

SCHEDULE D

MUNICIPAL BOND POST-ISSUANCE COMPLIANCE PROCEDURES

The following procedures have been adopted by the Municipality, effective as of the date of issue of the Municipal Bond. These procedures shall be implemented immediately and shall relate to the Municipal Bond and all currently outstanding and future debt obligations and financing leases. These procedures are intended to assist the Municipality in complying with those provisions of the Internal Revenue Code of 1986, as amended (the "Code") relating to (a) the qualified use of proceeds of the Municipality'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 Municipality which results in the disposition, abandonment or other change in use of property financed by the Municipality's debt obligation; and (d) the resolution of matters raised in connection with an audit or examination of the Municipality'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 municipal 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 Municipal Treasurer) shall be responsible for monitoring Municipal Bond 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 Municipality from its bond counsel, accountants, financial advisors, and governmental sources. At least once annually the Compliance Official will certify to the Vermont Municipal Bond Bank

that it is in compliance with the terms of the Tax Certificate, including this Exhibit D, in a manner substantially as set forth in Attachment 1.

- (3) On or before the first day of June in each year, the Compliance Official shall confirm that all Municipal property financed by the proceeds of the Municipality'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. A report of such confirmation shall be delivered to the Vermont Municipal Bond Bank on or before the 15th day of June of each year on forms substantially as set forth in Attachment 1 or in such manner as provided by or at the direction of the Vermont Municipal Bond Bank.
- (4) For so long as the proceeds of any debt obligation of the municipality remains 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, and the Regulations thereunder. Such confirmation shall be deemed to have occurred for so long as any Municipal Bond proceeds are in the custody of a trustee, paying agent, or disbursing agent pending expenditures upon requisition thereof under procedures prescribed by the Vermont Municipal Bond Bank. Following the third anniversary of the issuance of a Municipal obligation, all unexpended proceeds shall be invested so as to generate a yield no greater than the yield on the corresponding obligation.
- (5) The Compliance Officer shall confirm, at least annually while there are unexpended proceeds, that the proceeds of each Municipal obligation shall be expended in such amounts, at such frequency, and in such intervals to ensure that the Municipality avails itself of one or more arbitrage rebate exception allowed under Section 148 of the Code, and

the Regulations promulgated thereunder. Alternatively, if rebate is due, the Compliance Officer will engage a consultant to prepare a Report to determine any rebate due. Reports of such confirmation or rebate shall be forwarded to the Vermont Municipal Bond Bank no less frequently than annually until proceeds are fully expended or thereafter if requested by the Bank.

- (6) With respect to the acquisition and construction of capital improvements financed with the proceeds of the Municipality's debt obligations, the Municipality 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. On forms or in such manner provided by or at the direction of the Bond Bank, a final expenditure report accounting for the use of all Municipal Bond proceeds and earnings shall be completed no later than 18 months after the Project(s) financed by the Municipal Bond is placed in service.
- (7) In the event there is a change of use, abandonment or disposition of property financed by the proceeds of the Municipal Bond, the Compliance Official shall immediately consult with the Municipality's bond counsel and accountants regarding remedial action and give written notice to the Vermont Municipal Bond Bank. The Municipality thereafter shall, if required by the Bank, to 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 Municipality, 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 Municipal Bond 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 Municipality'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 Municipality'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 Project(s) finance by the Municipal Bond.
- (10) In the event there remain on hand any excess proceeds from a Municipal obligation, following acquisition or completion of the improvements for which such obligation was issued, the compliance official shall consult with the Municipality's bond counsel regarding the use of such proceeds, and shall give written notice to the Vermont Municipal Bond Bank as to the disposition thereof.



MEMORANDUM

To: Town of Stowe

From: Robert W. Giroux, Executive Director

Date: June 20, 2012

Cc:

Re: 2012 Series 1 & Series2 Bond Pool

Congratulations! The VMBB Board met on June 13, 2012 and accepted your application into this summer's bond pool. Over the next several weeks the VMBB will be developing the final bond/loan models and preparing for the sale of the bonds. The sale will take place on July 10th and that is when we will know the actual interest rates for the bond series. Subsequent to the sale, the VMBB's bond counsel will be finalizing the bond documents. The bond closing is scheduled for August 1st.

If not already done so, the following should take place:

- Designate a "compliance officer" for the bonds. This person (we suggest it be designated by position instead of a named individual) will be responsible for completing the annual certification to the VMBB and be responsible for the archived bond documents; and
- The Post Issuance Compliance (PIC) procedures must be added to your Procedures Manual. The IRS wants the PIC procedures filed separately from the bond documents. Your Board already adopted the PIC procedures when it adopted the Tax Certificate as part of Paul Giuliani's legal documents – see the attached Exhibit D of the Tax Certificate.

We have attached a bond data verification form that we ask you to fill out and return to us ASAP. We want to make sure that the data we have for your bond is correct. The data will be shared with the Trustee and will be used for bond requisitions and bond administration. Bond proceeds will be available the day of the closing. To gain access to the proceeds you will need

↓ Harry?

Bond proceeds will be a need to file a requisition. To gain access to the proceeds you will need to file a requisition form is attached and can be filed as either an advance or a reimbursement. In either event, you will need to include copies of all invoices with your requisition. Requisitions may be filed with the Trustee in advance of the closing and will be held for payment on or shortly after August 1st. At your request, requisition proceeds will either be wired to your account or mailed by check.

When completing the Requisition request, you may substitute your financial software's detailed General Ledger for the "Expense Reimbursement Summary" if your software report contains the same detail as that show on the VMBB's "Summary" report. A copy of the requisition form is attached. Please contact the VMBB if you would like to receive an Excel version of the reimbursement request.

The VMBB will be choosing a Trustee for this bond series on July 10th. Once chosen we will notify you with the contact information for the new Trustee and the account information where your loan proceeds will be deposited.

I encourage you to contact me if you have any questions or concerns regarding the requisition or post issuance compliance process.

I am pleased that the VMBB is able to assist with the financing of your project.

Thank you.

**Vermont Municipal Bond Bank
2012 Series 1 and 2
Bond Data Verification Form**

Name: **Stowe Town**

Current Contact: **Treasurer/Finance Manager
Karla Spaulding**

Address: **PO Box 730
Stowe, VT 05672**

Phone: **(802) 253-6140**

Email: **kspaulding.accounting@towneofstovermont.org**

*Please
return to
Karla*

Employer Identification Number: 03-6000701
Please Fill In

Bank: **Union Bank**
ABA Routing # **11601100**
Account # **716901**

Loan Amount: **\$4,000,000**

Repayment Schedule

Year #	Nov 15th	Principal Amount	Year #	Nov 15th	Principal Amount
	2012		11	2023	\$200,000
1	213	\$200,000	12	2024	\$200,000
2	2014	\$200,000	13	2025	\$200,000
3	2015	\$200,000	14	2026	\$200,000
4	2016	\$200,000	15	2027	\$200,000
5	2017	\$200,000	16	2028	\$200,000
6	2018	\$200,000	17	2029	\$200,000
7	2019	\$200,000	18	2030	\$200,000
8	2020	\$200,000	19	2031	\$200,000
9	2021	\$200,000	20	2032	\$200,000
10	2022	\$200,000	Total Amounts		\$4,000,000

Name of Compliance Verification Officer: _____
Please Fill In

Post Issuance Compliance Procedures filed in Procedures Manual (Circle One): Yes No

Bond Data Verification by (Name): _____

Signature: _____ Date: _____