

**TOWN OF EAST MONTPELIER
TAX ANTICIPATION NOTE
(LINE OF CREDIT)**

\$700,000.00
Bridgeport, Connecticut
July 24, 2014

On the 5th day of January, 2015, for value received, the Town of East Montpelier promises to pay to PEOPLE'S UNITED BANK the principal sum of:

*****SEVEN HUNDRED THOUSAND DOLLARS*****

or so much so thereof as shall have been advanced to Town of East Montpelier by PEOPLE'S UNITED BANK under this note and shall be at that time outstanding according to PEOPLE'S UNITED BANK's ledger records together with interest on any outstanding balance meanwhile at the rate of 1.15% per annum (the "Exempt Rate") upon each advance hereunder, computed from the date of such advance. Principal and interest are payable in lawful money of the United States at the Main Office of PEOPLE'S UNITED BANK in the City of Bridgeport, Connecticut. The rate of interest payable hereunder is subject to recalculation and payment of a higher rate, retroactive to the date hereof, upon the happening of any event specified in paragraph (5) of the Resolution of the Town of East Montpelier dated July 21, 2014, the terms of which are incorporated herein by reference thereto. Further, this note and all sums of money due hereunder shall be due and payable at the option of the holder hereof upon the happening of any event specified in paragraph (5) of said Resolution.

Principal and interest may be prepaid by the Issuer of this note, in whole or in part prior to the above maturity date, without penalty being assessed. Notwithstanding the full or partial payment of any advance made under this Note prior to its maturity date, the amount available for advances hereunder shall in no event exceed the principal amount of this Note less the aggregate of all advances made hereunder. Such full or partial payment shall not serve to increase the amount available for future advances.

This note for \$700,000.00 is issued in anticipation of the collection of taxes for the 2014-15 fiscal year. The borrowing evidenced hereby and the execution of this note were authorized by a Resolution adopted at a meeting of the Board of Selectmen of the Town of East Montpelier duly called, noticed and held on July 21, 2014.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this note have been done, have happened and have been performed in regular and due form as required by law, and that the full faith and credit of the Town of East Montpelier are hereby irrevocably pledged for payment of this note.

Dated: July 24, 2014

BOARD OF SELECTMEN

Treasurer

By All or a Majority Thereof

**TOWN OF EAST MONTPELIER
RESOLUTION
TAX ANTICIPATION BORROWING
(LINE OF CREDIT)**

WHEREAS, the Board of Selectmen is authorized and empowered to borrow money on the credit of the Town of East Montpelier in anticipation of the receipt of taxes in order to pay costs incurred by the Town in the exercise of governmental powers; and

WHEREAS, it is hereby found and determined that in order to carry out the responsibilities placed upon the Board of Selectmen by law, it is necessary and expedient for the Town of East Montpelier to meet said current expenses, and

WHEREAS, current funds are not available to pay in full for said current expenses and it is necessary for the Board of Selectmen to borrow money on the credit of the Town of East Montpelier in anticipation of the receipt of taxes in order to meet said expenses, and

WHEREAS, the Board of Selectmen has been and is now providing essential governmental services, and funds are needed to meet accruing costs of the same, and

THEREFORE, BE IT RESOLVED, that the Board of Selectmen, for and in behalf of the Town of East Montpelier, borrow on a Line of Credit the sum of \$700,000.00 from PEOPLE'S UNITED BANK, the said loan to be evidenced by a promissory note in the amount of \$700,000.00 to be signed on behalf of the Town of East Montpelier by its Board of Selectmen and dated July 24, 2014, payable to PEOPLE'S UNITED BANK on the 5th day of January, 2015 with interest at the rate of 1.15% per annum, the proceeds of such loan to be used to meet current expenses as aforesaid, and

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

BE IT FURTHER RESOLVED, that all acts and things heretofore done by the lawfully constituted officers of the Town of East Montpelier and its Board of Selectmen in, about, or concerning the expenditure of proceeds of the note are hereby ratified and confirmed, and

WE, the said Board of Selectmen of the Town of East Montpelier, hereby certify that the note is issued pursuant to authority, that no proceeding relating thereto has been taken other than as shown in the foregoing recital, that no such authority or action has been amended or repealed, and that there is no litigation threatened or pending in any state or federal court of competent jurisdiction seeking to enjoin either the issuance of the note or the expenditures being financed by the proceeds of the same.

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

WE, further certify that these notes together with any other notes issued for this purpose, do not in the aggregate exceed ninety (90) percent of taxes levied by the Town for the current year.

FURTHER, we hereby certify to and covenant with PEOPLE'S UNITED BANK, its successors and assigns, including specifically the transferees, assignees, holders and owners of the above-described note, that:

(1) No proceeds of the note (including investment proceeds thereof) will be used (directly or indirectly) in any trade or business carried on by any person other than the Town of East Montpelier, nor used to make or finance loans to any person.

(2) The Town of East Montpelier will file when and as required with the Treasury Department or the Internal Revenue Service information returns relating to the issuance of the note and all other obligations of the Town of East Montpelier.

(3) The Town of East Montpelier will comply with, perform, maintain and keep each and every covenant, representation, certification and undertaking in the accompanying Non-Arbitrage Certificate, execution and delivery of which is hereby authorized.

(4) That the Town of East Montpelier qualifies as a "Small Issuer" as defined as section 148 of the Internal Revenue Code of 1986 as amended, and the Resolution promulgated thereunder as it has not or does not reasonably expect to issue more than \$5 million in debt obligations in the current calendar year, and to the extent the Town of East Montpelier shall issue debt obligations aggregating more than \$5 million in the current calendar year, it shall expend the same during a temporary period so as to avoid classifying such debt as "arbitrage bonds".

(5) The interest charged to and payable by the Town of East Montpelier under the note shall be recalculated at the rate of 4.40% and paid to the holder thereof in any one of the following events:

(a) It shall be determined that the interest paid under said note, or any part thereof, is included in the gross income of the holder thereof for federal income tax purposes.

(b) There shall be any breach by the Town of East Montpelier of any covenant set forth in paragraphs (1)-(4) hereof.

(6) In the event line of credit aggregate advances made under the note exceed the face amount of the note, regardless of repayment of any such advance during the term of the note, the Town will promptly execute and file such informational returns as are necessary to report a reissuance of the note.

WE further certify that we are the duly chosen, qualified and acting officers of the Town of East Montpelier as indicated below, and we acknowledge that the foregoing action was taken at a meeting duly noticed, called and held on July 21, 2014, whereat we were present and voting affirmatively.

Dated: July 21, 2014

BOARD OF SELECTMEN

Treasurer

By All or a Majority Thereof

The foregoing signatures are true and genuine. Attest:

Clerk

**TOWN OF EAST MONTPELIER
NON-ARBITRAGE CERTIFICATE
TAX ANTICIPATION BORROWING
(LINE OF CREDIT)**

WE, the Treasurer and at least a majority of the Board of Selectmen of the Town of East Montpelier (the "Issuer"), hereby certify and represent as follows with respect to the \$700,000.00 Tax Anticipation Line of Credit Note of the Issuer (the "Note"), which Note is dated July 24, 2014, payable as therein set forth:

- (1) The Issuer is issuing and delivering the Note simultaneously with the delivery of this Certificate.
- (2) We are the Officers of the Issuer charged by law with the responsibility for issuing the Note.
- (3) The Note is being issued in anticipation of the collection and receipt of taxes levied and assessed for the 2014-15 fiscal year.
- (4) The entire amount borrowed by the issuance of the Note, together with all of such, if any, amounts previously raised or borrowed for the same purpose, does not exceed the total costs of said current expenses less all other funds available for the purpose, and all of the proceeds of the Note have been or are expected to be needed and expended for such current expenses within twelve (12) months from the date of the borrowing.
- (5) Expenditure of costs being financed by the Note has proceeded and is expected to proceed hereafter with due diligence to completion.
- (6) The Note is not being issued to refund notes previously issued for the same purpose as described in paragraph (3) above.
- (7) Any real and personal property, acquisition of which has been financed by the Note, has not been and is not expected during the life of the Note to be sold or otherwise disposed of for consideration.
- (8) The Issuer has not created and does not expect to create or establish any debt service fund, bond payment reserve, sinking fund, or other similar fund pledged to the payment of the Note or from which it is expected that payment of the Note would be made.
- (9) To the best of our knowledge, information and belief, the above expectations are reasonable.
- (10) The Issuer has not been notified of any action by the Commissioner of the Internal Revenue Service to disqualify it as an issuer whose arbitrage certificates may be relied upon.
- (11) It is expected that any earnings or net profit derived from investment or deposit of the proceeds of the Note, including transferred proceeds, any accrued interest received upon its sale and any premium received on the delivery thereof, will be expended for governmental purposes within the period stated in paragraph (4) above to the extent such funds are not commingled for accounting purposes in the general funds of the Issuer with tax and other substantial operating revenues.
- (12) The Issuer shall create and maintain records and books of account with respect to the Note and the expenditures financed by the proceeds thereof.
- (13) No part of the proceeds of neither the Note, nor the expenditures financed by the proceeds of the Note shall be:
 - (a) Used directly or indirectly in a trade or business by any person other than the Issuer or another governmental entity;

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

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

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

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

(f) Used to fund a reserve, sinking or replacement fund.

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

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

(16) The Note will not be refunded or otherwise paid, defeased or secured by the proceeds of any form of debt issued by the Issuer, unless the manner of such payment, refunding or security preserves the characterization of the Note as essential function bonds under federal legislation denominated by the Tax Reform Act of 1986.

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

(18) The proceeds of the Note will not be used in a manner that will cause the Note to be arbitrage bonds within the meaning of Section 103(c), 141 and 148(a) of the Internal Revenue Code of 1986, as amended.

(19) The principal amount of the Note is not greater than the maximum anticipated cumulative cash flow deficit which has been computed in accordance with the Regulations identified in paragraph (18) hereof, which computation is shown on the accompanying Cash Flow Certificate dated July 9, 2014.

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

Dated: July 24, 2014

BOARD OF SELECTMEN

Treasurer

By All or a Majority Thereof

The above signatures are true and genuine. Attest:

Clerk

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Town of East Montpelier, Vermont		2 Issuer's employer identification number (EIN) 03 6000456	
3 Number and street (or P.O. box if mail is not delivered to street address) P.O. Box 157		Room/suite	4 Report number (For IRS Use Only) 3
5 City, town, or post office, state, and ZIP code East Montpelier, VT 05651		6 Date of issue 7/24/14	
7 Name of issue 2014-15 tax Anticipation Issue		8 CUSIP number N/A	
9 Name and title of officer of the issuer or other person whom the IRS may call for more information Donald Welch, Treasurer		10 Telephone number of officer or other person (802) 223-3313	

Part II Type of Issue (enter the issue price) See instructions and attach schedule			
11 Education		11	
12 Health and hospital		12	
13 Transportation		13	
14 Public safety		14	
15 Environment (including sewage bonds)		15	
16 Housing		16	
17 Utilities		17	
18 Other. Describe ► to pay operating expenses		18	\$700,000 00
19 If obligations are TANs or RANs, check only box 19a	<input checked="" type="checkbox"/>		
If obligations are BANs, check only box 19b	<input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box	<input type="checkbox"/>		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
21	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
	01/05/15	\$ 700,000.00	\$ 700,000.00	.45 years	1.15 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)			
22 Proceeds used for accrued interest		22	
23 Issue price of entire issue (enter amount from line 21, column (b))		23	\$700,000 00
24 Proceeds used for bond issuance costs (including underwriters' discount)		24	
25 Proceeds used for credit enhancement		25	
26 Proceeds allocated to reasonably required reserve or replacement fund		26	
27 Proceeds used to currently refund prior issues		27	
28 Proceeds used to advance refund prior issues		28	
29 Total (add lines 24 through 28)		29	
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)		30	\$700,000 00

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	_____ years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	_____
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	_____

Part VI Miscellaneous

- | | | |
|------------|--|--|
| 35 | | |
| 36a | | |
| 37a | | |
- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . .
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)
- b** Enter the final maturity date of the GIC ▶ _____
- 37** Pooled financings: **a** Proceeds of this issue that are to be used to make loans to other governmental units
- b** If this issue is a loan made from the proceeds of another tax-exempt issue, check box and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____
- 38** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box
- 39** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box
- 40** If the issuer has identified a hedge, check box

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.		
	▶ _____ Signature of issuer's authorized representative	Date	▶ Donald Welch, Treasurer Type or print name and title
Paid Preparer's Use Only	Preparer's signature ▶ _____	Date	Check if self-employed <input type="checkbox"/> Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code ▶ _____	EIN	Phone no. ()