

POST ISSUANCE COMPLIANCE PROCEDURES
USE OF TAX-EXEMPT BOND FINANCED PROPERTY AND PROCEEDS
TOWN OF RANGELEY, MAINE

Description of Indebtedness:	Certain bonds, notes, leases or other debt obligations described in <u>Schedule A</u> hereto as it may amended from time to time (the "Bonds")
Description of Property:	Certain property described in <u>Schedule A</u> hereto as it may amended from time to time (the "Bond-Financed Property")
Date of Approval by Municipal Officers:	August 21, 2012 (the "Approval Date")

I. Tax Compliance

In order to facilitate continuing compliance with federal income tax requirements applicable to the tax-exempt status of the Bonds, the Town of Rangeley, Maine (the "Issuer") has appointed its Treasurer to act as the official who will be responsible for monitoring the Issuer's compliance with such requirements (the "Tax Compliance Officer"), including such requirements as are set forth in the non-arbitrage and use proceeds certificate or comparable document delivered in connection with each of the Bonds.

To carry out such responsibility, the Tax Compliance Officer understands that, on or prior to the occurrence of any of the following events, the Tax Compliance Officer will consult with Preti, Flaherty, Beliveau & Pachios LLP, bond counsel to the Issuer, to ascertain what effect, if any, the contemplated action may have on the tax-exempt status of interest on the Bonds. In certain circumstances it may be necessary for the Issuer to take promptly a remedial action under Treasury Regulation Section 1.141-12 to preserve the tax-exempt status of interest on the Bonds. In other cases, remedial action under the regulations may not be available for a violation and the Issuer may need to consider the Voluntary Closing Agreement Program of the Internal Revenue Service. The Tax Compliance Officer will also undertake a review of the tax status of the Bond-Financed Property within thirty (30) days after the Approval Date and on each anniversary of the Approval Date.

Change of ownership of the financed property -- if the ownership of any portion of the Bond-Financed Property is transferred to anyone, other than a State or local governmental unit, prior to the earlier of the end of the expected economic life of the Bond-Financed Property or the final maturity date of any Bond financing (or refinancing) the property.

Private business use of the Bond-Financed Property -- if any portion of the Bond-Financed Property will be used by anyone other than a State or local governmental unit or members of the general public who are not using the property in the conduct of a trade or business. Examples of uses that can give rise to private business use include use by a person as an owner, lessee, purchaser of the output of facilities under a "take" or "take or pay" contract, purchaser or licensee of research, a manager or independent contractor under certain management or professional service contracts or any other arrangement that conveys special legal entitlements (e.g., arrangement that conveys priority rights to the use or capacity of the financed property) for beneficial use of the property financed with proceeds of tax-exempt debt or special economic benefit.

Leases of the Bond Financed Property -- if any portion of the Bond-Financed Property is to be leased, or otherwise subject to an agreement which gives possession of any portion of the Bond-Financed Property to anyone, other than a State or local governmental unit.

Private Loan of Bond Proceeds -- if any portion of the proceeds of the Bonds (including any investment earnings thereon) are to be loaned by the Issuer.

Management agreement or service agreement -- if any portion of the Bond-Financed Property is to be used under a management contract or professional service contract (e.g., medical or dining services), other

than a contract for services that are solely incidental to the primary function of Bond-Financed Property, such as janitorial services or office equipment repair.

Naming rights agreements for the Bond-Financed Property -- if any portion of the Bond-Financed Property will become subject to a naming rights or sponsorship agreement, other than a "brass plaque" dedication.

Research using the Bond-Financed Property -- if any portion of the Bond-Financed Property will be used for the conduct of research under the sponsorship, or for the benefit of, any organization other than a State or local governmental unit.

Sinking fund or pledged fund -- if the Issuer, or any organization related to the Issuer, identifies funds which are expected to be used to pay debt service on the Bonds or to secure the payment of debt service on the Bonds, other than those funds or accounts described in the certificates, agreements and other documents delivered with the Bonds.

Refunding or modification of Bonds -- if the Issuer is considering refunding or reissuance of the Bonds or any modification of the Bonds or any agreement or document which was delivered on behalf of the Issuer in connection with the issuance of the Bonds.

II. Tax Recordkeeping

The Internal Revenue Service has advised issuers of bonds, notes, leases or other debt obligations that they have post-issuance recordkeeping responsibilities that are necessary to satisfy the Internal Revenue Service in the event of any future audit of any such bonds, notes, leases or other debt obligations. In order to carry out such recordkeeping responsibilities with respect to the Bonds, the Tax Compliance Officer shall create and maintain, or cause to be created and maintained, records of:

1. Purchases or sales of investments made with proceeds of Bonds (including amounts treated as "gross proceeds" as a result being part of a sinking fund or pledged fund) and receipts of earnings on those investments;
2. The final allocation of the proceeds of the Bonds to expenditures;
3. Information, if applicable, that will be sufficient to demonstrate to the Internal Revenue Service upon an audit of the Bonds that the Bonds have complied with one or more available spending exceptions to the arbitrage rebate requirement applicable to the Bonds;
4. Information and calculations, when applicable, that will be sufficient to demonstrate to the Internal Revenue Service, upon an audit of the Bonds, for which an exception to the arbitrage rebate requirement was not applicable, that the rebate amount, if any, that was payable to the United States of America with respect to investments made with gross proceeds of the Bonds was calculated and timely paid to, and that Form 8038-T was timely filed with, the Internal Revenue Service;
5. Information and records showing that (a) investments held in yield-restricted advance refunding or defeasance escrows for Bonds, and (b) investments made with unspent proceeds of Bonds after the expiration of the applicable temporary period, were not invested in higher-yielding investments;
6. Information and records regarding any use of proceeds of Bonds to make or finance a loan to any person other than a State or local governmental unit;
7. Information and records regarding the continued use and ownership of the Bond-Financed Property, including records related to the initial and each annual review of the tax status of the Bond-Financed Property; and
8. Any use arrangement affecting the Bond-Financed Property which results in private business use of any portion of the Bond-Financed Property.

III. Schedule A

As of the date of issuance or delivery by the Issuer of any bond, note, lease or other debt obligation interest on which is excluded from gross income for federal income tax purposes, the Tax Compliance Officer will modify Schedule A hereto to include such bond, note, lease or other debt obligation and information related thereto. After such date of issuance or delivery, the requirements, responsibilities and procedures set forth herein shall apply to, and be carried out with respect to, any such bond, note, lease or other debt obligation.

TOWN OF RANGELEY, MAINE
POST ISSUANCE COMPLIANCE PROCEDURES
BONDS AND BOND-FINANCED PROPERTY
SCHEDULE A

Date of Issue	Obligation Type	Amount	Final Maturity Date	Bond-Financed Property	Expected Economic Life	Refinancing Information
2003.04.01	GOB	\$283,526	2018.11.01	Effluent disposal system		Refunding of GOB dtd 1998.10.22
2003.09.11	BAN	\$850,000	2004.10.29	Public safety building		Refunded by GOB dtd 2004.10.28
2003.11.13	GOB	\$1,275,000	2023.11.01	Sewage treatment plant		Refunding of GOB dtd 1996.06.21
2004.10.28	GOB	\$850,000	2024.11.01	Public safety building		Refunding of BAN dtd 2003.09.11
2005.10.14	BAN	\$415,000	2006.10.16	Sewer pump station		Refunded by GOB dtd 2006.06.28
2006.02.28	BAN	\$135,000	2007.02.28	Sewer pump station		Refunded by GOB dtd 2006.06.28
2006.06.28	GOB	\$415,000	2035.06.28	Sewer pump station		Refunding of BAN dtd 2005.10.14; refunded by GOB dtd 2012.08.03
2006.06.28	GOB	\$135,000	2035.06.28	Sewer pump station		Refunding of BAN dtd 2006.02.28; refunded by GOB dtd 2012.08.03

“GOB” means general obligation bond.
“BAN” means bond anticipation note.