

AUTHORIZATION FOR REVENUE SUPPORTED  
GENERAL OBLIGATION BONDS FOR  
BURLINGTON ELECTRIC DEPARTMENT

In the year Two Thousand Nine.....

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

That WHEREAS, Section 63 of the Burlington City Charter authorizes the City Council, upon authorization from the voters of the City, to pledge the credit of the City for the purposes of providing capital improvements; and

WHEREAS, the Board of Electric Commissioners of the City of Burlington (“BED”) requested the issuance of bonds or notes in order to finance capital improvements to the electric plant, including capital improvements to reduce emissions at the Joseph C. McNeil Generating Station (“McNeil”), investment in Vermont Transco, LLC, capital upgrades and improvements to BED’s distribution and sub-transmission system and substations, including the East Avenue Loop Project, the underground placement of electric lines in or around the City’s waterfront, and investment in renewable energy projects (collectively, the “Project”); and

WHEREAS, the City Council previously determined to finance the costs of the Project by the issuance of revenue bonds or notes in one or more series but in an aggregate principal amount not to exceed \$39,600,000 pursuant to the City Charter, subject to receipt of the majority vote of the voters of the City; and

WHEREAS, at the annual meeting of the City held March 4, 2008, the voters of the City, by majority vote, approved the issuance of revenue bonds or notes in an aggregate principal amount not to exceed \$39,600,000, pursuant to the City Charter, for the Project; and

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WHEREAS, since the date of the voter approval, there have been drastic changes in the financial and municipal bond markets in general that adversely affect the interest rates and costs for revenue bonds and, under present conditions, would likely result in a significant increase in the costs of the Project; and

WHEREAS, the City Council has determined to finance the Project through the issuance of general obligation bonds, notes or other indebtedness, with the primary source of repayment intending to be revenues from the electric light department but with the backing of the City's full faith and credit and *ad valorem* taxing power for such general obligation bonds or notes; and

WHEREAS, at the annual City meeting held March 3, 2009, the voters of the City authorized the issuance of revenue supported general obligation bonds or notes in an amount not to exceed \$36,600,000 for the purpose of financing the Project and authorized the City Council to pledge the credit of the City for such purpose; and

WHEREAS, pursuant to such authorization, in April, 2009, the City issued general obligation bonds in an amount of \$21,000,000 for the purpose of financing the Project and now the City Council is to authorize the issuance of the balance of the bonds authorized by the voters in an amount not to exceed \$15,600,000 and to pledge the credit of the City for such bonds;

NOW, THEREFORE, BE IT RESOLVED that the City Council has determined that it is necessary to pledge the credit of the City for the issuance of bonds in an amount not to exceed \$15,600,000 (the "Bonds"), consisting of (1) General Obligation Public Improvement Bonds, Series 2009 (the "Tax Exempt Bonds"), and (2) Taxable General Obligation Public Improvement Bonds, Series 2009 (the "Taxable Bonds"), and authorizes the pledging of the City's credit for such Bonds, with the form of the evidence of indebtedness to be issued, the interest rates, and

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payment schedule, to be further determined by the Chief Administrative Officer which, in his determination, provides the lowest interest cost to the City. It is currently expected that the Tax Exempt Bonds will be issued in an amount of \$10,985,000 and the Taxable Bonds will be issued in an amount of \$4,615,000, with such final amount to be determined based upon the needs for the Project at the time of issuance, so long as the total principal amount of Bonds shall not exceed \$15,600,000. The form of the evidence of indebtedness to be issued, the terms and conditions thereof, including interest rate, maturity, payment schedule, and such other requirements as may be necessary, are to be determined by the City Chief Administrative Officer, subject to approval by the Board of Finance; and

The Bonds, when issued and delivered, shall be valid and binding general obligations of the City. The Bonds shall be payable primarily from revenues derived from electric service, but shall be backed by the full faith and credit of the City and *ad valorem* taxing power for such general obligation Bonds, as provided in the City Charter.

The Mayor and Chief Administrative Officer are, and each one of them is, hereby authorized and directed to prepare an Official Statement of the City as they deem necessary in the City's best interest. The Mayor and the Chief Administrative Officer are, and each one of them is, hereby authorized to execute and deliver a final Official Statement and to execute and deliver continuing disclosure certificates, certificates as to use of proceeds and all other documents and instruments necessary or convenient in connection with the issuance of the Bonds.