

ARBITRAGE CERTIFICATE

\$3,291,762 BOND ANTICIPATION NOTE, 2020

I, the undersigned, do hereby certify that I am the chief fiscal officer of the Town of New Hartford, Oneida County, New York (the "Issuer"), and that, in my capacity as such, I, among others, am charged with the responsibility for issuing the above-mentioned Note of the Issuer (the "Obligation") being issued on the date hereof, and I further certify as follows:

1. The facts and circumstances set forth below are in existence on the date hereof. The Issuer's expectations as to future events are also set forth below and include the expectation that the proceeds of the Obligation will not be used in a manner that would cause the Obligation to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations promulgated by the Department of the Treasury thereunder (the "Regulations"). To the best of the knowledge and belief of the undersigned, the Issuer's expectations are reasonable.

2. \$3,291,762 of the proceeds of the Obligation will be used to provide funds for the projects (in the aggregate, the "Project") set forth in the bond anticipation note certificate of the Supervisor, dated February 14, 2020, which is incorporated herein by reference. With regard to such Project:

(a) The date of issuance of the Obligation has been determined solely on the basis of bona fide financial reasons, in accordance with ordinary financial practices in financing property similar to the Project, and has not been determined with a view to prolonging abnormally the period between issuance of the Obligation and expenditure of the proceeds.

(b) The Issuer expects that binding contracts or commitments obligating the expenditure of not less than 5% of the net sale proceeds of the Obligation for work on the Project will be entered into prior to the date six months from the date hereof.

(c) After a contract or commitment has been entered into for the Project, work will proceed with due diligence to completion of the Project.

(d) All of such proceeds will be expended by the date three years from the date hereof, and until so used, will be invested without restriction as to yield.

(e) None of the net sale proceeds will be invested in taxable securities or debt obligations which mature four years or more after the date hereof and which have a minimum substantially guaranteed yield.

(f) The Issuer has not entered into, and does not plan to enter into, any hedging transactions with respect to the Obligation pursuant to an arrangement under which a third party will, directly or indirectly, pay amounts to the Issuer which are based upon the debt service on such Obligation in exchange for payments to be made by the Issuer which are not based upon the debt service on such Obligation. (Such arrangements could, for example, include interest rate "swaps", interest rate "collars", or interest rate "caps".)

(g) There are no "replacement proceeds" of the Obligation as defined in Section 1.148-1(c) of the Regulations.

3. (a) No premium or accrued interest has been received as a result of the sale and issuance of the Obligation.

(b) Within one year of receipt all amounts earned from investment of proceeds of the Obligation will be expended to pay debt service on the Obligation or on obligations issued to refund the Obligation (except any proceeds that may be required to be rebated to the United States as set forth in paragraph 5(c) of this certificate) and until such time will be invested without restriction as to yield.

4. (a) It is reasonably expected that all payments of principal or interest on the Obligation (other than those made as described in paragraph 3 and other than those made from refunding obligations) shall be made from the current annual revenues of the Issuer.

(b) It is reasonably expected that the Issuer will not issue more than \$5,000,000 in aggregate face amount of tax-exempt obligations (other than certain refunding obligations qualifying under Section 148(f)(4)(C)(iii) of the Code and private activity bonds) in this calendar year, inclusive of this Obligation and any obligations of any subordinate governmental entities.

5. The Issuer hereby covenants with the owners of the Obligation that the Issuer will (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, and (ii) refrain from taking any action which would

cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes. In this regard, and without limiting the applicability of the foregoing, unless an opinion is rendered by Orrick, Herrington & Sutcliffe LLP that the following actions are not required in order to maintain the exclusion of interest on the Obligation from the gross income of the owners thereof for Federal income tax purposes, the Issuer hereby covenants that it will:

- (a) not use any of the original or investment proceeds of the Obligation to,
 - (i) make loans (including loans made pursuant to financing leases, installment sale agreements or other similar types of contractual arrangements),
 - (ii) finance facilities that will be sold or leased, or
 - (iii) finance facilities other than facilities that will be used exclusively by state or local governmental units or by members of the general public on an equal basis; and

(b) with respect to original and investment proceeds of the Obligation, if any, which remain after three years, invest not more than an amount equal to the lesser of \$100,000 or 5% of the sale proceeds of the Obligation in obligations having a yield higher than the yield on the Obligation plus 1/8 of one percent. For purposes of this certificate, yield shall be computed in accordance with Section 148(h) of the Code; and

(c) make the payments, if any, required to be made to the United States pursuant to Section 148(f) of the Code. In this regard, the Issuer will maintain books and records setting forth:

(i) from the date hereof, the date of each expenditure of "gross proceeds", as such term is defined in Section 148(f)(6) of the Code, of the Obligation to pay the costs of the Project;

(ii) from the date hereof, with respect to all investments made with "gross proceeds" of the Obligation (including, without limitation, "overnights" and "repos"):

- (A) the purchase date;
- (B) the purchase price;
- (C) the date of sale or maturity;
- (D) the proceeds received at sale or maturity; and
- (E) investment income realized with respect to such investments; and

(d) not acquire any investment made with "gross proceeds" of the Obligation at a price in excess of its "fair market value" or sell any such investment at a price less than its "fair market value" within the meaning of Regulations Section 1.148-5(d)(6).

6. There is not expected to be any fund not described above that will (a) be needed to pay principal or interest on the Obligation, (b) replace funds that will be used to pay principal or interest on the Obligation, or (c) be pledged to secure the Obligation.

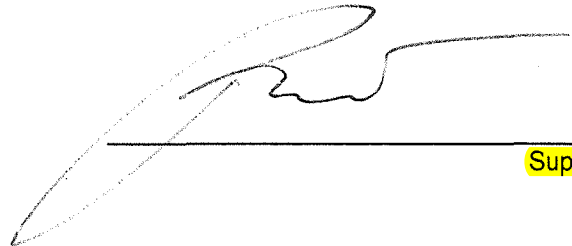
7. Any other governmental obligations (a) sold, or to be sold at substantially the same time as the Obligation, (b) sold pursuant to the same plan of financing with the Obligation, and (c) reasonably expected to be paid from substantially the same source of funds as will be used to pay the Obligation, shall, together with the Obligation, be treated as a single issue under Regulations Section 1.750-1(c). Yield shall be computed in accordance with Section 148(h) of the Code.

8. The Issuer has not received notice that its certificates as to arbitrage may not be relied upon with respect to its issues, nor has it been advised that any such adverse action is contemplated by the Commissioner of Internal Revenue.

9. The Issuer has adopted the Tax Compliance Guidelines appended to this certificate and applicable to the Obligation.

To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the foregoing matters and expectations.

IN WITNESS WHEREOF, I have hereunto set my hand on February 14, 2020.



Supervisor