City of Burlington
Vermont

OFFICE OF THE CLERK/TREASURER

City of Burlington

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TO: Members, City Council

FROM: Lori Olberg, Licensing, Voting and Records Coordinator

DATE: December 6, 2013

RE: Proposed amendments to Monday night's agenda

REGULAR CITY COUNCIL MEETING:

Note agenda item 10. RESOLUTION: Wastewater System Revenue Bond Supplemental Resolution No. 4 (Councilor Shannon) in final format. (per the City Attorney's Office)

Add to the agenda item 11.03. COMMUNICATION: Councilor Decelles, re: Proposed Amendment to Re-districting Plan. (per Republican Staffperson Wright)

Resolution Relating to

RESOLUTION

Sponsor(s): Councilor Shannon

Introduced:

Referred to:

Action:

Date:

Signed by Mayor:

WASTEWATER SYSTEM REVENUE BOND
SUPPLEMENTAL RESOLUTION NO. 4

CITY OF BURLINGTON

In the year Two Thousand Thirteen.....

Resolved by the City Council of the City of Burlington, as follows:

Section 1
Authorization

The City Council of the City of Burlington (the "City Council") hereby authorizes the issuance of revenue refunding bonds in a principal amount not to exceed $15,500,000 to provide for (i) the refinancing of various improvements to the City's wastewater treatment and collection system (the "Wastewater System") and (ii) payment of the costs of issuance of such revenue refunding bonds. The City Council deems the issuance of revenue bonds as hereby authorized to be in the public interest.

At the Special City Meeting of the City, held June 21, 1988, the voters of the City approved a $13 million grant and a $26 million loan from the State of Vermont and authorized the issuance of Revenue Bonds, in an amount not to exceed $26,000,000 to repay such loan, in order to finance and carry out certain capital improvements to the Wastewater System, including a Lake Champlain pollution abatement project (the "Project");

Pursuant to such vote, and the City Charter, the City adopted a General Bond Resolution dated December 6, 1990 (as amended and supplemented, the "General Bond Resolution").

The City issued two Series of Wastewater System Revenue Bonds under the General Bond Resolution, consisting of the 1990 Series 1 Bonds, in the original principal amount of $5,378,105 (the "1990 Series Bonds") and the 1992 Series 1 Bonds in the original principal amount of $15,449,196, and subsequently increased to $19,403,807 (the "1992 Series Bonds");

The 1992 Series Bonds were issued to the Vermont Municipal Bond Bank (the "Bond Bank") as authorized to make Clean Water State Revolving Fund loans on behalf of the State.

1992 Series Bonds in the principal amount of $14,570,620 are presently outstanding (the "Prior Bonds").

The City will issue its Refunding Bond Anticipation Notes to pay, at or prior to maturity, the Prior Bonds (the "Refunding Bond Anticipation Notes") with the expectation that such Refunding Bond Anticipation Notes will be refunded through the issuance of an Additional Series of Bonds under the General Bond Resolution. Such Refunding Bond Anticipation Notes, in an amount not to exceed $15,000,000, are hereby approved.

The Series 2014 Bonds (the "Series 2014 Bonds") are to be issued pursuant to this Supplemental Resolution, to provide for the current refunding and payment, in full, of the Refunding Bond Anticipation Notes and the refinancing of the Prior Bonds. It is estimated that the Series 2014 Bonds will be payable, by serial maturities or sinking fund installments or a combination of both, in the years 2014-2033, both dates being approximate.

By further resolution at the time of and in connection with the sale of the Series 2014 Bonds, the City's Chief Administrative Officer shall award the Series 2014 Bonds to the Vermont Municipal Bond Bank and shall complete this supplemental resolution by insertion of the dates, maturities, principal amounts, interest rates, interest payment dates, principal payment dates, redemption provisions, the amounts of proceeds of the Series 2014 Bonds and Revenues to be deposited in the Debt Service Reserve Fund, if any, and the Contingency Reserve Fund, if any, the inclusion of provisions for bond insurance, and any other terms and provisions that do not materially alter the substance of the transaction authorized hereby, all of which are to be determined in the discretion of the City's Chief Administrative Officer; provided, however, that if the average interest cost rate on the Series 2014 Bonds, as determined by the Vermont Municipal Bond Bank, is to exceed 5%, the award of the Series 2014 Bonds shall be subject to the approval of the City's Board of Finance.

Section 2
Definitions

Unless the context clearly indicates some other meaning, the terms used in this Supplemental Resolution that are defined in the General Bond Resolution, have the same meaning in this Supplemental Resolution as in the General Bond Resolution. The General Bond Resolution as amended or supplemented from time to time by Supplemental Resolutions is hereinafter referred to as the "Resolution."

Section 3
Authorization of Series 2014 Bonds

There is hereby authorized to be issued a Series of Bonds designated "Wastewater System Revenue Refunding Bonds, Series 2014" in the total principal amount of $_____. The Series 2014 Bonds shall be issued to (i) refund, and pay, in full, the Refunding Bond Anticipation Notes, and (ii) pay the costs of issuance of the Series 2014 Bonds. The Series 2014 Bonds shall bear interest at the rates per annum and shall mature on _____ in each of the years and in the principal amounts as shown below:

Maturity Date	Amount	Interest Rate
[2014	$	%
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		

2027
2028
2029
2030
2031
2032
2033]

The Series 2014 Bonds shall be issued only as fully-registered bonds in minimum denominations of $5,000 and in any whole multiple thereof. The Series 2014 Bonds shall be dated the date of issuance, and shall be numbered in numerical order from R-1 upwards in chronological order as issued. If issued to the Vermont Municipal Bond Bank, the Series 2014 Bonds may be issued as a single bond, dated the date of issuance, and with sinking fund payments as set forth above.

The Series 2014 Bonds shall bear interest from the date of issuance, payable on _____, 2014, and semiannually thereafter on each _____ and _____. Interest shall be paid by the Trustee by check or draft mailed to the registered owner at the owner's address as it appears on the registration books kept pursuant to the Resolution. The principal of and premium, if any, on the Series 2014 Bonds shall be payable at the corporate trust office of the Trustee.

The Series 2014 Bonds, registration provisions and forms of authentication and assignment pertaining thereto shall be in substantially the form set forth in Section 6 hereof, with necessary or appropriate variations, omissions and insertions which are incidental to their numbers, denominations, maturities, interest rates, paying agencies, registration provisions, redemption provisions and other details.

Section 4
Redemption of Series 2014 Bonds

Mandatory Sinking Fund Redemption: The Series 2014 Bonds maturing on _____ are subject to mandatory sinking fund redemption on _____ of each of the years and in the amounts as follows:

Year	Principal Amount
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	

2031
2032
2033*

*Final Maturity

The Series 2014 Bonds shall not be subject to redemption from moneys held in the Special Redemption Fund or from redemption at the option of the City unless expressly approved by the Bond Bank.

Section 5
Notice of Redemption of Series 2014 Bonds

Notice of intention to redeem shall be given by the Trustee at least 30 days but not more than 60 days before the redemption date by mail, postage prepaid, to the owners of any Series 2014 Bonds which are to be redeemed. Failure to mail any such notice or any defect in such notice shall not affect the validity of the proceedings for such redemption with respect to the owners to whom such notice was so given. If any Series 2014 Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Series 2014 Bond or Bonds in principal amount equal to the unredeemed portion of such Bond and of the same series and maturity and bearing interest at the same rate will be issued.

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on such Series 2014 Bonds to be redeemed and that if such moneys are not so received, such notice shall be of no force or effect and such Series 2014 Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any and interest on such Series 2014 Bonds are not received by the Trustee on or prior to the purported redemption date, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

If less than all of the Series 2014 Bonds of any one maturity shall be called for redemption, the particular Series 2014 Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the City in its discretion may determine; provided, however, that the portion of any Series 2014 Bond to be redeemed shall be in the principal amount of $5,000 or some multiple thereof and that, in selecting Series 2014 Bonds for redemption, each Series 2014 Bond shall be considered as representing that number of Series 2014 Bonds which is obtained by dividing the principal amount of such Bond by $5,000.

Section 6
Form of Series 2014 Bonds

The Series 2014 Bonds, registration, exchange and transfer provisions and forms of authentication and assignment pertaining thereto shall be in substantially the form set forth below, with necessary or appropriate variations, omissions and insertions which are incidental to their numbers, denominations, maturities, payment dates, interest rate and other details:

No. R- $

UNITED STATES OF AMERICA
STATE OF VERMONT
CITY OF BURLINGTON WASTEWATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2014

Maturity Date: _____
Interest Rate: _____ % Per annum
Bond Date: [_____]
Registered Owner: Vermont Municipal Bond Bank
Principal Amount: _____ Dollars

The City of Burlington, Vermont (the "City"), for value received, promises to pay to the Registered Owner of this bond, or registered assigns, but solely from the Net Revenues provided under the Resolution mentioned in this bond, on the Maturity Date, the Principal Amount, upon presentation and surrender hereof, and to pay interest, but solely out of the Net Revenues, at the Interest Rate on such Principal Amount from the most recent _____ or _____ to which interest has been paid or duly provided for or, if no interest has been paid, from the Bond Date, payable on _____, 2014 and semi-annually on the first day of _____ and _____ in each year thereafter until payment of such Principal Amount, and, to the extent permitted by law, interest on overdue interest at the same rate. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal or redemption price of and interest on this bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. The principal or redemption price of this bond shall be payable at the corporate trust office of U.S. Bank National Association, in the City of Boston, Massachusetts, the Trustee under the Resolution, or its successor in trust. Interest on this bond shall be payable by check or draft mailed to the Registered Owner at its address appearing on the registration books of the City kept for that purpose at the corporate trust office of the Trustee, determined as of the close of business on the applicable record date. The record date for payment of interest shall be the _____ day of the month next preceding the date on which the interest is to be paid or, if such _____ day is not a business day, the next preceding business day, provided that, with respect to overdue interest or interest payable on redemption of this bond other than on an interest payment date or interest on any overdue amount, the Trustee may establish a special record date. The special record date may not be more than 20 days before the date set for payment. The Trustee will give notice of a special record date by mailing a copy of such notice to the registered owners of all the Bonds outstanding at least 10 days before the special record date or in such other time and manner as the Trustee may deem appropriate.

This bond is one of a series of bonds aggregating [_____ Dollars ($_____)] in principal amount, issued by the City for the purposes of its Wastewater System pursuant to City Charter, Part I, Title III, Section 64b, and Article 98, and a Resolution duly adopted by the City Council of the City on December 6, 1990 (as supplemented and amended by one or more supplemental resolutions including a supplemental resolution duly adopted by the City Council) (the "Resolution"). Bonds may be issued under the Resolution in one or more series from time to time.

This bond is issued pursuant to Sections 64b, and Article 98 of the City Charter and does not constitute general indebtedness of the City nor an obligation of liability upon the City to pay from any funds of the City other than the Net Revenues of the City's Wastewater System.

THE BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, BUT SHALL BE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM, AND SECURED SOLELY BY, THE PLEDGE AND LIEN ON THE NET REVENUES SPECIFICALLY PLEDGED THERETO PURSUANT TO THE RESOLUTION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF VERMONT OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR PREMIUM (IF ANY) ON THE BONDS AND NEITHER THE STATE OF VERMONT NOR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR PREMIUM (IF ANY) THEREON.

Reference is made to the Resolution (as supplemented and amended) for, among other things, definitions of terms; the nature and extent of the security for the Bonds; the covenants securing the Bonds; the properties constituting the Wastewater System of the City; the manner of enforcement of the pledge; the terms and conditions upon which additional Bonds may be issued; the conditions upon which the Resolution may be amended or supplemented with and without the consent of the holders of the Bonds; acceleration of principal in the event of default; remedies and limitations of remedies; and the terms upon which Bonds may no longer be secured by the Resolution if sufficient moneys or specified securities are deposited with the Trustee in trust for their payment. Copies of the Resolution (including any supplemental resolutions) may be inspected at the office of the Chief Administrative Officer of the City and in the corporate trust office of the Trustee.

The Bonds of this series maturing on _____, 20__ are subject to mandatory sinking fund redemption on _____ of each of the years and in the principal amounts as follows:

Year	Principal Amount
2014	$
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033*	

*Final Maturity

In the event this bond is called for redemption, notice shall be mailed not less than thirty (30) days prior to the redemption date, to the Registered Owner at the owner's address as shown on the books of registry. If this bond is of a denomination in excess of $5,000, portions of the Principal Amount in the amount of $5,000 or any multiple of $5,000 may be redeemed. If less than all of the Principal Amount is to be redeemed, upon the surrender of this bond to the Trustee there shall be issued to the Registered Owner hereof at the corporate trust office of the Trustee, without charge, registered Bonds for the unredeemed balance of the Principal Amount. If this bond (or any portion) is duly called for redemption and notice is duly given, and if on or before the redemption date there are on deposit with the Trustee or any paying agent for this bond sufficient funds to pay the redemption price and the interest on the principal amount redeemed to the date of redemption, this bond (or the portion to be redeemed) shall become due and payable upon the redemption date and interest shall cease to accrue from and after the redemption date on the principal amount to be redeemed.

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on such Bonds to be redeemed and that if such moneys are not so received, such notice shall be of no force or effect and such Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any and interest on such Bonds are not received by the Trustee on or prior to the purported redemption date, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

The Bonds of this series are issuable as fully registered bonds in denominations of $5,000 or any integral multiple in excess thereof.

This Bond is transferable, subject to the limitations and upon the payment of the charges, if any, provided in the Resolution, at the corporate trust office of the Trustee by the Registered Owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner or the owner's duly authorized attorney, and thereupon the City shall issue in the name of the transferee a new registered bond or bonds of the same aggregate principal amount and series, interest rate and maturity as the surrendered bond. This bond may also be exchanged, alone or with other Bonds of the same series, interest rate and maturity, at the corporate trust office of the Trustee, for a new Bond or Bonds of the same aggregate principal amount, series, interest rate and maturity, without transfer to a new registered owner, subject to the limitations and upon the payment of the charges, if any, provided in the Resolution.

The Bonds issued under the Resolution do not constitute an indebtedness of the City but are payable solely from and are equally and ratably secured by a pledge of the Net Revenues derived by the City from the ownership and operation of its Wastewater System.

The terms and provisions of this Bond and definitions of certain terms used herein are continued on the reverse side hereof and such continued terms and provisions and definitions shall for all purposes have the same effect as though fully set forth at this place.

This Bond shall not be valid unless the Certificate of Authentication hereon is signed by the Trustee.

CITY OF BURLINGTON, VERMONT

By:_____
Chief Administrative Officer

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the Resolution mentioned in the Bond.

[U.S. Bank National Association,]
as Trustee

Date of Authentication:

_____ _____, 2013

By:_____
Authorized Signature

For value received the undersigned sells, assigns and transfers this bond to

_____
(Name and Address of Assignee)

_____

_____
Social Security or Other Identifying Number of Assignee

and irrevocably appoints _____attorney-in-fact to transfer it on the books kept for registration of the bond, with full power of substitution.

_____
NOTE: The signature of this assignment must correspond with the name as written on the face of the bond without alteration or enlargement or other change.

Dated:
Signature Guaranteed:

_____
Participant in a Recognized
Signature Guarantee Medallion Program

By:_____
Authorized Signature

Section 7
Disposition of Proceeds of Series 2014 Bonds

From the proceeds derived from the sale of the Series 2014 Bonds, [including accrued interest and original issue discount and net original issuance premium (if any), after payment of the underwriter's discount and the bond insurance premium, if any], there shall be deposited:

(a) in the Debt Service Reserve Fund, the sum of $0;

(b) in an escrow account, to be held by the Trustee, the sum of $_____, to be applied as soon as practicable and in any event within 90 days of the issuance, to pay, in full, the Refunding Bond Anticipation Note; and

(c) with the Trustee, the balance, if any, estimated by the City to be required to pay expenses of issue related to the Series 2014 Bonds.

The amounts provided under clause (c) may be invested in securities eligible for investment in the Construction Fund. Any earnings thereon shall be added thereto. Any unused amount shall be transferred to the City and any remaining expenses of issue shall be paid by the City.

Section 8
Debt Service Reserve Fund

No proceeds of the Series 2014 Bonds are to be deposited in the Debt Service Reserve Fund. The Debt Service Reserve Fund requirement shall be $0 for the Series 2014 Bonds.

Section 9
Contingency Reserve Fund

The Contingency Reserve Fund Requirement for the Series 2014 Bonds shall be established at [$1,433,286.68]. The City shall, upon the issuance of the Series 2014 Bonds, deposit, from Revenues, the sum of [$358,321.67] into the Contingency Reserve Fund. The City shall make, from Revenues, additional deposits of [$358,321.67] into the Contingency Reserve Fund on June 1, 2014, December 1, 2014 and June 1, 2015, until the amount on deposit equals the Contingency Reserve Fund Requirement. Such payments shall be due in lieu of monthly deposits as otherwise set forth in Section 5.5 of the General Bond Resolution.

Section 10
Tax Exemption

The City hereby covenants and agrees to take all lawful action necessary to ensure that interest on the Series 2014 Bonds will remain excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code") and to refrain from taking any action which would cause such interest to become includable in gross income under the Code. Without limiting the foregoing, to the extent required to maintain the exclusion of interest on the Series 2014 Bonds from gross income under the Code, the City will file any information report and pay any rebate due to the United States in connection with the issuance of the Series 2014 Bonds and will restrict yield on investments of the proceeds of the Series 2014 Bonds and of moneys held in funds and accounts under the Resolution and allocable to the Series 2014 Bonds, all in accordance with the directions of Bond Counsel to the City which may be given from time to time. The City's Chief Administrative Officer, Assistant Chief

Administrative Officer for Finance, and the Director of the Department of Public Works is hereby authorized and directed to execute and deliver from time to time, on behalf of the City, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the City with the Internal Revenue Code and the applicable regulations of the United States Treasury promulgated under the Internal Revenue Code, with respect to the investment and use of the proceeds of the Series 2014 Bonds.

Section 11
Loan Agreement

The City hereby authorizes a loan agreement with the Vermont Municipal Bond Bank for the sale and purchase of the Series 2014 Bonds, to be completed with such insertions and with such modifications as the City's Chief Administrator, upon the advice of bond counsel to the City, approves.

Section 12
Certain Findings and Determinations

The City Council hereby finds and determines as follows:

(a) No bonds have heretofore been issued under the Resolution except (i) the 1990 Series Bonds and (ii) the 1992 Series Bonds.

(b) other than the Prior Bonds, and, upon issuance, the Refunding Bond Anticipation Notes, there are no outstanding bonds, notes or other evidence of indebtedness payable from and secured by a lien or charge upon the Net Revenues pledged under the Resolution.

Section 13
Consent to Amended and Restated General Bond Resolution

The City hereby adopts the amendments to the General Bond Resolution as set forth in the attached Amended and Restated General Bond Resolution, a copy of which is attached hereto and incorporated herein by reference, and hereby ratifies the General Bond Resolution, to be effective upon the payment, at or prior to maturity, of the Prior Bonds. Each purchaser of a Series 2014 Bond and/or any future series of bonds issued under the General Bond Resolution by the initial purchaser(s) thereof shall be deemed to constitute consent to the amendment and restatement of the General Bond Resolution and the terms and conditions contained therein.

Section 14
Special Covenants

The City hereby covenants and agrees that the following provisions shall be in effect so long as the Series 2014 Bonds are Outstanding under the Resolution and held by the Bond Bank, provided that any or all of such provisions may be waived by the Bond Bank:

(a) The City shall notify the Bond Bank of the proposed issuance of obligations supported by any inferior or subordinate pledge of Revenues;

(b) The City shall not issue any Series of Additional Bonds without an account in the Debt Service Reserve Fund without the consent of the Bond Bank unless the City funds the Debt Service Reserve Fund for such Series of Additional Bonds at a level at least equal to the least of the following: (i) 10% of the original amount of such Series of Additional Bonds, (ii) maximum annual debt service on the Series of Additional Bonds, or (iii) 125% of average annual debt service on the Series of Additional Bonds; provided, however, that if the Series of Additional Bonds have original issue discount or premium that exceeds 2% of the stated redemption price at maturity plus any original issue premium attributable exclusively to underwriter's compensation, the initial offering prices to the public shall be used in lieu of the stated principal amount for purposes of calculating the 10% limitation.

(c) Notwithstanding anything to the contrary in Section 6.1 of the Resolution, any successor trustee shall be reasonably acceptable to the Bond Bank.

(d) In the event the City shall fail to adjust the schedule of rates and charges in accordance with Section 7.1 of the Resolution, the Bond Bank may institute and prosecute in a court of competent jurisdiction an appropriate suit, action or proceeding to compel the City to adjust such schedule in accordance with the requirements of Section 7.1, and the City covenants that it will adopt and charge rates and charges in compliance with any judgment, order or decree entered in any such suit, action or proceeding.

(e) The City shall retain one or more independent consulting engineers or engineering firms or corporations, acceptable to the Bond Bank, and having a national reputation for knowledge and experience in analyzing the operations of wastewater utility systems, to perform duties of the Consulting Engineer under the Resolution. The duties of the Consulting Engineer may be performed solely by one or cumulatively by several persons or firms qualifying as a Consulting Engineer. One person or firm serving as Consulting Engineer may rely on a certificate or opinion of another person or firm serving as Consulting Engineer.

(f) No insurance policy naming the Trustee as an insured shall be cancelled without thirty (30) days' notice to the Bond Bank.

(g) Within sixty (60) days after the close of each Fiscal Year, the City shall file with the Bond Bank a certificate describing the insurance then in effect.

(h) The City shall proceed with due diligence to carry out and complete the Projects financed by the issuance of Bonds or, in the case of Bonds issued under Section 2.3 (C) of the Resolution, to complete the work financed by the Bonds. Notwithstanding the foregoing, the City may discontinue a Project (or work financed under Section 2.3 (C)) of the Resolution by written notice to the Bond Bank with a certificate of the Consulting Engineer stating that, by reason of change of circumstance not reasonably expected at the time of issuance of the Bonds, completion of the Project (or work) is no longer consistent with Prudent Utility Practice or, in the case of a jointly-owned Project, the Project may be discontinued as provided in the applicable ownership agreement. The moneys for the Project in the Construction Fund not needed to pay Project Costs of the Project (as determined by a certificate of the Consulting Engineer) shall be deposited, as the City shall determine, in the Contingency Reserve Fund, the Construction Fund (for the purpose of paying Project Costs or Projects designated by the Issuer) or the Special Redemption Fund; provided, however, that if the moneys are not deposited in the Special Redemption Fund, the Issuer shall obtain an Opinion of Bond Counsel that such application will not adversely affect the tax status of any outstanding Bonds.

Section 15
Successor Trustee

The Chief Administrative Officer, upon the approval or consent of the Bond Bank, is hereby authorized to appoint a successor trustee to serve as Trustee under the General Bond Resolution. The Chief Administrative Officer is authorized to execute and deliver such further agreements and instruments as may be necessary in order to transfer the duties and responsibilities of the current Trustee to a successor trustee.

Section 16
Further Action

The City's Chief Administrative Officer, the City's Assistant Chief Administrative Officer for Finance, and the Director of Public Works are, and each of them hereby is, authorized either singly or together:

(a) to execute and deliver the Loan Agreement with the Bond Bank;

(b) to execute and deliver an escrow agreement or instructions for the refunding of the Prior Bonds and the Refunding Bond Anticipation Notes; and

(c) to execute such other documents, enter into such covenants and take such other actions as are necessary or advisable to effect the issuance and delivery of the Series 2014 Bonds and the application of the proceeds thereof in accordance with the provisions of this Supplemental Resolution.

lb/EBlackwood/c: Resolutions 2013/DPW – Wastewater System Revenue Bond – Supplemental Resolution No. 4 (12-5-13)
12/5/13

CITY OF BURLINGTON,

VERMONT

CITY COUNCIL

WASTEWATER SYSTEM REVENUE GENERAL BOND RESOLUTION

Adopted December 6, 1990

Amended and Restated as of December __, 2013

Table of Contents

ARTICLE I DEFINITIONS 5
Section 1.1. Special Terms. 5
ARTICLE II AUTHORIZATION AND ISSUANCE OF BONDS 12
Section 2.1. Authorization of Bonds. 12
Section 2.2. Supplemental Resolutions. 13
Section 2.3. Conditions for the Issuance of Additional Bonds. 13
Section 2.4. Disposition of Bond Proceeds. 15
Section 2.5. Subordinate Lien Obligations. 15
Section 2.6. Partially Amortized Bonds. 15
ARTICLE III GENERAL TERMS AND PROVISIONS 16
Section 3.1. Form of Bonds Generally. 16
Section 3.2. Details of Bonds. 16
Section 3.3. Authentication of Bonds. 17
Section 3.4. Execution and Form of Bonds. 17
Section 3.5. Negotiability, Registration and Transfer of Bonds. 18
Section 3.6. Ownership of Bonds. 18
Section 3.7. Exchange of Bonds. 18
Section 3.8. Provisions for Book Entry System. 18
Section 3.9. Temporary Bonds. 19
Section 3.10. Mutilated, Destroyed or Lost Bonds. 19
ARTICLE IV REDEMPTION OF BONDS 19
Section 4.1. Redemption Generally. 19
Section 4.2. Redemption Notice. 20
Section 4.3. Effect of Calling for Redemption. 20
Section 4.4. Cancellation. 20
Section 4.5. Bonds Called for Redemption Not Outstanding. 20
Section 4.6. Partial Redemption of Bonds. 20
Section 4.7. Redemption of Bonds Held by the Bond Bank. 21
ARTICLE V PLEDGE OF NET REVENUES; SPECIAL FUNDS AND ACCOUNTS 21
Section 5.1. Pledge of Net Revenues. 21
Section 5.2. Revenue Fund. 21
Section 5.3. Debt Service Fund. 22
Section 5.4. Debt Service Reserve Fund. 23
Section 5.5. Contingency Reserve Fund. 24
Section 5.6. Construction Fund. 25
Section 5.7. Working Capital. 25
Section 5.8. Project Completion. 25
Section 5.9. Special Redemption Fund. 26
Section 5.10. Investment of Funds. 26
ARTICLE VI TRUSTEE AND PAYING AGENTS 28
Section 6.1. Qualifications and Appointment of Trustee; Resignation or Removal. 28
Section 6.2. Responsibility of Trustee; Reliance on Certificates and Opinions. 29
Section 6.3. Evidencing of Compliance with Conditions Precedent. 29
Section 6.4. Statements of Funds and Accounts. 29

Section 6.5. Access to Bondowner List. 30
Section 6.6. Trustee May File Proofs of Claims 30
Section 6.7. Trustee Not Responsible for Acts of the City; No Representations by Trustee. 30
Section 6.8. Trustee and Paying Agents May Deal in Bonds and Other Indebtedness of the City. 30
Section 6.9. Fees and Expenses of Trustee and Paying Agents. 30
ARTICLE VII COVENANTS TO SECURE BONDS 31
Section 7.1. Rate Covenant 31
Section 7.2. Annual Budget. 31
Section 7.3. Consulting Engineer. 32
Section 7.4. Operation, Maintenance and Improvement of the Wastewater System. 32
Section 7.5. Insurance 32
Section 7.6. Not to Encumber or Dispose of the Revenues or Properties of the Wastewater System. 34
Section 7.7. Books of Account; Annual Audit. 35
Section 7.8. Payment of Taxes and Other Claims. 35
Section 7.9. To Maintain Franchises and Other Rights. 36
Section 7.10. Employees' Fidelity Bonds. 36
Section 7.11. Not to Furnish Free Service. 36
Section 7.12. To Carry Out Projects. 36
ARTICLE VIII DEFAULTS AND REMEDIES 36
Section 8.1. Events of Default. 36
Section 8.2. Acceleration of Maturities. 37
Section 8.3. Inspection of Books and Records. 38
Section 8.4. Payment of Funds to Trustee; Application of Funds. 38
Section 8.5. Suits at Law or in Equity. 39
Section 8.6. Remedies Not Exclusive 40
Section 8.7. Waivers of Default 40
Section 8.8. Notice of Events of Defaults. 40
ARTICLE IX AMENDING AND SUPPLEMENTING THE RESOLUTION 40
Section 9.1. Without Consent of Bondowners. 40
Section 9.2. With Consent of Bondowners 41
Section 9.3. Notation upon Bonds; New Bonds Issued Upon Amendments 42
Section 9.4. Effective Date of Supplemental Resolution. 42
Section 9.5. Supplemental Resolution Affecting Trustee and Paying Agents. 42
ARTICLE X EXECUTION OF INSTRUMENTS BY BONDHOLDERS; OWNERSHIP OF BONDS; EXCLUSION OF BONDS OWNED BY THE CITY 42
Section 10.1. Execution of Instruments by Bondowners and Proof of Same 42
Section 10.2. Exclusion of Bonds Held by City and of Bonds No Longer Deemed Outstanding. 43
ARTICLE XI DEFEASANCE; MONEYS HELD FOR PAYMENT OF PARTICULAR BONDS 43
Section 11.1. Discharge of Pledge; Bonds No Longer Deemed Outstanding. 43
Section 11.2. Bonds Not Presented for Payment When Due 44
ARTICLE XII FORM OF BONDS 45

Section 12.1. Form of Bonds. 45
ARTICLE XIII MISCELLANEOUS 45
Section 13.1. Benefits of Resolution Limited to the City, Trustees, and Bondowners. 45
Section 13.2. Resolution Binding Upon Succession or Assigns of the City. 45
Section 13.3. Notices to Bondowners. 45
Section 13.4. Notices to City and Trustee. 45
Section 13.5. Waiver of Notice. 46
Section 13.6. Publication of Notice. 46
Section 13.7. Reference to Bond Bank. 46
Section 13.8. Partial Invalidity. 46
Section 13.9. Law and Peace Enforcement of the Resolution. 46

Wastewater System Revenue
GENERAL BOND RESOLUTION

Be It Resolved by the City Council of the City of Burlington, Vermont as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Special Terms.

Unless the context clearly indicates some other meaning, the terms defined in this Section, when used in this Resolution or any supplemental Resolution, have the following meanings:

"Act" means City Charter Articles 21, Section 64b, and Article 98, as amended from time to time.

"Additional Bonds" means Bonds other than the Series 2014 Bonds, and any prior Series of Bonds issued under the Resolution.

"Authorized Officer" means the Director of the City's Public Works department, the Mayor, the Chief Administrative Officer of the City, or any other person designated by the Council.

"Bond Bank" means the Vermont Municipal Bond Bank, and its successor.

"Bonds" means the Wastewater System Revenue Bonds issued from time to time under Sections 2.1, 2.2 and 2.3.

"Bondowner" means a registered owner of a Bond or Bonds.

"Bond Register" means the Bond Register as defined in Section 3.5.

"City" means the City of Burlington, Vermont.

"Council" means the City Council of the City or an officer or board succeeding to its powers.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder.

"Construction Fund" means the Wastewater System Revenue Bond Construction Fund created by Section 5.6.

"Consulting Engineer" means the engineer or engineers or engineering firm or firms retained by the City pursuant to Section 7.3.

"Contingency Reserve Fund" means the Wastewater Revenue Bond Contingency Reserve Fund created by Section 5.5.

"Contingency Reserve Fund Requirement" means that amount specified in the Supplemental Resolution authorizing a Series of Bonds, if any.

"Credit Facility" means any letter or line of credit, policy of bond insurance, indemnity or surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security and/or liquidity in respect of Bonds

"Date of Commercial Operation" means the date on which a Project is first ready for normal continuous operation as determined pursuant to an applicable ownership agreement in the case of a jointly-owned facility, or by the City in the case of a facility solely owned by the City. If a Project consists of more than one undertaking, the Date of Commercial Operation of the Project is the latest Date of Commercial Operation of the Project of any undertaking included in the Project.

"Debt Service" means with respect to each Fiscal Year or other period the aggregate of the amounts to be set aside (or estimated to be required to be set aside) in the Debt Service Fund pursuant to Section 5.3(A), (B) and (C) in the Fiscal Year for the payment of the principal or redemption price of Bonds and Unissued Bonds, less debt service paid or to be paid from Bond proceeds or from earnings thereon, plus principal and sinking fund payments due on any other obligations of the City which are secured by Revenues or Net Revenues.

"Debt Service Fund" means the Wastewater System Revenue Bond Debt Service Fund created by Section 5.3.

"Debt Service Reserve Fund" means the Wastewater System Revenue Bond Debt Service Reserve Fund created by Section 5.4.

"Debt Service Reserve Fund Requirement" means that amount specified in the Supplemental Resolution authorizing a Series of Bonds, if any.

"Event of Default" means an Event of Default as defined in Section 8.1.

"Fiscal Year" means the fiscal year of the City with respect to the Wastewater System as established from time to time. The Fiscal Year is now the twelve-month period ending June 30.

"Government Obligations" means direct general obligations of, or obligations the timely payment of principal and interest on which are unconditionally guaranteed by, the United States of America.

"Improvements" shall mean such improvements, renewals, replacements, construction and remodeling of the Wastewater System or any part thereof and such extensions and additions thereto as may be necessary or prudent, in the judgment of the City, to keep the same in proper

condition for the safe, efficient and economic operation thereof and to integrate into the Wastewater System any unit or part thereof, and shall include such land, structures and facilities as may be authorized to be acquired or constructed by the City under the provisions of Vermont law and such improvements, renewals, replacements, construction and remodeling of such land, structures facilities and such extensions and additions thereto as may be necessary or prudent for continuous and efficient service to the public, and shall include the City's share of the joint acquisition of property or participation in the output, capacity or usage of any private or public corporation or individual. Improvements shall include all of the foregoing whether financed from the proceeds of Bonds issued under the provisions of this Resolution or from moneys deposited to the credit of the Construction Fund, the Contingency Reserve Fund or from any other source.

"Interest Account" means the Interest Account created in the Debt Service Fund by Section 5.3.

"Investment Securities" means any of the following, if and to the extent that they are legal for the investment of funds of the City:

(a) Direct obligations of the United States of America for the payment of money, or obligations for the payment of money which are guaranteed or insured as to payment of principal and interest by the United States of America, and direct obligations for the payment of money, issued by an agency or instrumentality of the United States of America, or obligations for the payment of money which are guaranteed or insured as to payment of principal and interest by an agency or instrumentality of the United States of America;

(b) Bonds and other legally created direct, general obligations of any state of the United States of America, including the Commonwealth of Puerto Rico, and any political subdivision of any state of the United States of America for the payment of money, provided that such obligations are rated in one of the top three rating categories by Moody's and S&P;

(c) Direct obligations for the payment of money, issued by an agency or instrumentality of any state of the United States of America or of the Commonwealth of Puerto Rico for the payment of money which are guaranteed or insured as to payment of principal and interest by the state or commonwealth of which the issuer is an instrumentality, provided that such obligations are rated in one of the top three rating categories by Moody's and S&P;

(d) Bonds and other evidences of indebtedness of the United States of America, or any state thereof, or of any political subdivision thereof, or of any public authority or instrumentality of one or more of the foregoing, which are payable as to both principal and interest from adequate special revenues pledged or otherwise appropriated or by law required to be provided for the purposes of that payment, but not including any obligations payable solely out of special assessments on properties benefitted by local improvements; except that bonds or evidences or indebtedness of issuers outside the state of Vermont must be, at the time the

investment is made, rated "A" or higher by S&P and Moody's with respect to long term indebtedness and "P-1" or "A-1" or higher by S&P and Moody's, respectively, with respect to short term indebtedness (in every case without reference to gradations of such categories such as "plus" or "minus");

(e) Interest bearing obligations issued, assumed or guaranteed by any solvent institution created or existing under the laws of the United States of America or of any state, whether or not secured, which are not in default as to interest or principal, if those obligations at the time of investment are rated "A" or higher by S&P and Moody's with respect to long term indebtedness and P-1 or A-1 or higher by S&P and Moody's, respectively, with respect to short term indebtedness (in every case without reference to gradations of such categories such as "plus" or "minus"), including, among others, (A) certificates of deposit or time deposits of any bank, any branch of any bank, trust company or national banking association that has a combined capital surplus and undivided profits not less than $25,000,000, (B) any repurchase agreement with a maturity of not more than 30 days that is with a bank or trust company (including the Trustee and its affiliates) that has a combined capital, surplus and undivided profits not less than $100,000,000 or with primary government dealers (any such government dealer must be a member of Securities Investor Protection Corporation), for obligations described in (a) hereof having on the date of the repurchase agreement and on the first day of every month thereafter a fair market value equal to at least 102% of the among of the repurchase obligation of the bank, trust company or government dealer; provided, however, that (i) the repurchase obligation of the bank, trust company or government dealer is collateralized by such obligations themselves, (ii) such obligations purchased must be transferred to the Trustee (unless the purchase agreement is with the bank serving as Trustee or any related party) or a third party agent by physical delivery or by an entry made on the records of the issuer of such obligations and such trustee or third party agent and segregated from securities owned generally by the bank, trust company or government dealer, or the Trustee is furnished with an opinion of counsel stating that a perfected security interest under the Uniform Commercial Code of the state in which the securities are located or book entry procedures present at 31 C.F.R. §306.1 et seq. or 31 C.F.R. §350.0 et seq. in such investments has been created for the benefit of the Holders of the Bonds, and (iii) if the repurchase agreement is with the bank serving as Trustee or any related party, the third party holding such investments holds them as agent for the beneficial owners of the Bonds rather than as agent for the bank serving as Trustee or any other party and the investments be evaluated no less frequently than weekly to determine if their fair market value equals or exceeds the required 102% level and, if upon such valuation, the fair market value is found to be deficient, then the bank, trust company or government dealer shall have no more than five business days to pledge additional obligations authorized hereunder for such repurchase agreement so as to satisfy such requirement or the third party holding the investments must be required to liquidate the collateral and disburse the proceeds to the Trustee;

(f) Units of a tax-exempt or taxable government money market portfolio composed solely of obligations listed in (a), (b), (c) or (d) above with a yield adjusted so as to maintain the value of such units at part; and

(g) Such other investments as may from time to time be permitted by applicable law and approved in writing by S&P and Moody's.

"Maximum Annual Debt Service" means with respect to each Fiscal Year the aggregate Debt Service as computed for any such period in which such sum is the largest. In computing Maximum Debt Service, Debt Service on Partially Amortized Bonds shall be determined as set forth in Section 2.6.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns.

"Net Revenues" means the Revenues (excluding (i) proceeds of Bonds and notes issued in anticipation of Bonds or of Revenues, (ii) the proceeds of the sale or other disposition of all or any part of the Wastewater System, (iii) proceeds of insurance, except business interruption insurance which is included, and condemnation awards received with respect to the Wastewater System, (iv) other items of an extraordinary and non-recurrent nature, (v) contributions in aid of construction, and (vi) customer deposits) after deducting the Operating Expenses (exclusive of expenses of a capital nature paid from or offset by sources other than Revenues included in Net Revenues).

"Operating Expenses" means the expenses of the City for the operation, maintenance, repair and ordinary replacements properly and directly attributable to the operation or ordinary maintenance of the Wastewater System. Operating Expenses also includes costs and expenses paid from the proceeds of insurance, condemnation or the disposition of property to repair or replace the property from which the proceeds are derived. Operating Expenses do not include the principal of and interest on bonds, notes or other evidences of indebtedness issued by the City for the purposes of its Wastewater System, payments into the Contingency Reserve Fund and depreciation. Operating Expenses include taxes, if any, payable on the Wastewater System to municipalities other than the City, or payments in lieu thereof, but do not include payments to the City of or in lieu of taxes on the Wastewater System.

"Opinion of Bond Counsel" means an opinion of an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States.

"Outstanding" has the meaning set forth in Section 11.1, i.e. a Bond shall not be Outstanding under the Resolution if the Bond is at the time not deemed to be Outstanding under the Resolution pursuant to Section 11.1.

"Partially Amortized Bonds" means Bonds of a Series of which twenty-five percent (25%) or more of the principal on which comes due in a single year and for which no sinking fund installments have been established.

"Paying Agent" means the Trustee as to all the Bonds and, as to Bonds of a particular Series, the alternate Paying Agent or Agents (if any) designated for the payment of the principal of, premium, if any, and interest on the Series of Bonds in the Supplemental Resolution providing for their issuance.

"Principal Account" means the Principal Account created in the Debt Service Fund by Section 5.3.

"Project" means any acquisition, improvement, extension, enlargement, betterment, addition, alteration, construction, reconstruction, extraordinary repair, equipping or reequipping, financing of or the Wastewater System, or any one or more of the foregoing. To the extent permitted by law, a Project may also consist of or include (i) prepayment for purchased capacity or output of a sewage treatment plant or collection facilities or sludge disposal facilities or (ii) decommissioning or termination of facilities.

"Project Costs" means all costs of carrying out a Project or refinancing a Project and, without limiting the generality of the foregoing, may include (i) all preliminary expenses, (ii) the cost of acquiring all property, franchises, easements and rights necessary or convenient for the project, (iii) engineering and legal expenses, (iv) expenses for estimates of costs and revenues, (v) expenses for plans, specifications and surveys, (vi) other expenses incident or necessary to determining the feasibility or practicability of the enterprise, (vii) administrative expense, (viii) construction costs, (ix) interest prior to the Date of Commercial Operation of any Project and for a reasonable period thereafter, (x) the establishment of or contribution to such reserves as may be required by the Resolution, and (xi) such other expenses as may be incurred in the financing or refinancing of the Project (including the costs of various forms of credit enhancement) or in carrying it out, placing it in operation (including the provision of working capital) and in the performance of things required or permitted by the Act in connection with the Project.

"Prudent Utility Practice" means either (i) any of the practices, methods and acts engaged in or approved by a significant portion of the wastewater utility industry prior thereto, or (ii) any of the practices, methods or acts, which in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expeditious action. Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts. Prudent Utility Practice shall also include those practices, methods and acts that are required by applicable laws and final orders or regulations of regulatory agencies having jurisdiction over the subject action.

"Qualified Financial Institution" means and includes: (1) any U.S. domestic institution which is a bank, trust company, national banking association or a corporation, including the Trustee and any of its affiliates, subject to registration with the Board of Governors of the

Federal Reserve System under the Bank Holding Company Act of 1956, or a member of the Financial Industry Regulatory Authority (FINRA), in each case whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within one of the two highest rating categories by Standard & Poor's Corporation, Moody's Investor's Service, Inc. or Fitch Investors Service, Inc., or which has issued a letter of credit, contract, agreement or surety bond in support of debt obligations which have been so rated; (2) an insurance company with a claims-paying ability or a corporation whose obligations are guaranteed by an insurance company (in the form of an insurance policy) or by an insurance holding company rated within one of the two highest rating categories by Standard & Poor's Corporation, Moody's Investor's Service, Inc. or Fitch Investors Service, Inc., or whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within one of the two highest rating categories by Standard & Poor's Corporation, Moody's Investor's Service, Inc. or Fitch Investors Service, Inc.; or (3) any banking institution whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within one of the two highest rating categories by Standard & Poor's Corporation, Moody's Investor's Service, Inc. or Fitch Investors Service, Inc.

The "Resolution" or this "Resolution" means this Wastewater System Revenue General Bond Resolution as amended or supplemented from time to time by Supplemental Resolutions.

"Revenue Fund" means the Wastewater System Revenue Fund created by Section 5.2.

"Revenues" means all revenues, rates, fees, charges, rents or other income derived and receipts received by the City from any source to the City, or any department, board or agency thereof, in connection with the ownership, management and operation of the Wastewater System. Without limiting the generality of the foregoing, Revenues include rentals, proceeds of insurance or condemnation or other disposition of plant assets (except as provided below), federal or state grants-in-aid with respect to such Wastewater System, proceeds of Bonds issued under the Act for the Wastewater System, proceeds of notes issued in anticipation of operating Revenues (unless set aside to pay notes of the same character) and earnings from the investment of Revenues which are pledged to the payment of the City's bonds. Unless otherwise provided by Supplemental Resolution, Revenues do not include the proceeds of other borrowing by the City or the proceeds of grants for limited purposes or of the disposition of property financed by such grants, or payments or reimbursement of capital costs by other owners pursuant to joint ownership agreements relating to jointly owned facilities.

"S&P" means Standard & Poor's Corporation, a corporation organized and existing under the laws of the State of New York, its successors and assigns.

"Serial Bonds" means Bonds other than Term Bonds. Payment of principal is provided from the Principal Account.

"Series 2014 Bonds" means the Wastewater System Revenue Bonds issued, or to be issued, to the Vermont Municipal Bond Bank.

"Series" or "Series of Bonds" or "Bonds of a Series" means a series of Bonds authorized by the Resolution.

"Sinking Fund Account" means the Sinking Fund Account created in the Debt Service Fund by Section 3.2.

"Special Redemption Fund" means the Wastewater System Revenue Bond Special Redemption Fund created by Section 5.9.

"Supplemental Resolution" means a resolution adopted by the City under Article IX providing for the issuance of Bonds, and shall also mean a resolution adopted by the City under Article IX amending or supplementing the Resolution.

"Term Bonds" means Bonds with respect to which payments are required to be made into the Sinking Fund Account as specified in the Supplemental Resolution providing for their issuance. A Series of Bonds may include both Serial and Term Bonds and may include more than one set of Term Bonds, each of which has its own maturity date. Payment of principal on Term Bonds is provided from the Sinking Fund Account.

"Trustee" means the appointed Trustee pursuant to Section 6.1 and its successor.

"Unissued Bonds" means at any particular time Bonds not yet issued and not then being issued which the Consulting Engineer estimates will be required to be issued to complete the payment of the Project Costs of a Project for which Bonds have been issued or are then being issued.

"Wastewater System" means the complete municipal wastewater collection and treatment system now owned, operated and managed by the City, together with any Improvement constructed or acquired after the adoption of this Resolution, and all other facilities, equipment and appurtenances necessary or appropriate to the system, for the collection and treatment of sewage and the proper treatment and use of sewage sludge and energy conservation in connection therewith. The Wastewater System includes the ownership share of the City in jointly-owned facilities.

ARTICLE II
AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.1. Authorization of Bonds.

The City may issue Bonds under this Resolution to be known as "Wastewater System Revenue Bonds". The Bonds shall be issued from time to time in series as the Council may deem necessary or prudent for the purposes of (a) the payment of Project Costs and (b) the refunding (directly or indirectly) of Bonds or other obligations issued for the purpose of paying Project Costs.

Section 2.2. Supplemental Resolutions.

Each Series of Bonds shall be issued under a Supplemental Resolution adopted by the Council pursuant to this Article and Article IX. The Supplemental Resolution shall designate the Bonds by an appropriate series designation in addition to the title "Wastewater System Revenue Bonds," and shall also specify: (a) the authorized principal amount of the Series of Bonds; (b) the purpose or purposes for which the Series of Bonds is being issued, and, if the Bonds are being issued to pay Project Costs, the Project or Projects for which the Bonds are being issued, and, if the Bonds are being issued for more than one purpose or Project, the principal amount being issued for each purpose or Project; (c) the date of the initially issued Bonds of the Series; (d) the maturity dates and sinking fund installment amounts and dates of the Bonds; (e) the redemption prices of the Bonds; (f) the place or places of payment of the Bonds and the Paying Agents for the Bonds; (g) the provisions for the sale of the Bonds; (h) the Debt Service Reserve Fund Requirement, if any, and the details relating thereto including among other things the funding, use and investment; (i) any other provisions which may be required to be inserted by other provisions of the Resolution; and (j) any other necessary or prudent provisions not in conflict with the provisions of the Resolution. Notwithstanding anything to the contrary, the foregoing matters may be covered for a Series of Bonds by either one or more than one Supplemental Resolution.

Section 2.3. Conditions for the Issuance of Additional Bonds.

(A) Except as otherwise provided in this Section, each Series of Additional Bonds shall be issued only upon filing of the following with the Trustee:

1. (a) A certificate of the City, executed on its behalf by an Authorized Officer, that to the best of the knowledge and belief of the Authorized Officer no Event of Default exists and (b) a certificate of the Trustee that there is no Event of Default of which it has knowledge;

2. If Additional Bonds are being issued to pay Project Costs of a Project, a certificate of the Consulting Engineer stating (a) the then estimated Date of Commercial Operation of the Project and (b) the then current estimate of the Project Costs of the Project; and stating (c) that the Project is consistent with Prudent Utility Practice and (d) that the Net Revenues for each of the three Bond Years, beginning with the first Bond Year in which a portion of the principal on the Additional Bonds is not paid from the proceeds of the Additional Bonds, will be at least equal to (i) one hundred per cent (100%) of the maximum annual debt service on any general obligations of the City then outstanding which have been or are intended to be paid from Revenues (ii) one hundred twenty-five percent (125%) of the Maximum Annual Debt Service on all other Bonds then outstanding, on the Additional Bonds then being issued, on Unissued Bonds and any other revenue obligations of the City which are or will be payable from Revenues in the Bond Year in which the Bonds are being issued or in any subsequent Bond year;

3. A certified copy of the Supplemental Resolution providing for the issuance of the Additional Bonds; and

4. An opinion of counsel to the City that the conditions precedent to the issuance of the Additional Bonds have been satisfied;

(B) The certification required by clauses (c) and (d) of paragraph (2) of paragraph (A) of this Section shall not be required if:

1. Bonds shall have previously been issued for the Project (except pursuant to paragraph (C) of this Section);

2. Bonds have been authorized, and bond anticipation notes issued, for the Project prior to the adoption of this Resolution; or

3. The Consulting Engineer certifies to the Trustee (a) that the Project is necessary to maintain the operational status of any facilities of the Wastewater System, whether it is necessitated by casualty, regulatory or licensing requirements or other cause, or (b), in the case of jointly-owned facilities not controlled by the City, that the Bonds are being issued to finance the City's share of the Project Costs of improvements which the lead participants are empowered to make, provided that the amount to be issued for a Project under this subparagraph shall not exceed the Project Costs as certified by the Consulting Engineer less any available insurance proceeds as certified by an Authorized Officer.

(C) The certificate required by subparagraph (2) of paragraph (A) of this Section shall not be required in connection with the issuance of Bonds to pay preliminary Project Costs of a Project, which for this purpose shall mean Project Costs not exceeding ten percent (10%) of the total estimated Project Costs of the Project as certified by the Consulting Engineer to the Trustee, provided that Additional Bonds shall not be issued under this paragraph which, upon the issuance of the same, would cause the amount of Additional Bonds outstanding under this paragraph for Projects not certified under subparagraph (2) of paragraph (A) to exceed five per cent (5%) of the total amount of Bonds outstanding under the Resolution.

(D) The certificate required by subparagraph (2) of paragraph (A) shall not be required in connection with the issuance of Bonds to refund Bonds so long as there is no increase in the Maximum Annual Debt Service for any Bond Year during which Bonds not being refunded will be Outstanding but shall be required in the case of Bonds issued to refund other obligations (including the issuance of Bonds to retire notes issued in anticipation of Bonds) as if the Bonds were being issued for the Projects financed by the prior obligations.

(E) In certifying under subparagraph (2) of paragraph (A) of this Section, the Consulting Engineer may make such assumptions and projections as it deems reasonable with respect to the issuance of Unissued Bonds, general obligation bonds or other revenue obligations, rate, costs, and commencement or termination of operation of facilities and other matters.

(F) If Bonds are being issued to pay Project Costs of a Project which has been discontinued, references in this Section to the Date of Commercial Operation shall be deemed to

refer to the date of issuance of the Bonds and, in lieu of the certification required by clause (c) (if applicable) of subparagraph (2) of paragraph (A), the Consulting Engineer shall certify that the discontinuance is consistent with Prudent Utility Practice. Such certification shall not be required, however, in the case of the discontinuance of a jointly-owned Project pursuant to the applicable ownership agreement.

Section 2.4. Disposition of Bond Proceeds.

Upon the delivery of a Series of Bonds the proceeds shall be paid to the Trustee and be dealt with as follows:

(A) There shall be deposited into a separate account in the Debt Service Reserve Fund the amount required, if any, by the Supplemental Resolution authorizing such Series of Bonds.

(B) There shall be deposited into the Contingency Reserve Fund the amount, if any, required by Supplemental Resolution pursuant to Section 5.5.

(C) Where Bonds are issued to refund prior obligations, the proceeds required to pay the principal of the prior obligations, together with any redemption premium on the same, any interest and commitment or facility fee accrued or to accrue to the date of payment of the prior obligations, the expenses of issue of the Bonds and the expenses of redeeming the prior obligations shall be used for those purposes and may be deposited in trust for these purposes free and clear of the lien of this Resolution or may be dealt with pursuant to paragraphs (F) and (G) as if the Bonds were being issued for the Projects financed by the prior obligations.

(D) The Trustee may pay expenses of the issue not provided for above directly.

(E) The balance of the proceeds shall be deposited in the Construction Fund.

Section 2.5. Subordinate Lien Obligations.

Notwithstanding anything to the contrary in the Resolution, the City may issue bonds, notes or other evidences of indebtedness for the purposes of the Wastewater System payable from the Revenue Fund and the revenues, subordinate to the deposits and credits required to be made from the Revenue Fund to other funds and accounts under the Resolution and to the payments required for Operating Expenses, and may secure the bonds, notes or other evidences of indebtedness by a pledge of the net revenues (as defined in the Act) inferior to the pledge of the net revenues created by the Resolution. The proceeds of the inferior obligations may be pledged as security for the inferior obligations free and clear of the lien of the Resolution. The City shall notify the Trustee of the proposed issuance of inferior obligations.

Section 2.6. Partially Amortized Bonds.

In the case of Partially Amortized Bonds, the Supplemental Resolution providing for their issuance may provide that the unamortized portion shall not be treated as principal for the purpose of calculating payments into the Debt Service Fund pursuant to Section 5.3C although

the obligation to pay the same shall be treated as principal for the purposes of Section 8.1(1), Section 8.4 and Section 11.1. The City shall finance the unamortized portion by the issuance of refunding Bonds in accordance with this Article, by using moneys in the Special Redemption Fund in accordance with Section 5.9 (treating payment as redemption), by using moneys in the Revenue Fund in accordance with clause Fifth of Section 5.2, by other lawful means, or by a combination of the foregoing. If partially Amortized Bonds are issued the Supplemental Resolution shall set forth the estimated date of expiration of the useful life of the Project (not to exceed twenty-five (25) years) to which the Bonds are attributable. If a Series of Bonds is attributable to more than one Project, it may be subdivided for the purposes of this Section. Until payment of the unamortized portion (or provision for payment pursuant to Section 11.1) Maximum Annual Debt Service shall be calculated by treating the useful life of the Project, on a level annual Debt Service basis, with interest payable semiannually at a rate equal to the net interest cost of the Series.

ARTICLE III
GENERAL TERMS AND PROVISIONS

Section 3.1. Form of Bonds Generally.

The definitive Bonds of each Series hereunder are issuable as fully registered Bonds and shall be substantially in the forms set forth in the Supplemental Resolution authorizing the issuance of such Bonds. All such Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bond may be listed or traded or any usage or requirement of law with respect thereto or as may be authorized by the Board and approved by the Trustee.

Section 3.2. Details of Bonds.

The Bonds of each Series issued under the provisions of this Resolution shall be dated, shall be stated to mature (subject to any right of prior redemption) at such times, shall be made redeemable (subject to the provisions of Article IV of this Resolution), shall be in such authorized denominations, designated and numbered and shall have such further details as may be provided in the Supplemental Resolution adopted by the Board with respect to such Series of Bonds.

The Bonds issued under this Resolution shall be limited obligations of the City payable solely and only from and secured by the Net Revenues specifically pledged thereto pursuant to the Supplemental Resolution authorizing the issuance of such Series of Bonds. Each such Bond shall contain the following legend:

THE BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION, BUT SHALL BE LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM, AND SECURED SOLELY BY, THE PLEDGE AND LIEN ON THE NET REVENUES SPECIFICALLY PLEDGED THERETO PURSUANT TO THE

SUPPLEMENTAL RESOLUTION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF VERMONT OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR PREMIUM (IF ANY) ON THE BONDS AND NEITHER THE STATE OF VERMONT NOR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE CITY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR PREMIUM (IF ANY) THEREON.

Unless otherwise provided in the Supplemental Resolution with respect to a particular Series of Bonds, the principal amount of any Bond shall be payable upon surrender thereof at the principal corporate trust office of the Paying Agent. Such payments shall be made to the registered owner of the Bond so surrendered, as shown on the Bond Register on the date of payment, or such registered owner's legal representative.

Section 3.3. Authentication of Bonds.

Only such of the Bonds as shall have endorsed thereon a certificate of authentication, duly executed by the Trustee, shall not be entitled to any benefit or security under this Resolution. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any time.

Section 3.4. Execution and Form of Bonds.

The Bonds shall be signed by or bear the facsimile signature of, an Authorized Officer of the Council and the treasurer of the City and shall be signed by, or bear the facsimile signature of, the clerk, and the official seal of the Council or a facsimile thereof shall be imprinted on the Bonds and each Bond shall be manually authenticated by the Trustee. In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery and also any Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond shall be the proper officers to execute such Bond although at the date of such Bond such persons may not have been such officers. The Bonds issued under the provisions of this Article, the statement and the Trustee's certificate of authentication to be endorsed on all Bonds, shall be, respectively, substantially in the forms provided in the Supplemental Resolution authorizing such Bonds, with such appropriate variations, omissions and insertions as may be required or permitted by such Supplemental Resolution.

Section 3.5. Negotiability, Registration and Transfer of Bonds.

The Bond shall cause books (the "Bond Register") for the registration and for the registration of transfer of the Bonds as provided in this Resolution to be kept by the Trustee. The transfer of any Bond may be registered only upon the Bond Register kept by the Trustee for the registration of or registration of transfer of Bonds upon surrender thereof to the Trustee, together with an assignment duly executed by the registered owner or his legal representative in such form as shall be satisfactory to the Trustee.

The Bond Register held by the treasurer of the City or other designated register shall be confidential and the information contained therein shall not be available to the public.

Upon any registration of transfer of any Bond, an Authorized Officer, if necessary, shall manually execute and the Trustee shall authenticate and deliver in exchange for such Bond a new Bond or Bonds registered in the name of the transferee, for an equal aggregate principal amount of Bonds of the same Series, type and maturity of any authorized denomination. No charge shall be made to any Bondowner for the privilege of registration and registrations of transfer hereinafter granted or for exchange of Bonds, but any Bondowner requesting any such registration or registration of transfer exchange shall pay any tax or other governmental charge required to be paid with respect thereto. The Trustee shall not be required to make any exchange or registration of transfer during the period commencing on the Regular Record Date with respect to each interest payment date of such Bond or after such Bond has been selected for redemption.

Section 3.6. Ownership of Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal amount of any such Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 3.7. Exchange of Bonds.

Bonds, upon surrender thereof at the principal office of the Trustee, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series, type and maturity, of any authorized denomination.

The Board shall make provision for the exchange of the Bonds at the principal office of the Trustee.

Section 3.8. Provisions for Book Entry System.

The Bonds may be subject to a book-entry only system of ownership as provided for in the Supplemental Resolution authorizing the issuance of a Series of Bonds.

Section 3.9. Temporary Bonds.

Until the definitive Bonds of any Series are ready for delivery, there may be executed, and the Trustee may authenticate and deliver, in lieu of definitive Bonds and subject to the same limitations and conditions except as to identifying numbers, temporary printed, engraved, lithographed or typewritten Bonds in authorized denominations, substantially of the tenor hereinabove set forth, and with appropriate omissions, insertions and variations as may be required. The Board shall cause the definitive Bonds to be prepared and to be executed, endorsed, authenticated and delivered to the Trustee, and the Trustee, upon presentation to him of any temporary Bond shall cancel the same and authenticate and deliver, in exchange therefore, at the place designated by the owner, without expense to the owner, a definitive Bond or Bonds of the same Series and in the same aggregate principal amount, maturing on the same date as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit of this Resolution as the definitive Bonds to be issued and authenticated hereunder.

Section 3.10. Mutilated, Destroyed or Lost Bonds.

In case any Bonds secured hereby shall become mutilated or destroyed or lost, the Board may cause to be executed, and the Trustee may authenticate and deliver, a new Bond of like date, number and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu, upon owner's paying the reasonable expenses and charges of the Board in connection therewith and, in the case of a Bond destroyed or lost, his filing with Trustee evidence satisfactory to him that such Bond were destroyed or lost, and of his ownership thereof, and furnishing the Board with indemnity satisfactory to it.

ARTICLE IV
REDEMPTION OF BONDS

Section 4.1. Redemption Generally.

The Bonds of each Series or portion thereof issued under the provisions of this Resolution shall be subject to redemption, either in whole or in part and at such times and Redemption Prices, as may be provided by in the Supplemental Resolution authorizing the issuance of such Bonds.

If less than all of the Bonds of any type and maturity of a Series or portion thereof shall be called for redemption, the particular Bonds of such type, maturity and Series to be redeemed shall be selected in such manner as the Council in its discretion may determine at the time such Bonds are to be selected or as determined by the Council in the Supplemental Resolution authorizing to the issuance of such Bonds; provided, however, that the purchase or redemption of the Bonds of any Series with insurance proceeds shall be in inverse order of maturity.

Section 4.2. Redemption Notice.

At least thirty (30) days before the redemption date, or at such time or times the Council may establish in the Supplemental Resolution authorizing the issuance of any Series of Bonds or portion thereof hereunder, a notice of any such redemption, either in whole or in part, signed by the Trustee shall be mailed, postage prepaid, to all registered owners of Bonds to be redeemed at their addresses as they appear on the Bond Register but failure to mail any such notice or any defect therein as to any such Bond shall not affect the validity of the proceedings for such redemption as to any other Bond. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid, and, if less than all of the Bonds of a Series then Outstanding shall be called for redemption, the number of such Bonds.

Section 4.3. Effect of Calling for Redemption.

On the date so designated for redemption, notice having been mailed in the manner and under the conditions hereinabove provided, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, and, moneys for payment of the redemption price being held in separate accounts by the Trustee or by the Paying Agents in trust for the owners of the Bonds to be redeemed, all as provided in the Supplemental Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and the registered owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Section 4.4. Cancellation.

Bonds so called for redemption shall be cancelled upon the surrender thereof.

Section 4.5. Bonds Called for Redemption Not Outstanding.

Bonds which have been duly called for redemption under the provisions of this Article, or with respect to which irrevocable instructions to call for redemption at a selected redemption date have been given to the Trustee, in form satisfactory to him, and for the payment of the redemption price of which sufficient moneys, or Government Obligations in such amounts, bearing interest at such rates and maturity (without opinion of prior payments) at such dates that the proceeds thereof and the interest therein will provide sufficient moneys, shall be held in separate accounts by a bank or other financial institution with trust powers or by the Trustee or Paying Agents in trust for the owners of the Bonds to be redeemed to be Outstanding under the provisions of this Resolution and shall cease to be entitled to any benefit or security under this Resolution other than to receive payment of the Redemption Price from such moneys.

Section 4.6. Partial Redemption of Bonds.

Upon surrender of any Bond redeemed in part only, the Board shall execute and the Bond Registrar shall authenticate and deliver to the owner thereof, at the expense of the Board, a new Bond or Bonds of the same Series and maturity and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.7. Redemption of Bonds Held by the Bond Bank.

The Supplemental Resolution authorizing the issuance of any Series of Bonds may provide, if Bonds held by the Bond Bank are to be redeemed prior to maturity other than through scheduled sinking fund installments whether from moneys in the Special Redemption Fund, from the proceeds of insurance pursuant to Section 7.5 hereof or from any other source and the Bond Bank has its own bonds outstanding which are not at the time callable, the proceeds of which were used by the Bond Bank to purchase the Bonds, for payments to the Bond Bank in amounts in excess of the redemption price of the Bonds so as to ensure that sufficient moneys will be available to the Bond Bank to pay principal of its bonds when due.

ARTICLE V
PLEDGE OF NET REVENUES; SPECIAL FUNDS AND ACCOUNTS

Section 5.1. Pledge of Net Revenues.

The Net Revenues are hereby pledged to secure the payment of the principal or redemption price of the Bonds and the performance of the undertakings of the City in the Resolution. All moneys held in the Accounts and Funds established hereunder shall be held in trust by the Trustee for the benefit of the owners of the Bonds until applied as provided herein. The Bonds are equally and ratably secured by the pledge, and the undertakings of the City in the Resolution are for the equal and proportionate benefit of the owners, except as otherwise expressly provided in the Resolution.

Section 5.2. Revenue Fund.

There is hereby established a special trust fund of the City to be held and administered by the City and to be known as the "Wastewater System Revenue Fund." On and after the issuance of the initial Series of Bonds the City shall pay all of the Revenues into the Revenue Fund as promptly as practicable after receipt (other than the Revenues expressly required or permitted by the Resolution to be credited to or deposited in any other account or fund). All moneys in the Revenue Fund shall be held in trust and applied only as provided in this Resolution.

The moneys in the Revenue Fund shall be applied in the following order of priority:

First, to the payment of the Operating Expenses of the Wastewater System;

Second, to payment of the amounts required to be paid from the Revenue Fund into the Debt Service Fund, Debt Service Reserve Fund, if any, and Special Redemption Fund;

Third, if any Bonds outstanding are then held by the Bond Bank to the payment of any other amounts and fees due and owing to the Bond Bank;

Fourth, to payment of the amounts (if any) required to be paid from the Revenue Fund in the Contingency Reserve Fund;

Fifth, for the purpose of making such extraordinary repairs and improvements as are necessary to the operation of the Wastewater System in accordance with Prudent Utility Practice; for the payment of obligations (other than Bonds) issued by the City for the purposes of its Wastewater System; and for payments and to the City of or in lieu of taxes on the Wastewater System; the priority of payments within this clause to be in such order as is consistent with the rights of the persons entitled thereto;

Sixth, for any other lawful purpose of the Wastewater System.

Before applying moneys in the Revenue Fund as provided in any of the foregoing paragraphs, the City may reserve sufficient moneys, together with reasonably expected Revenues, to meet the Operating Expenses of the Wastewater System for a period of up to 60 days.

Section 5.3. Debt Service Fund.

There is hereby established a special fund of the City to be known as the "Wastewater System Revenue Bond Debt Service Fund." The moneys in the Debt Service Fund shall be held by the Trustee in trust and applied as hereinafter provided and, pending such application, shall be subject to a lien and charge in favor of the owners of the Bonds issued and Outstanding under this Resolution until paid out or transferred as herein provided.

A. The Trustee shall create a separate account in the Debt Service Fund to be known as the "Interest Account", which shall be used to pay the interest on the Bonds. Not later than the twenty-fifth day of the sixth calendar month before the date upon which an installment of interest on the Bonds of a Series falls due, and on or before the twenty-fifth day of each calendar month thereafter until the installment falls due, the City shall pay from the Revenue Fund into the Interest Account an amount equal to one-sixth of the installment of interest coming due. The City shall also transfer from the Revenue Fund to the Interest Account any amount required to pay interest on overdue principal.

B. The Trustee shall create a separate account in the Debt Service Fund to be known as the "Principal Account", which shall be used to pay the principal of Serial Bonds. Not later than the twenty-fifth day of each month the City shall transfer from the Revenue Fund to the Principal Account an amount equal to the principal amount of the Bonds of such Series payable on the next succeeding principal payment date (less any amounts previously paid or provided to pay the principal amount of such Serial Bonds) divided by the number of months intervening between the first day of the month in which such calculation is made and the next succeeding principal payment date. The City shall also transfer from the Revenue Fund to the Principal Account any amount required to pay principal of Serial Bonds which has been accelerated pursuant to Section 8.2.

C. The Trustee shall create a separate account in the Debt Service Fund to be known as the "Sinking Fund Account" which shall be used to pay the principal or sinking fund installments on Term Bonds. Not later than the twenty-fifth day of each month the City shall transfer from the Revenue Fund to the Sinking Fund Account an amount which for each Series

shall be equal to the principal amount of the Term Bonds of each Series then Outstanding required to be retired in satisfaction of the sinking fund installment, if any, on the next succeeding principal payment date (less, unless otherwise provided herein, any amounts previously paid or provided to pay the principal amount of such Term Bonds) divided by the number of months intervening between the first day of the month in which such calculation is made and the next succeeding principal payment date. The City shall also transfer from the Revenue Fund to the Sinking Fund Account any amount required to pay principal of Term Bonds which has been accelerated pursuant to Section 8.2. The Trustee shall call Term Bonds for redemption on the sinking fund installment date to the extent of the sinking fund installments coming due.

The City may apply moneys on deposit in the Sinking Fund Account for a sinking fund installment on Term Bonds of a particular Series and maturity to the purchase of the Term Bonds of such Series and maturity, at a price not exceeding the applicable sinking fund redemption price, at least sixty (60) days before the sinking fund installment date, and these purchase shall be credited against the sinking fund installment at the applicable sinking fund redemption price.

The City may also increase Term Bonds then subject to sinking fund redemption with other available funds at any price and credit term against a sinking fund installment applicable to them at the applicable sinking fund redemption price by delivering them to the Trustee for cancellation at least sixty (60) days before the sinking fund installment date.

Section 5.4. Debt Service Reserve Fund.

There is hereby established a special reserve fund of the City to be held in trust and administered by the Trustee and to be known as the "Wastewater System Revenue Bond Debt Service Reserve Fund." The purpose of the Debt Service Reserve Fund is to provide a reserve for the payment of the principal or redemption price on any Series of Bonds as may be deemed appropriate at the time of issuance of such Series of Bonds.

The Supplemental Resolution providing for the issuance of a Series of Bonds may provide for the establishment of a separate account to be maintained in the Debt Service Reserve Fund. If the Supplemental Resolution provides for the establishment of such an account, it shall also provide for the manner in which it shall be funded, which may be from proceeds of the sale of the Series of Bonds, a Credit Facility, an equity contribution or any other method as set forth in the Supplemental Resolution. It shall provide for the replenishment of any deficiencies in such account, the valuation of such account, the application of any investment earnings in such account and any other particular of such account as the City deems appropriate. Amounts in any account in the Debt Service Reserve Fund shall be used only for the benefit of the holders of the Series of Bonds which were issued pursuant to the Supplemental Resolution establishing such account and not for the benefit of the holders of any other Series of Bonds.

In lieu of the deposit of moneys in the Debt Service Reserve Fund, or in substitution of moneys previously deposited therein, the City at any time may cause to be credited to the Debt Service Reserve Fund, from a Qualified Financial Institution, a Credit Facility for the benefit of the Owners of the Bonds equal to the difference between the Debt Service Reserve Fund

Requirement and all other amounts then on deposit (or, in the case of substitution of moneys previously on deposit therein, the amount remaining on deposit) in the Debt Service Reserve Fund. Any funds in the Debt Service Reserve Fund that are subsequently replaced by a Credit Facility shall be transferred by the Trustee to the Contingency Reserve Fund, the Special Redemption Fund or the Construction Fund, as the City shall direct; provided that the City may direct the Trustee to transfer such funds to any other Fund or Account under this Resolution or otherwise upon advice from bond counsel to the effect that such transfer will not adversely affect the tax-exempt nature of the interest on any series of Bonds Outstanding. The Credit Facility shall be payable (upon the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the Debt Service Reserve Fund and applied to the payment of the principal of or interest on any Bonds of such Series and such withdrawals cannot be made by amounts credited to the Debt Service Reserve Fund. Any Credit Facility shall be provided by a Qualified Financial Institution. If a disbursement is made pursuant to a Credit Facility provided pursuant to this paragraph the City shall be obligated either (i) to reinstate the maximum limits of such Credit Facility or (ii) to deposit funds into the Debt Service Reserve Fund in accordance with this Section 5.4, or a combination of such alternatives, as shall provide that the amount credited to the Debt Service Reserve Fund equals the Debt Service Reserve Fund Requirement." In the event that the City elects to substitute a Credit Facility for moneys deposited in the Debt Service Reserve Fund, the City shall give notice of such substitution to all rating agencies then rating the Bonds.

ANY CREDIT FACILITY DEPOSITED IN THE DEBT SERVICE RESERVE FUND WITH RESPECT TO AN OUTSTANDING SERIES OF BONDS AND THAT RELATED SERIES OF BONDS SHALL BE DISREGARDED IN DETERMINING THE DEBT SERVICE RESERVE FUND REQUIREMENT FOR OTHER BONDS OUTSTANDING UNDER THE RESOLUTION.

Section 5.5. Contingency Reserve Fund.

There is hereby established a special reserve fund of the City to be held in trust and administered by the Trustee and to be known as the "Wastewater System Revenue Bond Contingency Reserve Fund." Any Supplemental Resolution providing for the issuance of a Series of Bonds may provide for a deposit from the proceeds of the Bonds into the Contingency Reserve Fund in an amount to be specified in such Supplemental Resolution.

Unless otherwise specified in a Supplemental Resolution for the initial deposits into and funding of the Contingency Reserve Fund, on or before the twenty-fifth day of each month the City shall pay from the Revenue Fund to the Contingency Reserve Fund an amount equal to the lesser of (i) one-twelfth of the Contingency Reserve Fund Requirement or (ii) the amount necessary so that the balance in the fund is not less than the Contingency Reserve Fund Requirement.

The City, upon submission of a requisition to the Trustee, may direct the Trustee to transfer moneys from the Contingency Reserve Fund to the City to pay for Operating Expenses or to the payment of extraordinary expenses of the Wastewater System, or to the costs of repairs to the Wastewater System or to decommissioning or termination of facilities. In addition, if there is a deficiency in the Interest Account, Principal Account or Sinking Fund Account, after

first taking account of any transfer from the Debt Service Reserve Fund, the Trustee shall make up the deficiency by transfer from the Contingency Reserve Fund.

If the amount in the Contingency Reserve Fund is greater than the Contingency Reserve Fund Requirement on the last day of any Fiscal Year, the excess shall be dealt with in the manner provided for earnings from investment of the Contingency Reserve Fund.

Section 5.6. Construction Fund.

There is hereby established a special trust fund of the City to be held and administered by the Trustee ant to be known as the "Wastewater System Revenue Bond Construction Fund." Moneys in the Construction Fund shall be applied to the payment of the Project Costs of the respective Projects for which the Bonds are issued. Before any payment is made for this purpose from the Construction Fund, the City shall file with the Trustee a written order, signed by an Authorized Officer identifying the Project and (i) the name and address of the person to whom the payment is due, (ii) the item or items to be paid, (iii) the amount to be paid for each item, (iv) that the items to be paid have been incurred by the City (or is an amount required to be paid by the City under a joint ownership agreement as a deposit or as its share of the costs to be paid for a period pursuant to periodic estimates), that each item is a proper item for payment from the Construction Fund and that the amount to be paid has not already been paid from any fund or account maintained by a Trustee under the Resolution, and (v) if payment is to be made to the City, that the City has advanced payment for the item from other funds.

Section 5.7. Working Capital.

Where Bond proceeds are to be used to provide working capital, they may be transferred from the Construction Fund to the Revenue Fund upon receipt by the Trustee of a certificate of the Consulting Engineer that they are not needed for other Project Costs and a certificate of the City, executed on its behalf by an Authorized Officer, that they are needed for expenditure within six months to pay costs payable from the Revenue Fund and attributable to the Project and not otherwise provided by Bond proceeds.

Section 5.8. Project Completion.

As soon as practicable after the Date of Commercial Operation of a Project financed by Bonds, the Consulting Engineer shall file a certificate with the Trustee and the Bond Bank stating that the Project has been completed, giving its Date of Commercial Operation, and setting forth any remaining Project Costs of the Project (including contingencies and disputed items) to be paid from the Construction Fund. Any balance of moneys for the Project in Construction Fund not needed to pay the remaining Project Costs shall be deposited in the account for such Series, if any, in the Debt Service Reserve Fund to the extent necessary to cause the amount on deposit therein to equal the Debt Service Reserve Fund requirement, if any, for such Series of Bonds, and the balance shall be transferred to the Contingency Reserve Fund or to the Special Redemption Fund or retained in the Construction Fund for the purpose of paying Project Costs of other Projects, as the City shall determine.

As soon as practicable after final payment of the Project Costs of a Project financed by Bonds, the Consulting Engineer shall file a certificate with the Trustee and the Council Bank stating that no Project Costs of the Project remain to be paid from the Construction Fund and any balance of moneys for the Project then in the Construction Fund shall be transferred or retained in the foregoing order of priority.

Section 5.9. Special Redemption Fund.

There is hereby established a special trust fund of the City to be held and administered by the Trustee and to be known as the "Wastewater System Revenue Bond Special Redemption Fund". Moneys in the Special Redemption Fund shall be applied by the Trustee as soon as practicable to the purchase or redemption of Bonds. The purchase price shall not exceed the earliest available redemption price.

Except as otherwise provided in the Supplemental Resolution providing for the issuance of a Series of Bonds for a Project, moneys in the Special Redemption Fund borrowed for or attributable to the Project shall be used to purchase or redeem Bonds of that Series (to the extent issued for that Project), and, if more than one Series of Bonds has been issued for the Project, the Trustee shall select the Series to be redeemed as directed by the City (or in its own discretion if no direction is received).

Moneys in the Special Redemption Fund not borrowed for a Project or attributable to a Project financed by Bonds shall be used to purchase or redeem Bonds of such one or more Series as may be directed by the City (or selected by the Trustee in its own discretion if no direction is received).

Nothing in this Section shall be deemed to authorize redemption of any Series of Bonds otherwise than in accordance with their terms.

Section 5.10. Investment of Funds.

(A) Moneys in the Revenue Fund not needed for immediate disbursement may be invested by the City as permitted by law.

(B) Other moneys held by the City or by the Trustee which are not needed for immediate disbursement shall, to the extent practicable and reasonable, be invested in Investment Securities by the City, or by the Trustee as directed by the City (or in the discretion of the Trustee if no direction is received from the City), as the case may be, subject to the following:

(1) Moneys in the Debt Service Fund shall be invested in Investment Securities maturing or subject to redemption at the option of the City on or prior to the dates when the moneys will be required for expenditure.

(2) Moneys in the Debt Service Reserve Fund, if any, shall be invested in Investment Securities maturing or subject to redemption at the option of the owner within ten years from the date of investment.

(3) Moneys in the Contingency Reserve Fund shall be invested in Investment Securities maturing or subject to redemption at the option of the owner within five years from the date of investment.

(4) Moneys in the Construction Fund shall be invested in Investment Securities maturing or subject to redemption at the option of the owner on or prior to the dates when the moneys are expected to be required for expenditure. Any investment made by the Trustee shall be made with due regard to the latest estimates with respect to the amounts needed from time to time to pay Project Costs from the Constitution Fund.

(5) Moneys in the Special Redemption Fund shall be invested in Investment Securities maturing or subject to redemption at the option of the owner on or before the dates when the moneys are expected to be required for expenditure.

(6) Moneys in several funds or accounts may be invested in undivided interests in the same Investment Securities if they are otherwise eligible for each of the several funds or accounts. Investment Securities may be transferred in kind at fair market value when deposits or transfers are required if they are eligible for the transferee or depository fund or account.

(7) In the event that invested moneys in a fund or account are required for expenditure or transfer, Investment Securities shall be sold or redeemed to the extent necessary. Investment Securities may be sold by one fund or account to another if eligible for investment by the latter.

(C) Except as otherwise provided below, all income from the investment of any fund or account established under the Resolution (including net profit from the sale of any investment) shall be deposited in the Revenue Fund. Income from investment of the Special Redemption Fund shall accrue to it except that any income not needed to pay or redeem Bonds shall be subject to the provisions of the preceding sentence. For the period until the Date of Commercial Operation of a Project financed by Bonds (or until the Project is discontinued pursuant to Section 7.13), income accruing from investment of the proceeds of Bonds issued to finance or refinance the Project which have been deposited in the Interest Account, the Construction Fund, the account in the Debt Service Reserve Fund for such series of Bonds, and the Contingency Reserve Fund, including income on the income, shall when received, be deposited in the Construction Fund, or, if so directed by the City, in the Interest Account, or as otherwise provided by the Supplemental Resolution under which the Bonds are issued for the Project. Any loss from investment of a fund or account shall be charged to the fund or account, but unless otherwise made up, shall be set off against income from investment of the funds or account which would otherwise be deposited in another fund or account. In addition, any loss from investment of the Debt Service Fund, the Debt Service Reserve Fund, the Contingency Reserve Fund, and the Construction Fund (in that order) shall, unless otherwise made up, be made up by the transfer of income from investment of any fund or account other than the Revenue Fund.

(D) Investments shall be valued at the lower of market or cost (plus amortized discount of minus amortized premium but excluding accrued interest to the date of purchase) plus accrued interest to the date as of which they are valued.

ARTICLE VI
TRUSTEE AND PAYING AGENTS

Section 6.1. Qualifications and Appointment of Trustee; Resignation or Removal.

The Trustee shall be a trust company or bank having the powers of trust companies within or outside of the State of Vermont. The Trustee shall have a combined capital and surplus of not less than Twenty Million Dollars.

The initial Trustee shall be appointed by the City by Supplemental Resolution.

The Trustee may resign upon not less than (60) days notice given in writing to the City and published in accordance with Section 13.6.

If a Trustee ceases to be eligible, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property is appointed, or a public officer takes the control of the Trustee or of its property or affairs, (a) the City may remove the Trustee by written notice to the Trustee and the Bondowner or (b) any Bondowner, on behalf of himself and all others similarly situated, may petition a court of competent jurisdiction for the removal of the Trustee. The court may thereupon remove the Trustee after such notice, if any, as it may deem proper or as may be required by law.

A Trustee may also be removed at any time by the written direction of the owners of a majority in principal amount of the outstanding Bonds.

In the event of the resignation or removal of a Trustee or a vacancy from any other cause, a successor may be appointed by written direction of the owners of not less than a majority in principal amount of the outstanding Bonds. The City may appoint a successor to fill the vacancy until a new Trustee is appointed by the Bondowners and shall do so if the vacancy occurs before a successor has been appointed by the Bondowners.

If no successor is appointed within fifty (50) days after publication of a notice of resignation, the remaining Trustee, or any Bondowner on behalf of himself and all others similarly situated, may petition a court of competent jurisdiction for the appointment of a successor Trustee. The court may thereupon appoint a successor Trustee after such notice, if any, as it may deem proper or as may be required by law.

A successor Trustee shall execute and deliver to its predecessor and to the City a written instrument accepting appointment and thereupon the successor Trustee shall become fully vested with all the rights, powers, duties and obligations of its predecessor in trust without any further act or conveyance; but the predecessor shall from time to time execute, deliver, record and file such instruments as the successor may reasonably require to confirm or perfect succession.

Upon acceptance of appointment the successor Trustee shall publish notice of the succession in accordance with Section 13.6.

Any corporation into which a Trustee may be merged or with which it may be consolidated, or any corporation resulting from a merger or consolidation to which a Trustee is a party, or any corporation to which a Trustee may sell or transfer all or substantially all of its corporate trust business, shall be a successor Trustee under the Resolution without further action under this Section.

Notwithstanding anything to the contrary in this Section, an entity shall not become successor Trustee pursuant to this Section unless it meets the qualifications of the first paragraph of this Section.

Section 6.2. Responsibility of Trustee; Reliance on Certificates and Opinions.

Prior to an Event of Default of which a Trustee has actual knowledge, and after the curing or waiving of all Events of Default actually known to the Trustee, the Trustee shall not be liable except for the performance of the duties specifically set out in the Resolution. In case of an Event of Default of which the Trustee has actual knowledge, the Trustee shall use the same degree of care and skill in the exercise of the rights and powers vested in it by the Resolution as a prudent man would use in the conduct of his own affairs.

A Trustee shall not be liable for an error of judgment made in good faith by a responsible officer or officers unless the Trustee was negligent in ascertaining the pertinent facts; or for any action taken or omitted to be taken by it in good faith, in accordance with the direction of the owners of not less than a majority in principal amount of the outstanding bonds, relating to the time, method and place of pursuing any remedy or exercising any trust or power under the Resolution. A Trustee shall be protected when acting in good faith upon advice of counsel, who may be counsel to the City.

Section 6.3. Evidencing of Compliance with Conditions Precedent.

When any action by a trustee is called for by the Resolution, the Trustee may conclusively rely upon certificates or opinions conforming to the requirements of the Resolution with respect to satisfying any conditions precedent for the action to be taken or it may defer action pending receipt of such additional evidence (if any) as the Trustee may require for the purpose.

Section 6.4. Statements of Funds and Accounts.

Not more than ninety (90) days after the close of each Fiscal Year, each Trustee shall furnish to the City and to any Bondowner filing with the Trustee a written request for the same, a statement (a) the receipts and disbursements of moneys by the Trustee during the Fiscal Year under the Resolution, (b) the amount held by the Trustee at the end of the Fiscal Year in each fund or account under the Resolution, (c) the investments held by the Trustee in each fund or account as of the end of the Fiscal Year, (d) the principal amount of Bonds purchased by the

Trustee during the Fiscal Year from moneys in any fund or account under the Resolution and the purchase prices of the bonds, (e) the principal amount of Bonds redeemed by the Trustee during the Fiscal Year from each fund or account and the redemption prices, and (f) any other information which the City may reasonably request.

Section 6.5. Access to Bondowner List.

At reasonable times and under reasonable regulations established by the Trustee, the Bond Register may be inspected and copied by the City or by the owners (or a designated representative thereof) of ten per cent (10%) or more in principal amount of the outstanding Bonds, the ownership of the Bonds and the authority of a designated representative to be evidenced to the satisfaction of the Trustee.

Section 6.6. Trustee May File Proofs of Claims.

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have claims of the Trustee and of the Bondowners allowed in judicial proceedings relative to the City, its creditors or its properties.

Section 6.7. Trustee Not Responsible for Acts of the City; No Representations by Trustee.

The Trustee shall not be responsible or have any liability for any act of the City. The Trustee shall not be responsible for the correctness of any recitals or representations in the Resolution or in the bonds, all of which are made solely by the City. The Trustee makes no representation as to, or has any responsibility for, the validity of the Resolution or of the bonds.

Section 6.8. Trustee and Paying Agents May Deal in Bonds and Other Indebtedness of the City.

The Trustee and its directors, officers, employees and agents, and each Paying Agent and its directors, officers, employees and agents, may buy, sell, hold and deal in any of the Bonds, may join in any action which any Bondowner may be entitled or take, and may enter into other commercial or financial relationships with the City, as if the Trustee or Paying Agent were not a Trustee or Paying Agent.

Section 6.9. Fees and Expenses of Trustee and Paying Agents.

The Trustee shall be entitled to reasonable fees and reimbursement by the City for all expenses reasonably incurred by it in the performance of its duties and powers under the Resolution including reasonable attorney's fees. The Trustee shall have a lien for these fees and reimbursement on the moneys pledged to secure the Bonds and held by it under the Resolution, prior to the lien of the Bondowners. Each Paying Agent shall also be entitled to reasonable fees and to reimbursement by the City for all expenses reasonably incurred by it in the performance of its duties.

ARTICLE VII
COVENANTS TO SECURE BONDS

Section 7.1. Rate Covenant.

(A) The City shall establish and collect rates and charges for wastewater collection and disposal and all other commodities and services supplied by the Wastewater System adequate at all times, with other available funds, to provide for the proper operation and maintenance of the Wastewater System and for the timely payment of the principal of all bonds, notes or other evidences of indebtedness payable from the Revenues and all other required payments in connection with the Wastewater System.

(B) Without limiting the generality of the foregoing, the City shall establish and collect rates and charges sufficient so that in each Fiscal Year its Net Revenues will be at least equal to the sum of one hundred twenty-five per cent (125%) of Debt Service.

(C) Promptly upon any material change in the circumstances which were contemplated at the time such rates and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, the City shall review the rates and charges for its services and shall promptly revise such rates and charges as necessary to comply with the foregoing requirements.

The City further covenants that, if at any time the Net Revenues shall not be sufficient to provide such amounts, it will revise the rates and charges for the services and facilities furnished by the Wastewater System and, if necessary, it will revise its regulations in relation to the collection of bills for such services and facilities, so that the rates and charges collected in the current and each subsequent twelve-month period will result in Net Revenues sufficient to provide such amounts.

The City covenants that if, in any twelve-month period, the Net Revenues shall not have been sufficient to provide the amounts set forth in paragraph (B) of this Section, it will, before the 1st day of the third month following the determination of such insufficiency, request the Consulting Engineers to make their recommendations as to a revision of the rates and charges for the use of the services and facilities furnished by the Wastewater System.

In the event that the City shall fail to adjust the schedule of rates and charges in accordance with the provisions of this Section, the Trustee, the owners of not less than ten per centum (10%) in principal amount of all Bonds then outstanding may institute and prosecute in a court of competent jurisdiction an appropriate suit, action or proceeding to compel the City to adjust such schedule in accordance with the requirements of this Section, and the City covenants that it will adopt and charge rates and charges in compliance with any judgment, order to decree entered in any such suit, action or proceeding.

Section 7.2. Annual Budget.

At least thirty (30) days before the beginning of each Fiscal Year, the City shall file a preliminary annual operating budget with the Trustee. At least one (1) day before the beginning

of each Fiscal Year, the City shall adopt and file with the Trustee and the Bond Bank the annual operating budget for the Fiscal Year then in progress. The budget shall show projected Operating Expenses, Debt Service and other payments from the Revenue Fund and the Revenues to be available to pay the same. The City shall not incur aggregate Operating Expenses in any Fiscal Year in excess of the aggregate amount shown in the annual budget as amended and supplemented except in case of emergency and shall promptly file a written report of any such excess expenditure with the Trustee. The Trustee shall have no duty with respect to matters filed pursuant to this Section except to send copies to Bondowners upon request.

Section 7.3. Consulting Engineer.

The City shall retain one or more independent consulting engineers or engineering firms or corporations, having a national reputation for knowledge and experience in analyzing the operations of Wastewater utility systems, to perform the duties of the Consulting Engineer under the Resolution. The duties of the Consulting Engineer may be performed solely by one or cumulatively by several persons or firms qualifying as Consulting Engineer. One person or firm serving as Consulting Engineer may rely on a certificate or opinion of another person or firm serving as Consulting Engineer.

In addition to the requirements of Section 7.1 hereof, at least once in each three Fiscal Years, beginning in the first Fiscal Year following the issuance of the Series 2014 Bonds, the Consulting Engineer shall make an examination of and report on the properties and operations of the Wastewater System, including recommendations as to (i) changes in operation and maintenance, (ii) improvements necessary or desirable to maintain or improve the operating condition of the Wastewater System and (iii) changes in rates and charges needed to meet the requirements of Section 7.1. The report shall state whether there has come to the attention of the Consulting Engineer in the course of its examination any default by the City with respect to the Resolution or the Bonds, and if so, the nature of the default. A copy of the report shall be filed promptly with the City, Trustee and sent to any Bondowner filing a written request with the Trustee.

On the filing of the report, the City shall undertake a review of the business of the Wastewater System and shall promptly take such action as it finds necessary to cure any default mentioned in the report.

Section 7.4. Operation, Maintenance and Improvement of the Wastewater System.

The City shall operate and maintain the Wastewater System and make improvements to the same in accordance with Prudent Utility Practice.

Section 7.5. Insurance.

The City shall carry insurance, to the extent reasonably available, with a responsible insurance company or companies selected by the City to assume the risk thereof, covering the portion of the Wastewater System as are customarily insured, and against loss (including loss of

revenues) or damage from such causes as are customarily insured against, by companies engaged in similar business.

All such policies shall be for the benefit of the City and the Trustee as their interests may appear. The proceeds of any and all such insurance received by the City shall be deposited with the Trustee and shall be subject to the lien and pledge of this Resolution in favor of the owners of the Bonds. No policy naming the Trustee as an insured shall be cancelled without thirty (30) days' notice to the Trustee.

The City covenants that, except as hereinafter provided in this Section 7.5, immediately after any loss or damage to any portion of the Wastewater System resulting from any cause, whether or not such loss or damage shall be covered by insurance, it will proceed with, and diligently prosecute, the repairing, replacing or reconstructing (either in accordance with the original or a different design) of the damaged or destroyed property or it shall acquire Improvements, unless it shall determine that the repair, replacement or reconstruction of such property is not essential to the efficient operation of the Wastewater System; provided however, that should the amount of such loss or damage exceed one percent (1%) of the book value as reported in the most recent audited financial statements of the Wastewater System, the City shall receive an opinion of the Consulting Engineers that such repair, replacement or reconstruction or acquisition of such Improvements is not essential to the efficient operating of the Wastewater System or to the City's ability to meet the rate covenant contained in Section 7.1 hereof.

Except as hereinafter provided the proceeds of all insurance referred to in this Section shall be available for and shall, to the extent necessary, be applied to the repair, replacement or reconstruction of the damaged or destroyed property or the acquisition of new Improvements, and shall be paid out and invested in the manner hereinabove provided for payments and investments held for the credit of the Construction Fund. If such proceeds are more than sufficient for such purpose, the balance remaining shall be devoted to the credit of the Contingency Reserve Fund. If such proceeds shall be insufficient for such purpose, the deficiency may be supplied out of any moneys in the Contingency Reserve Fund.

If the amount of insurance proceeds exceeds five percent (5%) of the Wastewater System, the City, after depositing to the credit of the Contingency Reserve Fund such amounts as are necessary to make up any deficiencies therein, may at its option elect to apply all or a portion of any insurance proceeds to the purchase or redemption of Bonds Outstanding in whole at any time, or in part on any interest payment date, in such amounts and of such maturities as directed by the City and by lot within a maturity; provided, however, that if less than all of the Bonds shall be redeemed, the City shall first receive and file with the Trustee an opinion from the Consulting Engineers that the repair, replacement or reconstruction of the lost or damaged property is not essential to the efficient operation of the Wastewater System and that the Net Revenues for each of the five Fiscal Years following such redemption will be sufficient to meet the rate covenant contained in Section 7.1 hereof. In the event the City elects to redeem bonds, it shall deposit such insurance proceeds in accordance with Section 5.9. The amount paid at the purchase or redemption of any Bond pursuant to this Section shall not exceed the redemption price of such Bond. The purchase or redemption of the Bonds of any Series with insurance proceeds shall reduce the sinking fund requirements, if any, for such Series on a pro rata basis.

All insurance policies shall be open to the inspection of the Bondowners and their representatives at all reasonable times.

Notwithstanding the foregoing provisions of this Section, the City may institute and maintain self-insurance programs with regard to such risks as shall be consistent with the recommendations of a qualified and recognized insurance consultant.

Within sixty days after the close of each Fiscal Year, the City shall file with the Trustee a certificate describing the insurance then in effect. The Trustee shall have no duty with respect to the certificate except to send copies to Bondowners upon request.

Section 7.6. Not to Encumber or Dispose of the Revenues or Properties of the Wastewater System.

The City shall not sell, mortgage, lease or otherwise dispose of or encumber the Revenues or any properties of the Wastewater System, except that:

(A) The City may sell, lease, or otherwise dispose of any portion of the properties of the Wastewater System which in the reasonable judgment of the City has become unserviceable, obsolete or worn out, or no longer necessary in the operation of the Wastewater System or which is to be or have been replaced by other property. Proceeds of a sale, lease or other disposition pursuant to this paragraph shall be paid into the Revenue Fund if the balance in any year is not in excess of $250,000 or one per cent of the principal amount of the outstanding Bonds, whichever is greater. If the proceeds in any year exceeds that sum, it shall be deposited, as the City shall determine, in the Contingency Reserve Fund, the Construction Fund (for the purpose of paying Project Costs or Projects designated by the City) or the Special Redemption Fund; provided, however, that if the moneys are not deposited in the Special Redemption Fund, the City shall obtain a certificate of a Consulting Engineer that the disposition is in statements required by Section 2.3 (A) (2) (d) as if the date of sale, lease or other disposition were a date of issuance of Bonds.

(B) The City may sell, lease, or otherwise dispose of any portion of the properties of the Wastewater System upon filing with the Trustee a certificate of the Consulting Engineer stating that the sale, lease or other disposition is in accordance with Prudent Utility Practice and containing the statements required by Section 2.3 (A) (2) (d) as if the date of the sale, lease or other disposition were a date of issuance of Bonds. Proceeds of a sale, lease or other disposition pursuant to this paragraph shall be paid into the Revenue Fund if it is not in excess of $250,000 or one per cent of the principal amount of the outstanding Bonds, whichever is greater. If the proceeds exceed that sum, they shall be deposited, as the City shall determine, in the Contingency Reserve Fund, the Construction Fund (for the purpose of paying Project Costs of Projects designated by the City) or the Special Redemption Fund.

(C) If any portion of the properties of the Wastewater System is taken by eminent domain, or if a jointly-owned facility is terminated or permanently shut down as provided in the applicable ownership agreement, except as otherwise provided in the ownership agreement, any

moneys received by the City as a result shall be paid into the Revenue Fund if they are not in excess of $250,000 or one per cent of the principal amount of the Outstanding Bonds, whichever is greater. If the moneys exceed that sum, they shall be deposited, as the City shall determine, in the Contingency Reserve Fund, the Construction Funds (for purpose of paying Project Costs of Projects designated by the City) or the Special Redemption Fund; provided, however, that if the moneys are not deposited in the Special Redemption Fund, the City shall obtain a certificate of a Consulting Engineer containing the statements required by Section 2.3 (A) (2) (d) as if that date of taking or shut down were a date of issuance of Bonds.

(D) The City may make such transfers of interests in any jointly-owned Project as may be required by an applicable ownership agreement and, except as otherwise provided in the ownership agreement, any moneys received by the City as a result shall be applied as provided in the immediately preceding paragraph.

(E) The City may apply the Revenues as provided in this Resolution, may encumber the Revenues for the benefit of the Bondowners to the extent and in the manner provided in this Resolution and my otherwise encumber the Revenues to the extent and in the manner provided in Section 2.5.

(F) The City may encumber the Properties of the Wastewater System in connection with bond secured by a subordinate pledge of Net Revenues as set forth in Section 2.5.

Section 7.7. Books of Account; Annual Audit.

The City shall keep proper books and accounts relating to the Wastewater System. Within one hundred fifty (150) days after the end of each Fiscal Year, the City shall file with the Trustee and the Bond Bank an annual financial statement, certified by an independent certified or registered public accountant or an independent firm of certified or registered public accountants. In addition to other matters required by law or sound accounting or auditing practice, the financial statement shall cover the transactions in the funds and accounts held by the City and the Trustee under this Resolution. The report of the auditor shall state whether there has come to the attention of the auditor in the course of its examination any default by the City with respect to the Resolution or the Bonds and, if so, the nature of the default. A copy of the audited financial statement shall be sent to any Bondowner filing a written request with the Trustee.

Section 7.8. Payment of Taxes and Other Claims.

The City shall make timely payments of all taxes, assessments and other governmental charges lawfully imposed upon the properties constituting the Wastewater System or upon the Revenues, as well as all lawful claims for labor, materials and supplies which, if not paid, might become a lien or charge upon any part of the Wastewater System, or upon any of the Revenues; but the failure to do so will not be considered a violation of the Section so long as the City is in good faith contesting the validity of the tax, assessment, charge or claim and so long as the City deposits a bond or establishes an escrow sufficient to insure that the Wastewater System, or any part thereof, will not be lost for such nonpayment of taxes or other claims.

Section 7.9. To Maintain Franchises and Other Rights.

The City shall not allow franchises or permits to lapse so long as the same are necessary for the operation of the Wastewater System.

Section 7.10. Employees' Fidelity Bonds.

The City shall require employees or agents of the City collecting or handling money in connection with the operation of the properties of the Wastewater System to obtain fidelity bonds with responsible surety companies as surety in accordance with Prudent Utility Practice.

Section 7.11. Not to Furnish Free Service.

The City shall not provide wastewater collection and treatment and related services or other commodities or services from the Wastewater System free of charge to any person, firm or corporation, public or private. The City may, however, provide services or reduced rates to itself in lieu of taxes. The City shall duly enforce the payment of delinquent accounts by filing suits, actions or proceedings or by exercising other remedies, to the extent permitted by law.

Section 7.12. To Carry Out Projects.

The City shall proceed with due diligence to carry out and complete the Projects financed by the issuance of Bonds or, in the case of Bonds issued under Section 2.3 (C), to complete the work financed by the Bonds. Notwithstanding the foregoing, the City may discontinue a Project (or work financed under Section 2.3 (C)) by written notice to the Trustee with a certificate of the Consulting Engineer stating that, by reason of change of circumstance not reasonably expected at the time of issuance of the Bonds, completion of the Project (or work) is no longer consistent with Prudent Utility Practice or, in the case of a jointly-owned Project, the Project may be discontinued as provided in the applicable ownership agreement. The moneys for the Project in the Construction Fund not needed to pay Project Costs of the Project (as determined by a certificate of the Consulting Engineer) shall be deposited, as the City shall determine, in the Contingency Reserve Fund, the Construction Fund (for the purpose of paying Project Costs or Projects designated by the City) or the Special Redemption Fund; provided, however, that of the moneys are not deposited in the Special Redemption Fund, the City shall obtain an Opinion of Bond Counsel that such application will not adversely affect the tax status of any outstanding Bonds.

ARTICLE VIII
DEFAULTS AND REMEDIES

Section 8.1. Events of Default.

There shall be an "Event of Default" if any of the following occurs:

(1) If there is a default in the payment of the principal of or redemption of premium, if any, on any of the Bonds when due, whether at maturity or by proceedings for redemption or otherwise.

(2) If the City defaults in any payment to be made into the Debt Service Fund or Debt Service Reserve Fund and the default continues for ten (10) days.

(3) If the City sells, mortgages, leases, or otherwise disposes of or encumbers the Revenues or any properties of the Wastewater System in violation of this Resolution, or makes an agreement to do so or allows any of its franchises or permits necessary for the operation of the Wastewater System to lapse.

(4) If the City defaults in the performance of any other covenant or agreement contained in the Resolution and the default continues for sixty (60) days after written notice to the City by the Trustee or the Bond or to the City, the Trustee and the Bond Bank by the owners of not less than twenty-five per cent (25%) in principal amount of the outstanding Bonds.

(5) If an order, judgment or decree is entered by a court of competent jurisdiction (a) appointing a receiver, trustee, or liquidator for the City or the whole or any substantial part of the Wastewater System, (b) granting relief in involuntary proceedings with respect to the City under the federal Bankruptcy Code, or (c) assuming custody or control of the City or of the whole or any substantial part of the Wastewater System under the provision of any law for the relief of debtors, and the order, judgment or decree is not set aside or stayed within sixty (60) days from the date of the entry of the order, judgment or decree.

(6) If the City (a) admits in writing its inability to pay its debts generally as they become due, (b) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a receiver of the whole or any substantial part of the Wastewater System, or (e) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the City or of the whole or any substantial part of the Wastewater System.

Section 8.2. Acceleration of Maturities.

If an Event of Default occurs and has not been cured, either the Trustee (by notice in writing to the City) or the owners of not less than twenty-five per cent (25%) in principal amount of the outstanding Bonds (by notice in writing to the City, the Trustee, and the Bond Bank) may declare the principal of all outstanding Bonds and the accrued interest to be due and payable immediately.

Upon the curing of all outstanding Events of Default (other than the payment of principal or interest coming due by reason of the acceleration), unless a final judgment has been obtained for any principal or interest coming due by reason of acceleration, the owners of a majority in principal amount of the outstanding Bonds, by written notice to the City and to the Trustee, may annul the acceleration, or, if the Trustee has acted without a direction from the Bondowners, and,

if there has not been delivered to the Trustee a written direction to the contrary by the owners of a majority in principal amount of the outstanding Bonds, the acceleration shall be deemed annulled.

Section 8.3. Inspection of Books and Records.

If an Event of Default happens and has not been remedied, the books of record and account of the City relating to the Wastewater System shall at all times be subject to the inspection and use of the Trustee, the Bond Bank, the owners of at least five per cent (5%) in principal amount of the outstanding Bonds and their agents and attorneys.

Section 8.4. Payment of Funds to Trustee; Application of Funds.

If an Event of Default happens and has not been remedied, the City upon demand of the Trustee shall pay over and transfer to the Trustee (i) all funds and investments then held by the City in the funds and accounts held by it under this Resolution and (ii) as promptly as practicable all other or subsequent Revenues. After a transfer of a fund or account under this paragraph, the Trustee shall administer the fund or account until all Events of Default have been cured.

If at any time the available funds are insufficient for the payment of the principal or redemption price and interest then due on the Bonds, the following funds and accounts (other than funds held in trust for the payment or redemption of particular Bonds) shall be used in the order named:

Interest Account
Principal Account
Sinking Fund Account
Debt Service Reserve Fund
Contingency Reserve Fund
Construction Fund
Special Redemption Fund

and the City shall promptly restore from the Revenue Fund pursuant to paragraph Second of Section 5.2 any amount taken for this purpose from any fund or account other than the Interest Account, Principal Account or Sinking Fund Account. The moneys shall be applied in the following order of priority:

First, to the payment of all unpaid interest then due (including any interest on overdue principal and, to the extent permitted by law, interest on overdue interest at the same rate) in the order in which the same became due, and, if the amount available is sufficient to pay the unpaid interest which became due on any date in part but not in full, then to the payment of that interest ratably.

Second, to the payment ratably or the unpaid principal or redemption price then due.

Whenever moneys are to be so applied, they shall be applied by the Trustee at such times as it shall determine, having due regard to the amount available and the likelihood of additional moneys becoming available. The Trustee shall give such notice of the date as it may deem appropriate and shall not be required to make payment to the owner of any unpaid Bond unless the Bond is presented for appropriate endorsement.

Interest on overdue principal (to the extent permitted by law) shall accrue and be payable daily but, for the purpose of applying the order of priority prescribed by this Section, it shall be treated as if it became due on the regular payment dates.

Section 8.5. Suits at Law or in Equity.

(A) As provided in the Act, any owner or owners of the Bonds and the Trustee shall have the right in addition to all other rights:

(1) By mandamus or other suit, action or proceedings in any court of competent jurisdiction, to enforce their rights against the City, the Council and any other proper officer, agent or employee of any of them, including the right to require the City, the Council, and any proper officer, agent or employee of any of them, to fix and collect rates and charges adequate to carry out any agreement made in the Resolution as to rates and charges, or to carry out the pledge of Revenues made by the Resolution, and to require the City, Council, and any officer, agent or employee of any of them to carry out any other covenants or agreements made in the Resolution or in the Bonds and to perform their duties under the Act.

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of the owner or owners of the Bonds.

(B) As authorized by the Act, the City confers upon the owners of not less than twenty-five per cent (25%) of the principal amount of the outstanding Bonds and the Trustee the right in case of an Event of Default:

(1) By suit, action or proceedings in any court of competent jurisdiction to obtain the appointment of a receiver of the whole or any part or parts of the Wastewater System. If a receiver is appointed, he may enter and take possession of the same, operate and maintain it, and collect and receive all Revenues arising from it in the same manner as the City itself might do and shall deposit the Revenues in a separate account or accounts and apply the same in accordance with the obligations of the City.

(2) By suit, action or proceeding in any court of competent jurisdiction to require the City to account as if it were the trustee of an express trust.

(C) All rights of action under the Resolution may be enforced by the Trustee without the possession of any of the Bonds and without producing them at the trial of other proceedings.

(D) The owners of not less than a majority in principal amount of the outstanding Bonds may direct the time, method, and place of conducting any remedial proceeding available to the

Trustee, provided that the Trustee is provided with adequate security and indemnity and shall have the right to decline to follow the direction (i) if the Trustee is advised by counsel that the action or proceeding may not lawfully be taken or (ii) if the Trustee determines in good faith that the action or proceeding would involve the Trustee in personal liability or that the action or proceeding would be unjustly prejudicial to the owners of Bonds not parties to the direction.

Section 8.6. Remedies Not Exclusive.

No remedy conferred by the Resolution upon the Trustee or the owners of the Bonds is intended to be exclusive of any other remedy, but each shall be in addition to every other remedy given under the Resolution or provided at law or in equity or by statute.

Section 8.7. Waivers of Default.

No delay or omission of the Trustee or of any owner of Bonds to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or be construed to be a waiver of the Event of Default.

The owners of not less than fifty per cent (50%) in principal amount of the outstanding Bonds may, on behalf of the owners of all of the Bonds, waive any past default under the Resolution and its consequences, except a default in the payment of the principal or redemption price of and interest on any of the Bonds. No such waiver shall extend to any subsequent or other default.

Section 8.8. Notice of Events of Defaults.

Within sixty (60) days after the occurrence of an Event of Default becomes known to the Trustee, the Trustee shall mail notice of the Event of Default to the Bond Bank and the Bondowner, in the manner provided in Section 13.3, unless the Event of Default has been cured before the giving of the notice; provided that the Trustee shall give the notice as promptly as the interests of the Bondowners appear to require and shall be protected in withholding notice if the board of directors, the executive committee, or a trust committee of the Trustee determines in good faith that the withholding of the notice is in the interests of the Bondowners.

ARTICLE IX
AMENDING AND SUPPLEMENTING THE RESOLUTION

Section 9.1. Without Consent of Bondowners.

The City may from time to time, with the written concurrence of the Trustee but without the consent of any Bondowner, adopt Supplemental Resolutions, (i) to provide for the issuance of additional Bonds pursuant to Article II; (ii) to make changes in the Resolution which may be required to permit the Resolution to be qualified under the Trust Indenture Act of 1939 as amended; (iii) to make provisions relating to the Contingency Reserve Fund as permitted by the Resolution; and (iv) for any one or more of the following purposes:

(1) To cure or correct any ambiguity, defect or inconsistency in the Resolution;

(2) To add additional covenants and agreements of the City for the purpose of further securing the payment of the Bonds;

(3) To limit or surrender any right, power or privilege reserved to or conferred upon the City by the Resolution;

(4) To confirm any lien or pledge created or intended to be created by the Resolution;

(5) To confer upon the owners of the Bonds additional rights or remedies or to confer upon the Trustee for the benefit of the owner of the Bonds additional rights, duties, remedies or powers; and

(6) To modify the Resolution in any other respects; provided that the modification shall not be effective until after the outstanding Bonds cease to be outstanding or until the Bondowners consent pursuant to Section 9.2.

The provisions of Section 9.2 relating to notice of Supplemental Resolutions do not apply to a Supplemental Resolution adopted under this Section except as expressly made applicable by the foregoing clause 6.

Section 9.2. With Consent of Bondowners.

With the written concurrence of the Trustee and the Bond Bank, and the consent of the owners of not less than sixty-six and two-thirds per cent (66-2/3%) in principal amount of the outstanding Bonds, the City may from time to time adopt Supplemental Resolutions for the purpose of making other changes in the Resolution; provided, however, that, without the consent of the owner of each Bond which would be affected, no Supplemental Resolution shall (1) change the maturity date for the payment of the principal of any Bond or the terms of the redemption of the Bond, or reduce the principal amount of any Bond or the redemption price, (2) reduce the percentage of consents required under this proviso for a Supplemental Resolution, or (3) give to any Bond any preference over any other Bond; and provided further that, without consent of the owners of not less than sixty-six and two-thirds per cent (66-2/3%) in principal amount of the outstanding Term Bonds of each Series and maturity which would be affected, no Supplemental Resolution shall (a) change the amount of any sinking fund installments for the retirement of Term Bonds or the due dates of the installments or the terms for the purchase or redemption of Bonds from the installments, or (b) reduce the percentage of consents required under this proviso for a Supplemental Resolution.

It shall not be necessary that the consents of the owners of the Bonds approve the particular wording of the proposed Supplemental Resolution if the consents approve the substance. After the owners of the required percentage of Bonds have filed their consents with the Trustee, the Trustee shall mail notice to the Bondowners in the manner provided in Section 13.3. No action or proceeding to invalidate the Supplemental Resolution or any of the

proceedings for its adoption shall be instituted or maintained unless it is commenced within sixty (60) days after the mailing of the notice.

Section 9.3. Notation upon Bonds; New Bonds Issued Upon Amendments.

Bonds delivered after the effective date of a Supplemental Resolution may bear a notation as to the Supplemental Resolution, by endorsement or otherwise. In that case, upon demand of the owner of any outstanding Bond and the presentation of his Bond to the Trustee or to another Paying Agent, or at such additional office, if any, as the City may select for the purpose, a suitable notation shall be made on the Bond. If the City so determines, new Bonds modified to conform to the amendments made by the Supplemental Resolution shall be prepared and executed. Upon demand of the owner of any Outstanding Bond, the new Bond shall be exchanged, without cost to the owner, for the outstanding Bond at the corporate trust office of the Trustee.

Section 9.4. Effective Date of Supplemental Resolution.

Upon the adoption of a Supplemental Resolution pursuant to this Article, and the delivery to the Trustee of an Opinion of Counsel that the Supplemental Resolution has been duly adopted and is permitted by the Resolution, or upon such later date as may be specified in the Supplemental Resolution, the Supplemental Resolution shall take effect and shall be a part of the Resolution.

Section 9.5. Supplemental Resolution Affecting Trustee and Paying Agents.

No Supplemental Resolution reducing the rights or enlarging the duties and obligations of the Trustee or any Paying Agent shall take effect without the written consent of the affected Trustee or Paying Agent.

ARTICLE X
EXECUTION OF INSTRUMENTS BY BONDHOLDERS; OWNERSHIP OF BONDS; EXCLUSION OF BONDS OWNED BY THE CITY

Section 10.1. Execution of Instruments by Bondowners and Proof of Same.

Any action which may be taken under the Resolution by one or more Bondowners may be taken or authorized by an instrument or instruments signed by the owners in person or by agents duly appointed by written instrument. Proof of the signing of an instrument (including an instrument appointing an agent), and of the holding of Bonds, shall be sufficient if made in the following manner:

(a) The fact and date of the signing may be proved by the certificate of a notary public or other officer empowered by law to take acknowledgement of deeds (in the state where acknowledgement occurs), to the effect that the person signing the instrument acknowledged to him its execution, or may be proved by an affidavit of a witness to the signing.

(b) The ownership of bonds shall be proved by the books of registry.

Nothing contained in this Section shall be construed as limiting the City or the Trustee, in their separate discretion to the proof specified above. The City and the Trustee in their separate discretion may accept other evidence which to them may seem sufficient.

Any action by the Bondowner under the Resolution shall bind the owner taking the action and every future owner of the same Bond, whether or not the future owner has knowledge of the action; provided that any action by the Bondowner under the Resolution may be revoked by the owner taking the action or by a subsequent owner of the same Bond by a written instrument filed with the City and the Trustee prior to the time when the required percentage of the Bondowners have concurred in the action.

Section 10.2. Exclusion of Bonds Held by City and of Bonds No Longer Deemed Outstanding.

In determining whether the owners of the requisite principal amount of Bonds have concurred in any action under the Resolution, any Bonds which are owned by or for the City and, except for the purpose of Section 11.1, any Bonds which are deemed no longer Outstanding pursuant to Section 11.1, shall be disregarded, but the Trustee shall be protected in relying on the action as to Bonds owned by or for the City unless the Trustee knows them to be so owned.

ARTICLE XI
DEFEASANCE; MONEYS HELD FOR PAYMENT OF PARTICULAR BONDS

Section 11.1. Discharge of Pledge; Bonds No Longer Deemed Outstanding.

The obligations of the City under the Resolution and the pledge, covenants and agreements of the City made in the Resolution shall be discharged and satisfied as to any Bond, and the Bond shall no longer be deemed to be Outstanding under the Resolution:

(i) when the Bond has been cancelled or surrendered for cancellation, or has been purchased by the Trustee for moneys held by it under the Resolution (other than under Section 2.6); or

(ii) when payment of the principal or the redemption price of the Bond, whether at maturity or upon redemption or otherwise, or to the date set for payment under Section 8.4 in the case of an overdue Bond, either (a) has been made or (b) has been provided for by irrevocably setting aside with the Trustee for the purpose of (1) moneys sufficient to pay the principal or redemption price or (2) Government Obligations maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to pay the principal or redemption price when due, and when all proper fees and expenses of the Trustee and Paying Agents pertaining to the Bond have been paid or provided for to the satisfaction of the Trustee and Paying Agents.

When a Bond is deemed to be no longer Outstanding under the Resolution pursuant to either clause (i) or clause (ii) of this Section, it shall no longer be secured by the Resolution except for the purpose of payment from the moneys or Government Obligations set aside for its payment pursuant to clause (ii) (b).

Notwithstanding the foregoing, in the case of Bonds which are to be redeemed prior to their stated maturities, no deposit under clause (b) of subparagraph (ii) shall operate as a discharge and satisfaction until the Bonds have been irrevocably called or designated for redemption and proper notice of the redemption have been given or provisions satisfactory to the Trustee have been irrevocably made for giving notice.

Any moneys deposited with the Trustee as provided in this Section may be invested and reinvested in Government Obligations maturing in the amounts and times as required and any income from the investment not required for the payment of the principal or redemption price on the Bonds shall be paid to the City and credited to the Revenue Fund.

In the event that the Resolution is defeased with respect to Bonds pursuant to the Section, the Trustee shall mail notice of the defeasance.

Notwithstanding any provision of any other Section of the Resolution, all moneys or Government Obligations set aside pursuant to this Section for the payment of the principal or redemption price of Bonds shall be held in trust and used solely for the payment of the particular Bonds with respect to which the moneys or Investment Securities have been set aside.

Notwithstanding Article IX, if moneys or Government Obligations have been set aside with the Trustee pursuant to this Section for the payment of Bonds, and the Bonds are deemed to be no longer Outstanding under the Resolution, but the Bonds have not in fact been paid, no amendment of this Article shall be made without the consent of the owner of each Bond affected by the amendment.

The City may at any time surrender to the Trustee for cancellation Bonds which the City has acquired for the sinking fund or otherwise and the Bonds shall thereupon be deemed paid and no longer Outstanding.

Section 11.2. Bonds Not Presented for Payment When Due.

If a Bond is not presented for payment when the principal becomes due, and if sufficient funds are held by the Trustee or a Paying Agent for the purpose, liability of the City for the payment shall cease, and the Trustee or Paying Agent shall hold the funds without liability to the owner of the Bond for earnings on the funds, in trust for the benefit of the owner of the Bond. The owner shall thereafter be restricted exclusively to the funds so held for any claim for the payment. Any funds held by the Trustee or any Paying Agent remaining unclaimed for six years after the payment became due shall be paid to the City, and the owner of the Bonds shall thereafter be entitled to look only to the City for payment. Before making a payment to the City under this Section, the Trustee or Paying Agents may publish a notice pursuant to Section 13.6

listing the Bonds not presented and stating that the funds remain unclaimed, and that after a specified date any balance then remaining will be returned to the City.

ARTICLE XII
FORM OF BONDS

Section 12.1. Form of Bonds.

The form of the Bonds shall be set forth in the Supplemental Resolution.

ARTICLE XIII
MISCELLANEOUS

Section 13.1. Benefits of Resolution Limited to the City, Trustees, and Bondowners.

Nothing in the Resolution or the Bonds is intended to confer upon any person other than the City, the Trustee, the Paying Agents, and the owners of the Bonds any legal or equitable right, remedy, or claim.

Section 13.2. Resolution Binding Upon Succession or Assigns of the City.

The Resolution shall be binding upon the successors and assigns of the City, and shall inure to the benefit of the Trustee, their successors in trust, and the owners of the Bonds.

Section 13.3. Notices to Bondowners.

Except as is otherwise provided in the Resolution, a provision in the Resolution for the mailing of a notice to owners of the Bonds shall be complied with by mailing (a) to each registered owner at their address appearing on the Bond Register.

Section 13.4. Notices to City and Trustee.

Wherever provision is made in the Resolution for a notice, direction, or request to the City or the Trustee, the same shall be complied with by a letter or instrument in writing (i) delivered at or (ii) mailed by registered mail, return receipt requested, to:

(a) in the case of the City, the office of the Chief Administrative Officer with a copy to the principal office of its Public Works Department, attention of the Director (re: Revenue Bonds); and

(b) in the case of a Trustee, the corporate trust office of the Trustee, attention of Corporate Trust Officer (re: City of Burlington, Vermont, Wastewater System Revenue Bonds) or in either case, at such other office or addressed in such other manner as the part to whom the notice is given has designated by written notice to the other parties mentioned in this Section.

Section 13.5. Waiver of Notice.

Notice under the Resolution may be waived by the person entitled to receive it.

Section 13.6. Publication of Notice.

Except as otherwise provided in the Resolution, any provision in the Resolution for giving notice by publication shall be complied with by publication in a daily newspaper of general circulation in the City of Boston, Massachusetts or Burlington, Vermont, and in a daily newspaper of general circulation or a financial journal of substantial circulation in the City of New York, New York, or in either case, if the required publication cannot be accomplished by reason of suspension of publication or otherwise, in a substitute newspaper approved by the Trustee, or, if there is a vacancy in the office of Trustee, by the City.

Section 13.7. Reference to Bond Bank.

If at any time none of the Bonds issued pursuant to the terms of this Resolution are owned by the Bond Bank, then all references to the Bond Bank contained herein shall be deemed deleted and any covenants relating to the Bond Bank shall be of no force or consequence.

Section 13.8. Partial Invalidity.

If any provision of the Resolution is held invalid in any circumstance, that invalidity shall not affect any other provisions or circumstances.

Section 13.9. Law and Peace Enforcement of the Resolution.

The Resolution shall be construed and governed in accordance with the laws of the State of Vermont, and all suits and actions arising out of the Resolution shall be instituted in a court of competent jurisdiction in the State of Vermont.

Lori Olberg

From: vinewright <vinewright@burlingtontelecom.net>
Sent: Friday, December 06, 2013 4:11 PM
To: Lori Olberg
Subject: amendment per Councilor Decelles

Lori,

Could you please forward to the full Council that Councilor Decelles will have an amendment for The Dec.9'th meeting on redistricting that will change the length of the Councilor's term back to two years, from the three years the committee proposed. Details will be provided by Monday in regard to the staggering of terms etc. If anyone wants to co-sponsor this amendment Councilor Decelles would welcome that.
Thanks,
Kurt