentality thereof, in a timely fashion, such information as may be required by law with respect to all evidences of debt now or hereafter issued by the Issuer.

(16) Neither the proceeds of the Note, nor any earnings derived from the investment thereof, shall be expended for the purpose of paying any costs associated with the issuance of the Note.

(17) The Note will not be refunded or otherwise paid, defeased or secured by the proceeds of any form of debt issued by the Issuer, unless the manner of such payment, refunding or security preserves the exclusion of interest paid on the Note from the gross income of the recipient thereof [characterization of the Note as essential function bonds] under the [Internal Revenue] Code [of 1986].

(18) The proceeds of the Note shall not be invested for a period or at a yield so as to render the interest payable on the Note includable in the gross income of the holder(s) thereof.

(19) The Note is declared to be a "qualified obligation" under Section 265(b) of the Code.

This Certificate is executed and is being delivered pursuant to Section 1.148-2 (b),(2),(1) of the Treasury Regulations promulgated under Code Section 148.

Dated: August 8, 2018

BOARD OF SELECTMEN

Treasurer

By All or a Majority Thereof

EXHIBIT A

TAX EXEMPT OBLIGATION POST-ISSUANCE COMPLIANCE PROCEDURES

The following procedures have been adopted by the Issuer, effective as of the date of issue of the Note. These procedures shall be implemented immediately and shall relate to the Note and all currently outstanding and future debt obligations and financing leases. These procedures are intended to assist the Issuer in complying with those provisions of the Internal Revenue Code of 1986, as amended and the regulations promulgated by the U.S. Treasury thereunder (the "Code") relating to (a) the qualified use of proceeds of the Issuer's tax-exempt and other tax advantaged bonds and notes and improvements financed by such proceeds; (b) arbitrage yield restrictions and rebate; (c) remediation of the effects of "deliberate action" of the Issuer which results in the disposition, abandonment or other change in use of property financed by the Issuer's debt obligations and (d) the resolution of matters raised in connection with an audit or examination of the Issuer's tax-exempt or tax-advantaged obligations. These procedures are intended to furnish guidance in matters of Code compliance, and are subject to revision, modifications and enlargement from time to time.

- (1) The Issuer official or employee possessing the statutory or contractual powers, functions and responsibilities of a Chief Financial Officer (to the extent the same are not exercised by the Issuer's Treasurer) shall be responsible for monitoring tax exempt obligations post-issuance compliance (the "Compliance Official").
- (2) The Compliance Official shall review and implement these procedures in the manner necessary to ensure ongoing compliance with the provisions of the Tax Certificate. In connection therewith such official will become knowledgeable or consult an advisor experienced in post issuance compliance and will review and monitor notices, advice and directives as may be received by the Issuer from its bond counsel, accountants, financial advisors, and governmental sources. At least once annually the Compliance Official will verify that it is in compliance with the terms of the Tax Certificate, including this Exhibit A.
- (3) On or before the first day of June in each year, the Compliance Official shall confirm that all Issuer property financed by the proceeds of the Issuer's obligations continues to be used in the same manner as existed when such property was first placed into service. Such confirmation shall be based upon a visual inspection and representations of the public officials under whose care, custody and control the property is placed.
- (4) For so long as the proceeds of any debt obligation of the Issuer remain unexpended, the Compliance Official shall confirm on the first day of June and the first day of December in each year that such proceeds are deposited or invested for a "temporary period" as established under Section 148 of the Code. Such confirmation shall be deemed to have occurred for so long as any proceeds of the Issuer's tax exempt or tax advantaged obligation are in the custody of a trustee, paying agent, or disbursing agent pending expenditures upon requisition thereof. Following the third anniversary of the issuance of an obligation by the Issuer, all unexpended proceeds shall be invested so as to generate a yield no greater than the yield on the corresponding obligation.
- (5) The Compliance Official shall confirm, at least annually while there are unexpended proceeds, that the proceeds of each obligation of the Issuer shall be expended in such amounts, at such frequency, and in such intervals to ensure that the Issuer avails itself of one or more arbitrage rebate exception allowed under Section 148 of the code. Alternatively, if rebate is due, the Compliance Official will engage a consultant to prepare a report to determine any rebate due.
- (6) With respect to the acquisition and construction of capital improvements financed with the proceeds of the Issuer's debt obligations, the Issuer hereby declares that such proceeds shall be allocated to acquisition and construction expenditures prior to the expenditure and application of funds from any other public or private source. A final expenditure report accounting for the use of all proceeds and earnings of Issuer's debt obligations shall be completed no later than 18 months after the improvements financed by the Issuer's debt obligation is placed in service.
- (7) In the event there is a change of use, abandonment or disposition of property financed by the proceeds of a debt obligation of the Issuer, the Compliance Official shall immediately consult with the Issuer's bond counsel and accountants regarding remedial action. The Issuer thereafter shall endeavor to call and redeem all or a portion of outstanding debt obligations, the proceeds of which were expended to finance such property. The proceeds derived from the sale or other disposition of the financed property shall not be commingled with other funds of the Issuer, but shall be used to effect the redemption of obligations, if necessary, the proceeds of which financed such property. Pending redemption as called for in this section, such proceeds shall be invested at a yield no greater than the yield on the obligations to be redeemed.

- (8) The Compliance Official shall create and preserve records for the term of the Issuer's debt obligations and any refunding thereof plus three years documenting the procedures incident to the authorization and issuance and identifying the proceeds of each issue of the Issuer's obligations, the deposit and investment thereof, the income derived from such deposit and investment, the expenditure of such proceeds and investment income (containing at a minimum the date, amount and recipient of each expenditure), payment requisitions, and all rate, fee, charge and assessment schedules relating to property financed by the Issuer's obligations. Such records shall include copies of loan agreements, escrow agreements, tax certificates, project bid documents, construction and acquisition contracts, project invoices, project-related bank statements, and documents related to anticipatory bond financing.
- (9) The Compliance Official shall retain all contracts or arrangements with non-governmental persons relating to the use, control and management of the improvements financed by the Issuer's debt obligation.
- (10) In the event there remain on hand any excess proceeds from an Issuer debt obligation, following acquisition or completion of the improvements for which such obligation was issued, the Compliance Official shall consult with the Issuer's bond counsel regarding the use of such proceeds.