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2 **Resolution Relating to**  
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**RESOLUTION** \_\_\_\_\_

Sponsor(s): ~~Finance Board~~  
\_\_\_\_\_

Introduced: \_\_\_\_\_

Referred to: \_\_\_\_\_  
\_\_\_\_\_

7 APPROVING THE ISSUANCE AND SALE OF AIRPORT  
8 IMPROVEMENT BOND ANTICIPATION NOTES, SERIES 2011

Action: \_\_\_\_\_

Date: \_\_\_\_\_

Signed by Mayor: \_\_\_\_\_

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13 **CITY OF BURLINGTON**

14 In the Year Two Thousand and Eleven .....  
15 Resolved by the City Council of the City of Burlington as follows:  
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17 WHEREAS, Section 64b(c) of the Burlington City Charter (the "Charter") authorizes and  
18 empowers the City of Burlington (the "City") to issue bonds for the purpose of financing the  
19 costs of any improvement to a revenue producing facility or the City of Burlington Airport (the  
20 "Airport");  
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22 WHEREAS, at the Annual City Meeting of the City, held March 2, 2010, the voters  
23 approved the issuance of Revenue Bonds, in an amount not to exceed \$21,500,000, to finance  
24 certain capital improvements to the Airport, including the expansion of the parking structure; and  
25

26 WHEREAS, pursuant to Section 64b(g) of the Charter, temporary notes may be issued in  
27 anticipation of bonds authorized under Section 64b of the Charter.  
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29 NOW THEREFORE, BE IT RESOLVED as follows:  
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31 1. Bond Anticipation Notes: The City Council hereby determines that airport  
32 improvement bond anticipation notes, Series 2011 (the "Notes") shall be issued in an amount not  
33 to exceed Twelve Million Dollars (\$12,000,000) to provide for: (a) certain improvements at the  
34 Airport (collectively, the "2011 Projects") consisting of (i) expansion of the parking facilities and  
35 (ii) payment, or reimbursement to the City, of the costs of the parking garage facilities; (b)  
36 funding a portion of the interest to come due on the Notes; and (c) paying the costs of issuance of  
37 the Notes.  
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39 2. Repayment: The Notes shall be payable from (a) proceeds to be derived from  
40 the issuance and sale of Airport Revenue Bonds to be issued under the Bond Resolution (as  
41 defined below), (b) the issuance of bond anticipation notes for renewal or refunding of the Notes,  
42 as described herein, and (c) a subordinate pledge and lien in revenues of the Airport, subordinate  
43 to the pledge under the Bond Resolution. In no event shall the Notes be a general obligation of  
44 the City nor a charge against the City's general credit or taxing power.  
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46 If, prior to the issuance of the Bonds, it becomes necessary to redeem outstanding Notes  
47 at their stated maturity, the City Council hereby determines and authorizes the issuance of  
48 additional bond anticipation notes to redeem the outstanding notes pursuant to Section 64b(g)  
49 of the Charter on such terms and at such interest rate as may be approved by the City's Board of  
50 Finance.  
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3. Form 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 Wells Capital Management ( the "Purchaser") for accounts managed by the Purchaser 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;

(c) an "Event of Default" shall have occurred and been declared by the Trustee under the General Bond Resolution, and such "Event of Default" shall not have been remedied or waived; or

(d) the City shall be in default of any covenant contained herein and such default shall not have been cured or remedied within thirty (30) days of the date the holders of the Notes provide notice to the City of such noncompliance or default.

5. Acceleration of Maturities. Upon the happening and continuance of any Event of Default specified in Section 4 above, the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Notes then outstanding may, by notice in writing to the City declare the principal of all Notes then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable; provided, however, that if at any time after the principal of Notes shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy, the City shall have provided funds sufficient to pay the principal of all matured Notes and all arrears of interest, if any, upon all Notes then outstanding, then and in every such case, the holders shall rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

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

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

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132 8. Capitalized Interest Account. A capitalized interest reserve account shall  
133 be established with such bank, trust company or financial depository (the "Paying Agent") as the  
134 City Chief Administrative Officer may designate, which capitalized interest account shall be  
135 pledged to payment of the Notes. Such account shall be funded with a portion of the proceeds of  
136 the Notes in an amount of \$390,000. Such capitalized interest reserve account shall be used to  
137 pay interest on the Notes, principal of the Notes at maturity, or may be applied to the redemption  
138 of the Notes if called prior to their stated maturity. The Mayor and Chief Administrative Officer  
139 are, and each one of them is, hereby authorized and directed to execute and deliver a paying  
140 agency agreement with the Paying Agent for the Notes.

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

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147 10. Tax Exemption. The City shall not take any action, or fail to take any action, if any  
148 such action or failure to take action would cause the Notes to be "private activity bonds" within  
149 the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"), and  
150 in furtherance thereof, shall not make any use of the proceeds of the Notes or any of the property  
151 financed or refinanced with proceeds of the Notes, or any portion thereof, that would cause the  
152 Notes to be "private activity bonds" within the meaning of Section 141 of the Code. So long as

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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 memo 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 memo, 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 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 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 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 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 unless such amount is not otherwise needed for purposes of the debt service coverage calculation under the Bond Resolution or is replaced by other legally available funds or other source of funds.

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13. Book-Entry System. 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.

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 the Purchaser 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; and (iii) unaudited financial reports every quarter as to the financial performance of the Airport Enterprise Fund and compliance with the Bond Resolution, including compliance with the Additional Bonds test. The City will provide notice to the Purchaser 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 proposed or final determinations of taxability of the Notes; (ii) rating changes, if any, for the revenue bonds of the Airport; (iii) bankruptcy, insolvency, receivership or similar event of the City; and (iv) receipt of any written notice from the Trustee of any event of default under the Bond Resolution.

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 commercially reasonable efforts to meet the additional bond tests as required under the Bond Resolution in order to pay the Notes at or prior to maturity.

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The form of the evidence of the 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.

This Resolution shall take effect upon passage.