

**RESOLUTION OF THE CITY OF BURLINGTON CITY COUNCIL
APPROVING THE ISSUANCE AND SALE OF SUBORDINATE AIRPORT
IMPROVEMENT BOND ANTICIPATION NOTES, SERIES 2011**

In the Year Two Thousand and Eleven
Resolved by the City Council of the City of Burlington as follows:

WHEREAS, Section 64b(c) of the Burlington City Charter (the “Charter”) authorizes and empowers the City of Burlington (the “City”) to issue bonds for the purpose of financing the costs of any improvement to a revenue producing facility or the City of Burlington Airport (the “Airport”);

WHEREAS, at the Annual City Meeting of the City, held March 2, 2010, the voters approved the issuance of Revenue Bonds, in an amount not to exceed \$21,500,000, to finance certain capital improvements to the Airport, including the expansion of the parking structure; and

WHEREAS, pursuant to Section 64b(g) of the Charter, temporary notes may be issued in anticipation of bonds authorized under Section 64b of the Charter.

NOW THEREFORE, BE IT RESOLVED as follows:

1. Bond Anticipation Notes: The City Council hereby determines that subordinate airport improvement bond anticipation notes, Series 2011 (the “Notes”) shall be issued in an amount not to exceed Twelve Million Dollars (\$12,000,000) to provide for: (a) certain improvements at the Airport (collectively, the “2011 Projects”) consisting of (i) expansion of the parking facilities and (ii) payment, or reimbursement to the City, of the costs of the parking garage facilities; (b) funding a portion of the interest to come due on the Notes; and (c) paying a portion of the costs of issuance of the Notes.

2. Repayment: The Notes shall be payable from (a) proceeds to be derived from the issuance and sale of Airport Revenue Bonds to be issued under the Bond Resolution (as defined below), (b) the issuance of bond anticipation notes for renewal or refunding of the Notes, as described herein, and (c) a subordinate pledge and lien in revenues of the Airport, subordinate to the pledge under the Bond Resolution, and (d) the portion of the proceeds of the Notes held in a capitalized interest reserve fund as described herein. In no event shall the Notes be a general obligation of the City nor a charge against the City’s general credit or taxing power.

If, prior to the issuance of the Bonds, it becomes necessary to redeem outstanding Notes at their stated maturity, the City Council hereby determines and authorizes the issuance of additional bond anticipation notes to redeem the outstanding notes pursuant to Section 64b(g) of the Charter on such terms and at such interest rate as may be approved by the City’s Board of Finance.

3. Form of Notes; Sale of Notes: A form of the Note is attached hereto as Exhibit A and is hereby approved. The final terms and conditions of the Notes, including interest payment dates, final maturity, payment schedule, and such other requirements as may be necessary, are to be determined by City’s Chief Administrative Officer. The interest rate on the Notes shall not exceed 6.5% per annum and the maturity shall be not later than December 15, 2012. Upon and after the occurrence of any default in payment of principal or interest on the Notes, the Notes shall bear interest at 8.5% per annum. The Notes are to be issued and sold to certain Wells Fargo Advantage

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Funds (individually and collectively (“Purchaser”) advised by Wells Capital Management (“WellsCap”), and shall be issued in minimum denominations of \$100,000 and integral multiples thereof.

4. Events of Default: Each of the following events is hereby declared an Event of Default with respect to the Notes:

(a) If payment of any installment of interest on the Notes shall not be made when the same shall become due and payable and such failure shall continue beyond five (5) days;

(b) payment of the principal of the Notes shall not be made when the same shall become due and payable, whether at maturity or by call for redemption; and

(c) an Event of Default under and as defined in the Bond Resolution has occurred and been declared by the Trustee and such Event of Default has not been cured by the City or waived or annulled by the Trustee under the Bond Resolution within thirty (30) days of the date of such Event of Default.

5. Default Rate. Upon the happening and continuance of any Event of Default specified in Section 4 above, the interest rate on the Notes shall increase to eight and one-half percent (8.5%) per annum.

6. Enforcement of Remedies. Upon the happening and continuance of any Event of Default specified above, the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Notes then outstanding may proceed, subject to the priority of the Bond Resolution and the limitations contained herein with respect to the subordinate interest of the Notes and application of collateral pledged under such Bond Resolution, to protect and enforce its rights and the rights of the holders under the laws of the State of Vermont by such suits, actions or special proceedings in equity or at law (including by mandamus action), or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy.

7. Priority of General Bond Resolution: No holder of the Notes, or any portion thereof, shall: (i) take any action to challenge the perfection or priority of the prior lien and pledge of the Revenues under and as defined in the City’s General Bond Resolution Authorizing the Issuance of Airport Revenue Bonds Adopted May 6, 1997 (as amended, restated supplemented or otherwise modified, the “Bond Resolution”), (ii) challenge any application of the Revenues (as defined in the Bond Resolution) pursuant to the Bond Resolution, or (iii) foreclose on any collateral constituting security under the Bond Resolution unless the Trustee (as defined in the Bond Resolution) under the Bond Resolution has accelerated all amounts due under the Bond Resolution or has otherwise initiated legal proceedings to enforce the rights of the holders of the Airport Revenue Bonds.

8. Capitalized Interest Reserve Fund. A capitalized interest reserve fund shall be established with such bank, trust company or financial depository (the “Paying Agent”) as the City

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Chief Administrative Officer may designate, which capitalized interest reserve fund shall be pledged to payment of the Notes. Such account shall be funded with a portion of the proceeds of the Notes in an amount of \$390,000. Such capitalized interest reserve fund shall be used to pay interest on the Notes, principal of the Notes at maturity, or may be applied to the redemption of the Notes if called prior to their stated maturity. The Mayor and Chief Administrative Officer are, and each one of them is, hereby authorized and directed to execute and deliver a paying agency agreement with the Paying Agent for the Notes.

9. Redemption of Notes. The Notes shall be subject to optional redemption at the election of the City on any date on or after the first day of the twelfth month after the date of issuance thereof, at a redemption price of 100% of the principal amount thereof, together with accrued interest to the date of redemption.

10. Tax Exemption. The City shall not take any action, or fail to take any action, if any such action or failure to take action would cause the Notes to be “private activity bonds” within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”), and in furtherance thereof, shall not make any use of the proceeds of the Notes or any of the property financed or refinanced with proceeds of the Notes, or any portion thereof, that would cause the Notes to be “private activity bonds” within the meaning of Section 141 of the Code. So long as the Notes are outstanding, the City, with respect to such proceeds and property and such other funds, will comply with applicable requirements of the Code and shall establish reasonable procedures necessary to ensure continued compliance with Section 141 of the Code and the continued qualification of the Notes as “governmental bonds.”

The City shall not, directly or indirectly, use or permit the use of any proceeds of the Notes, or of any property financed or refinanced thereby, or take or omit to take any action, that would cause the Notes to be “arbitrage bonds” within the meaning of Section 148 of the Code, and shall comply with all requirements of Section 148 of the Code to the extent such requirements are, at the time, in effect and applicable to the Notes.

11. Additional Authorizations. The Mayor and Chief Administrative Officer are, and each one of them is, hereby authorized and directed to prepare a final investor memorandum of the City or other offering circular as they deem necessary and 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 investor memorandum, and a certificate as to use of proceeds and no arbitrage, and to execute and deliver all other documents and instruments necessary or convenient in connection with the issuance of the Notes and the reimbursement of the City for expenses incurred in connection with the 2011 Projects.

12. Additional Covenants. The City covenants and agrees with the holders of the Notes that it shall not issue any bonds under the Bond Resolution that would have a prior or parity lien or claim on Airport revenues senior to the Notes unless the Notes are paid in full or will be paid in full from the proceeds of such additional revenue bonds. Notwithstanding the foregoing, the City may (a) issue or refinance revenue anticipation notes in an amount not to exceed \$5,000,000 that

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may have a priority payment under the Bond Resolution ahead of the Notes; (b) issue one or more grant anticipation notes for Airport purposes payable from Federal Aviation Administration grants and in an aggregate amount not to exceed \$5,000,000; and (c) refinance, extend or renew the capital obligations that are outstanding on the date of issuance of the Notes and as identified in the City's financial statements for the fiscal year ending June 30, 2010. The City covenants and agrees that the sum of \$484,471 deposited as Other Available Funds in the Prepaid Revenue Account under the Bond Resolution will be maintained in such account through the maturity of the Notes if and to the extent such amount is necessary for the City to be in compliance with its debt service coverage covenants under the Bond Resolution or unless such monies are replaced with other funding in order for the City to maintain such debt service coverage compliance. If the City fails to comply with the covenants described above, any beneficial owner of the Notes then outstanding may take action to protect and enforce the rights of all beneficial owners with respect to such covenants, including an action for specific performance or for the enforcement of any proper legal or equitable remedy.

13. Book-Entry System; Transfer. The City Chief Administrative Officer is hereby authorized to take such actions as may be necessary from time to time to qualify the Notes for deposit with The Depository Trust Company of New York ("DTC"), including but not limited to, wire transfers of interest and principal payments with respect to the Notes, utilization of electronic book entry data received from DTC in place of actual delivery of Notes and provision of notices with respect to the Notes registered in the name of DTC (or its nominees) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. So long as any Note is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal, interest, and premium, if any, all deliveries to be made and all notices to be delivered with respect to such Notes shall be made and given, respectively, pursuant to DTC's rules and procedures. For purposes of declaration of any Event of Default and the direction of remedies, the holders shall mean the beneficial owners of the Notes as may be identified in the records of DTC as provide to the City.

The transfer of any Note may be registered only upon the books kept for the registration and registration of transfer of Notes upon surrender thereof to the Paying Agent for the Notes, 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 Paying Agent for the Notes. Upon any such registration of transfer the City shall execute and deliver in exchange for such Note a new registered Note or Notes, registered in the name of the transferee, but only if in authorized denominations of \$100,000 or integral multiples thereof, in the aggregate principal amount equal to the principal amount of such Note surrendered or exchanged. All Notes surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the City. No service charge shall be made for any registration, register the transfer of, or exchange of Notes, but the Paying Agent may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes. Neither the Paying Agent nor the City shall not be required (i) to issue, register the transfer or exchange Notes during a period beginning at the opening of business fifteen (15) days before the day of the maturity date or the mailing of a notice of redemption of Notes and ending at the close of business on the maturity date or the day of such mailing, as the case may be, or (ii) to register the transfer or exchange any Note so selected for redemption in whole or in part.

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14. Note Purchase Agreement. The Mayor and the Chief Administrative Officer are, and each one of them is, hereby authorized to execute and deliver a Note Purchase Agreement with the Purchaser of the Notes in substantially the form attached hereto as Exhibit A, with such changes as they deem necessary and in the City's best interests.

15. Reporting requirements. The City will provide WellsCap with (i) monthly revenue and expense reports with respect to the Airport Enterprise Fund; (ii) monthly operating data with respect to the Airport, including but not limited to passenger enplanements by airline; (iii) unaudited financial reports every quarter as to the financial performance of the Airport Enterprise Fund; and (iv) a certificate of the City as to its compliance with its obligations under the Bond Resolution and this Resolution, including a certificate of the City showing its calculations for the Additional Bonds Test set forth in the Bond Resolution; in each case, within thirty days of the close of each calendar quarter commencing with the calendar quarter ending September 30, 2011. The City will provide notice to WellsCap in a timely manner, not in excess of ten business days after the occurrence thereof, of any of the following events with respect to the Notes: (i) failure of the City to make timely payment of principal or interest on bonds outstanding under the Bond Resolution; (ii) adverse tax opinions, or the issuance by the Internal Revenue Service of any proposed or final determinations of taxability of the Notes; (iii) rating changes, if any, for the revenue bonds of the Airport; (iv) the bankruptcy, insolvency, receivership or similar event of the City; (v) receipt of any written notice from the Trustee of any event of default under the Bond Resolution; and (vi) any breach of any covenant under the Bond Resolution governing outstanding bonds issued under said Bond Resolution. If the City fails to comply with the covenants described above, any beneficial owner of the Notes then outstanding may take action to protect and enforce the rights of all beneficial owners with respect to such covenants, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not result in the acceleration of payment of the Notes or implementation of the default rate of interest.

BE IT FURTHER RESOLVED that the City Council determines that Airport Revenue Bonds shall be issued in an amount sufficient to fully redeem the Notes at maturity, such Airport Revenue Bonds to be issued subject to the terms and conditions of the Bond Resolution. The City shall use its good faith efforts to meet the additional bond tests as required under the Bond Resolution in order to pay the Notes at or prior to maturity and shall pursue the implementation of the recommendations in the Ricondo & Associates report regarding measures to be taken in order to meet the rate covenant in the Bond Resolution.

The form of the evidence of any future Airport Revenue Bonds 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 City's Chief Administrative Officer, upon prior approval of the City's Board of Finance.

BE IT FURTHER RESOLVED that the authority granted to the Chief Administrative Officer hereunder may be performed by the Assistant Chief Administrative Officer of the City upon designation by the Chief Administrative Officer.

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This Resolution shall take effect upon passage.

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**EXHIBIT A
FORM OF BOND ANTICIPATION NOTE**

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**EXHIBIT B
NOTE PURCHASE AGREEMENT**