

OFFICER'S INITIALS	RATE	LOAN NUMBER
KS	5.06%	7060003466

**PASSUMPSIC SAVINGS BANK
MUNICIPAL BOND/MULTIPLE ADVANCE/NON REVOLVING
REFUNDING NOTE**

NEWPORT, VERMONT

DATED: October 7, 2025

For value received, the undersigned City of Newport promises to pay to PASSUMPSIC SAVINGS BANK, St. Johnsbury, Vermont, or order, the sum of Two Million Eight Hundred Twenty Seven Thousand Dollars (\$2,827,000.00), with interest thereon at the rate of 5.06% percent per year, from the date hereof, payable in quarterly interest payments, of all accrued unpaid interest commencing on December 20, 2025 and continuing monthly, with One (1) final payment of all unpaid principal and interest due on October 7, 2026. This instrument is executed and delivered in consideration of the above sum of money loaned this date by PASSUMPSIC SAVINGS BANK for the purpose of: (Check one).

☐ Paying current expenses or in anticipation of taxes, pursuant to a vote of the legislative body of the said municipal corporation, as authorized by Title 24, Vermont Statutes Annotated, Section 1786 or in anticipation of bond proceeds or grants-in-aid pursuant to Section 1773. If this box is checked, this instrument shall become due and payable no later than 365 days from the date hereof.

☒ Financing public improvements, which improvements have been duly authorized by a properly warned public meeting of the voters of the municipal corporation indebted herein, as authorized by Title 24, Vermont Statutes Annotated, Section 1786a.

This note may be prepaid at any time, either in whole or in part, with out penalty. If a payment is late more than 10 days, a Late Charge of 5% of the payment amount may be assessed.

City of Newport

Rick Ufford-Chase, Mayor

Kevin Charbonneau, Council President

Carter Finegan

John Monette

Andrew Touchette

BY ALL OR A MAJORITY

ARBITRAGE CERTIFICATE

On the basis of present facts and circumstances, it is not expected the proceeds of the notes will be used in a manner which would cause the notes to be "arbitrage bonds" under section 103(b) of the Internal Revenue Code amended, and the Regulations promulgated there under. To the best of my knowledge and belief, there are no other facts, estimates or circumstances that would materially change the foregoing conclusions.

CERTIFICATE OF CLERK

I hereby certify that execution and delivery of the forgoing instrument was authorized at a public meeting or the Municipal Corporation or legislative body thereof, as checked above, which meeting was open to the public and was duly warned or announced as provided by law. I further certify that the persons signing the said note constitute a majority of the duly elected legislative body of the City of Newport.

Date: _____
James D. Johnson, Treasurer

Date: _____
James D. Johnson, Clerk

CITY OF NEWPORT VERMONT
RESOLUTION
BOND ANTICIPATION BORROWING

WHEREAS, the CITY COUNCIL is duly empowered to borrow money on the credit of the CITY OF NEWPORT VERMONT in anticipation of the issuance and sale of \$2,827,000.00 face amount of bonds duly authorized by vote of the legal voters at a meeting thereof held on MARCH 2, 2021; and

WHEREAS, the said CITY COUNCIL has found and determined that it is in the best interest of the CITY OF NEWPORT VERMONT to borrow the sum of \$2,827,000.00 in anticipation of the issuance and sale of said bonds in order to have available money with which to defray the cost of said authorized improvements as work progresses and to pay for such improvements upon the completion thereof; and

WHEREAS, in order to have funds available to defray the cost of authorized improvements as aforesaid, the CITY COUNCIL has arranged to borrow \$2,827,000.00 from PASSUMPSIX SAVINGS BANK, with such borrowing evidenced by a single Bond Anticipation Note (the "Note"), which Note does refund and replace an obligation previously issued for the same purpose.

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

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

BE IT FURTHER RESOLVED, that all acts and things heretofore done by the lawfully constituted officers of the CITY OF NEWPORT VERMONT and its CITY COUNCIL in, about, or concerning the expenditure of proceeds of the Note and the issuance thereof are hereby ratified and confirmed; and

BE IT FURTHER RESOLVED, that to the extent proceeds of the Note will be used to reimburse the CITY OF NEWPORT VERMONT for capital expenditures previously made for the improvements described herein, this Resolution shall serve as a declaration of official intent under Section 1.150-2 of the Treasury Regulations (or a republication of any previously made declaration of official intent) to effect a reimbursement in an amount not to exceed the total of all previous capital expenditures; and

We, the undersigned CITY COUNCIL and Treasurer, hereby certify that we as such officers have signed the Note, 7060003466, in the principal amount of \$2,827,000.00, dated OCTOBER 7, 2025 and due OCTOBER 7, 2026, with an interest rate of 5.06 %, payable as therein set forth and further certify that the Note is issued under and pursuant to Resolution of Necessity for Capital Construction Project adopted at a duly noticed and warned meeting of the

CITY COUNCIL of the CITY OF NEWPORT VERMONT held on JANUARY 11, 2021.

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

We also certify that there has been full and timely compliance with all open meeting, access to public records, public procurement, solicitation and bidding laws, ordinances and regulations with respect to each of the transactions embodied in this Resolution.

We certify also 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 CITY OF NEWPORT VERMONT, nor the title of any of us to our respective offices is being questioned or contested.

Further, we hereby certify to and covenant with PASSUMPSIC SAVINGS BANK, its successors and assigns, including specifically the transferees, assigns, holders and owners of the 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 CITY OF NEWPORT VERMONT nor used to make or finance loans to any person.
2. During the current calendar year, the CITY OF NEWPORT VERMONT will not issue debt of any sort aggregating \$10,000,000.00 or more.
3. The CITY OF NEWPORT VERMONT will file when and as required with the Treasury Department or Internal Revenue Service information returns relating to the issuance of the Note and all other obligations of the CITY OF NEWPORT VERMONT.
4. The CITY OF NEWPORT VERMONT will comply with, perform, maintain and keep each and every covenant, representation, certification and undertaking in the accompanying Tax Certificate, execution and delivery of which is hereby authorized.

OCTOBER 7, 2025

CITY OF NEWPORT VERMONT

James Johnson, Treasurer

Rick Ufford-Chase, Mayor

Kevin Charbonneau, Council President

ATTEST:

James Johnson, Clerk

John Monette

Carter Finegan

Andrew Touchette

CITY COUNCIL or a Majority Thereof

CITY OF NEWPORT VERMONT
TAX CERTIFICATE
BOND ANTICIPATION BORROWING

We, the Treasurer and at least a majority of the CITY COUNCIL of the CITY OF NEWPORT VERMONT, Vermont (the "Issuer"), hereby certify and represent as follows with respect to the \$2,827,000.00 Bond Anticipation Note 7060003466 of the Issuer (the "Note"), which Note is dated OCTOBER 7, 2025 and is payable as therein set forth:

1. The Issuer is issuing and delivering the Note simultaneously with the delivery of the 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 for the purpose of financing WATER SYSTEM improvements, in approved by the Issuer at a duly held meeting thereof on MARCH 2, 2021.

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 the improvement 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 the improvements within three (3) years from the date of the first borrowing for these expenses.

5. Substantial binding obligations to commence the improvements being financed by the Note have been made, consisting of at least a binding obligation by the Issuer to expend more than five percent of the total cost of said improvements. Work on the improvements being financed by the Note is expected to proceed hereafter with due diligence.

6. The Note is being issued to refund any obligation previously issued for the same purpose described in paragraph (3).

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

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

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

10. To the best of our knowledge, information and belief, the above expectations are

reasonable.

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

12. No part of the proceeds derived from the issuance and sale of the Note nor the expenditures financed by the proceeds of the Note shall be:

- a. Used, loaned or otherwise made available to any person or other entity, other than the Issuer or a governmental body, so as to cause the Note to be classified as private activity bonds or arbitrage bonds, as those terms are defined under the Internal Revenue Code of 1986, as amended by the Regulations promulgated thereunder by the U.S. Treasury (collectively the "Code").
- b. Used directly or indirectly in a trade or business by any person other than the Issuer or another municipal entity;
- c. Loaned to any person directly or indirectly other than the Issuer;
- d. The subject of any contract, lease or agreement of any sort having a term of one year or more and calling for the payment by the Issuer of consideration other than a flat fee;
- e. Expended to finance the construction, alteration or renovation of any improvement the use, occupancy, availability or beneficial enjoyment of which shall be restricted among public users thereof or for which preferential, different or unique fees, rates, assessments or charges shall be levied;
- f. Invested in such a manner or for such a period or at a yield to result in the rebate of interest earnings thereon to the United States under any public law now or hereafter in effect;

13. 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, including IRS Form 8038-G relating specifically to the Note, a copy of which is appended hereto as Exhibit A.

14. 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.

15. The Note will not be refunded or otherwise paid, defeased or secured by the proceeds of any form of debt issued by the Issuer, if the manner of such payment, refunding or security, results in the Note being classified as a "private activity bond" or an "arbitrage bond" within the meaning of Sections 103, 141 and 148 of the Code.

16. The proceeds of the Note will not be used in a manner that will cause the Note to be a "private activity bond" or an "arbitrage bond" within the meaning of Sections 103, 141 and 148 of the Code.

17. In addition to the record-retention requirements of Section 6011 of the code, the Issuer hereby adopts and commits to implement the procedures set forth in Exhibit B which are intended to provide the following:

- (a) Assignment of tax-exempt and tax credit bond, if applicable, compliance

responsibilities to appropriate departments, officers, or employees.

(b) Establishment and maintenance of books and records for each issue of obligations of the Issuer.

(c) Code Section 148 compliant procedures for the investment of gross proceeds of each issue of the Issuer's obligations.

(d) Maintenance of records relating to all allocations of expenditures of proceeds of each issue of the Issuer's obligations.

(e) Periodic monitoring of use of proceeds of each issue of the Issuer's obligations, 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.

(f) Verification of the foregoing.

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

19. The CITY COUNCIL of the CITY OF NEWPORT VERMONT hereby adopts or renews those post-issuance procedures set forth in Exhibit B attached.

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

OCTOBER 7, 2025

CITY OF NEWPORT VERMONT

Rick Ufford-Chase, Mayor

Kevin Charbonneau, Council President

John Monette

Carter Finegan

James Johnson, Treasurer

Andrew Touchette

CITY COUNCIL
or a Majority Thereof

EXHIBIT B

TAX EXEMPT OBLIGATION POST-ISSUANCE COMPLIANCE PROCEDURES

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

- (1) The Issuer official or employee possessing the statutory or contractual powers, functions and responsibilities of a Chief Financial Officer (to the extent the same are not exercised by the Issuer's Treasurer) shall be responsible for monitoring tax exempt obligations post-issuance compliance (the "Compliance Official").
- (2) The Compliance Official shall review and implement these procedures in the manner necessary to ensure ongoing compliance with the provisions of the Tax Certificate. In connection therewith such official will become knowledgeable or consult an advisor experienced in post issuance compliance and will review and monitor notices, advice and directives as may be received by the Issuer from its bond counsel, accountants, financial advisors, and governmental sources. At least once annually the Compliance Official will verify that it is in compliance with the terms of the Tax Certificate, including this Exhibit B.
- (3) On or before the first day of June in each year, the Compliance Official shall confirm that all Issuer property financed by the proceeds of the Issuer's obligations continues to be used in the same manner as existed when such property was first placed into service. Such conformation shall be based upon a visual inspection and representations of the public officials under whose care, custody and control the property is placed.
- (4) For so long as the proceeds of any debt obligation of the Issuer remain unexpended, the Compliance Official shall confirm on the first day of June and the first day of December in each year that such proceeds are deposited or invested for a "temporary period" as established under Section 148 of the Code. Such confirmation shall be deemed to have

occurred for so long as any proceeds of the Issuer's tax exempt or tax advantaged obligation are in the custody of a trustee, paying agent, or disbursing agent pending expenditures upon requisition thereof. Following the third anniversary of the issuance of an obligation by the Issuer, all unexpended proceeds shall be invested so as to generate a yield no greater than the yield on the corresponding obligation.

- (5) The Compliance Official shall confirm, at least annually while there are unexpended proceeds, that the proceeds of each obligation of the Issuer shall be expended in such amounts, at such frequency, and in such intervals to ensure that the Issuer avails itself of one or more arbitrage rebate exception allowed under Section 148 of the code. Alternatively, if rebate is due, the Compliance Official will engage a consultant to prepare a report to determine any rebate due.
- (6) With respect to the acquisition and construction of capital improvements financed with the proceeds of the Issuer's debt obligations, the Issuer hereby declares that such proceeds shall be allocated to acquisition and construction expenditures prior to the expenditure and application of funds from any other public or private source. A final expenditure report accounting for the use of all proceeds and earnings of Issuer's debt obligations shall be completed no later than 18 months after the improvements financed by the Issuer's debt obligation is placed in service.
- (7) In the event there is a change of use, abandonment or disposition of property financed by the proceeds of a debt obligation of the Issuer, the Compliance Official shall immediately consult with the Issuer's bond counsel and accountants regarding remedial action. The Issuer thereafter shall endeavor to call and redeem all or a portion of outstanding debt obligations, the proceeds of which were expended to finance such property. The proceeds derived from the sale or other disposition of the financed property shall not be commingled with other funds of the Issuer, but shall be used to effect the redemption of obligations, if necessary, the proceeds of which financed such property. Pending redemption as called for in this section, such proceeds shall be invested at a yield no greater than the yield on the obligations to be redeemed.
- (8) The Compliance Official shall create and preserve records for the term of the Issuer's debt obligations and any refunding thereof plus three years documenting the procedures incident to the authorization and issuance and identifying the proceeds of each issue of the Issuer's obligations, the deposit and investment thereof, the income derived from such deposit and investment, the expenditure of such proceeds and investment income (containing at a minimum the date, amount and recipient of each expenditure), payment requisitions, and all rate, fee, charge and assessment schedules relating to property financed by the Issuer's obligations. Such records shall include copies of loan agreements, escrow

agreements, tax certificates, project bid documents, construction and acquisition contracts, project invoices, project-related bank statements, and documents related to anticipatory bond financing.

- (9) The Compliance Official shall retain all contracts or arrangements with non-governmental persons relating to the use, control and management of the improvements financed by the Issuer's debt obligation.
- (10) In the event there remain on hand any excess proceeds from an Issuer debt obligation, following acquisition or completion of the improvements for which such obligation was issued, the Compliance Official shall consult with the Issuer's bond counsel regarding the use of such proceeds.

**BOND ANTICIPATION
CODE STOPS**

- [1a] Note amount (numerical)
- [2a] Name of issuing municipality
- [3a] Date of note
- [4a] Maturity date
- [5a] Note amount (words)
- [6a] Interest rate
- [7a] Date of municipal vote authorizing debt – Voter Approve Date

- [9a] Date of legislative body meeting approving BAN financing – Board Meeting
- [10a] Name of legislative body
- [11a] Type of improvements (e.g., school building, etc.)

Note:

Section 6 of the Tax Certificate

Part I Reporting Authority		Check box if Amended Return ☐
1 Issuer's name City of Newport, Vermont		2 Issuer's employer identification number (EIN) 03-6000595
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only)
222 Main St.		3
6 City, town, or post office, state, and ZIP code Newport, Vermont 05855		7 Date of issue 10/7/25
8 Name of issue General Obligation Bond Anticipation Note		9 CUSIP number N/A
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information James D. Johnson, Treasurer		10b Telephone number of officer or other employee shown on 10a 802-334-2112

Part II Type of Issue (Enter the issue price.) See the 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 2,827,000
18 Other. Describe ▶	18
19a If bonds are TANs or RANs, check only box 19a ▶ ☐	
b If bonds are BANs, check only box 19b ▶ ☒	
20 If bonds are in the form of a lease or installment sale, check box ▶ ☐	

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	10/7/25	\$ 2,827,000	\$ 2,827,000	1.000 years	4.450 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)	
22 Proceeds used for accrued interest	22 0
23 Issue price of entire issue (enter amount from line 21, column (b))	23 \$2,827,000
24 Proceeds used for bond issuance costs (including underwriters' discount)	24 0
25 Proceeds used for credit enhancement	25 0
26 Proceeds allocated to reasonably required reserve or replacement fund	26 0
27 Proceeds used to refund prior tax-exempt bonds. Complete Part V	27 \$1,913,411.78
28 Proceeds used to refund prior taxable bonds. Complete Part V	28 0
29 Total (add lines 24 through 28)	29 \$1,913,411.78
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30 \$913,588.22

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.	
31 Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded ▶	0.011 years
32 Enter the remaining weighted average maturity of the taxable bonds to be refunded ▶	N/A years
33 Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY) ▶	10/7/25
34 Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	10/7/24

Part VI Miscellaneous

- | | |
|------------|--|
| 35 | |
| 36a | |
| 37 | |
- 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 ► (MM/DD/YYYY) _____
- c** Enter the name of the GIC provider ► _____
- 37** Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units
- 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box ► ☐ and enter the following information:
- b** Enter the date of the master pool bond ► (MM/DD/YYYY) _____
- c** Enter the EIN of the issuer of the master pool bond ► _____
- d** Enter the name of the issuer of the master pool bond ► _____
- 39** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ► ☒
- 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ► ☐
- 41a** If the issuer has identified a hedge, check here ► ☐ and enter the following information:
- b** Name of hedge provider ► _____
- c** Type of hedge ► _____
- d** Term of hedge ► _____
- 42** If the issuer has superintegrated the hedge, check box ► ☐
- 43** If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ► ☒
- 44** If the issuer has established written procedures to monitor the requirements of section 148, check box ► ☒
- 45a** If some portion of the proceeds was used to reimburse expenditures, check here ► ☐ and enter the amount of reimbursement ► _____
- b** Enter the date the official intent was adopted ► (MM/DD/YYYY) _____

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 _____	Treasurer Type or print name and title _____
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Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ► _____			Firm's EIN ► _____	
Firm's address ► _____			Phone no. _____	