



## SELECTBOARD ACTION ITEM

**Motion:** Madam chair, I move that the Town of Woodstock approve the attached documents for the \$4.5 million bond for the ESB building construction project, authorize the appropriate signatures for these documents and authorize the Town Manager to submit these signed documents to the Vermont Bond Bank for processing.

**Date:** February 8, 2021

**Action:** Review and Approval of the Bond Documents for the ESB Building Construction Project

**Staff Recommendation:** I recommend the approval of the bond documents.

**Description:** The Town of Woodstock applied for a bond from the Vermont Bond Bank in the amount of \$4.5 million on December 15, 2020. The underwriting team at the Vermont Bond Bank has approved the bond and the bond has been sent to the board of directors for approval. Paul Giuliani, our bond counsel, has advised me that this should be a formality. Construction work should start in March or April, 2021. The bond documents are attached for your review and approval.



100 East State Street | P.O. Box 1309 | Montpelier, VT 05601-1309

January 25, 2021

TO: Participating Municipalities

FROM: J. Paul Giuliani

RE: 2021 Series 1 Vermont Municipal Bond Bank Sale

Enclosed is the original documentation needed to complete the 2021 Series 1 sale. Under separate cover, each participating municipality will receive a commitment letter from the Bond Bank. The commitment letter should be executed and returned to the Bond Bank as soon as possible.

In order to effect a trouble-free sale and closing, it is essential that the enclosed materials be considered, adopted and executed without delay. Unless properly executed original documents from all municipalities are in our possession and ready for delivery to the Bond Bank by February 25, 2021, the sale and closing may be delayed. We cannot stress too strongly the importance of adopting and executing the enclosed documentation as soon as possible. If the next regularly scheduled meeting of the legislative body is too close to the February 25, 2021 return date, a special meeting may be advisable for this purpose.

You may send the executed documents to me at P. O. Box 1309, Montpelier, VT 05601-1309, or to my home address: 53 Cityside Drive, Unit #10, Montpelier, VT 05602-4247. Our Montpelier office is closed.

Once returned to us, we will hold the executed documents pending confirmation of the bond sale, and will deliver the same at the closing in Boston, tentatively scheduled for March 4, 2021.

Regarding execution of the enclosed documents, the following action should be taken at a duly warned regular or special meeting of the legislative body:

(1) Resolution and Certificate. This should be signed by all or a majority of the legislative body and the date of the regular/special meeting at which the Resolution was adopted where indicated on the last page. The municipal Clerk and municipal Treasurer should sign where indicated, and the municipal seal (if any) affixed over the Clerk's signature.

(2) Municipality Tax Certificate. Regardless of how and when the Bond proceeds are going to be spent, it is essential that the enclosed Certificate be executed by the municipal Treasurer, and all or a majority of the legislative body on page 4.

Please note that the Municipality Tax Certificate contains Internal Revenue Code post-issuance compliance procedures relating to arbitrage and private use of bond-financed improvements (Schedule C). These procedures are the result of Internal Revenue Service examination and audit initiatives intended to test Code compliance among municipal issuers throughout the country.

(3) Loan Agreement. Do not fill in any blanks in the Loan Agreement or on Exhibit A. This information will be entered prior to closing. The Chair of the legislative body and the municipal Clerk should sign on the last page. The municipal seal (if any) should be affixed over the Clerk's signature.

Please note the commitment to furnish the Bond Bank with financial and operating information on an ongoing basis (Section 17). Also, your attention is directed to Section 18 which contains representations consistent with recent Internal Revenue Service, Securities and Exchange Commission, and Municipal Securities Rulemaking Board directives.

The requisition procedure referred to in the Loan Agreement is a recent development. It is designed to assist Bond Bank borrowers in maintaining investment and expenditure records. If an audit or examination is conducted, these records will be invaluable in establishing post-issuance compliance with the arbitrage and private use provisions of the Internal Revenue Code.

(4) Loan Agreement Certificate. All that is required here is the Treasurer's signature.

(5) Bond. Do not enter any interest rates or principal payments. The rates and payments schedule will be verified and entered prior to the Bond sale. All or a majority of the legislative body and the municipal Treasurer should sign where indicated and the municipal seal (if any) should be affixed over the Treasurer's signature.

(6) Certificate of Registration. This requires the municipal Treasurer's signature where indicated.

(7) IRC Section 148 Certification. Please complete by supplying or verifying

the information asked for in paragraph (1). If there are no outstanding bond anticipation notes, please so indicate on the statement. If you have any Unexpended Proceeds of Bond Anticipation Notes for the project being funded, they should be used to pay down the note balance prior to the scheduled closing of the Bond Bank's Series 2021-1. Please give me a call to discuss if you face that situation. This certificate should be signed by the municipal Treasurer. If not entered already, please supply the municipality's federal employer identification number.

The Loan Agreement and the Bond may be missing loan principal information. The missing figures will be entered when the loan is formally approved by the Bond Bank. Even though this information may be missing, please execute all documents as outlined above and return them to us by February 25, 2021. The correct payment amounts and schedules will be verified and the missing information entered before the loan is finalized.

Please note the non-litigation language in the Resolution and Certificate. If the Municipality becomes involved in any litigation regarding the Bond or the expenditure of Bond proceeds, please advise me at once.

We direct your attention to the Municipality Tax Certificate and the representations contained therein. This Certificate should be read carefully. There are some material changes from previously used Municipality Tax Certificates. The Internal Revenue Service, Treasury Department, Securities and Exchange Commission, and the Municipal Securities Rulemaking Board have established new standards with respect to certain tax matters, post-issuance record keeping and disclosure of material events and we have also modified them based on conversations with the Bond Bank's bond counsel. Please call if you have any questions.

Following the closing and delivery of funds, we will furnish a complete transcript of all completed and executed documents, including the approving opinion. In the meantime, you might want to keep a photocopy of the original executed documents you are returning to me.

If any questions arise regarding the execution and return of the enclosed documents, or any aspect of the bond sale, please do not hesitate to call me immediately at 223-2102 ext. 1102 or 233-1012 (cellphone). Also, you may reach me at [pgiuliani@primmer.com](mailto:pgiuliani@primmer.com).

JPG:sr

Participating Municipalities

\_\_\_\_\_, 2020

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Enclosures

RESOLUTION AND CERTIFICATE  
(General Obligation)

WHEREAS, at one or more meetings of the Selectboard of the Town of Woodstock (herein called the “Municipality”) at each of which all or a majority of the members were present and voting, which meetings were duly noticed, called and held, as appears of record, it was unanimously found and determined that the public interest and necessity required certain public improvements herein described by reference to Exhibit A attached, and it was further found and determined that the cost of making such public improvements, after application of available funds and grants-in-aid from the United States of America and/or the State of Vermont, and other sources of funding, would be too great to be paid out of ordinary annual income and revenue, and that a proposal for providing such improvements and the issuance of bonds or notes of the Municipality to pay for its share of the cost of the same should be submitted to the legal voters at a meeting thereof, and it was so ordered, all of which action is hereby ratified and confirmed; and

WHEREAS, pursuant to the foregoing action, a meeting of the Municipality was warned and held at the place and time appointed therefor, submitting an article(s) of business to be voted upon by ballot between the hours stated in the Warning, all as appears by reference to Exhibit A attached hereto; and

WHEREAS, the said Warning was duly recorded, published and posted, and said meeting was duly convened and conducted, or was subsequently validated in the manner provided by law, all as appears of record, and which proceedings are hereby ratified and confirmed in all respects; and

WHEREAS, immediately upon closing of the polls and after counting of the ballots cast, the results as set forth in Exhibit A hereto were declared by the Moderator, all as appears of record, and pursuant to which the Municipality is carrying forward the authorized improvements and pursuing the same diligently to completion; and

WHEREAS, pursuant to powers vested in them by law, the Selectboard is about to enter into a Loan Agreement (Exhibit B) on behalf of the Municipality with the Vermont Municipal Bond Bank (the “Bond Bank”) respecting a Loan from the Bond Bank in the amount of \$4,500,000 repayable, and with interest, as follows:

<u>Payment Due</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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As per Exhibit C attached

AND WHEREAS, the bond to be delivered by the Municipality to the Bond Bank at the time of receiving the proceeds of the Loan (the “Bond”) shall be substantially in the form attached hereto as Exhibit D, which Bond is hereby awarded and sold to the Bond Bank at a price of par and accrued interest;

THEREFORE, be it resolved that the Selectboard proceed forthwith to cause the Bond to be executed and delivered to the Bond Bank upon the price and terms stated, and be fully registered as the law provides; and

BE IT FURTHER RESOLVED, that the Bond, when issued and delivered pursuant to law and this Resolution, shall be the valid and binding general obligation of the Municipality, payable according to law and the terms and tenor thereof from unlimited ad valorem taxes on the grand list of all taxable property of said Municipality as established, assessed, apportioned and provided by law; and

BE IT FURTHER RESOLVED, that in addition to all other taxes, annually there shall be assessed and collected in the manner provided by law until the Bond, or any bond or bonds issued to refund or replace the same, and the interest thereon, are fully paid, a tax, user fee, charge or assessment sufficient to pay the interest on the Bond or bonds and such part of the principal as shall become due; and

BE IT FURTHER RESOLVED, that execution of the above-referenced Loan Agreement between the Municipality and the Bond Bank is hereby authorized, the presiding officer of the Selectboard of the Municipality being directed to execute the Loan Agreement on behalf of the Municipality and the Selectboard thereof; and

BE IT FURTHER RESOLVED, that the Municipality expressly incorporates into this Resolution each and every term, provision, covenant and representation set forth at length in the Loan Agreement, the Loan Application made by the Municipality to the Bond Bank (Exhibit E), and the Tax Certificate of the Municipality and the Post-Issuance Compliance Procedures included therein (Exhibit F) to be delivered to the Bond Bank in connection with the issuance and sale of the Bond, execution and delivery of each of which is hereby authorized, ratified and confirmed in all respects, and the covenants, representations and undertakings set forth at length in the Loan Agreement, Loan Application and Tax Certificate are incorporated herein by reference; and

BE IT FURTHER RESOLVED, that all acts and things heretofore done by the lawfully constituted officers of the Municipality, and any and all acts or proceedings of the Municipality and of its Selectboard in, about or concerning the improvements hereinabove described and of the issuance of evidence of debt in connection therewith, are hereby ratified and confirmed.

BE IT FURTHER RESOLVED, that in connection with the pending sale of the Bond to the Bond Bank, execution and delivery of the Bond, this Resolution and Certificate, Loan Agreement, Tax Certificate, and incidental documents, all attached hereto, are authorized; and

BE IT FURTHER RESOLVED, that Primmer Piper Eggleston & Cramer PC, bond counsel to the Municipality, be authorized and empowered to take possession of said documents for delivery to the Bond Bank, and to complete said documents by the inclusion of appropriate dates and ministerial changes at the direction of the Selectboard of the Municipality or its designated officer; and to acknowledge receipt of the proceeds of the Bond on behalf of the Municipality; and



BE IT FURTHER RESOLVED, that, to the extent required by the covenants, undertakings, representations and certifications for the benefit of the Bond Bank set forth in the Municipality's Tax Certificate, the Municipality's Treasurer and its bond counsel, after consultation with the Bond Bank and its bond counsel, are authorized to order for purchase by the Municipality out of the proceeds of the Bond such federal and state obligations as may be required to limit or restrict investment yield on the Bond proceeds (and, accordingly, to limit the yield on the proceeds of the bonds of the Bond Bank ("Bond Bank Bonds") issued to finance the purchase of the Bond), thereby avoiding rebate payments by the Bond Bank to the United States with respect to such Bond Bank Bonds; and

BE IT FURTHER RESOLVED, that to the extent proceeds derived from the sale of the Bond will be used to reimburse the Municipality for capital expenditures previously made for the improvements described in Exhibit A, this Resolution shall serve as a declaration of official intent under Section 1.150-2 of the Treasury Regulations (or a re-publication 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; and

BE IT FURTHER RESOLVED, that the proceeds derived from the sale of the Bond be deposited to the credit of the Municipality for requisition and disbursement as provided in the Loan Agreement.

And we, the undersigned officers, as indicated, hereby certify that we as such officers have signed the Bond dated March 1, 2021, payable as aforesaid, and reciting that it is issued under and pursuant to the vote hereinabove mentioned, and we also certify that the Bond is duly registered in the office of the Treasurer of the Municipality as prescribed by law.

And we, the officers of the Municipality, hereby certify that we are the duly chosen, qualified and acting officers of the Municipality as undersigned; that the Bond is issued pursuant to said authority; that no other proceedings relating thereto have been taken; and that no such authority or proceeding has been repealed or amended.

We acknowledge that information the Municipality has furnished to the Bond Bank and others will be relied upon in the public offering of securities for sale. We represent that all information the Municipality has provided in connection with the Loan, the Bond, the Loan Agreement, Loan Application, Municipality Tax Certificate and all certifications, statements, representations and records identified or referred to therein are true, accurate and complete to the best of our knowledge. We further represent that the Municipality has disclosed to the Bond Bank and others all information material to the Loan, and the public offering of securities by the Bond Bank, and has not failed to disclose any information it deems material for such purpose.

We further certify that no litigation is pending or threatened affecting the validity of the Bond nor the levy and collection of taxes, charges or assessments to pay it, nor the works of improvement financed by the proceeds of the Bond, and that neither the corporate existence of the Municipality nor the title of any of us to our respective offices is being questioned.

We further certify that all actions set forth in this resolution were proposed, considered and approved in a public meeting duly called, noticed and held in compliance with all applicable open meeting, public records access, public procurement, bid solicitation, and conflict of interest enactments.

Dated: \_\_\_\_\_, 2021

ATTEST:

TOWN OF WOODSTOCK

\_\_\_\_\_  
Clerk

By: \_\_\_\_\_

(Seal)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
All or a Majority of the  
Selectboard

And by: \_\_\_\_\_  
Its Treasurer

## LOAN AGREEMENT

(General Obligation)

This LOAN AGREEMENT, dated as of March 1, 2021 (this “Loan Agreement”), is between the VERMONT MUNICIPAL BOND BANK, a body corporate and politic constituted as an instrumentality of the State of Vermont 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, as amended (hereinafter referred to as the "Act"), having its principal place of business at Winooski, Vermont, and the Town of Woodstock (hereinafter referred to as the "Municipality").

### 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” or “Loans”) to Governmental Units; and

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

WHEREAS, the Municipality is desirous of borrowing money from the Bank for the purpose of paying the costs (the “Project Costs”) of certain capital improvements, as described in Schedule B to the Municipality’s Tax Certificate (the “Project”), in the amount of \$4,500,000 and has applied to and has requested of the Bank a Loan in such amount, and the Municipality has duly authorized the issuance of bonds in the principal amount of \$4,500,000, of which a bond(s) in the amount of \$4,500,000 (the “Municipal Bond”) is to be purchased by the Bank as evidence of the Loan in accordance with this Agreement, which Municipal Bond shall be in substantially the form appended hereto by the Municipality as 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 supplemental resolution authorizing the making of such Loan, inter alia, to the Municipality and the purchase of the Municipal Bond;

NOW, THEREFORE, the parties agree:

1. The Bond Bank hereby makes the Loan and the Municipality accepts the Loan. As evidence of the Loan, the Municipality hereby sells to the Bond Bank and the Municipal Bond in the principal amount of \$4,500,000 at a price of \$[2A]. The Municipal

Bond shall bear interest from the date of its delivery to the Bond Bank at the rates per annum set forth in Exhibit A hereto. Notwithstanding the foregoing, the Municipal Bond shall bear interest at such rate or rates as shall be required for the Municipal Bond to comply with Section 601(2) of the Bond Resolution.

2. (a) The Municipality hereby acknowledges that the Bond Bank has entered, or will enter, into a disbursing agent agreement with the Disbursing Agent for the deposit and disbursement of the proceeds of the Municipal Bond.

(b) Pending their disbursement, the proceeds of the Municipal Bond shall be held by the Disbursing Agent. From time to time the Municipality shall requisition from the Disbursing Agent portions of the Municipal Bond proceeds necessary to pay Project Costs. Such requisitions shall be made in the form attached hereto as Exhibit C. The Municipality shall certify to the Bond Bank and to the Disbursing Agent the name(s) and the title(s) of the person(s) authorized to execute and submit such requisitions.

(c) Proceeds of the Municipal Bond held by the Disbursing Agent shall be invested by the Disbursing Agent at the direction of the Municipality in accordance with the provisions of the Municipality's Tax Certificate and consistent with the Investment Policy of the Bond Bank.

(d) At the time of submission of the final requisition for Project Costs relating to the Project, including all retainage of Project Costs, the Municipality shall provide to the Disbursing Agent and the Bond Bank a Completion Certificate, in accordance with the provisions of Section 2(e).

(e) The Municipality shall proceed with due diligence to complete the Project. Completion of the Project shall be evidenced by a certificate signed by the Municipality delivered to the Disbursing Agent and Bond Bank stating that the Project has been substantially completed so as to permit efficient use in the operations of the Municipality and setting forth any Project Costs remaining to be paid from the Project Fund established with the Disbursing Agent.

3. The Municipality has duly adopted or will adopt, prior to the Bond Bank's purchase of the Municipal Bond, all necessary resolutions and has taken or will take, prior to the Bond Bank's purchase of the Municipal Bond, all proceedings required by law to enable it to enter into this Loan Agreement and issue its binding obligations to the Bond Bank.

4. The Municipality shall make funds sufficient to pay interest as the same becomes due available to the Bond Bank on the first (1<sup>st</sup>) day of the month prior to each interest payment date for the Bond Bank Bonds. The Municipality shall make funds sufficient to pay the principal as the same matures (based upon the maturity schedule provided by and for the Municipality and appended hereto as Exhibit A) available to the Bond Bank on the first (1<sup>st</sup>) day of the month prior to each principal payment date for the Bond Bank Bonds. All payments shall be made by Automated Clearing House (ACH) unless otherwise directed by the Bond Bank.

5. The Municipality is obligated to pay fees and charges to the Bond Bank (hereinafter referred to as the “Fees and Charges”) within thirty (30) days of demand by the Bond Bank. Such Fees and Charges actually collected from the Municipality shall be in an amount sufficient, together with other monies available therefor, including any grants made by the United States of America or any agency or instrumentality thereof or by the State or any agency or instrumentality thereof:

(a) To pay, as the same becomes due, the administrative expenses of the Bond Bank;

(b) To pay an allocable share of financing costs incurred with respect to a series of Bond Bank Bonds, including fees and expenses of the attorney or firm of attorneys of recognized standing in the field of municipal law selected by the Bond Bank, trustees’ and paying agents’ fees and expenses, costs and expenses of financial consultants, underwriters or placement agencies, printing costs and expenses, the payment to any officers, departments, boards, agencies, divisions and commissions of the State of Vermont of any statement of cost and expense rendered to the Bond Bank pursuant to Section 4556 of the Act, and all other financing and other miscellaneous costs.

(c) To pay an amount equal to a reasonable estimate of the interest that could have been earned by the Bond Bank on any funds advanced by the Bond Bank for the purposes described in 5(a) and 5(b) above, calculated at a rate equal to the highest rate on the Bond Bank’s unrestricted investments for the period during which such advances remain outstanding.

6. The Municipality is obligated to make the principal portion of the Municipal Bond payments scheduled by the Bond Bank on an annual basis and is obligated to make the interest portion of the Municipal Bond payments on a semi-annual basis and to pay the Fees and Charges imposed by the Bond Bank as set forth in Section 5 hereof.

7. The Bond Bank shall not sell and the Municipality shall not redeem any part of the Municipal Bond prior to the date on which all outstanding bonds of the Bond Bank issued with respect to such Loan are redeemable, and in the event of any sale or redemption prior to maturity of the Municipal 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 Bonds so to be redeemed, less the amount of monies available in the applicable sub-account(s) in the redemption account established by the Bond Resolution and available for withdrawal from the Reserve Fund 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 Municipal 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 Municipality.

8. Simultaneously with the delivery of the Municipality's Bond to the Bond Bank, the Municipality shall furnish to the Bond Bank an opinion of bond counsel satisfactory to the Bond Bank which shall set forth among other things the unqualified approval of the Municipal Bond then being delivered to the Bond Bank and that the Municipal Bond will constitute a valid and binding obligation of the Municipality.

9. The Municipality shall be obligated to inform in writing the Bond Bank and the corporate trust office of the trustee for the Bond Bank Bonds at least thirty (30) days prior to each June 1st and December 1st of the name of the official to whom invoices for the payment of interest and principal should be addressed.

10. Notwithstanding Paragraph 13 hereof, prior to payment of the amount of the Loan, or any portion thereof, and the delivery of the Municipal 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 Municipality to the Bond Bank in connection with its application for Bond Bank assistance shall be incorrect or incomplete in any material respect.

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

11. 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.

12. 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.

13. 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.

14. 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.

15. (a) The Municipality 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 Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder (collectively, the “Code”). In furtherance of the foregoing covenant, Municipality covenants to comply with covenants in the Municipality’s Tax Certificate.

(b) The Municipality 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 Municipal Bond) and the amount of such earnings assuming a rate of return equal to the yield on such issue of Bond Bank Bonds.

(c) In the event the proceeds of the Municipal Bond are no longer expected to be expended for the purpose(s) for which they were issued, the Municipality shall endeavor to find an alternate expenditure of such proceeds that complies with the requirements of the Code, the covenants in the Municipality’s Tax Certificate 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.

(d) The Municipality shall comply with and perform its undertakings set forth in its Tax Certificate executed coincident with the delivery of the Municipal Bond to the Bond Bank, including without limitation Schedule C thereof (Municipal Bond Post-Issuance Compliance Procedures). The Municipality shall retain all records of expenditures for a period of not less than 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 Municipal Bond with the provisions of the Code and applicable regulations.

(e) Notwithstanding anything in this Loan Agreement to the contrary, the obligation of the Municipality to comply with all tax covenants contained or referenced in this Loan Agreement and the Municipality’s Tax Certificate shall survive the defeasance or payment in full of the Municipal Bond.

16. The Municipality agrees to provide to the Bond Bank upon request such certifications and 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:



(a) The Municipality's Tax Certificate to be executed coincident with the delivery of the Municipal Bond to the Bond Bank; and

(b) The Bond Bank's Tax Certificate executed coincident with the delivery of the Bond Bank Bonds to the purchaser(s) thereof.

17. The Municipality shall provide to the Bond Bank annually upon publication (1) a copy of its municipal report prepared, distributed and filed in accordance with 24 V.S.A. §§1173-1174, 1681-1683 and (2) if prepared by the Municipality, a copy of its financial statements and independent auditor's report thereon. In addition, within thirty (30) days following a request by the Bond Bank, or such shorter period as prescribed under Securities Exchange Commission Rule 15c2-12, the Municipality 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 Municipality 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 Municipal 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 Municipal Bond or any other debt obligation of the Municipality;

(b) Any actual or anticipated default or breach on the part of the Municipality with respect to any term or provision of this Loan Agreement or like agreement to which the Municipality is a party;

(c) Unscheduled draws on debt service reserves which reflect financial difficulties for the Municipality;

(d) Unscheduled draws on any letter of credit, guarantee or similar credit enhancement which reflects financial difficulties for the Municipality;

(e) Substitution of any entity furnishing the Municipality 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 Municipal Bond, or other material events affecting the tax status of the Municipal Bond;

(g) Material modifications of the rights of any person owning a legal or beneficial interest in the Municipal Bond;

(h) The actual or contemplated call, redemption, refunding or defeasance of the Municipal Bond, or the sale, release or substitution of the improvements financed by the Municipal Bond;

- (i) Any change in the credit rating of the Municipality;
- (j) Tender offers with respect to the Municipal Bond;
- (k) Bankruptcy, insolvency, receivership or similar event of the Municipality;
- (l) The merger, consolidation or acquisition of the Municipality;
- (m) The sale or transfer of all or substantially all of the assets of the Municipality, 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 Municipal 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 Municipal Bond trustee, or the appointment of a successor or additional trustee, if material;
- (p) The incurrence of a financial obligation of the Municipality, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Municipality, 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 Municipality, any of which reflect financial difficulties.

For the purposes of the event identified in subparagraph (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 Municipality 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 Municipality, 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 Municipality. For purposes of the events identified in subparagraphs (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).

18. The Municipality 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 Municipality represents that all information it has provided in connection with the

Loan, the Municipal Bond, this Loan Agreement, the Loan Application, the Municipality's Tax Certificate 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 Municipality and its officers. The Municipality 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.

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

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

Attest:

VERMONT MUNICIPAL BOND BANK

\_\_\_\_\_  
Vermont Municipal Bond Bank  
Executive Director

By: \_\_\_\_\_  
Chair

(SEAL)

Attest:

TOWN OF WOODSTOCK

\_\_\_\_\_  
Town of Woodstock Clerk

By: \_\_\_\_\_  
Chair  
Selectboard

(SEAL)

EXHIBIT A  
MATURITY SCHEDULE  
TOWN OF WOODSTOCK

<u>Municipality's Bonds Due November 1</u>	<u>Principal Amount</u>
2021	\$-0-
2022	\$150,000
2023	\$150,000
2024	\$150,000
2025	\$150,000
2026	\$150,000
2027	\$150,000
2028	\$150,000
2029	\$150,000
2030	\$150,000
2031	\$150,000
2032	\$150,000
2033	\$150,000
2034	\$150,000
2035	\$150,000
2036	\$150,000
2037	\$150,000

2038	\$150,000
2039	\$150,000
2040	\$150,000
2041	\$150,000
2042	\$150,000
2043	\$150,000
2044	\$150,000
2045	\$150,000
2046	\$150,000
2047	\$150,000
2048	\$150,000
2049	\$150,000
2050	\$150,000
2051	\$150,000
Total:	\$4,500,000

## MUNICIPALITY TAX CERTIFICATE

(General Obligation)

This Municipality Tax Certificate (this “Tax Certificate”) is being delivered as of March \_\_, 2021 (the “Closing Date”) by the Town of Woodstock (the “Municipality”), to the Vermont Municipal Bond Bank (the “Bond Bank”) in connection with the sale to the Bond Bank of the \$4,500,000 General Obligation Bond of the Municipality dated March 1, 2021 (the “Municipal Bond”) pursuant to the Loan Agreement between the Bond Bank and the Municipality dated as of March 1, 2021 (the “Loan Agreement”). The Bond Bank is simultaneously issuing bonds dated the Closing Date (“Bond Bank Bonds”) for the purpose, among others, of financing the purchase of the Municipal Bond. The Municipality understands and agrees that the certifications and expectations set forth herein will be relied upon by the Bond Bank and its bond counsel in establishing that interest on the Bond Bank Bonds will be excluded from the income of the holders thereof for federal income tax purposes.

The undersigned Treasurer and at least a majority of the Selectboard of the Municipality do hereby certify as follows:

1. We are the officers of the Municipality duly charged and responsible for issuing the Municipal Bond. The certifications and expectations set forth in this document are being given to enable the Bond Bank to make certain certifications and to have certain expectations pursuant to Sections 141 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the “Code”).
2. The Municipality is a political subdivision of the State of Vermont 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.
3. The date(s), maturities, denominations and rates of interest of the Municipal Bond are as shown and more fully described in Schedule A, attached hereto.
4. The proceeds of the Municipal Bond will be used to provide funds for the purpose of financing public safety building capital improvements located in Woodstock, Vermont (the “Project”), as shown on Schedule B attached. No other amounts have a sufficiently direct nexus (within the meaning of Code Section 148) to the Municipal Bond or the Project to conclude that the amounts would have been used to finance the Project in the absence of the proceeds of the Municipal Bond.
5. No proceeds of the Municipal Bond 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 Project costs advanced under a duly adopted notice of official intent, or as part of a chain of

exclusively current refundings of obligations issued on a “new money” basis (“Original Obligations”). No proceeds of the Municipal Bond will be used to retire any Prior Obligations more than 90 days after the Closing Date. Proceeds, if any, invested during such up-to-90 day period, pending application to retire Prior Obligations, may be invested without regard to yield.

6. The Municipality reasonably expects that at least 85% of the proceeds of the Municipal Bond will have been expended on Project costs within three years from the earlier of the Closing Date or the date of issuance of any Original Obligations. The Municipality has or will have incurred a binding obligation to a third party to expend on Project costs at least 5% of the proceeds of the Municipal Bond 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 the 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.

7. The total proceeds (including interest earnings therefrom) received from the sale of the Municipal Bond with respect to the Project do not exceed the total cost of the Project. All proceeds of the Municipal Bond will be deposited with the Disbursing Agent pursuant to the Loan Agreement. All such funds will be maintained in a segregated fund and not commingled with amounts from other sources, and shall be requisitioned (i) to reimburse the Municipality for Project costs advanced under a duly adopted notice of official intent, (ii) to retire Prior Obligations or (iii) to pay Project costs after the date hereof, all as provided in the Loan Agreement.

8. Any reimbursement of an expenditure made prior to the issue date of the Municipal Bond or any Original Obligations is pursuant to a declaration of official intent. In addition, any declaration of official intent of the Municipality 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.

9. 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 Municipal Bond is outstanding. Public use of the Project will continue for so long as the Municipal Bond remains outstanding. The Municipality will notify the Bond Bank immediately in the event of any change in use or disposition of the Project. In such event, the Municipality will cooperate with the Bond Bank to undertake remediation measures under Code Section 141 at the earliest opportunity so as to preserve the tax exempt character of the Bond Bank Bonds.



10. Principal of and interest on the Municipal Bond will be paid from taxes and other revenues of the Municipality. Funds designated for payment of the principal of and interest on the Municipal Bond, whether or not deposited into 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 Municipal Bond 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.

11. Except for the debt service fund described in paragraph 10, if any, the Municipality has not created or established, and does not expect to create or establish, any sinking fund or other similar fund which the Municipality reasonably expects to use to pay principal or interest on the Municipal Bond, or from which there is a reasonable assurance that amounts therein will be available to pay debt service on the Municipal Bond.

12. No portion of the proceeds of the Municipal Bond will be invested, directly or indirectly, in federally insured deposits or accounts other than (a) investments of unexpended Municipal Bond 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 Municipal Bond 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.

13. The Project is and will be owned by the Municipality and will not be leased to any person which is not a state or local government unit, or an instrumentality thereof. In addition, the Municipality 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.

14. The Municipality will do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bond Bank Bonds shall, for purposes of federal income taxation, be excludable from the gross income of the recipients thereof. In that regard, the Municipality understands that the Bond Bank will be required to

comply with arbitrage rebate and yield restriction requirements of Code Section 148 with respect to the Bond Bank Bonds and the Municipality agrees to fully cooperate with the Bond Bank in providing requested information and otherwise as set forth in the Loan Agreement,

15. In furtherance of the foregoing covenant with respect to the maintenance of the tax-exempt status of interest on the Bond Bank Bonds, the Municipality hereby covenants to adhere to the record-retention requirements of Section 6001 of the Code and the Regulations and, in addition, adopts and commits to implement the procedures set forth in Schedule C which are intended to provide the following:

(a) Assignment of tax-exempt compliance responsibilities to appropriate departments, officers, or employees.

(b) Establishment and maintenance of books and records for all obligations of the Municipality financed by a particular issue of Bond Bank Bonds.

(c) Establishment of Code Section 148 compliant procedures for the investment of gross proceeds for all of the Municipality's obligations financed by a particular issue of Bond Bank Bonds.

(d) Maintenance of records relating to all allocations of expenditures of proceeds of all of the Municipality's obligations financed by a particular issue of Bond Bank Bonds.

(e) Periodic monitoring of use of proceeds of all of the Municipality'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.

16. This Tax Certificate has been delivered to the Bond Bank as part of the record of proceedings and accompanying certificates with respect to the issuance of the Bond Bank Bonds.

17. On the basis of the foregoing, it is not expected that the proceeds of the Municipal Bond will be used in a manner which would cause the Bond Bank Bonds to be a "arbitrage bonds" or "private activity bonds" under Sections 103, 141 and 148 of the Code. To the best of our knowledge and belief, there are no other facts, estimates or circumstances that would materially change the foregoing conclusions.

18. There are and will be no other obligations of the Municipality:

(a) sold within fifteen (15) days of the date of sale of the Bond Bank Bonds;

(b) sold pursuant to a common plan of financing as was employed in the sale of the Bond Bank Bonds; and

(c) expected to be paid from substantially the same source of funds.

IN WITNESS WHEREOF, we have hereunto set our hands on behalf of the Municipality this \_\_\_\_ day of March, 2021.

TOWN OF WOODSTOCK

By: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
All or a Majority of Its  
Selectboard

And By: \_\_\_\_\_

Its Treasurer

Schedule B

1. Title of Bonds: \$4,500,000 Town of Woodstock Public Safety Building Improvement General Obligation Registered Bond

Total Principal Amount: \$4,500,000

Dated: March 1, 2021

Maturity Date(s)      Principal Amount(s)      Interest Rate(s)

As per attached specimen bond.

2. Title of Authorizing Resolution(s) or Ordinance(s)

Resolution and Warning of Selectboard January 21, 2020

Special Town Meeting March 3, 2020

Resolution and Certificate of Selectboard \_\_\_\_\_, 2021

- | <u>Project</u> | <u>Estimated Date<br/>of Completion</u> | <u>Estimated Date<br/>All Proceeds Expended</u> |
|----------------|---|---|
| Fire Station   | [22]                                    | [23]  |

No. R-1

UNITED STATES OF AMERICA  
STATE OF VERMONT  
TOWN OF WOODSTOCK  
GENERAL OBLIGATION BOND

\$4,500,000

The Town of Woodstock (hereinafter called the (“Municipality”), a body corporate and a political subdivision of the State of Vermont, promises to pay to the Vermont Municipal Bond Bank, or registered assigns, the sum of FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS (\$4,500,000) in installments on November 1 of each year as set forth below, with interest on each installment at the rate per annum set forth below opposite the year in which the installment becomes due:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	-0-		2036	\$150,000	
2022	\$150,000		2037	\$150,000	
2023	\$150,000		2038	\$150,000	
2024	\$150,000		2039	\$150,000	
2025	\$150,000		2040	\$150,000	
2026	\$150,000		2041	\$150,000	
2027	\$150,000		2042	\$150,000	
2028	\$150,000		2043	\$150,000	
2029	\$150,000		2044	\$150,000	
2030	\$150,000		2045	\$150,000	
2031	\$150,000		2046	\$150,000	
2032	\$150,000		2047	\$150,000	
2033	\$150,000		2048	\$150,000	
2034	\$150,000		2049	\$150,000	
2035	\$150,000		2050	\$150,000	
			2051	\$150,000	

The interest rate of each installment shall run from the date of the original delivery of this Bond to the Vermont Municipal Bond Bank 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 of the Loan Agreement with respect to this Bond between the Municipality and the Vermont Municipal Bond Bank dated March 1, 2021. Both principal and interest on this Bond are payable in lawful money of the United States at U.S. Bank National Association, in Boston, Massachusetts, or at its successor as Trustee under the General Bond Resolution of the Vermont Municipal 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 Municipality for the purpose of financing public safety building improvements under and by virtue of Chapter 53 of Title 24, Vermont Statutes Annotated, the vote of its legal voters duly passed on March 3, 2020, and resolutions duly adopted by its Selectboard.

This Bond is transferable only upon presentation to the Treasurer of the Municipality with a written assignment duly acknowledged or proved. No transfer hereof shall be effectual unless made on the books of the Municipality 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 Municipality are hereby irrevocably pledged.

IN TESTIMONY WHEREOF, the Municipality has caused this Bond to be signed by at least a majority of its Selectboard and its Treasurer and its seal (if it has a seal) to be affixed hereto as of March 1, 2021. (Absence of a seal hereon means that the Municipality has no seal and no seal is required.)

TOWN OF WOODSTOCK

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

All or a Majority of its  
Selectboard

\_\_\_\_\_  
Treasurer

No. R-1

TOWN OF WOODSTOCK \$4,500,000 GENERAL OBLIGATION  
BOND DATED MARCH 1, 2021

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 Municipality. 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 Municipality at the office of the Treasurer of the Municipality who shall record such transfer in the records of the Municipality and on the bond. The name and address of the original registered owner of this bond is Vermont Municipal Bond Bank, 20 Winooski Falls Way #305, Winooski, VT 05404-2228.

Dated as of the \_\_\_<sup>th</sup> day of March, 2021.

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Treasurer



IRC SECTION 148 CERTIFICATION

NAME OF MUNICIPALITY: TOWN OF WOODSTOCK

FEDERAL EMPLOYER IDENTIFICATION NO: 03-6003791

- (1) List all outstanding debt instruments (bond anticipation and grant anticipation notes) issued by the Municipality to provide temporary construction financing for the project(s) being financed permanently by the proceeds of the Municipality's Bond dated March 1, 2021, and being sold to the Vermont Municipal Bond Bank, and the unexpended proceeds, if any, for each:

<u>Issue Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Unexpended Proceeds</u>
04-24-20	300,000	04-24-21	

- (2) The Municipality is a political subdivision of the State of Vermont and (1) has general taxing powers, and (2) at least ninety-five percent (95%) of the proceeds of the Municipality's bond will be used for local governmental activities of the Municipality.

Date: March \_\_, 2021

\_\_\_\_\_  
Municipal Treasurer

LOAN AGREEMENT CERTIFICATE

The undersigned Treasurer of the Town of Woodstock (the “Municipality”) hereby certifies, on behalf of the Municipality, that the Municipality is obligated under the Loan Agreement, dated as of March 1, 2021 between the Municipality 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 Municipality generated and distributed in accordance with 24 V.S.A. §§ 1173-1174, 1681-1683 and any independent auditor’s report on the financial statements of the Municipality.

Dated: March \_\_, 2021

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Treasurer