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7 APPROVING THE PLEDGING OF THE CREDIT OF THE CITY
8 IN ANTICIPATION OF THE RECEIPT OF REVENUE FROM
9 THE ELECTRIC DEPARTMENT
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14 In the year Two Thousand Twelve.....
15 Resolved by the City Council of the City of Burlington, as follows:
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17 That WHEREAS, pursuant to Section 62(a) of the Charter of the City of Burlington (the
18 “City”), the credit of the City may be pledged by temporary borrowing in anticipation of the
19 receipt of revenue from the City’s Electric Department in an amount not to exceed Five Million
20 Dollars (\$5,000,000) outstanding at any time to provide working capital for the Electric
21 Department; and

22 WHEREAS, notes issued pursuant to such Section 62 shall mature within two years from
23 the date of issue, and may be renewed or refunded by the issue of other notes maturing within a
24 similar period whenever such action is deemed expedient; and

25 WHEREAS, there is a promissory note dated July 1, 2011 from the City to TD Bank,
26 N.A. in the original principal amount of \$5,000,000, which note matures on June 29, 2012 and
27 evidences a borrowing by the City in anticipation of the receipt of revenue from the Electric
28 Department (the “Outstanding Note”); and

29 WHEREAS, the Chief Administrative Officer has approved a proposal by KeyBank
30 National Association (the “Bank”) to provide a loan in the maximum principal amount of
31 \$5,000,000 to refund the Outstanding Note and to provide working capital for the Electric
32 Department, all on the terms set forth in the term sheet from the Bank attached to this
33 Resolution;
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36 APPROVING THE PLEDGING OF THE CREDIT OF
37 THE CITY IN ANTICIPATION OF THE RECEIPT OF
38 REVENUE FROM THE ELECTRIC DEPARTMENT
39

40 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Burlington,
41 Vermont, as follows:

42 The City shall borrow an amount not to exceed \$5,000,000 from the Bank (the “Loan”),
43 for the purpose of refunding the Outstanding Note and providing working capital for the Electric
44 Department. The Loan shall be primarily payable from the receipt of revenues of the Electric
45 Department, shall be a general obligation of the City, and shall mature within two years from the
46 date it is extended to the City. The Loan may be made on a draw-down basis, repaid and re-
47 borrowed during such two year period.

48 The Mayor, Chief Administrative Officer and any Assistant Chief Administrative Officer
49 are, and each one of them is, hereby authorized and empowered to execute and deliver (i) a loan
50 agreement with the Bank to evidence the Loan and the repayment thereof, (ii) a promissory note
51 or notes in the maximum principal amount of the Loan, (iii) such documents and instruments as
52 the Bank may request in connection with the Loan, in such form and with such terms as they
53 deem necessary and in the City’s best interest, and (iv) such other documents and instruments
54 necessary or convenient in connection with the Loan.



**City of Burlington
Summary Proposal of Terms and Conditions
For Up To \$5,000,000
UnSecured Credit Facility**

December 02, 2011

The proposed terms and conditions are provided for discussion purposes only and do not constitute an offer, agreement or commitment to lend. The actual terms and conditions upon which the Bank might extend credit to the Borrower are subject to the satisfactory completion of due diligence, formal credit approval, satisfactory review of documentation and other such terms and conditions as are determined by the Bank and, as such, are not binding by acceptance of Borrower.

Overview of Credit Facility

- Credit Facility:** \$5,000,000 Revolving Credit Facility.
- Use of Proceeds:** Revenue Anticipation note that provides working capital financing for Burlington Electric Department.
- Borrower:** City of Burlington (the "Borrower") for the benefit of Burlington Electric Department. This will be a General Obligation of the City of Burlington.
- Lender:** KeyBank National Association.
- Closing Date:** Upon final credit approval and acceptance, the Bank would expect a closing within two weeks.
- Availability:** Amounts under the Credit Facility may be drawn, repaid and reborrowed through Maturity, subject to compliance with the terms and conditions of the loan documentation.
- Maturity:** 364 day Credit Facility from the date of closing.
- Repayment:** Interest due monthly on all principal outstanding.
- Security:** Unsecured.
- Interest Rates:** Interest on the Revolving Credit Facility would be payable at the tax-exempt equivalent to Overnight LIBOR plus 2.75%. The tax-exempt rate would be 2.36% as of December 2, 2011. The Bank formula for this is (3.40%) X.(1 minus the Federal Corporate tax rate) plus Overnight LIBOR. The Bank will charge a 15 bps unused fee to be paid quarterly.

Default Pricing: Upon the occurrence and during the continuance of any Event of Default, all interest rates will be set at 4% per annum above the otherwise applicable rate.

Interest Payments: Interest will be calculated on an actual/360 day basis and paid monthly.

Conditions

Precedent: Customary for facilities of this type, including, but not limited to:

- Satisfactory documentation, including without limitation, satisfactory representations and warranties and opinions of counsel.
- Borrower would obtain all required regulatory approvals and such approval would be in a form acceptable to the Bank.
- The Bank's satisfaction with the terms and conditions of the Borrower's other debt obligations.
- Satisfactory evidence of solvency.

Reporting

Requirements: To include periodic financial reporting, including, but not limited to, certified annual audited financials and associated compliance certificates within 180 days of fiscal year end, quarterly financials and associated compliance certificates within 45 days of quarter end, annual budgets and annual internal financial statements within 120 days of fiscal year end, and other information that may from time to time be requested by the Bank.

Other Terms

and Conditions: Customary for facilities of this type, including, but not limited to:

- 1) Borrower will maintain a checking account with KeyBank that will be in the control of KeyBank. The minimum balance in the account will not fall below \$150,000. This account will be used to pay interest that is due monthly.
- 2) The Facility will be cross-defaulted with covenants in other existing and future debt agreements of the Borrower.

Events of Default: Usual for a Facility and transaction of this type and others reasonably specified by the Lenders, including without limitation, nonpayment of principal, interest, fees or other amounts, violation of covenants, breach of representations and warranties, cross-defaults to other indebtedness, certain bankruptcy and insolvency events, material judgments, actual or asserted invalidity of any loan documents or security interests, change of control defaults, and other defaults as will be set forth in the Credit Agreements. The Bank's obligation to continue to advance will be suspended if there is a default.

**Increased Costs,
Change of
Circumstances:**

The Credit Agreement will contain certain customary provisions protecting the Lender in the event of unavailability of funding, capital adequacy requirements, reserves, increased costs and funding losses.

Please note that this Proposal is for discussion purposes only, and is not to be construed as a formal offer to lend. This Proposal is subject to satisfactory due diligence and formal credit approval by KeyBank and may include additional Terms and Conditions not disclosed herein. This Proposal is provided for the City of Burlington's internal use only and is not to be disclosed to outside parties without KeyBank's consent.

Governing Law: The State of Vermont

Expenses and Indemnification: Borrower will pay all reasonable fees and expenses incurred by the Bank as it relates to this credit facility. These will include, without limitation, legal, and other direct out-of-pocket expense. The Bank will provide an estimate of its legal council fees at the time of Commitment.

Expiration: This shall expire in its entirety at 5:00 p.m. Eastern Standard Time on December 15th, 2011.

Acceptance: Your signature below affirms your request that the Bank further develop this Proposal consistent with the terms and conditions reviewed herein.

We appreciate your consideration and look forward to a long-standing and mutually beneficial relationship.

KeyBank, National Association

Tony Martin
Senior Vice President

Accepted:

**City of Burlington
Burlington Electric Department**

By: _____ Date: _____
Dully Authorized Representative

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