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CHITTENDEN SOLID WASTE DISTRICT BOARD MEETING INSTRUCTIONS FOR THE PUBLIC – REMOTE ACCESS

Date: Wednesday, February 22, 2023
Time: 6:00 P.M.
Place: ZOOM MEETING INSTRUCTIONS

IMPORTANT:

CSWD will hold a hybrid Board of Commissioners Meeting. The virtual meeting is accessible by computer or phone. Members of the public, joining the meeting remotely, are asked to preregister online using the link below. Following the meeting a recording will be available upon request.

Hi there,

You are invited to a Zoom webinar.

When: Feb 22, 2023 06:00 PM Eastern Time (US and Canada)

Topic: Board of Commissioners Meeting

Register in advance for this webinar:

https://us02web.zoom.us/webinar/register/WN_dITPh6O3R5etv-VOM4venQ

After registering, you will receive a confirmation email containing information about joining the webinar.

For those without internet access, call 802-872-8100 ext. 213 and leave a message to register for the meeting. A call-in number will be provided to you prior to the meeting.

Participants will be in listen only mode. Call in controls include: *6 – toggle mute/unmute and *9 to raise your hand.



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**CHITTENDEN SOLID WASTE DISTRICT
REGULAR MEETING**

Date: Wednesday, February 22, 2023
Time: 6:00 P.M.
Place: ***ZOOM Meeting Only***

*** (E) Indicates enclosures (H) Indicates handouts (D) Discussion Only

1. (E) **Agenda** (6:00 p.m.)
2. **Public Comment Period** (6:00 p.m.)
3. (E) **Bond Loan Authorization** (6:05 p.m.)
Board Action Requested: Approve recommendation
4. **Other Business** (06:30 p.m.)

Possible Action could occur on any agenda item, although not initially noted. If you need an accommodation, please call the District at 872-8100 upon receipt of this notice. All times listed are an estimated start and duration.

#3

MEMORANDUM

To: Board of Commissioners
Chittenden Solid Waste District

From: Thomas Melloni

Re: Proposed Resolution for Bond Issuance

Date: February 17, 2023

At the special meeting held November 8, 2022, the voters of the Chittenden Solid Waste District authorized the Board to borrow up to \$22,000,000 and issue general obligation bonds to finance the costs of a new Materials Recovery Facility (MRF).

The Resolution presented to the Board approves the borrowing of \$10 million through the Vermont Municipal Bond Bank. (The balance of up to \$12 million can be issued at a later date.)

As is customary and typical for all loans through the Bond Bank, the District will sign a loan agreement with the Bond Bank; the form of loan agreement is standard for municipal borrowers. Interest rates will be set when the Bond Bank sells its bonds in order to finance the loan and is based on the State of Vermont's credit rating. It is expected that the Bond Bank will offer to sell its bonds in a competitive offering starting on or about February 23; the Bond Bank requires the CSWD Board approval of the borrowing before such date.

The Resolution approves the borrowing of \$10 million from the Bond Bank for the costs of equipment and capital improvements for the new MRF. The Officers of the District (Chair, Treasurer, and Executive Director) are then authorized to execute all necessary documents with the Bond Bank including the bond, a loan agreement and tax compliance procedures to ensure that the bond is a tax-exempt obligation.

Suggested motion:

I move the adoption of the RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE CHITTENDEN SOLID WASTE DISTRICT RELATING TO THE ISSUANCE OF ITS GENERAL OBLIGATION BOND as presented to the Board at this meeting.

RESOLUTION OF THE BOARD OF COMMISSIONERS OF
THE CHITTENDEN SOLID WASTE DISTRICT RELATING TO
THE ISSUANCE OF ITS GENERAL OBLIGATION BOND AND
SPECIFYING AND APPROVING VARIOUS MATTERS IN
CONNECTION THEREWITH

WHEREAS, at a regular meeting of the Board of Commissioners (the “Board”) of the Chittenden Solid Waste District (the “District”), which meeting was duly called and held on July 27, 2022, it was found and determined that the public interest would be served by the planning, constructing and equipping of a new materials recovery facility (the “Project”) and it was further found and determined that the cost of such Project would be too great to be paid out of the ordinary annual income and revenue of the District, and that a proposal to make such improvements and incur indebtedness of the District in an amount not to exceed \$22,000,000 to pay for the same should be submitted to the legal voters at a special meeting to be held November 8, 2022, all of which action is hereby validated, ratified and confirmed;

WHEREAS, pursuant to the foregoing, the Board caused to be issued a Warning for a special meeting to be held November 8, 2022, to consider a certain question described in the Warning, which Warning is duly recorded in the records of the District (the “Warning”);

WHEREAS the Warning of the Meeting was posted in at least two public places within each member municipality of the District and in or near the Clerk’s office of each member municipality at least 30 and not more than 40 days before the special meeting held on November 8, 2022, and notice of the Warning was mailed, via certified mail, to the chair of the legislative body of each member municipality;

WHEREAS, the Warning was published in Seven Days, a newspaper of known circulation within the District, on October 19, 2022, October 26, 2022, and November 2, 2022;

WHEREAS, at such special meeting of the District held November 8, 2022, the voters authorized the Board of Commissioners of the District to issue general obligation bonds or notes, in one or more series, in an aggregate principal amount not to exceed Twenty Two Million Dollars (\$22,000,000) for the purpose of (i) funding capital improvements related to the planning, constructing, and equipping of a new materials recovery facility; (ii) funding a debt service reserve fund; and (iii) paying for associated costs of issuance; it being intended that the source of repayment shall be waste management fees and revenues collected by the District and, to the extent necessary, assessments to member municipalities in accordance with the District’s Charter;

WHEREAS, pursuant to such authority, the District has applied to the Vermont Municipal Bond Bank (the “Bond Bank”) for a loan in the amount of \$10,000,000 (the “Loan”), in order to fund certain costs of the Project and for payment of costs of issuance of the Bond, which Bond will evidence the repayment obligation of the District to the Bond Bank under the loan agreement for such Loan.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the District as follows:

I. AUTHORIZATION AND PURPOSE

1.1 Authorization. The Board hereby approves the borrowing of the Loan from the Bond Bank and the issuance by the District of its general obligation bond for the purposes of paying the costs of the Project, funding any reserve funds as needed, and for payment of the costs of issuance of such bond. The general obligation bond is being issued under and pursuant to the District's Charter, Municipal Act No. 17, Acts of 1991, as amended (the "Charter") and 24 V.S.A. Chapter 53 (the "Bond"). The Bond shall constitute a general obligation of the District, to which the full faith and credit of the District is pledged and, to the extent provided in the Charter, an obligation of the member municipalities of the District. The Bond shall be paid from all legally available funds of the District, including waste management fees, tipping fees and other revenues of the District.

Should anticipated user fees and revenues from District services and facilities not be sufficient to pay debt service on the Bonds as the same shall become due and payable, the Board shall assess the member municipalities in accordance with the Charter. The Treasurer of the District shall immediately notify the Treasurer of each member municipality of the amount of that municipality's assessment and the member municipality shall add such assessment to its own budget and shall assess such tax as is necessary to raise the amount of the assessment, all in accordance with the Charter. The amount of the assessment in each member municipality shall be paid to the Treasurer of the District in accordance with the schedule of payments adopted by the Board.

1.2 Registered Bond. The Bond to be issued shall be referenced as General Obligation Materials Recovery Facility Bonds, Series 2023, and shall be issued as one or more registered bonds in the aggregate principal amount of \$10,000,000.

1.3 Details of Bond. The Bond shall be payable on November 1 of the years and in the estimated principal amounts, as set forth in Schedule A attached hereto. The Chair or Vice Chair and the Treasurer of the District are hereby authorized to execute and deliver the Bond to the Bond Bank in the form attached hereto as Exhibit A, and incorporated herein, with such changes, omissions, insertions, and revisions, as shall be determined necessary or advisable by the officers executing the same, and their execution thereof shall be conclusive as to such determination.

1.4 Approval of the Loan and issuance of the Bond to the Bond Bank. The issuance and sale of the Bond to the Bond Bank is hereby approved in all respects. The District shall execute a loan agreement with the Bond Bank (the "Loan Agreement"), in the form attached hereto as Exhibit B, which Loan Agreement is hereby approved. The interest rate to be paid on the Bond shall be such rate as determined by the Bond Bank, and as may be approved by the Chair, Vice Chair, Executive Director, or Treasurer, such approval to be evidenced by the delivery of the Loan Agreement and the Bond. The Chair or Vice Chair, Executive Director, and the Treasurer of the District are, and each one of them is, hereby authorized to execute and deliver a Loan Agreement with the Bond Bank for the issuance of the Bond and the making of the Loan, as shall be determined necessary or advisable by the officers executing the same, and their execution thereof shall be conclusive as to such determination.

1.5 Rebate Requirements. The Chair, Vice Chair, Executive Director, Treasurer and Secretary are, and each one of them is, hereby authorized to execute and deliver one or more Tax Certificates or Certificates as to No Arbitrage in connection with the issuance of the Bond and to covenant on

behalf of the District that the District will pay any rebate or penalty due to the United States in connection with the issuance of the Bond, and that the District shall not make any use of proceeds of the Bond or take any other action that would cause the interest on the Bond to become included in gross income for federal income tax purposes and shall not fail to take all lawful action necessary to comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bond in order that interest on the Bond be or continue to be excluded from gross income for federal income tax purposes.

1.5 Post Issuance Compliance Procedures. In order to ensure compliance with the Code as it relates to the tax exemption of interest paid on the Bond, the District hereby approves the Municipal Bond Post-Issuance Compliance Procedures, attached hereto as Exhibit C. The Chair, Vice Chair, Executive Director and Treasurer are each hereby authorized to update such procedures as may be necessary and advisable in order for the District to meet its covenants and obligations to cause the interest on the Bond to be excluded from federal income taxes.

1.6 Additional Authorized Actions. The Chair, Vice Chair, Executive Director, Treasurer and Secretary are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents and other instruments which they may deem necessary or advisable to provide for the issuance, sale, and delivery of the Bond.

1.7 Cure of Irregularities. Any defect or irregularity in the holding of the special meeting held on November 8, 2022, such as the posting of the Warning or other notices, was the result of oversight, and any such defect is confirmed. All acts and things heretofore done by the officers of the District and its Board of Commissioners, in, about, or concerning the improvements or the contracting of the Loan in connection therewith, or determining the need for such improvements, or conducting the vote at the special meeting held November 8, 2022, is hereby validated, ratified and confirmed.

1.8 Effective Date. This Resolution shall take effect upon its passage.

SCHEDULE A
Amortization Schedule

Chittenden Solid Waste District	
<i>Loan Amount</i>	\$10,000,000
<i>Interest-Only</i>	4 years
<i>Amortization</i>	21 years
<i>Term</i>	25 years
<i>Adjusted Term</i>	25 years

Date	Principal Amount Due
5/1/2023	\$ 0.00
11/1/2023	0.00
5/1/2024	0.00
11/1/2024	0.00
5/1/2025	0.00
11/1/2025	0.00
5/1/2026	0.00
11/1/2026	0.00
5/1/2027	0.00
11/1/2027	476,200.00
5/1/2028	0.00
11/1/2028	476,190.00
5/1/2029	0.00
11/1/2029	476,190.00
5/1/2030	0.00
11/1/2030	476,190.00
5/1/2031	0.00
11/1/2031	476,190.00
5/1/2032	0.00
11/1/2032	476,190.00
5/1/2033	0.00
11/1/2033	476,190.00
5/1/2034	0.00
11/1/2034	476,190.00
5/1/2035	0.00
11/1/2035	476,190.00
5/1/2036	0.00
11/1/2036	476,190.00
5/1/2037	0.00
11/1/2037	476,190.00
5/1/2038	0.00
11/1/2038	476,190.00
5/1/2039	0.00
11/1/2039	476,190.00
5/1/2040	0.00
11/1/2040	476,190.00
5/1/2041	0.00
11/1/2041	476,190.00
5/1/2042	0.00
11/1/2042	476,190.00
5/1/2043	0.00
11/1/2043	476,190.00

Date	Principal Amount Due
5/1/2044	0.00
11/1/2044	\$ 476,190.00
5/1/2045	0.00
11/1/2045	476,190.00
5/1/2046	0.00
11/1/2046	476,190.00
5/1/2047	0.00
11/1/2047	476,190.00

EXHIBIT A
Form of Bond

[See attached]

EXHIBIT B
Form of Loan Agreement

[See attached]

EXHIBIT C
Form Municipal Bond Post-Issuance Compliance Procedures

[See attached]

No. R-1	UNITED STATES OF AMERICA STATE OF VERMONT CHITTENDEN SOLID WASTE DISTRICT GENERAL OBLIGATION BOND (Materials Recovery Facility Project)	\$10,000,000
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REGISTERED OWNER: Vermont Municipal Bond Bank

BOND DATE: _____, 2023

The CHITTENDEN SOLID WASTE DISTRICT (hereinafter called the “Borrower”), a body corporate and a political subdivision of the State of Vermont, promises to pay to the Vermont Municipal Bond Bank (the “Bond Bank”) or registered assigns, the sum of TEN MILLION DOLLARS (\$10,000,000) in installments on November 1 of each year as set forth in Exhibit A (“Exhibit A”) to the Loan Agreement dated _____, 2023 (the “Loan Agreement”), by and between the Borrower and the Bond Bank dated the Bond Date, with interest on each installment at the rate per annum set forth in Exhibit A opposite the year in which the installment becomes due.

The interest rate of each installment shall run from the Bond Date to the Registered Owner and payment therefor and until payment of each installment and such interest shall be payable semi-annually on November 1 and May 1 of each year in the amounts set forth in Exhibit A. Both principal and interest on this Bond are payable in lawful money of the United States at U.S. Bank Trust Company, National Association, in Boston, Massachusetts, or at its successor as Trustee under the General Bond Resolution of the Bond Bank. All payments shall be made by Automated Clearing House (ACH) unless otherwise approved in writing by the Bond Bank. Final payment of the interest and principal of this Bond shall be made upon surrender of this Bond for cancellation at the bank or trust company at which this Bond is then payable.

This Bond is issued by the Borrower for the purpose of financing the Project defined in the Loan Agreement under and by virtue of Title 24, Chapter 53 of Vermont Statutes Annotated, Municipal Act No. 17 of the Acts of 1991, as amended and contained in 24 Appendix V.S.A. Chapter 405, the vote of its legal voters duly passed on November 8, 2022, and resolutions duly adopted by its Board of Commissioners.

This Bond is transferable only upon presentation to the Treasurer of the Borrower with a written assignment duly acknowledged or proved. No transfer hereof shall be effectual unless made on the books of the Borrower kept by the Treasurer as transfer agent and noted hereon by the Treasurer with a record of payments as provided hereon.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuing of this Bond have been done, have happened, and have been performed in regular and due form, as required by such law and vote, and for the assessment, collection and payment hereon of a tax to pay the same when due the full faith and credit of the Borrower are hereby irrevocably pledged.

IN WITNESS WHEREOF, the Borrower has caused this Bond to be signed by the Chair and the Treasurer of its Board of Commissioners and its seal (if it has a seal) to be affixed hereto as of the Bond Date.

CHITTENDEN SOLID WASTE
DISTRICT

By: _____
Chair

By: _____
Treasurer

[Seal]

CHITTENDEN SOLID WASTE DISTRICT
\$10,000,000 GENERAL OBLIGATION BOND
DATED _____, 2023

CERTIFICATE OF REGISTRATION

It is hereby certified that this bond is a registered bond, the principal and interest due thereon payable only to the holder of record as appears in the office of the Treasurer of the issuing Borrower. This bond may be transferred by presentation of the same with an assignment in writing signed by the registered holder. Presentation shall be made to the Treasurer of the Borrower at the office of the Treasurer of the Borrower who shall record such transfer in the records of the Borrower and on the bond. The name and address of the original registered owner of this bond is Vermont Municipal Bond Bank, 100 Bank Street, Suite 401, Burlington, Vermont 05401.

Treasurer

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the Vermont Municipal Bond Bank (the "Bond Bank") hereby pledges, assigns and transfers unto U.S. Bank Trust Company, National Association, Boston, Massachusetts, as Trustee for the benefit of holders of bonds of the Bond Bank issued under the Bank's General Bond Resolution adopted May 3, 1988, as amended, the general obligation bond of

CHITTENDEN SOLID WASTE DISTRICT

in the principal amount of \$10,000,000, No. R-1 herewith, outstanding in the name of the Bond Bank on the books of said Borrower.

Dated: _____, 2023

By: _____
Executive Director

EXHIBIT B
FORM OF LOAN AGREEMENT

LOAN AGREEMENT
(General Obligation)

This LOAN AGREEMENT, dated March ___, 2023 (the “Closing Date”), is between the VERMONT MUNICIPAL BOND BANK, a body corporate and politic constituted as an instrumentality of the State of Vermont (the “State”) exercising public and essential governmental functions and doing business as the Vermont Bond Bank (hereinafter referred to as the “Bond Bank”), created pursuant to the provisions of 24 V.S.A., Chapter 119 (hereinafter referred to as the “Act”), having its principal place of business at Burlington, Vermont, and the CHITTENDEN SOLID WASTE DISTRICT, a union municipal district and body politic and corporate, with the powers incident to a municipal corporation consistent with its purpose under the laws of the State (hereinafter referred to as the “Borrower”):

W I T N E S S E T H:

WHEREAS, pursuant to the Act, the Bond Bank is authorized to make loans of money (hereinafter referred to as the “Loan”) to Governmental Units (as defined in the Act); and

WHEREAS, the Borrower is a Governmental Unit, and pursuant to the Act is authorized to accept a Loan from the Bond Bank, to be evidenced by its Borrower Bond (defined below) purchased by the Bond Bank, and the proceeds of which will be held for the benefit of the Borrower by U.S. Bank Trust Company, National Association, as disbursing agent (the “Disbursing Agent”) subject to requisition as set forth herein; and

WHEREAS, the Borrower has applied to and has requested of the Bond Bank a Loan as described herein and on the terms set forth in Exhibit A, the Borrower will apply the proceeds of the Loan to pay the costs (the “Project Costs”) of financing or refinancing certain capital improvements (the “Project”), as described herein, and the Borrower has duly authorized the issuance of a bond (the “Borrower Bond”) to be purchased by the Bond Bank as evidence of the Loan in accordance with this Agreement, which Borrower Bond shall be in substantially the form appended hereto by the Borrower as Exhibit B and include the form of Assignment of the Borrower Bond included in Exhibit B; and

WHEREAS, to provide for the issuance of bonds of the Bond Bank (the “Bond Bank Bonds”) in order to obtain from time to time monies with which to make the Loan and other loans to governmental units, the Bond Bank has adopted the General Bond Resolution on May 3, 1988, as amended (herein referred to as the “Bond Resolution”) and will adopt a series resolution authorizing the issuance of the Bond Bank Bonds, the making of such Loan, *inter alia*, to the Borrower and the purchase of the Borrower Bond;

NOW, THEREFORE, the parties agree:

1. The Bond Bank hereby makes the Loan and the Borrower accepts the Loan. As evidence of the Loan, the Borrower hereby sells to the Bond Bank the Borrower Bond in the

principal amount and at the price set forth in Exhibit A. The Borrower Bond shall bear interest from the date of its delivery to the Bond Bank at the rates per annum set forth in Exhibit A, subject upon default to the rate set forth in the Act. Notwithstanding the foregoing, the Borrower Bond shall bear interest at such rate or rates as shall be required for the Borrower Bond to comply with Section 601(2) of the Bond Resolution.

2. The Borrower hereby acknowledges that the Bond Bank has entered into a disbursing agent agreement with the Disbursing Agent providing for, in part, the deposit and disbursement of the proceeds of the Loan. Pending their disbursement, the proceeds of the Loan shall be held by the Disbursing Agent. From time to time the Borrower shall requisition from the Disbursing Agent portions of the Loan proceeds necessary to pay Project Costs. Such requisitions shall be made in the form attached hereto as Exhibit C. The Borrower shall certify to the Disbursing Agent the name(s) and the title(s) of the person(s) authorized to execute and submit such requisitions. Proceeds of the Loan held by the Disbursing Agent shall be invested by the Disbursing Agent at the direction of the Borrower consistent with the provision of this Loan Agreement. The Borrower shall proceed with due diligence to complete the Project. Completion of the Project shall be evidenced by a certificate in the form of Exhibit D signed by the Borrower delivered to the Disbursing Agent and the Bond Bank.

3. The Borrower has duly adopted and has taken all proceedings required by law to enable it to enter into this Loan Agreement and issue its Borrower Bond to the Bond Bank.

4. The Borrower shall make funds sufficient to pay interest as the same becomes due available to the Bond Bank on each May 1 and November 1 as set forth in Exhibit A. The Borrower shall make funds sufficient to pay the principal as the same matures on each November 1 set forth in Exhibit A. **All payments shall be made by Automated Clearing House (ACH) unless otherwise approved in writing by the Bond Bank.**

5. The Borrower is obligated to pay fees and charges to the Bond Bank within thirty (30) days of demand by the Bond Bank, as provided in the Act and the Bond Resolution.

6. The Bond Bank shall not sell and the Borrower shall not redeem any part of the Borrower Bond prior to the date on which all Bond Bank Bonds associated with the Loan are redeemable, and in the event of any sale or redemption prior to maturity of the Borrower Bond thereafter, the same shall be in an amount equal to the aggregate of (i) the principal amount, interest accrued to the redemption date and redemption premium, if any, needed to redeem a sufficient amount of Bond Bank Bonds to assure Bond Bank compliance with Section 601(2) of the Bond Resolution and (ii) the costs and expenses of the Bond Bank in effecting the redemption of the Bond Bank Bond so to be redeemed, less the amount of monies available in the applicable sub-account or sub-accounts in the redemption account established by the Bond Resolution and available for withdrawal from the Reserve Fund (as defined in the Bond Resolution) and for application to the redemption of Bond Bank Bonds so to be redeemed in accordance with the terms and provisions of the Bond Resolution, as determined by the Bond Bank. In no event shall any

such sale or redemption of the Borrower Bond be effected without the written agreement and consent of both parties hereto, which agreement shall specify the dollar amount to be paid by the Borrower.

7. Simultaneously with the delivery of the Borrower Bond to the Bond Bank, the Borrower shall furnish to the Bond Bank (i) an unqualified opinion of bond counsel to the Borrower satisfactory to the Bond Bank in the form of Exhibit E, (ii) a receipt in the form of Exhibit F, (iii) a certificate regarding ongoing financial reporting in the form of Exhibit G, and (iv) copies of such resolutions and certificates and related information, prepared by bond counsel to the Borrower evidencing the valid authorization, execution and delivery of the Borrower Bond.

8. The Borrower shall provide, at least sixty (60) days prior to each interest payment date or principal payment date for the Borrower Bond, to the Bond Bank and to U.S. Bank Trust Company, National Association, as trustee under the Bond Resolution, the name(s) and the title(s) of the person(s) at the Borrower to whom invoices for the payment of interest and principal should be addressed.

9. Notwithstanding Section 12 hereof, prior to payment of the amount of the Loan, or any portion thereof, and the delivery of the Borrower Bond to the Bond Bank or its designee, the Bond Bank shall have the right to cancel all or any part of its obligations hereunder if:

(a) Any representation made by the Borrower to the Bond Bank in connection with its application for Bond Bank assistance shall be incorrect or incomplete in any material respect.

(b) The Borrower has violated commitments made by it in its application and supporting documents or has violated any of the terms of this Loan Agreement.

10. If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

11. This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments, and take such other actions as are necessary, to give effect to the terms of this Loan Agreement.

12. No waiver by either party of any term or condition of the Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase, or other provision of this Loan Agreement.

13. This Loan Agreement merges and supersedes all prior negotiations, representations, and agreements between the parties hereto relating to the subject matter hereof and constitutes the entire agreement between the parties hereto in respect thereof.

14. The Borrower acknowledges that interest on the Bond Bank Bonds will not be included in the gross income of holders of such bonds for federal income tax purposes. Accordingly, the use of the proceeds of the Bond Bank Bonds, including the Loan, are subject to certain requirements pursuant to Sections 141 and 148 of the Internal Revenue Code of 1986, as amended, (the "Code"), and the Treasury Regulations promulgated thereunder (the "Regulations"). In connection therewith, the undersigned officer(s) of the Borrower make the following representations and covenants, which are provided as part of the record of proceedings with respect to the issuance of the Bond Bank Bonds:

(a) The undersigned officer(s) of the Borrower is/are duly charged and responsible for issuing the Borrower Bond.

(b) The Borrower is a political subdivision of the State and is an entity with general taxing powers, the power to incur debt, the power of eminent domain, and the power to enact and enforce police power measures.

(c) The proceeds of the Loan will be used to provide funds for the Project. No other amounts have a sufficiently direct nexus (within the meaning of Regulations Section 1.148-1(c)) to the Loan or the Project to conclude that the amounts would have been used to finance the Project in the absence of the proceeds of the Loan.

(d) No proceeds of the Loan will be applied to retire existing obligations ("Prior Obligations") unless such Prior Obligations were used to finance Project costs on a "new money" basis, including timely reimbursement of costs of the Project advanced under a duly adopted notice of official intent, or as a part of a chain of exclusively current refundings of obligations issued on a "new money" basis ("Original Obligations"). No proceeds of the Loan will be used to retire any Prior Obligations more than 90 days after the Closing Date. Proceeds, if any, invested during such 90-day period, pending application to retire Prior Obligations, may be invested without regard to yield.

(e) Any reimbursement of an expenditure made prior to the issue date of the Borrower Bond or any Original Obligations is pursuant to a declaration of official intent. In addition, any declaration of official intent of the Borrower to reimburse itself out of such proceeds for Project expenditures incurred before the Closing Date or the date of issuance of any Original Obligations, was adopted not later than 60 days after the date such expenditures were made. No expenditure has been or will be so reimbursed (a) more than 18 months after the later of the date the expenditure was made or the Project component to which it relates was placed in service and (b) more than three years after such expenditure was made.

(f) The Borrower reasonably expects that at least 85% of the proceeds of the Loan will have been expended within three years from the earlier of the Closing Date or the date of issuance of any Original Obligations. The Borrower has or will have incurred a binding obligation to a third party to expend on the Project at least 5% of the proceeds of the Loan and, if applicable, of the proceeds of each issue of Original Obligations within six months after the respective issue date(s) thereof. Work on the acquisition, construction or accomplishment of the Project will proceed with due diligence to the completion thereof. There are no unspent proceeds of any Prior Obligations. Proceeds not expended within three years shall be invested at a yield not in excess of the yield on the Bond Bank Bonds.

(g) The Project is and will be owned by the Borrower and will not be leased to any person which is not a state or local government unit, or an instrumentality thereof. In addition, the Borrower will not enter into any contracts or other arrangements, including without limitation, management contracts, capacity guarantee contracts, take or pay contracts, or put or pay contracts, pursuant to which any persons have any right to use or make use of the Project on a basis not available to members of the general public or which confers special economic benefits on any private person. No private business use of the Project will be made without consent of the Bond Bank, which consent may be conditioned on the Bond Bank receiving an opinion of nationally recognized Bond Counsel that such use will not have an adverse effect on the tax-exempt status of interest on the Bond Bank Bonds. Notwithstanding the foregoing, the Borrower may enter into contracts or other arrangements with persons or entities engaged in a trade or business (other than state or local governmental units) for the management of, or provision of services with respect to, property financed or refinanced with proceeds of the Borrower Bond comply (and will in the future so comply) with the standards of Revenue Procedure 2017-13 (“Rev. Proc. 2017-13”). As of the date hereof, the Borrower represents and warrants that all such contracts or other arrangements comply (and will in the future so comply) with the standards of Rev. Proc. 2017-13. The Borrower will apply Rev. Proc. 2017-13, which modified and superseded Revenue Procedures 2016-44 and 97-13 (as amended by Revenue Procedure 2001-93), to determine whether a management or a service contract or other similar arrangement entered into with respect to the Project creates any private use of such facilities in favor of the management or service provider. A description of Qualified Management Contracts under Rev. Proc. 2017-13 is attached as Exhibit H hereto.

(h) No portion of the Project will be sold or otherwise disposed of in whole or in part, except due to normal wear and tear and obsolescence, while the Loan is outstanding. Public use of the Project will continue for so long as the Loan remains outstanding. The Borrower will notify the Bond Bank immediately in the event of any change in use or disposition of the Project. In such event, the Borrower will cooperate with the Bond Bank to undertake remediation measures under Treasury Regulations Section 1.141-12 at the earliest opportunity so as to preserve the tax exempt character of the Bond Bank Bonds.

(i) No portion of the proceeds of the Loan will be invested, directly or indirectly, in federally insured deposits or accounts other than (a) investments of unexpended Loan proceeds for an initial temporary period until the proceeds are needed for the Project; and (b) investment of

moneys on deposit in a bona fide debt service fund. No portion of the proceeds of the Loan will be loaned or otherwise made available to any private person, nor shall any of such proceeds be expended or invested in a manner which will contribute to or result in the Bond Bank Bonds being classified as “hedge bonds” under Section 149(g) of the Code.

(j) The Borrower covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest on the Bond Bank Bonds under Section 103(a) of the Code.

(k) The Borrower agrees to provide to the Bond Bank such information and detailed records as is required, and not otherwise available from the Disbursing Agent, for the calculation by the Bond Bank of the rebate requirement imposed by Section 148 of the Code which, in part, will require a determination of the difference between the actual aggregate earnings of the investment of the proceeds of an issue of Bond Bank Bonds (including proceeds of the Borrower Bond) and the amount of such earnings assuming a rate of return equal to the yield on such issue of Bond Bank Bonds.

(l) In the event the proceeds of the Borrower Bond are no longer expected to be expended for the purpose(s) for which they were issued, the Borrower shall endeavor to find an alternate expenditure of such proceeds that complies with the requirements of the Code and the other tax covenants contained in this Agreement for lawful purposes which may be financed by tax-exempt bonds. Any such proposed substitute expenditure shall be reported promptly to the Bond Bank before it is made and shall be accompanied by a Counsel’s Opinion (as defined in the Bond Resolution) certifying to the legality of such substitute expenditure and to the effect that the substitution shall not have an adverse effect on the continuing exclusion of interest paid and to be paid on the related Bond Bank Bonds from income for federal income tax purposes.

(m) There are and will be no other obligations of the Borrower (i) sold within fifteen (15) days of the date of sale of the Bond Bank Bonds, (ii) sold pursuant to a common plan of financing as was employed in the sale of the Bond Bank Bonds; and (iii) expected to be paid from substantially the same source of funds.

(n) The Borrower shall retain all records of expenditures for a period of not less than three (3) years after the payment of the Bond Bank Bond and furnish the Bond Bank with any and all documents necessary upon its request in order to show the compliance of the Borrower Bond with the provisions of the Code and applicable regulations and agrees to implement procedures with respect to the Loan that provide the following:

- (i) Assignment of tax-exempt compliance responsibilities to appropriate departments, officers, or employees.
- (ii) Establishment and maintenance of books and records all obligations of the Borrower financed by a particular issue of Bond Bank Bonds.

- (iii) Establishment of Code Section 148 compliant procedures for the investment of gross proceeds for all of the Borrower's obligations financed by a particular issue of Bond Bank Bonds.
- (iv) Maintenance of records relating to all allocations of expenditures of proceeds of all of the Borrower's obligations financed by a particular issue of Bond Bank Bonds.
- (v) Periodic monitoring of use of proceeds of each issue of the Borrower's obligations financed by a particular issue of Bond Bank Bonds, the investment and reinvestment of proceeds from the temporary investments thereof and the use of property acquired or financed by the proceeds of such obligations.

(o) Notwithstanding anything in this Loan Agreement to the contrary, the obligation of the Borrower to comply with all tax covenants contained or referenced in this Loan Agreement shall survive the defeasance or payment in full of the Borrower Bond.

(p) Principal of and interest on the Loan will be paid from all legally available funds of the Borrower, including waste management fees, tipping fees, and other revenues of the Borrower. As provided in Municipal Act No. 17 of the Acts of 1991, as amended and contained in 24 Appendix V.S.A. Chapter 405 (the "Borrower's Charter"), in the event that the revenues of the Borrower are not sufficient to pay the principal and interest on the Loan, the Board of Commissioners of the Borrower is required to apportion the amounts necessary to make such payment on each member municipality in the Borrower in accordance with the Borrower's Charter and to direct each member municipality to add such assessment to its own budget and to assess such tax as is necessary to raise the amount of the assessment. Funds designated for payment of the principal of and interest on the Loan, whether or not deposited in a segregated debt service fund, will be expended within thirteen (13) months of the date of such designation. Any amounts received from the investment of such designated amounts will be used to pay debt service on the Loan within one (1) year of the date of receipt. The debt service fund, if any, will be used to achieve a proper matching of revenues with principal and interest payments within each bond year and will be depleted at least once each bond year except for a reasonable carryover amount not to exceed the greater of (i) the earnings on the fund for the immediately preceding bond year or (ii) one-twelfth of principal and interest payments on the issue for the immediately preceding bond year.

(q) Except for the debt service fund described in subparagraph (p), if any, the Borrower has not created or established, and does not expect to create or establish, any sinking fund or other similar fund which the Borrower reasonably expects to use to pay principal or interest on the Borrower Bond, or from which there is a reasonable assurance that amounts therein will be available to pay debt service on the Loan.

15. The Borrower agrees to provide to the Bond Bank upon request such information as the Bond Bank may reasonably request in order for the Bond Bank to verify at any time the

representations, expectations, procedures and covenants set forth in the Bond Bank's Tax Certificate executed coincident with the delivery of the Bond Bank Bonds to the purchaser(s) thereof.

16. The Borrower shall provide to the Bond Bank annually upon publication a copy of the annual report on the finances and administrative activities of the Borrower generated and distributed in accordance with 24A V.S.A. Chapter 405 §59 and any independent auditor's report on the financial statements of the Borrower. In addition, within thirty (30) days following a request by the Bond Bank, or such shorter period as prescribed under Securities and Exchange Commission Rule 15c2-12, the Borrower agrees to furnish the Bond Bank with its most recent financial statements, explanatory notes and other financial and operating information as the Bond Bank may request. In addition, the Borrower agrees to notify the Bond Bank within ten (10) days of the occurrence of any notice event which has or may have an effect upon its financial condition or its ability to perform fully and timely any covenant, obligation or undertaking set forth in this Loan Agreement or the Borrower Bond. As used in this paragraph, a notice event is any one of the following:

- (a) Actual or anticipated delinquency or default of payment of principal of or interest on the Borrower Bond or any other debt obligation of the Borrower;
- (b) Any actual or anticipated default or breach on the part of the Borrower with respect to any term or provision of this Loan Agreement or like agreement to which the Borrower is a party;
- (c) Unscheduled draws on debt service reserves which reflect financial difficulties for the Borrower;
- (d) Unscheduled draws on any letter of credit, guarantee or similar credit enhancement which reflects financial difficulties for the Borrower;
- (e) Substitution of any entity furnishing the Borrower with credit or liquidity enhancement, or the failure of such entity to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Borrower Bond, or other material events affecting the tax status of the Borrower Bond;
- (g) Material modifications of the rights of any person owning a legal or beneficial interest in the Borrower Bond;
- (h) The actual or contemplated call, redemption, refunding or defeasance of the Borrower Bond, or the sale, release or substitution of the improvements financed by the Borrower

Bond;

- (i) Any change in the credit rating of the Borrower;
- (j) Tender offers with respect to the Borrower Bond;
- (k) Bankruptcy, insolvency, receivership or similar event of the Borrower;
- (l) The merger, consolidation, or acquisition of the Borrower;
- (m) The sale or transfer of all or substantially all of the assets of the Borrower, whether absolute or pursuant to a management or operating agreement, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (n) The sale or disposition of assets financed by the Borrower Bond, or a change of use thereof constituting “deliberate action” as defined in the Code;
- (o) A change in the identity or name of the Borrower Bond trustee, or the appointment of a successor or additional trustee, if material;
- (p) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material; or
- (q) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties.

For the purposes of the event identified in clause (k), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower. For purposes of the events identified in clauses (p) and (q), the term “financial obligation” means (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security of a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii).

17. The Borrower acknowledges that information it has furnished the Bond Bank and others will be relied upon in the public offering of Bond Bank Bonds for sale. The Borrower represents that all information it has provided in connection with the Loan, the Borrower Bond, this Loan Agreement and all certifications, statements, representations and records identified or referred to therein are true, accurate and complete to the best of the knowledge of the Borrower and its officers. The Borrower further represents that it has disclosed to the Bond Bank and others all information material to the Loan, and the public offering of Bond Bank Bonds, and has not failed to disclose any information it deems material for such purpose.

18. The Borrower acknowledges that pursuant to the Act, the State Treasurer may intercept State funding to the Borrower in the event of a payment default on the Borrower Bond.

19. The Borrower agrees that it will not purchase (and shall not permit any related party to the Borrower to purchase) any Bond Bank Bonds.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Attest:

VERMONT MUNICIPAL BOND BANK

Executive Director

By: _____
Chair

(SEAL)

Attest:

CHITTENDEN SOLID WASTE
DISTRICT

Secretary

By: _____
Chair

By: _____
Treasurer

(SEAL)

EXHIBIT A

LOAN SCHEDULE AND PRICE

<u>Year</u> <u>(November 1)</u>	<u>Principal Amount</u> \$	<u>Interest Rate</u> %
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EXHIBIT B

FORM OF BORROWER BOND AND ASSIGNMENT

[See Attached]

FORM OF REQUISITION

PROJECT COMPLETION CERTIFICATE

Pursuant to paragraph 2 of the Loan Agreement dated _____, 2023 (the “Loan Agreement”) between Chittenden Solid Waste District (the “Borrower”) and the Vermont Municipal Bond Bank, the undersigned, on behalf of the Borrower, hereby certifies that the Project (as defined in the Loan Agreement) was substantially complete on _____.

Dated _____

CHITTENDEN SOLID WASTE
DISTRICT

By: _____
Duly Authorized

FORM OF LOCAL BOND COUNSEL OPINION

[See Attached]

FORM OF RECEIPT

Received of the Vermont Municipal Bond Bank the sum of \$_____ being in full payment for the Borrower Bond of the below-referenced Borrower dated the date hereof and sold and delivered to said Bond Bank.

Dated _____, 2023

CHITTENDEN SOLID WASTE
DISTRICT

By: _____
Duly Authorized

TREASURER'S CERTIFICATE

The undersigned Treasurer of the Chittenden Solid Waste District (the "Borrower") hereby certifies, on behalf of the Borrower, that the Borrower is obligated under the Loan Agreement, dated as of _____, 2023 between the Borrower and the Vermont Municipal Bond Bank (the "Bond Bank") to provide to the Bond Bank annually upon publication a copy of the annual report on the finances and administrative activities of the Borrower generated and distributed in accordance with 24A V.S.A. Chapter 405 §59 and any independent auditor's report on the financial statements of the Borrower.

CHITTENDEN SOLID WASTE
DISTRICT

Treasurer

Dated: _____, 2023

QUALIFIED MANAGEMENT CONTRACTS

To determine whether any private business use exists, the terms of all contracts, particularly management contracts, must be analyzed. A non-exempt person is treated as a private business user of bond-financed property as a result of ownership, actual or beneficial use pursuant to a lease or a management, service or incentive payment contract, or certain other arrangements such as a take or pay or other output-type contract. Use of bond financed property that is intended to be available and is in fact reasonably available for use on the same basis by natural persons not engaged in a trade or business is not treated as private business use under the Final Regulations.

A management contract with respect to bond-financed property may result in private trade or business use of that property based on all of the facts and circumstances. A management contract will generally give rise to trade or business use if (i) if the contract provides for compensation to a service provider based in whole or in part on a share of the net profits of the bond-financed property, or (ii) the service provider is treated as an owner or lessee of the bond-financed property for federal income tax purposes. The contract must not, in substance, impose upon the service provider the burden of bearing any share of net losses from the operation of the managed property. An arrangement will not be treated as providing a share of net profits if: (i) the determination of the amount of compensation and the amount of any expenses to be paid (and not reimbursed), separately and collectively, do not take into account either the managed property's net losses or both the managed property's revenues and expenses for any fiscal period and (ii) the timing of the payment of compensation is not contingent upon the managed property's net losses. A management contract that conforms to the requirements of the Internal Revenue Service Rev. Proc. 2017-13 and does not give a non-exempt service provider an ownership or leasehold interest in bond-financed property for federal income tax purposes (a "Qualified Management Contract") will not result in private business use under section 141(b) or 145(a)(2)(B) of the Code.

The IRS Regulations and Rev. Proc. 2017-13 require that compensation be reasonable and not based in whole or in part on a share of the net profits from the operation of the facility. Compensation includes payments to reimburse actual and direct expenses paid by the service provider and related administrative overhead expenses of the service provider. Compensation to the service provider will not be treated as providing a share of the net profits if the compensation for services is: (a) based solely on a capitation fee, a periodic fixed fee, or a per-unit fee (as such terms are defined in Rev. Proc. 2017-13); (b) incentive compensation if the eligibility for the incentive compensation is determined by the service provider's performance in meeting one or more standards that measure quality of services, performance or productivity, and the amount and the timing of the payment of the compensation is not contingent on the managed property's net losses or revenues and expenses for any fiscal period; or (c) a combination of these types of compensation. The management contract must not, in substance, impose upon the service provider the burden of bearing any share of net losses from the operation of the managed property.

Additionally, the term of the management contract, including all renewal options, must not be greater than the lesser of 30 years or 80% of the weighted average reasonably expected economic life of the managed property. The issuer must exercise a significant degree of control over the

use of the managed property, and must bear the risk of loss upon damage or destruction of the managed property. The service provider must agree that it is not entitled to and will not take any tax position that is inconsistent with being a service provider to the qualified user with respect to the managed property. The service provider must not have any role or relationship with the issuer that, in effect, substantially limits the issuer's ability to exercise its rights under the management contract, based on all the facts and circumstances.

EXHIBIT C – BOND ISSUANCE TAX COMPLIANCE

MUNICIPAL BOND POST-ISSUANCE COMPLIANCE PROCEDURES

The following procedures have been adopted by the Chittenden Solid Waste District (the “District”), effective as of February 22, 2023. These procedures shall be implemented with respect to all currently outstanding and future tax-exempt debt obligations and tax-exempt financing leases.

PURPOSE

The purpose of these procedures is to ensure that the District complies with applicable requirements of federal tax and securities laws that apply to any tax-exempt obligations or other tax-exempt debt issued by the District. These procedures set forth steps so that the District utilizes the proceeds of all issues of tax-exempt bonds, tax exempt leases, bond anticipation notes, and tax and revenue anticipation notes (collectively referred to as “Bonds”) in accordance with applicable federal tax and securities law requirements.

The procedures describe the federal tax laws and only apply to Bonds to the extent that they are issued as federally tax-exempt obligations. Such procedures do not apply to Bonds issued as federally taxable obligations. To comply with applicable federal tax requirements, the District must confirm that the requirements are met at the time each Bond issue is issued and throughout the term of the Bonds (until maturity or redemption). Compliance includes retention of records relating to the expenditure of the proceeds of each Bond issue, the investment of the proceeds of each Bond issue, and allocations made with respect to the use of the proceeds of each Bond issue, sufficient to establish compliance with applicable federal tax requirements.

The procedures described herein as to federal securities laws only apply to Bonds to the extent that there is a disclosure document prepared in connection with a public offering or private placement of the Bonds. For example, they do not currently apply to bank loans or other debt for which an official statement or other disclosure document is not prepared.

To comply with applicable federal securities requirements, the District must comply with the anti-fraud rules at the time of issuance and must maintain continuous compliance with its continuing disclosure obligations until the final maturity or redemption of the applicable issue or Bonds.

FEDERAL TAX PROCEDURES

A. Responsible Official. The District's Executive Director will identify the officer or other employee(s) of the District (the "Compliance Officer") who will be responsible for each of the procedures listed below, notify the current holder of that office of the responsibilities, and provide that person a copy of these procedures. Upon employee transitions, the District's Executive Director will advise any newly-designated Compliance Officer of their responsibilities under these procedures and will ensure the Compliance Officer understands the importance of these procedures.

B. Issuance of Bonds.

Bond Counsel. The District will retain a nationally-recognized bond counsel law firm ("Bond Counsel") to assist the District in issuing Bonds. In connection with any tax-exempt Bond issue, Bond Counsel will deliver a legal opinion which will be based in part on covenants and representations set forth in the District's Tax Certificate (or other closing documents containing the tax representation) (the "Tax Certificate") and other certificates relating to the Bonds, including covenants and representations concerning compliance with post-issuance federal tax law requirements that must be satisfied to preserve the tax-exempt status of tax-exempt Bonds. As described more fully below, the District will also consult with Bond Counsel and other legal counsel and advisors, as needed, following issuance of each Bond issue to ensure that applicable post-issuance requirements in fact are met, so that tax-exempt status of interest will be maintained for federal income tax purposes so long as any Bonds remain outstanding.

The Compliance Officer and/or other designated District personnel will consult with Bond Counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that that tax-exempt status of interest will be maintained. Those requirements and procedures shall be documented in a Tax Certificate and other certificates and/or other documents finalized at or before issuance of the Bonds. Such document may be titled as a "Certificate as to No Arbitrage" or a Certificate as

to Use of Proceeds.” If there is no document in the transcript titled “Tax Certificate,” the Compliance Officer and/or other designated District personnel will consult with Bond Counsel prior to the closing of the financing to understand which document(s) in the transcript contain the tax representations and covenants. The requirements and procedures in the Tax Certificate shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

Documentation of Tax Requirements. The federal tax requirements relating to each Bond issue will be set forth in the Tax Certificate executed in connection with the Bond issue, which will be included in the closing transcript. The certifications, representations, expectations, covenants and factual statements in the Tax Certificate relate primarily to the restriction on use of the Bond-financed facilities by persons or entities other than the District, changes in use of assets financed or refinanced with Bond proceeds, restrictions applicable to the investment of Bond proceeds and other moneys relating to the Bonds, arbitrage rebate requirements, and economic life of the Bond-financed assets.

Information Reporting. The Compliance Officer and/or other designated District personnel will assure filing of information returns on IRS Form 8038-G no later than the 15th day of the second calendar month in the calendar quarter following the calendar quarter in which an issue of Bonds is issued. The IRS Form 8038-G filed with the IRS, together with an acknowledgement copy (if available), will be included as part of the closing transcript for each Bond issue, or kept in the records related to the appropriate issue of Bonds.

C. Application of Bond Proceeds.

Use of Bond Proceeds. The Compliance Officer and/or other designated District personnel shall:

- * monitor the use of Bond proceeds and the use of the Bond-financed assets (e.g., facilities, furnishings or equipment) throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth in the applicable Tax Certificate;

- * maintain records identifying the assets financed or refinanced with proceeds of the Bonds;
- * consult with Bond Counsel and other legal counsel as needed in the review of any contracts or arrangements involving use of Bond-financed facilities to ensure compliance with all covenants and restrictions set forth in the applicable Tax Certificate;
- * maintain records for any contracts or arrangements involving the use of Bond-financed facilities; and
- * communicate with personnel responsible for the Bond-financed assets to identify and discuss any existing or planned use of the Bond-financed assets.

Timely Expenditure of Bond Proceeds. At the time of issuance of any Bonds issued to fund original expenditures, the District must reasonably expect to spend at least 85% of all proceeds expected to be used to finance such expenditures (which proceeds would exclude proceeds in a reasonably required reserve fund) within three (3) years after issuance of such Bonds.¹ In addition, for such Bonds, the District must have incurred or expect to incur within six months after issuance original expenditures of not less than 5% of such amount of proceeds, and must expect to complete the Bond-financed project (the “Project”) and allocate Bond proceeds to costs with due diligence.² Satisfaction of these requirements allows Project-related Bond proceeds to be invested at an unrestricted yield for three (3) years.³ Bonds issued to refinance outstanding obligations are subject to separate expenditure requirements, which shall be outlined in the Tax Certificate relating

¹ In the case of short-term working capital financings (*e.g.*, Tax Anticipation Notes), the District’s actual maximum cumulative cash flow deficit as of the close of the six-month period commencing on the issue date must be at least equal to 100% of the issue price of the notes (under the six-month rebate exception, excluding the reasonable working capital reserve) or 90% of the issue price of the notes (under a statutory safe harbor exception) in order for the notes to be exempt from the rebate requirements.

² These requirements do not apply to short-term working capital financings (*e.g.*, TANS).

³ Generally, pproceeds of working capital financings (*e.g.*, TANS) may be invested at an unrestricted yield for thirteen (13) months and the short term note must mature within 13 months.

to such Bonds. The District's finance staff will monitor the appropriate capital project accounts (and, to the extent applicable, working capital expenditures and/or refunding escrow accounts) and ensure that Bond proceeds are spent within the applicable time period(s) required under federal tax law.

Capital Expenditures. In general, proceeds (including earnings on original sale proceeds) of Bonds issued to fund original expenditures, other than proceeds deposited in a reasonably required reserve fund or used to pay costs of issuance, should be spent on capital expenditures.⁴ For this purpose, capital expenditures generally mean costs to acquire, construct, or improve property (land, buildings and equipment). The property financed or refinanced must have a useful life longer than one (1) year. Capital expenditures include design and planning costs related to the Project, and include architectural, engineering, surveying, soil testing, environmental, and other similar costs incurred in the process of acquiring, constructing, improving or adapting the property. Capital expenditures do not include operating expenses of the Project or incidental or routine repair or maintenance of the Project, even if the repair or maintenance will have a useful life longer than one (1) year.

D. Use of Bond-Financed Assets.

Ownership and Use of Project. Generally speaking, during the term the Bond is outstanding, the Project financed by the Bond must be owned and operated by the District (or another state or local governmental entity). At all times while the Bond issue is outstanding, no more than 10% (or \$15,000,000, if less) of the Bond proceeds or the Project may used, directly or indirectly, in a trade or business carried on by a person other than a state or local governmental unit ("Private Use").⁵ In addition, not more than 5% (or \$5 million, if less) of the proceeds of any Bond issue may be used, directly or indirectly, to make a loan to any person other than governmental persons. Generally, Private Use consists of any contract or other arrangement, including leases, management contracts, operating agreements, guarantee contracts, take or pay

⁴ Proceeds of working capital financings (e.g., TANs) need not be spent for capital expenditures.

⁵ This 10% limitation is limited to 5% in cases in which the private use is either unrelated or disproportionate to the governmental use of the financed facility.

contracts, output contracts or research contracts, which provides for use by a person who is not a state or local government on a basis different than the general public. The Project may be used by any person or entity, including any person or entity carrying on any trade or business, if such use constitutes “General Public Use.” General Public Use is any arrangement providing for use that is available to the general public at either no charge or on the basis of rates that are generally applicable and uniformly applied.

Management or Operating Agreements. Any management, operating or service contracts whereby a non-exempt entity is using assets financed or refinanced with Bond proceeds (such as externally-managed parking facilities) must relate to portions of the Project that fit within the allowable private use limitations or the contracts must meet the IRS safe harbor for management contracts. Any replacements of or changes to such contracts relating to Bond-financed assets or facilities, or leases of such assets or facilities, should be reviewed by Bond Counsel. The Compliance Officer shall contact Bond Counsel if there may be a lease, sale, disposition or other change in use of assets financed or refinanced with Bond proceeds.

Useful Life Limitation. The weighted average maturity of the Bond issue cannot exceed 120% of the weighted average economic life of the Bond-financed assets.

G. Investment Restrictions; Arbitrage Yield Calculations; Rebate.

Investment Restrictions. Investment restrictions relating to Bond proceeds and other moneys relating to the Bonds are set forth in the Tax Certificate. The District shall monitor the investment of Bond proceeds to ensure compliance with applicable yield restriction rules.

Use and Control of Bond Proceeds. Unexpended Bond proceeds (including reserves) may be held directly by the District or, if applicable, by a trustee for the Bond if issued under an indenture or trust agreement. The investment of Bond proceeds shall be managed by the District. The District shall maintain appropriate records regarding investments and transactions involving Bond proceeds.

Arbitrage Yield Calculations. Investment earnings on Bond proceeds should be tracked and monitored to comply with applicable yield restrictions and/or rebate requirements. Any funds of the District set aside or otherwise pledged or earmarked to pay debt service on Bonds should be

analyzed to assure compliance with the tax law rules on arbitrage, invested sinking funds, and pledged funds (including gifts or donations linked or earmarked to the Bond-financed assets).

Rebate. The District is responsible for calculating (or causing the calculation of) rebate liability for each Bond issue, and for making any required rebate payments. Unless Bond Counsel has advised the District that the Bonds are exempt from the rebate requirements described in this section, the District will retain an arbitrage rebate consultant to perform rebate calculations that may be required to be made from time to time with respect to any Bond issue. The District is responsible for providing the arbitrage rebate consultant with requested documents and information on a prompt basis, reviewing applicable rebate reports and other calculations and generally interacting with the arbitrage rebate consultant to ensure the timely preparation of rebate reports and payment of any rebate. The District may also qualify for an exception to rebate as a small issuer or Bonds issued in a year if the District reasonably expects to issue not more than \$5,000,000 in total of all Bonds in such current calendar year.

The reports and calculations provided by the arbitrage rebate consultant are intended to assure compliance with rebate requirements, which require the District to make rebate payments, if any, no later than the fifth (5th) anniversary date and each fifth (5th) anniversary date thereafter through the final maturity or redemption date of a Bond issue. A final rebate payment must be made within sixty (60) days of the final maturity or redemption date of a Bond issue.

The District will confer and consult with the arbitrage rebate consultant to determine whether any rebate spending exceptions may be met. Rebate spending exceptions are available for periods of 6 months, 18 months and 2 years. The District will review the Tax Certificate and/or consult with the arbitrage rebate consultant or Bond Counsel for more details regarding the rebate spending exceptions.

In the case of short-term working capital financings, such as tax and revenue anticipation notes, if there is concern as to whether or not the District has met its requisite maximum cumulative cash flow deficit with respect to its short-term working capital notes, the services of a rebate analyst should be engaged to determine whether either the six-month spending exception or the statutory safe harbor exception to the rebate rules is met (in which case no rebate would be owed) or whether the proceeds of the notes are subject, in whole or in part, to rebate.

Copies of all arbitrage rebate reports, related return filings with the IRS (*i.e.*, IRS Form 8038-T), copies of cancelled checks with respect to any rebate payments, and information statements must be retained as described below.

F. Record Retention.

Allocation of Bond Proceeds to Expenditures. The District shall allocate Bond proceeds to expenditures for assets, and shall trace and keep track of the use of Bond proceeds and property financed or refinanced therewith.

Record Keeping Requirements. Copies of all relevant documents and records sufficient to support an assertion that the tax requirements relating to a Bond issue have been satisfied will be maintained by the District for the term of a Bond issue (including refunding Bonds, if any) plus six (6) years, including the following documents and records:

- Bond closing transcripts;
- Copies of records of investments, investment agreements, credit enhancement transactions, financial derivatives (*e.g.*, an interest rate swap), arbitrage reports and underlying documents, including trustee statements, if there is a trustee for any Bond;
- Copies of material documents relating to capital expenditures financed or refinanced by Bond proceeds, including purchase orders, invoices, and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bonds;
- All contracts and arrangements involving private use, or changes in use, of the Bond-financed property;
- All reports and documents relating to the allocation of Bond proceeds and private use of Bond-financed property; and
- Itemization of property financed with Bond proceeds, including placed in service dates.

- In the case of short-term working capital financings, such as tax and revenue anticipation notes, information regarding the District’s revenue, expenditures and available balances sufficient to support the District’s maximum cumulative cash flow deficit.

POST-ISSUANCE COMPLIANCE

A. In General. The District will conduct periodic reviews of compliance with these procedures to determine whether any violations have occurred so that such violations can be remedied through the “remedial action” regulations (Treas. Reg. Section 1.141-12) or the Voluntary Closing Agreement Program (VCAP) described in IRS Notice 2008-31 (or successor guidance). If any changes or modifications to the terms or provisions of a Bond issue are contemplated, the District will consult Bond Counsel. The District recognizes and acknowledges that such modifications could result in a “reissuance” of the Bonds for federal tax purposes (*i.e.*, a deemed refunding) and thereby jeopardize the tax-exempt status of the Bonds after the modifications.

The Compliance Officer and/or other designated District personnel will consult with Bond Counsel and other legal counsel and advisors, as needed, following issuance of each issue of the Bonds to ensure that all applicable post-issuance requirements in fact are met, so that interest on the Bonds will be excluded from gross income for federal income tax purposes so long as any Bonds remain outstanding. This will include, without limitation, consultation in connection with future contracts with respect to the use of Bond-financed assets and future contracts with respect to the use of output or throughput of Bond-financed assets.

Whenever necessary or appropriate, the District will engage an expert advisor as arbitrage rebate consultant to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds.

B. Monitoring Private or Other Use of Financed Assets. The District will maintain records identifying the assets or portion of assets that are financed or refinanced with proceeds of a Bond issue, including the uses and the users thereof (including terms of use and type of use). Such records may be kept in any combination of paper or electronic form. In the event the use of Bond proceeds or the assets financed or refinanced with Bond proceeds is different from the

covenants, representations or factual statements in the Tax Certificate, the District will promptly contact and consult with Bond Counsel to ensure that there is no adverse effect on the tax-exempt status of the Bond issue and, where appropriate, will remedy any violations through the “remedial action” regulations (Treas. Reg. Section 1.141-12), the Voluntary Closing Agreement Program (VCAP) described in IRS Notice 2008-31 (or successor guidance), or as otherwise prescribed by Bond Counsel. A checklist is included for the Compliance Officer to review the Project financed with the Bonds and whether remedial action is necessary.

C. Ongoing Training

Training shall be made available to the Compliance Officer to support the Compliance Officer’s understanding of the tax requirements applicable to the Bonds. Such training may include, but would not be limited to, attending training sessions through the Vermont League of Cities and Towns or the Vermont Municipal Bond Bank, or participation in IRS teleconferences, reading technical guidance materials provided by educational organizations, the IRS, and/or Bond Counsel, and discussing questions and issues with the District’s Bond Counsel and/or arbitrage rebate consultant.

FEDERAL SECURITIES LAW PROCEDURES

A. Anti-Fraud Provisions.

Pursuant to the antifraud provisions of the Securities Act of 1933 and the Securities and Exchange Act of 1934, and accompanying regulations, applicable to securities such as the Bonds, if publicly offered, any material provided by the District in connection with the offer or sale of the Bonds may not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. This material may be in the form of an offering circular or offering memorandum for a private placement and, although it is unclear whether such rules apply to these materials, the Compliance Officer should review them with the same standard in mind. For a publicly offered transaction, the disclosure document may be a preliminary official statement or a final official statement and any materials provided to the rating agencies or credit enhancement provider. Such material may also include information provided to a bank or institutional investor

about the District or the Bonds in connection with a bank loan or private placement. The antifraud provisions also apply to continuing disclosure discussed below. The Compliance Officer will actively participate in the Bond issuance process to ensure that all information regarding the District described in the official statement or other materials prepared in connection with the initial sale of publicly offered Bonds or bank placements do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

B. Continuing Disclosure.

In connection with an offering of the Bonds, the District may, under certain circumstances, execute a Continuing Disclosure Agreement, Continuing Disclosure Undertaking, Continuing Disclosure Certificate or such similarly titled document (herein referred to as the “Continuing Disclosure Agreement”). Pursuant to the Continuing Disclosure Agreement, the District may be obligated to provide annual financial disclosure to the secondary market through the Municipal Rulemaking Securities Board’s Electronic Municipal Market Access (“EMMA”) system, as well as notices of certain material events listed in the Continuing Disclosure Agreement.

Tax-Exempt Compliance Checklist

(to be completed by the “Compliance Officer” as described in the Tax-Exempt Bond Post-Issuance Compliance Procedures)

Date Completed: _____

	Yes	No
Has there been a sale of all or any portion of a facility financed with tax-exempt bonds (a “Project”)?		
Has there been a lease of all or any portion of a Project to any party other than a state or local government?		
Has the District entered into a new, or amended an already existing, management or service contract related to a Project?		
Has the District entered into a naming rights agreement relating to all or any portion of a Project?		
Has the District entered into any other arrangement with an entity, other than a state or local government, that provided legal rights to that entity with respect to a Project?		
Will there be a rebate/yield restriction arbitrage computation date during the upcoming annual period?		
Is the District out of compliance with the record retention requirements as described in Section IV of the Tax-Exempt Compliance Procedures?		
Has the District failed to make any required filings with EMMA as required by their Continuing Disclosure Agreements?		

If an answer to any question above is “Yes”, or the answer is unclear, the Compliance Officer shall consult with the District’s bond counsel to determine (i) if the event could adversely impact the tax-exemption of the District’s outstanding tax-exempt bonds and/or (ii) whether any action needs to be taken during the upcoming annual period to ensure compliance with the tax-exempt bond or securities law restrictions.

The undersigned is the “Compliance Officer” as described in the Tax-Exempt Compliance Procedures and has completed the above checklist to the best of the knowledge of the undersigned.

Signature of _____ - Compliance Officer
(print name)

