

**Post-Issuance Tax Compliance and Continuing Disclosure
Policies and Procedures
For Tax-Exempt Notes & Bonds**

The purpose of these Post-Issuance Tax Compliance and Continuing Disclosure Policies and Procedures is to establish policies and procedures in connection with tax-exempt notes and bonds, or installment purchase agreements, or other tax-exempt or tax-advantaged debt obligations (referred to herein in each case as the “Bonds”) issued by, or on behalf of, the TOWN OF GORHAM (the “Issuer”) so as to maximize the likelihood that certain applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of the Bonds are met and so as to likewise maximize the likelihood that certain applicable post-issuance requirements of the federal securities laws Rule, hereinafter defined, are met. The Issuer reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as circumstances warrant, and as permitted by applicable law. The Issuer also reserves the right to change these policies and procedures from time to time. The Issuer shall review and reconfirm and re-adopt these policies and procedures not less frequently than annually at the same time it adopts or re-adopts its other ongoing policies and procedures.

Post-Issuance Tax Compliance Requirements

External Advisors/Documentation

The Issuer shall consult with bond counsel and other legal counsel and with its financial advisor and other advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for tax-exempt status. Those requirements and procedures shall be documented in the tax arbitrage certificate (the “Arbitrage Certificate”) and/or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate or yield restriction requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds.

When authorized or required in the Arbitrage Certificate, the Issuer shall engage expert advisors, which may include the financial advisor to the Issuer (each a “Rebate Service Provider”), to assist in the determination of whether yield restriction is required or in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds, unless the Arbitrage Certificate documents that arbitrage rebate or yield restriction will not be applicable to an issue of Bonds. When authorized or required by the Arbitrage Certificate, the Issuer shall engage bond counsel for consultation to assist the Issuer in meeting its obligations in the Arbitrage Certificate.

The Issuer shall prepare regular, periodic statements regarding the investments and transactions involving Bond proceeds.

Arbitrage Rebate and Yield

Unless the Arbitrage Certificate documents that arbitrage rebate will not be applicable to an issue of Bonds, the Issuer shall be responsible for:

- engaging the services of a Rebate Service Provider and, prior to each rebate calculation date, delivering periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider;
- providing to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
- monitoring efforts of the Rebate Service Provider;
- assuring payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issuer date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed;
- during the acquisition and construction period of each capital project financed in whole or in part by Bonds, monitoring the investment and expenditure of Bond proceeds and consulting with the Rebate Service Provider to determine compliance with any applicable small issuer or spending exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months, 24 months, or 36 months, as applicable, following the issue date of the Bonds; and
- retaining copies of all arbitrage reports and spending or investment statements as described below under “Record Keeping Requirements.”

Use of Bond Proceeds and Bond-Financed or Refinanced Assets

The Issuer shall be responsible for:

- monitoring the use of Bond proceeds and the use (including, with particular sensitivity, any use or potential for use by any person or entity other than a governmental unit, such as, a private entity or not-for-profit entity) of Bond-financed or refinanced assets (e.g., facilities, furnishings or equipment) throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth in the Arbitrage Certificate relating to the Bonds;
- maintaining records identifying the assets or portion of assets that are financed or

refinanced with proceeds of each issue of Bonds, including a final allocation of Bond proceeds as described below under “Record Keeping Requirements”;

- consulting with bond counsel and other legal counsel and with the financial advisor or other advisors in the review of any contracts or arrangements involving the transfer, or sale, or lease or other use of all or any portion of Bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Arbitrage Certificate relating to the Bonds;
- maintaining records for any contracts or arrangements involving the use of Bond-financed or refinanced assets as described below under “Record Keeping Requirements”;
- conferring at least annually with personnel responsible for Bond-financed or refinanced assets to identify and discuss any existing or planned use of Bond-financed or refinanced assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the Arbitrage Certificate relating to the Bonds; and
- to the extent that the Issuer discovers that any applicable tax restrictions regarding use of Bond proceeds and Bond-financed or refinanced assets will or may be violated, consulting promptly with bond counsel and other legal counsel and with the financial advisor or other advisors to determine a course of action to remediate all nonqualified bonds, if such counsel or advisor advises that a remedial action is necessary.

All relevant records and contracts shall be maintained as described below.

Due Diligence Monitoring Compliance

The board of the Issuer will identify in writing the appropriate business official(s) or other individual(s) or employee(s) of the Issuer responsible for conducting due diligence review of all outstanding Bonds at regular intervals and will provide a written description of the training provided, or to be provided, to such responsible individual(s) with regard to monitoring compliance and the Issuer shall maintain a record of such training, including the date(s) of attendance and a general description of the training received. The Issuer will assure adequate maintenance of training of the responsible official/employee and will establish such monitoring procedures, with timely reporting to the chief fiscal officer and/or to the Finance Board of the Issuer, reasonably expected to timely identify tax law noncompliance and procedures ensuring that the Issuer will take steps to timely correct any and all discovered noncompliance with the tax law. If the Issuer engages in an activity causing bond-financed property to be used in a manner that violates the applicable use and payment limitations in the internal revenue code, the Issuer may take one or more “self-help” remedial actions. Possible remedial actions include defeasing the non-qualified

portion of the outstanding Bonds or using the amounts realized from a sale of bond-financed property for another qualifying use; and if the Issuer fails to timely identify noncompliance early enough to qualify for self-help remedial actions or for matters in which self-help is not available, the Issuer can approach the IRS under its VCAP program which is described in more detail in IRS Notice 2008-31 and Internal Revenue Manual Sections 7.2.3.

The Issuer is aware of its ability, pursuant to Revenue Service Notice 2008-31, as it may be modified by the IRS from time to time, to request a voluntary closing agreement with the IRS to correct failures on the part of the Issuer to comply with the federal tax rules related to tax-exempt debt issuances.

Whenever possible, monitoring of tax law compliance will be integrated with the Issuer's accounting systems so that those who directly manage Bond-financed or refinanced assets will be prompted to identify relevant facts at the time any changes are contemplated and to communicate such plans to the appropriate finance officials of the Issuer.

Record Keeping Requirement

The Issuer shall be responsible for maintaining the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the Issuer at or in connection with closing of the issue of Bonds;
- a copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds, including a final allocation of Bond proceeds;
- a copy of all contracts and arrangements (such as, leases, subleases, management or other service agreements, research contracts, joint venture arrangements, and the like) involving the use of Bond-financed or refinanced assets;
- a copy of all expenditures of Bond proceeds for project expenses and records of all investments, arbitrage reports and underlying documents, including bank statements and copies of all investment bidding documents, if any;
- a copy of expenditure reimbursements incurred for expenditures paid prior to issuing the Bonds; and
- a copy of audited financial statements.

Post-Issuance Continuing Disclosure

Under the provisions of SEC Rule 15c2-12 (the "Rule"), Participating Underwriters (as defined in the Rule) are required to determine that each borrower (such as the Issuer) has entered into a written Continuing Disclosure Agreement to make ongoing disclosure in connection with each debt offering subject to the Rule. Unless the Issuer is exempt from compliance with the Rule or the continuing disclosure provisions of the Rule as a result of certain permitted exemptions, the transcript of closing documentation for each issue of related Bonds will include a Continuing Disclosure Agreement executed by the Issuer ("Continuing Disclosure Agreement").

In addition to the responsibilities of the Issuer set forth in each Continuing Disclosure Agreement, in order to monitor compliance by the Issuer with its Continuing Disclosure Agreements, the appropriate business official(s) or other individual(s) or employee(s) of the Issuer, as designated in writing by the board of the Issuer, will:

- A. Assist in the preparation or review of annual reports of financial information and operating data ("Annual Reports") in the form required by the related Continuing Disclosure Agreements.
- B. Maintain a calendar, with appropriate reminder notifications, listing the filing due dates relating to dissemination of Annual Reports, which annual due date is generally expressed as a date within a certain number of days (e.g., 180 days) following the end of the Issuer's fiscal year (the "Annual Report Due Date"), as provided in the related Continuing Disclosure Agreements.
- C. Ensure timely dissemination of the Annual Report by the Annual Report Due Date, in the format and manner provided in the related Continuing Disclosure Agreements, which may include transmitting such filing to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB.
- D. Monitor the occurrence of any event notice (as described in the Continuing Disclosure Agreements) and timely file notice of the occurrence of any such event in the manner provided under the Continuing Disclosure Agreements. Maintain an ongoing, updated list of all "financial obligations" of the Issuer, as defined in the Rule so as to be in a position to timely file any event notice that may be required by the Rule. To be timely filed, any and all such event notices must be transmitted within 10 business days (or such other time period as set forth in the Continuing Disclosure Agreements) of the occurrence of such event.

- E. Ensure timely dissemination of notice of any failure to provide the required Annual Report on or before the date specified in the Continuing Disclosure Agreement, if and as required by the Continuing Disclosure Agreement, and ensure that each official statement of the Issuer describes any instances in the previous five years in which the Issuer failed to comply, in all material respects, with any previous Continuing Disclosure Agreement.
- F. Monitor the performance of any dissemination agent(s) engaged by the Issuer (which may include the financial advisor to the Issuer) to assist in the performance of any obligation under the Continuing Disclosure Agreements.

The Issuer shall provide, or cause to be provided, periodic training of such business official(s) or other individual(s) or employee(s) of the Issuer regarding continuing disclosure obligations pursuant to the Rule to ensure compliance with the federal securities laws and shall maintain a record such training, including the date(s) of attendance and a general description of the training received.