

Resolution of the Board of Finance

**RESOLUTION RELATING TO
TEMPORARY LOANS IN ANTICIPATION
OF TAXES FOR THE FISCAL YEAR
BEGINNING JULY 1, 2011**

CITY OF BURLINGTON

In the year Two Thousand Eleven.....

Resolved by the Board of Finance of the City of Burlington, as follows:

That WHEREAS, Section 62 of the Charter of the City of Burlington (the “City”), authorizes the City Council (the “Council”) to pledge the credit of the City by temporary loans not exceeding, during any quarter of any fiscal year, twenty-five percent (25%) of the tax assessed upon the entire grand list, such loans to be repaid by the Chief Administrative Officer from and out of the receipts from the collection of the installment of property taxes or other taxes next falling due after the making of the loans;

WHEREAS, on June 27, 2011 the Council adopted a resolution approving: (i) the pledge of the credit of the City by temporary loans, in one or more series, during the Fiscal Year beginning July 1, 2011, in an aggregate amount not to exceed \$18,000,000 (the “Loan”), such Loan to be (i) negotiated by the Chief Administrative Officer at the lowest possible rate of interest, (ii) repayable from the collection of the installment of property taxes or other taxes next falling due after the making of the Loan, and (iii) represented by one or more series of notes, which Loan may be made available to the City on a revolving basis, with advances thereunder to be made as and when the City requests the same, subject to the aggregate dollar limit set forth above.

WHEREAS, there has been presented to the Board of Finance by KeyBank National Association (the “Bank”): (i) a Loan Agreement (the “Loan Agreement”); and (ii) a form of promissory note (together with the Loan Agreement, collectively, the “Loan Documents”).

NOW THEREFORE, BE IT RESOLVED, by the Board of Finance of the City, as follows:

The Board of Finance hereby approves the Loan Documents.

The City shall issue notes in one or more series, in an aggregate principal amount not to exceed \$18,000,000 (the “Notes”). The Notes shall be repayable from the collection of and the installation of property taxes or other taxes next falling due after the making of the Loan, shall be issued to the Bank and shall mature no later than June 30, 2012.

The Notes shall be payable from the collection of the installment of property taxes or other taxes next falling due after the making of the Loan.

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The Mayor and Chief Administrative Officer are, and each of them is, hereby authorized and empowered to execute and deliver: (i) the Notes on behalf of the City, in such form and with such terms as they deem necessary and in the City's best interest; (ii) the Loan Documents, with

such changes as they deem necessary and in the City's best interest, and such other documents and instruments as may be requested by the Bank in connection with the Loan; and (iii) all other documents and instruments necessary or convenient in connection with the Loan and the issuance of the Notes.

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

LOAN AGREEMENT

THIS AGREEMENT (as the same may be amended, restated or otherwise modified, the “**Agreement**”) is made as of August 30, 2011, between **THE CITY OF BURLINGTON, VERMONT**, a municipality of the State of Vermont (“**Borrower**”), and **KEYBANK NATIONAL ASSOCIATION**, a national banking association, with offices at 149 Bank Street, Burlington, Vermont 05401, and its successors and assigns (“**Lender**”).

In consideration of the covenants and agreements contained herein, the Borrower and the Lender hereby mutually agree as follows:

1. DEFINITIONS

1.1. General. Any accounting term used but not specifically defined herein shall be construed in accordance with GAAP (as defined below). The definition of each agreement, document, and instrument set forth in Section 1.2 hereof shall be deemed to mean and include such agreement, document, or instrument as amended, restated, or modified from time to time.

1.2. Defined Terms. As used in this Agreement:

“**Advance**” means each advance of funds made by Lender to Borrower in connection with the Line of Credit.

“**Affiliate**” of any specified entity means any other entity directly or indirectly controlling or controlled by or under direct or indirect common control with such specified entity and “control”, when used with respect to any specified entity, means the power to direct the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Business Day**” means a day of the year on which banks are not required or authorized to close in Cleveland, Ohio.

“**Code**” means the United States Internal Revenue Code of 1986, as amended, together with the rules and regulations promulgated thereunder.

“**Controlled Group**” means Borrower and each Person required to be aggregated with Borrower under Code Sections 414(b), (c), (m) or (o).

“**Environmental Law**” means any federal, state or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability upon a Person in connection with the use, release or disposal of any hazardous, toxic or dangerous substance, waste, or material.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated pursuant thereto.

“**ERISA Event**” means (a) the existence of a condition or event with respect to an ERISA Plan that presents a risk of the imposition of an excise tax or any other liability on the Borrower or of the imposition of a Lien on the assets of Borrower; (b) the engagement by a Controlled Group member in a non-exempt “prohibited transaction” (as defined under ERISA Section 406 or Code Section 4975) or a breach of a fiduciary duty under ERISA that could result in liability to Borrower; (c) the application by a Controlled Group member for a waiver from the minimum funding requirements of Code Section 412 or ERISA Section 302 or a Controlled Group member is required to provide security under Code Section 401(a)(29) or ERISA Section 307; (d) the occurrence of a Reportable Event with respect to any Pension Plan as to which notice is required to be provided to the PBGC; (e) the withdrawal by a Controlled Group member from a Multiemployer Plan in a “complete withdrawal” or a “partial withdrawal” (as such terms are defined in ERISA Sections 4203 and 4205, respectively); (f) the involvement of, or occurrence or existence of any event or condition that makes likely the involvement of, a Multiemployer Plan in any reorganization under ERISA Section 4241; (g) the failure of an ERISA Plan (and any related trust) that is intended to be qualified under Code Sections 401 and 501 to be so qualified or any “cash or deferred arrangement” under any

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such ERISA Plan to meet the requirements of Code Section 401(k); **(h)** the taking by the PBGC of any steps to terminate a Pension Plan or appoint a trustee to administer a Pension Plan, or the taking by a Controlled Group member of any steps to terminate a Pension Plan; **(i)** the failure by a Controlled Group member or an ERISA Plan to satisfy any requirements of law applicable to an ERISA Plan; **(j)** the commencement, existence, or threatening of the incurrence by a Controlled Group member of a claim, action, suit, audit, or investigation with respect to an ERISA Plan, other than a routine claim for benefits; or **(k)** any occurrence by or any expectation of the incurrence by a Controlled Group member of any liability for post-retirement benefits under any Welfare Plan, other than as required by ERISA Section 601, et. seq. or Code Section 4980B.

“ERISA Plan” means an “employee benefit plan” (within the meaning of ERISA Section 3(3)) that a Controlled Group member at any time sponsors, maintains, contributes to, has liability with respect to or has an obligation to contribute to such plan.

“ERISA Affiliate” means each Person (whether or not incorporated) which together with Borrower would be treated as a single employer under ERISA.

“Event of Default” means any one or more of the occurrences described in Section 7 hereof.

“GAAP” means generally accepted accounting principles as in effect, which shall include the official interpretations thereof by the Governmental Accounting Standards Board, consistently applied.

“Indebtedness” means, for any Person (excluding in all cases trade payables payable in the ordinary course of business by such Person), **(a)** all obligations to repay borrowed money, direct or indirect, incurred, assumed, or guaranteed, **(b)** all obligations for the deferred purchase price of capital assets, **(c)** all obligations under conditional sales or other title retention agreements, **(d)** all obligations (contingent or otherwise) under any letter of credit, banker’s acceptance, currency swap agreement, or interest rate agreement, **(e)** all synthetic leases, **(f)** all lease obligations that have been or should be capitalized on the books of such Person in accordance with GAAP, **(g)** all obligations of such Person with respect to asset securitization financing programs to the extent that there is recourse against such Person or such Person is liable (contingent or otherwise) under any such program, **(h)** all obligations to advance funds to, or to purchase assets, property or services from, any other Person in order to maintain the financial condition of such Person, and **(i)** any other transaction (including forward sale or purchase agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations or capital requirements.

“Lender Affiliate” means any one or more bank or non-bank subsidiaries (other than the Lender) of KeyCorp and its successors.

“Lien” means any mortgage, security interest, lien, charge, encumbrance on, pledge or deposit of, or conditional sale or other title retention agreement with respect to any property or asset.

“Line of Credit” means the line of credit made available to the Borrower by the Lender in accordance with Section 2 hereof.

“Loan Documents” means the collective reference to this Agreement and all other instruments, agreements, and documents entered into from time to time, evidencing or securing the Line of Credit or any obligation of payment thereof or performance of Borrower’s obligations in connection with the transactions contemplated hereunder, each as amended.

“Margin Stock” has the meaning given to it under Regulation U of the Board of Governors of the Federal Reserve System, as amended from time to time.

“Material Adverse Change” means any condition or event that Lender determines has or is reasonably likely to have a material adverse effect on **(a)** the business, operations, property or condition (financial or otherwise) or prospects of Borrower, **(b)** the business, operations, property, condition (financial or otherwise) or prospects of Borrower and its Subsidiaries, if any, taken as a whole, or **(c)** the validity or enforceability of this Agreement or any of the other Loan Documents or the rights and remedies of Lender hereunder or thereunder.

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“Maturity Date” means June 30, 2012.

“Multiemployer Plan” means a Pension Plan that is subject to the requirements of Subtitle E of Title IV of ERISA.

“Note” means the promissory note signed and delivered by the Borrower to evidence its Indebtedness to the Lender pursuant to Section 2 hereof.

“Obligation” or **“Obligations”** means, collectively, **(a)** all Indebtedness and other obligations incurred by Borrower to Lender pursuant to this Agreement and includes the principal of and interest on the Note; **(b)** each extension, renewal, or refinancing thereof in whole or in part; **(c)** the commitment and other fees, and any prepayment fees payable under this Agreement or any other Loan Document; **(d)** every other liability, now or hereafter owing to Lender or any Lender Affiliate by Borrower, and includes, without limitation, any interest rate agreement entered into by Borrower with Lender or any Lender Affiliate and every other liability, whether owing by only Borrower or by Borrower with one or more others in a several, joint, or joint and several capacity, whether owing absolutely or contingently, whether created by note, overdraft, guaranty of payment, or other contract or by quasi-contract, tort, statute, or other operation of law, whether incurred directly to Lender or any Lender Affiliate or acquired by Lender or any Lender Affiliate by purchase, pledge, or otherwise and whether participated to or from Lender or any Lender Affiliate in whole or in part; and **(e)** all Related Expenses.

“Organization” means a corporation, government or government subdivision or agency, business trust, estate, trust, partnership, association, two or more Persons having a joint or common interest, and any other legal or commercial entity.

“PBGC” means the Pension Benefit Guaranty Corporation, or its successor.

“Pension Plan” means an ERISA Plan that is a “pension plan” within the meaning of ERISA Section 3(2).

“Person” means an individual or an Organization.

“Plan” means any plan (other than a Multiemployer Plan) defined in ERISA in which the Borrower or any Subsidiary is, or has been at any time during the preceding two (2) years, an “employer” or a “substantial employer” as such terms are defined in ERISA.

“Potential Default” means any condition, action, or failure to act which, with the passage of time, service of notice, or both, will constitute an Event of Default under this Agreement.

“Quarters” or **“Quarterly”** means calendar quarters, being each of the four (4) calendar month periods ending March 31, June 30, September 30, and December 31 of each calendar year.

“Related Expenses” means any and all costs, liabilities, and expenses (including, without limitation, losses, damages, penalties, claims, actions, reasonable attorney’s fees, legal expenses, judgments, suits, and disbursements) reasonably incurred by, or imposed upon, or asserted against, Lender in any attempt by Lender:

(a) to obtain, preserve, perfect, or enforce any security interest evidenced by **(i)** this Agreement, or **(ii)** any other pledge agreement, mortgage, deed of trust, hypothecation agreement, guaranty, security agreement, assignment, or security instrument executed or given by Borrower to or in favor of Lender; or

(b) to obtain payment, performance, and observance of any and all of the Obligations;

all costs, liabilities, and expenses incidental or related to (a) or (b) above, including, without limitation, interest thereupon from the date incurred, imposed, or asserted until paid at the highest rate set forth in the Note, but in no event greater than the highest rate permitted by law.

“Reportable Event” means a reportable event as that term is defined in Title IV of ERISA, except actions of general applicability by the Secretary of Labor under Section 110 of such Act.

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“**Subsidiary**” means any Person of which more than fifty percent (50%) of the following is, at the time, owned or controlled, directly or indirectly, by Borrower or one or more other Subsidiaries: (i) the voting stock or units entitling the holders thereof to elect a majority of the board of directors, managers, or trustees thereof, or (ii) the interest in the capital or profits of such Person.

The foregoing definitions shall be applicable to the singulars and plurals of the foregoing defined terms.

2. CREDIT FACILITY

2.1. Revolving Tax Anticipation Line of Credit. The Lender hereby agrees to extend a Line of Credit to Borrower, subject to the terms and conditions of this Agreement and the Note, in the maximum principal amount of Eighteen Million Dollars (\$18,000,000.00). Without limiting the generality of the foregoing, the Line of Credit shall be subject to the following terms and conditions:

(a) The proceeds of the Line of Credit shall be used solely as short-term financing in anticipation of the collection of taxes assessed upon the entire grand list of the Borrower and other revenues of the Borrower for the fiscal year ending June 30, 2012. The Line of Credit constitutes a general obligation of the Borrower that is secured by the full faith and credit of the Borrower.

(b) Subject to fulfillment of all of the conditions and requirements set forth in this Agreement, the Lender will make Advances available to the Borrower in immediately available funds by crediting the amount thereof to the Borrower's account with the Lender or in such other manner as the Borrower and the Lender shall agree. In connection herewith, the Borrower shall maintain at least one commercial demand deposit account with the Lender (the “Loan Account”) into which the Advances will be made by credit. Notwithstanding the foregoing, the initial Advance made under the Line of Credit shall be paid directly to TD Bank to repay all amounts owed by Borrower in connection with _____ [describe TD Bank credit facility to be paid off]. The Borrower requests and authorizes the Lender to debit its Loan Account in an amount equal to the amount of the principal, interest, fees, charges and expenses due and payable under the terms of the Note on each date such amounts become due and payable. The Borrower shall maintain sufficient collected balances in its Loan Account to pay any such amounts as they become due.

(c) Advances shall be made with respect to the Line of Credit as follows: the Borrower shall give the Bank written notice in a form acceptable to the Lender (or telephonic notice confirmed by teletype on the same Business Day) of each request for an Advance under the Line of Credit (each referred to as a “Loan Request”) not later than 2:00p.m. (Burlington, Vermont time) on or before the Business Day on which the Borrower desires to receive the Advance. Each such notice shall specify the amount of the requested Advance and the proposed date on which the Advance will be paid. The following officers and employees of the Borrower (the “Authorized Persons”) are the only persons authorized to make a Loan Request: _____ and such other persons as the Borrower may specifically authorize in writing to the Lender from time to time.

(d) The principal amount outstanding at any one time under the Line of Credit, on an aggregate basis, shall not exceed Eighteen Million Dollars (\$18,000,000.00). The amount of any borrowing under the Line of Credit may be drawn, repaid, and re-borrowed through the Maturity Date, subject to Borrower's compliance with the terms and conditions of the Loan Documents and exercise of Lender's rights under the Loan Documents to deny requests for Advances.

(e) No Advance shall be made on or after the Maturity Date.

(f) Each Advance shall bear interest at the Applicable Rate as defined in the Note. Interest shall be paid as specified in the Note.

(g) The outstanding principal shall be repaid as provided in the Note.

2.2. Separate Notes. Prior to receiving each Advance, Borrower shall have provided the documentation listed in Section 2.1(a) and a Note evidencing the obligation to repay such Advance.

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2.3 Unused Line Fee. The Borrower shall pay to the Bank a fee in an amount equal to fifteen basis points (0.15%) per annum of the unused portion of the total commitment of the Line of Credit during each Quarter or portion thereof from the date of this Agreement to the Maturity Date (or such earlier date on which the Line of Credit is terminated in accordance with the terms of this Agreement). This fee shall be payable quarterly in arrears on the first day of each calendar quarter for the immediately preceding calendar quarter, with a final payment on the Maturity Date.

3. WARRANTIES

Borrower represents and warrants to the Lender (which representations and warranties will survive the delivery of the Note and each Advance made under the Line of Credit) that:

3.1. Existence and Legal Authority. Borrower is municipality of the State of Vermont and has all requisite power and authority to own its property and to carry on its business as now being conducted, to enter into the Loan Documents and the other agreements referred to herein and transactions contemplated thereby, and to carry out the provisions and conditions of the Loan Documents.

3.2. Due Execution and Delivery. Borrower has full power, authority, and legal right to incur the obligations provided for in, and to execute and deliver and to perform and observe the terms and provisions of, the Loan Documents, and each of them has been duly executed and delivered by Borrower and has been authorized by all required action, and Borrower has obtained all requisite consents to the transactions contemplated thereby under any instrument to which it is a party, and the Loan Documents constitute the legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, or other similar laws affecting creditors' rights generally. All conditions, acts, and things required by law to have been performed precedent to or in the issuance of the Note exist, have happened, and have been performed and the issuance of the Note, together with all other indebtedness of the Borrower, is within every debt and other limit prescribed by law.

3.3. No Breach of Other Instruments. Neither the execution and delivery of the Loan Documents, nor the compliance by Borrower with the terms and conditions of the Loan Documents, nor the consummation of the transactions contemplated thereby, will conflict with any governing documents of Borrower, or any of the terms, conditions, or provisions of any agreement or instrument or any charter or other corporate restriction or law, regulation, rule, or order of any governmental body or agency to which Borrower is now a party or is subject, or imposition of a lien, charge, or encumbrance of any nature whatsoever upon any of the property or assets of Borrower pursuant to the terms of any such agreement or instrument.

3.4. Government Authorization. No consent, approval, authorization, or order of any court or governmental agency or body, other than governing bodies of the Borrower, is required for the consummation by the Borrower of the transactions contemplated by the Loan Documents.

3.5. Absence of Defaults, etc. Except as set forth in Schedule 3.5, the Borrower is not **(i)** in material default under any indenture or contract or agreement to which it is a party or by which it is bound, **(ii)** in violation of any of its governing documents, **(iii)** in default with respect to any order, writ, injunction, or decree of any court, or **(iv)** in default under any order or license of any federal or state governmental department. There exists no condition, event or act that constitutes, or after notice or lapse of time or both would constitute, an Event of Default.

3.6. Indebtedness of Borrower. Borrower does not have outstanding on the date hereof, any Indebtedness for borrowed money, except for such Indebtedness identified in the financial statements referred to in Section 3.7 hereof and Indebtedness incurred in the ordinary course of business.

3.7. Financial Condition. The Borrower has furnished to the Lender financial statements and other such information that fairly and accurately reflect the financial condition for the operations of Borrower, and there has been no material adverse change in the Borrower's financial prospects since that date which would require revision of the same.

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3.8. No Adverse Change. Subsequent to the date of the financial statements and other such information referred to in Section 3.7 hereof, other than Indebtedness incurred in the ordinary course of business, Borrower has not incurred or agreed to incur any material liabilities or obligations, direct or contingent, and there has not been any material increase in the anticipated aggregate amount of debt of Borrower, or any Material Adverse Change in the business, properties, prospects, or condition, financial or otherwise, of Borrower.

3.09. Litigation. Prior to the date hereof, except as set forth in Schedule 3.09, there are no actions, suits, or proceedings pending, or to the actual knowledge of Borrower, threatened against or affecting Borrower or its respective property in any court, or before or by any federal, state, or municipal or other governmental department, commission, board, bureau, agency or other instrumentality, domestic or foreign, except for actions, suits, or proceedings of a character normally incident to the kind of business conducted by Borrower, none of which, either individually or in the aggregate, if adversely determined, would reasonably be expected to result in a Material Adverse Change.

3.10. Environmental Matters. Borrower is in compliance with all Environmental Laws and all applicable federal, state, and local health and safety laws, regulations, ordinances, or rules.

3.11. Subsidiaries and Affiliates. Borrower does not have any Subsidiaries. Borrower does not have any Affiliates. If Borrower has any Subsidiary or any other Affiliate at any time subsequent to the date of execution hereof, the term “Borrower” as used in Sections 6 and 7 shall include in its meaning Borrower and its Subsidiaries, for such period or periods that Borrower has any Subsidiaries, unless the context clearly requires otherwise. For any period during which Borrower has any Subsidiaries, all financial statements, accounts, and reports submitted by the Borrower and all calculations hereunder based on same shall be consolidated and/or on a consolidating basis or combined and/or on a combining basis with such Subsidiaries, as the context required.

3.12. ERISA. No Reportable Event or Prohibited Transaction (as such term is defined in Section 4975 of the Code) that could create a liability in excess of One Hundred Thousand Dollars (\$100,000.00) or cause a material adverse change has occurred and is continuing with respect to any Plan of Borrower, and Borrower has not incurred an “accumulated funding deficiency” (as that term is defined by ERISA) since the effective date of ERISA.

3.13. Solvency. The Borrower is not insolvent as defined in any applicable state or federal statute, nor will Borrower be rendered insolvent by the execution and delivery of this Agreement or any of the Loan Documents to Lender. The Borrower is not engaged or about to engage in any business or transaction for which the assets retained by it shall constitute an unreasonably small capital, taking into consideration the obligations to Lender incurred hereunder. Borrower does not intend to, nor does it believe that it will, incur debts beyond its ability to pay them as they mature.

3.14. No Burdensome Restrictions. Borrower is not a party to any instrument or agreement or subject to any charter or other restriction that would cause a Material Adverse Change.

3.15. Federal Reserve Regulations; Use of Loan Proceeds. Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No part of the proceeds of the Line of Credit will be used, directly or indirectly, for a purpose that violates any law, rule or regulation of any governmental body, including without limitation the provisions of Regulations G, U, or X of the Board of Governors of the Federal Reserve System, as amended. No part of the proceeds of the Line of Credit will be used, directly or indirectly, to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

3.16. OFAC/USA PATRIOT Act Restrictions. Borrower is not (or will not be) a person with whom Lender is restricted from doing business under regulations of the Office of Foreign Asset Control (“OFAC”) of the Department of the Treasury of the United States of America (“Treasury”) or under any list of known or suspected terrorists or terrorist organizations issued by any federal government agency and designated as such by Treasury in consultation with the federal functional regulators, or under any statute, executive order, or other governmental action, and Borrower is not engaging, or shall not engage, in any dealings or transactions or shall not otherwise be associated with such persons. In addition, Borrower hereby agrees to provide to the Lender with any additional

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information that the Lender deems necessary from to time in order to ensure compliance with all applicable laws concerning money laundering and similar activities.

3.17. Certificates. All of the representations made in the Tax Certificate attached hereto as Exhibit [redacted] and the Signature and No Litigation Certificate attached hereto as Exhibit [redacted] are true and correct.

4. CONDITIONS OF LENDING

4.1. Loan Funding. The obligation of the Lender to close the transactions contemplated by this Agreement shall be subject to satisfaction of the following conditions, unless waived in writing by the Lender: (a) all legal matters and Loan Documents incident to the transactions contemplated hereby shall be reasonably satisfactory, in form and substance, to Lender's counsel; (b) the Lender shall have received fully executed copies of the certificates identified in Section 3.17 above; (c) the Lender shall have received the Note executed by an authorized signer for Borrower; (d) the Borrower shall have paid to the Lender the fee(s) then due and payable under this Agreement and the other Loan Documents; (e) Borrower shall have maintained its financial condition in a manner satisfactory to the Lender, and no Material Adverse Change shall have occurred in Borrower's financial condition or prospects; (f) the Lender shall have received the written opinion(s) of legal counsel for the Borrower selected by the Borrower and satisfactory to the Lender, dated the date of this Agreement and covering the Loan Documents, tax-exempt status of interest payable on the Line of Credit, and such other matter(s) as the Lender may reasonably require; and (g) the Lender shall have received written instructions by the Borrower with respect to disbursement of the proceeds of the Line of Credit.

4.2. Each Advance. The obligation of the Lender to make any Advance shall be subject to confirmation of continuing compliance with Section 4.1 herein and also subject to satisfaction of the following conditions on the date of making any Advance, and after giving effect thereto: (a) no Event of Default shall have occurred and continue to exist, (b) each representation and warranty set forth in Section 3 above is true and correct as if then made, and (c) the Lender shall have received a request for each Advance as set forth in Section 2.1(c) above.

5. RESERVED

6. COVENANTS

As long as credit is available hereunder and until all principal of and interest on the Note have been paid, Borrower covenants and agrees that it will comply with the following provisions:

6.1. Accounting; Financial Statements and Other Information. Borrower shall maintain a standard system of accounting, established and administered in accordance with GAAP consistently followed throughout the periods involved and will set aside on its books for each Quarter and fiscal year the proper amounts or accruals for depreciation, obsolescence, amortization, bad debts, current and deferred taxes, prepaid expenses, and for other purposes as shall be required by GAAP. Borrower will deliver or cause to be delivered to the Lender:

(a) As soon as practicable after the end of each Quarter in each fiscal year, and in any event within forty-five (45) days thereafter, financial statements for such Quarter, including an income statement and balance sheet, certified as complete and correct by the principal financial officer of Borrower, subject to changes resulting from year-end adjustments;

(b) As soon as practicable after the end of each fiscal year, and in any event within one hundred twenty (120) days thereafter, annual financial statements for such fiscal year, including income statement, balance sheet, statement of condition of the Borrower as of the end of such year, and statement of cash flow and changes in financial position of the Borrower for such year, all in reasonable detail and certified as complete and correct by the principal financial officer of Borrower;

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(c) As soon as practicable after the end of each fiscal year, and in any event within one hundred twenty (120) days thereafter, the Borrower's annual budget for the ensuing fiscal year certified as complete and correct by the principal financial officer of Borrower;

(d) As soon as practicable after the end of each fiscal year, and in any event within one hundred eighty (180) days thereafter, audited financial statements, including income statement, balance sheet, statement of condition of the Borrower as of the end of such year, and statement of cash flow and changes in financial position of the Borrower for such year, all in reasonable detail and audited by an independent certified public accountant, accompanied by a report and unqualified opinion of an independent certified public accountant of recognized standing, selected by Borrower and satisfactory to the Lender, and prepared in accordance with generally accepted review standards;

(e) Together with each set of financial statements required by subparagraph (a) above, a certificate by the chief financial officer or other authorized officer of Borrower stating that the representations and warranties contained in this Agreement are true and correct as of the date of the certificate, and whether or not there exists any Event of Default or Potential Default, specifying the nature and period of existence thereof and what action, if any, the Borrower is taking or proposes to take with respect thereto;

(f) Promptly and in any event within ten (10) days after the occurrence of a Reportable Event with respect to a Plan, a copy of any materials required to be filed with the PBGC with respect to such Reportable Event or those that would have been required to be filed if the thirty (30) day notice requirement to PBGC were not waived;

(g) Promptly upon receipt, and in no event more than two (2) Business Days after receipt, of a notice by Borrower or any ERISA Affiliate or any administrator of any Plan or Multiemployer Plan that the PBGC has instituted proceedings to terminate such Plan or to appoint a trustee to administer such Plan, a copy of such notice;

(h) Promptly upon receipt thereof, copies of all written reports submitted to the Borrower by independent accountants in connection with any annual or interim audit; and

(i) Promptly upon request of Lender, such other financial information as Lender may request from time to time.

6.2. Insurance. Borrower shall maintain with financially sound and reputable insurers, insurance with coverage and limits as may be required by law and of such character and amounts as are usually maintained by comparable municipalities.

6.3. Existence; Business. Borrower shall cause to be done all things necessary to preserve and keep in full force and effect its existence and rights, to conduct its business in a prudent manner, to maintain in full force and effect. Borrower will comply in all material respects with all valid laws and regulations now in effect or hereafter promulgated by any properly constituted governmental authority having jurisdiction; provided, however, that Borrower shall not be required to comply with any law or regulation that it is contesting in good faith by appropriate proceedings as long as either the effect of such law or regulation is stayed pending the resolution of such proceedings or the effect of not complying with such law or regulation would not reasonably be expected to result in a Material Adverse Change.

6.4. Adverse Changes. Borrower shall promptly notify the Lender in writing of (a) the occurrence of any event that, if it had existed on the date of this Agreement, would have required qualification of the representations and warranties set forth in Section 3 hereof and (b) any Material Adverse Change.

6.5. Notice of Default. Borrower shall promptly notify (but in no event more than five (5) days after the occurrence thereof) the Lender of any Event of Default or Potential Default hereunder and any demands made upon the Borrower by any Person for the acceleration and immediate payment of any Indebtedness owed to such Person, if the amount of such Indebtedness exceeds \$250,000.

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6.6. Inspection. Borrower shall make available for inspection by duly authorized representatives of Lender, or its designated agent, Borrower's books, records, and properties when reasonably requested to do so, and will furnish the Lender such information regarding its business affairs and financial condition within a reasonable time after written request therefor.

6.7. Environmental Matters. Borrower:

(a) Shall comply in all respects with all Environmental Laws where a failure to comply could result in a Material Adverse Change;

(b) Shall deliver promptly to Lender (i) copies of any significant documents received from the United States Environmental Protection Agency or any state, county, foreign, provincial, or municipal environmental or health agency, and (ii) copies of any significant documents submitted by Borrower or any of its Subsidiaries to the United States Environmental Protection Agency or any state, county, foreign, provincial, or municipal environmental or health agency concerning its operations; and

(c) Shall promptly undertake and diligently pursue to completion all action recommended by any environmental audit report(s) issued and all action(s) necessary to correct any environmental problem or defect identified in any environmental audit report(s).

(d) Shall indemnify the Lender and hold it harmless against any loss, costs, damages, or expense, including, but not limited to, reasonable attorneys' fees, that Lender may incur, directly or indirectly, as a result of or in connection with the assertion against Lender of any claim relating to the presence or removal of any environmental contamination on any premises utilized by Borrower.

6.8. Health and Safety. Borrower shall be in compliance with all requirements of applicable federal, state, foreign, provincial, and local environmental, health, and safety laws, regulations, ordinances, or rules that would, in the aggregate, if not complied with, result in a Material Adverse Change.

6.9. Extraordinary Services. In the event extraordinary services are required by Lender for inspections, appraisals, or for securing estimates of costs that, in the Lender's reasonable judgment are not regular or routine, Lender may deduct the reasonable expense of such extraordinary services from any moneys due to Borrower hereunder or from any account maintained by Borrower with Lender or any Lender Affiliate.

6.10. Additional Assurance. Borrower shall upon request of Lender promptly take such action and promptly make, execute, and deliver all such additional and further items, deeds, assurances, and instruments as Lender may reasonably require, so as to completely vest in and ensure to Lender its rights hereunder.

6.11. Investments; Loans. Borrower shall not, directly or indirectly, (a) purchase or otherwise acquire or own any stock or other securities of any other Person (other than as permitted under this Agreement) or (b) make or permit to be outstanding any loan or advance (other than trade advances in the ordinary course of business or as otherwise permitted under this Agreement) or enter into any arrangement to provide funds or credit, to any other Person, except in the ordinary course of business.

6.12. Related Expenses. Borrower hereby authorizes Lender or Lender's designated agent (but without obligation by Lender to do so) to incur Related Expenses (whether prior to, upon, or subsequent to any Event of Default), and Borrower shall promptly repay, reimburse, and indemnify Lender for any and all Related Expenses.

7. EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall constitute an Event of Default under this Agreement:

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7.1. Payments. If (a) the interest on the Note or any commitment or other fee shall not be paid in full punctually when due and payable or within ten (10) days thereafter, or (b) the principal of the Note shall not be paid in full punctually when due and payable.

7.2. Covenants. If Borrower fails to perform or observe any covenant or agreement (other than as referred to in Section 7.1 above) contained in this Agreement or in any other of the Loan Documents, and such failure remains unremedied for thirty (30) days after the Lender gives notice thereof to Borrower.

7.3. Representations and Warranties. If any representation, warranty, or statement made in or pursuant to this Agreement or any Loan Document or any other material information furnished by Borrower to Lender or any other holder of any Note, shall be false or erroneous.

7.4. Validity of Loan Documents. If (a) any material provision, in the sole opinion of Lender, of any Loan Document shall at any time for any reason cease to be valid, binding, and enforceable against Borrower; (b) the validity, binding effect, or enforceability of any Loan Document against Borrower shall be contested by Borrower; (c) Borrower shall deny that it has any or further liability or obligation thereunder; or (d) any Loan Document shall be terminated, invalidated, or set aside, or be declared ineffective or inoperative or in any way cease to give or provide to Lender the benefits purported to be created thereby.

7.5. Loan Document Default. If any event of default or default shall occur under any other Loan Document, or if under any Loan Document any payment is required to be made by Borrower on demand of Lender, and such demand is made.

7.6. Cross Default. If Borrower shall default in the payment of principal or interest due and owing upon any other obligation for borrowed money, beyond any period of grace provided with respect thereto or in the performance or observance of any other agreement, term, or condition contained in any agreement under which such obligation is created, if the effect of such default is to allow the acceleration of the maturity of such Indebtedness or to permit the holder thereof to cause such Indebtedness to become due prior to its stated maturity.

7.7. ERISA Default. The occurrence of one or more ERISA Events that (a) Lender determines could have a Material Adverse Change, or (b) results in a Lien on any of the assets of Borrower.

7.8. Money Judgment. A final judgment or order for the payment of money shall be rendered against Borrower by a court of competent jurisdiction, and such final judgment or order remains unpaid or unstayed and undischarged for a period (during which execution shall not be effectively stayed) of thirty (30) days after the date on which the right to appeal has expired.

7.9. Material Adverse Change. There shall have occurred any Material Adverse Change.

7.10 Insecurity. If Lender for any reason in good faith deems itself insecure with respect to repayment of any Obligation or if any major national U.S. credit rating agency downgrades the Borrower's rating to a level below investment grade.

7.11 Solvency. If Borrower shall (a) generally not pay its debts as such debts become due, (b) make a general assignment for the benefit of creditors, (c) apply for or consent to the appointment of a receiver, a custodian, a trustee, an interim trustee, or liquidator of all or a substantial part of its assets, (d) be adjudicated a debtor or have entered against it an order for relief under Title 11 of the United States Code, as the same may be amended from time to time, (e) file a voluntary petition in bankruptcy or file a petition or an answer seeking reorganization or an arrangement with creditors or seeking to take advantage of any other law (whether federal or state) relating to relief of debtors, or admit (by answer, by default, or otherwise) the material allegations of a petition filed against it in any bankruptcy, reorganization, insolvency or other proceeding (whether federal or state) relating to relief of debtors, (f) suffer or permit to continue unstayed and in effect for thirty (30) consecutive days any judgment, decree, or order entered by a court of competent jurisdiction, that approves a petition seeking its reorganization or appoints a receiver, custodian, trustee, interim trustee, or liquidator of all or a substantial part of its assets, or (g) take any action in order thereby to effect any of the foregoing, or omit to take, any action in order to prevent any of the foregoing.

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8. REMEDIES UPON DEFAULT

8.1. Rights of Lender. If any Event of Default shall occur, Lender may, at its election, and without demand or notice of any kind, do any one or more of the following:

(a) Declare all of the Borrower's Obligations to Lender to be immediately due and payable, whereupon all unpaid principal, interest, and fees in respect of such Obligations, together with all of Lender's costs, expenses and attorneys' fees related thereto, under the terms of the Loan Documents or otherwise, shall be immediately due and payable;

(b) Terminate any commitment to make any additional Advances;

(c) Exercise any and all rights and remedies available to Lender under any applicable law;

(d) Exercise any and all rights and remedies granted to Lender under the terms of this Agreement or any of the other Loan Documents; and/or

(e) Set off the unpaid balance of the Obligations against any debt owing to Borrower by the Lender or by any Lender Affiliate, including, without limitation, any obligation under a repurchase agreement or any funds held at any time by the Lender or any Lender Affiliate, whether collected or in the process of collection, or in any time or demand deposit account maintained by Borrower at, or evidenced by any certificate of deposit issued by, the Lender or any Lender Affiliate; provided, however, that set off shall not be made against any accounts or investments held or pledged under a bond resolution or indenture of Borrower. Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in the Note may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of Borrower pursuant to this Agreement in the amount of such participation.

8.2. No Waiver. The remedies in this Section 8 are in addition to, not in limitation of, any other right, power, privilege, or remedy, either in law, in equity, or otherwise, to which the Lender may be entitled. No failure or delay on the part of the Lender in exercising any right, power, or remedy will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right hereunder. The remedies in this Agreement are in addition to, not in limitation of, any other right, power, privilege, or remedy, either in law, in equity, or otherwise, to which the Lender may be entitled. All Lender's rights and remedies, whether evidenced by this Agreement or by any other agreement, instrument, or document shall be cumulative and may be exercised singularly or concurrently.

9. MISCELLANEOUS

9.1. Remedies; Waiver; Amendments. No waiver of any provision of this Agreement or the Note, or consent to departure therefrom, is effective unless in writing and signed by the Lender. No such consent or waiver extends beyond the particular case and purpose involved. No amendment to this Agreement is effective unless in writing and signed by the Borrower and the Lender. If at any time or times, by assignment or otherwise, Lender transfers any of the Obligations to another person, such transfer shall carry with it Lender's powers and rights under this Agreement with respect to the Obligation so transferred and the transferee shall have all such powers and rights, whether or not they are specifically referred to in the transfer. To the extent that Lender retains any other of the Obligations, Lender will continue to have the rights and powers with respect to the Obligations as set forth in this Agreement.

9.2. Expenses, Costs, and Taxes. Borrower shall pay on demand all costs and expenses of Lender, and all Related Expenses, including but not limited to, (a) administration, travel, and out-of-pocket expenses, including but not limited to attorneys' fees and expenses, of Lender in connection with the preparation, negotiation, and closing of the Loan Documents and the administration of the Loan Documents, the collection and disbursement of all funds hereunder, and the other instruments and documents to be delivered hereunder, (b) extraordinary expenses of Lender in connection with the administration of this Agreement, the Note, and the other instruments and documents to be delivered hereunder, (c) the reasonable fees and out-of-pocket expenses of special counsel for Lender, with respect

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to the foregoing, and of local counsel, if any, who may be retained by such special counsel with respect thereto, (d) all fees due hereunder or in any other Loan Documents, and (e) all costs and expenses, including reasonable attorneys' fees, in connection with the restructuring or enforcement of the Note or any other Loan Document. In addition, Borrower shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution and delivery of any Loan Document, and the other instruments and documents to be delivered hereunder, and agrees to hold Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees. Borrower authorizes Lender to debit such expenses, costs, and taxes directly to Borrower's any account Borrower maintains with Lender or Lender Affiliate; provided, however, that such debit shall not be made against any accounts or investments held or pledged under a bond resolution or indenture of Borrower.

9.3. Indemnification. Borrower shall indemnify and hold the Lender harmless against any and all liabilities, losses, damages, costs, and expenses of any kind (including, without limitation, the reasonable fees and disbursements of counsel in connection with any investigative, administrative, or judicial proceeding, whether or not the Lender shall be designated a party thereto) that may be incurred by the Lender relating to or arising out of this Agreement or any actual or proposed use of Advances hereunder; provided, however, that the Lender shall have no right to be indemnified hereunder for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction. A certificate as to any such loss or expense shall be promptly submitted by the Lender to the Borrower and shall, in the absence of manifest error, be conclusive and binding as to the amount thereof.

9.4. Construction. The provisions of this Agreement and the respective rights and duties of Borrower and Lender hereunder shall be governed by and construed in accordance with Vermont law and any applicable federal laws. Borrower hereby irrevocably submits to the exclusive jurisdiction of any state or federal court sitting in Chittenden County, Vermont, over any action or proceeding arising out of or relating to this Agreement, or any document related to the Obligations, and Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such state or federal court. Borrower hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court. The several captions to different Sections of this Agreement are inserted for convenience only and shall be ignored in interpreting the provisions hereof. Time is of the essence in the performance of the obligations under this Agreement. All grace periods in this Agreement and all other Loan Documents shall run concurrently.

9.5. Extension of Time. If any payment comes due on a day that is not a Business Day, Borrower may make the payment on the first Business Day following the payment date and pay the additional interest accrued to the date of payment.

9.6. Notices. All notices, requests, demands, or other communications provided for hereunder shall be in writing and, if to Borrower, mailed or delivered to it, addressed to it at the address specified on the signature pages of this Agreement, or if to Lender, mailed or delivered to it, addressed to the address of Lender specified on the signature pages of this Agreement. All notices, statements, requests, demands, and other communications provided for hereunder shall be deemed to be given or made when delivered or forty-eight (48) hours after being deposited in the mails with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation of receipt, except that notices from Borrower to Lender pursuant to any of the provisions hereof shall not be effective until received by Lender.

9.7. Capital Adequacy. If Lender shall at any time determine that the adoption of any applicable law, rule, regulation, or guideline regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by Lender (or its lending office) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank, or comparable agency, has or would have the effect of reducing the rate of return on Lender's capital (or the capital of its holding company) as a consequence of its obligations hereunder to a level below that which Lender (or its holding company) could have achieved but for such adoption, change, or compliance (taking into consideration Lender's policies or the policies of its holding company with respect to capital adequacy) by an amount deemed by Lender to be material, then from time to time, within fifteen (15) days after demand by Lender, Borrower shall pay to Lender such additional amount or amounts as will compensate Lender (or its holding company) for such reduction. Lender

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shall designate a different lending office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole and absolute judgment of Lender, be otherwise disadvantageous to Lender. A certificate of Lender claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, Lender may use any reasonable averaging and attribution methods. Failure on the part of Lender to demand compensation for any reduction in return on capital with respect to any period shall not constitute a waiver of Lender's rights to demand compensation for any reduction in return on capital in such period or in any other period. The protection of this Section shall be available to Lender regardless of any possible contention of the invalidity or inapplicability of the law, regulation, or other condition that shall have been imposed.

9.8. Survival of Agreements; Relationship. All agreements, representations, and warranties made in this Agreement will survive the making of the extension of credit hereunder, and will bind and inure to the benefit of the Borrower and the Lender, and their respective successors and assigns; provided, however, that no subsequent holder of the Note shall by reason of acquiring the Note become obligated to make any Advance hereunder and no successor to or assignee of the Borrower may borrow hereunder without the Lender's prior written assent. Borrower may not assign this Agreement or the right to receive any disbursements hereunder or any interest herein. The rights and powers given in this Agreement to the Lender are in addition to those otherwise created or existing by virtue of other agreements or writings. The relationship between the Borrower and the Lender with respect to this Agreement, the Note, and any other Loan Document is and shall be solely that of debtor and creditor, respectively, and the Lender has no fiduciary obligation toward the Borrower with respect to any such document or the transactions contemplated thereby.

9.9. Severability. If any provision of this Agreement or the Note, or any action taken hereunder, or any application thereof, is for any reason held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement or the Note, each of which shall be construed and enforced without reference to such illegal or invalid portion and shall be deemed to be effective or taken in the manner and to the full extent permitted by law.

9.10. Entire Agreement. This Agreement, the Note, and any other Loan Document executed in connection herewith integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral representations and negotiations and supersede, amend, and restate prior writings with respect to the subject matter hereof. In this Agreement unless the context otherwise requires, words in the singular number include the plural, and in the plural number include the singular.

9.11. Successors and Assigns. The covenants, undertakings, warranties, agreements, and obligations herein contained shall bind the successors and assigns of Borrower, and any holder hereof shall succeed to all the rights, powers, and options herein given to the Lender.

9.12. Participation/Syndication. Borrower acknowledges that the Lender reserves the right to syndicate and/or participate its interest in the Line of Credit, and Borrower agrees to, at Lender's request, execute such additional promissory notes and other instruments as may be appropriate to evidence its obligation under the Line of Credit to such syndicate Lenders as may commit, in the future, to fund a portion of the Line of Credit according to the terms of this Agreement.

9.13. JURY TRIAL WAIVER. BORROWER AND LENDER EACH WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN LENDER AND BORROWER ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT, OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED THERETO.

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IN WITNESS WHEREOF, the Borrower and the Lender have each caused this Agreement to be executed by their duly authorized officers as of the date first set forth above.

Address:

Borrower:

THE CITY OF BURLINGTON, VERMONT

By: _____

Name: _____

Title: _____

Address:

Lender:

149 Bank Street
Burlington, Vermont 05401

KEYBANK NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

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UNITED STATES OF AMERICA
STATE OF VERMONT
CITY OF BURLINGTON, VERMONT
GENERAL OBLIGATION TAX ANTICIPATION NOTE (Series 2011C)

MATURITY DATE: June 30, 2012
ORIGINAL ISSUE DATE: August 30, 2011
REGISTERED OWNER: KEYBANK NATIONAL ASSOCIATION
PRINCIPAL AMOUNT: EIGHTEEN MILLION DOLLARS

The City of Burlington, in the County of Chittenden and in the State of Vermont (the "City") for value received, promises to pay to the Registered Owner of this Note or registered assigns, in lawful money of the United States, the Principal Amount stated hereon on the Maturity Date, or, if less, such amount thereof as may have been advanced to the City under this Note, together with interest on the unpaid balance as provided below. Principal and interest are payable at the Office of KeyBank National Association, in the City of Burlington, Vermont. Principal and interest may be prepaid in whole or in part, without penalty, prior to the above Maturity Date and funds may be advanced so long as the aggregate principal amount so advanced does not exceed the Principal Amount stated above.

Commencing on the date hereof, interest shall accrue on the outstanding principal balance of this Note at the floating rate per annum equal to the Adjusted Overnight LIBOR Rate (as defined below) except as otherwise provided in this Note. The City shall have the option to elect other interest rates as set forth herein that will apply during periods in which no Event of Default (as defined below) exists.

Overnight LIBOR Rate Option. Provided that no Event of Default (as defined below) exists, the City shall have the option (the "Overnight LIBOR Rate Option") to elect from time to time, in the manner and subject to the conditions hereinafter set forth, the Adjusted Overnight LIBOR Rate as the interest rate for all or any portion of the advances.

1. The following definitions apply:

"Adjusted Overnight LIBOR Rate" means a rate per annum equal to the sum of (i) the product of (A) the Overnight LIBOR Rate and (B) 0.6501 and (ii) the LIBOR Rate Margin; provided, that, upon and after a Determination of Taxability, the Interest Rate shall mean a rate per annum equal to the sum of the of the Overnight LIBOR Rate plus 3.40% (340 basis points)._ "Determination of Taxability" means that, as the result of any act, failure to act or as the result of the use of the proceeds of the Note by the City, the Internal Revenue Service or a court of competent jurisdiction has determined that interest on the Note is or becomes includable in a holder's gross income.

"LIBOR Business Day" means a day on which dealings are carried on in the London interbank eurodollar market.

"LIBOR Margin" means 2.21% (221 basis points) per annum.

"Overnight LIBOR Interest Period" means the period commencing on the date an advance bearing interest at the Overnight LIBOR Rate is made, continued, or converted and continuing overnight, with successive periods commencing daily thereafter.

"Overnight LIBOR Rate" means the rate per annum calculated by the Registered Owner in good faith, which Registered Owner determines with reference to the rate per annum (rounded upwards to the next higher whole multiple of 1/16th if such rate is not such a multiple) at which deposits in United States dollars are offered by prime banks in the London interbank eurodollar market two LIBOR Business Days prior to the day on which such rate is calculated by the Registered Owner, in an amount comparable to the amount of such advance and with a maturity equal to the applicable Overnight LIBOR Interest Period.

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“Reserve Percentage” means for any Overnight LIBOR Interest Period, that percentage which is specified three (3) business days before the first day of the such Overnight LIBOR Interest Period by the Board of Governors of the Federal Reserve System (or any successor) or any other governmental or quasi-governmental authority with jurisdiction over the Registered Owner for determining the maximum reserve requirement (including, but not limited to, any basic, supplemental, marginal, or emergency reserve requirement) for Registered Owner with respect to liabilities or assets constituting or including (among other liabilities) “Eurocurrency liabilities” (as defined in Regulation D of the Board of Governors of the Federal Reserve System) in an amount equal to that of the advances affected by such Overnight LIBOR Interest Period and with a maturity equal to the Overnight LIBOR Interest Period.

2. The City may exercise the Overnight LIBOR Rate Option by giving Registered Owner irrevocable written notice of such exercise by 3:00 p.m. (Vermont time) on the day of the proposed commencement of the relevant Overnight LIBOR Interest Period, which written notice shall specify: (i) the portion of the advances with respect to which the City is electing the Overnight LIBOR Rate Option, and (ii) the LIBOR Business Day upon which the applicable Overnight LIBOR Interest Period is to commence. The advances will bear interest at the Adjusted Overnight LIBOR Rate for consecutive Overnight LIBOR Interest Periods until another election is made.

3. If, because of the introduction of or any change in, or because of any judicial, administrative, or other governmental interpretation of, any law or regulation, there shall be any increase in the cost to Registered Owner of making, funding, maintaining, or allocating capital to any advance bearing interest at the Adjusted Overnight LIBOR Rate, including a change in Reserve Percentage, then the City shall, from time to time upon demand by Registered Owner, pay to Registered Owner additional amounts sufficient to compensate Registered Owner for such increased cost.

4. If Registered Owner determines (which determination shall be conclusive and binding upon the City, absent manifest error) (i) that dollar deposits in an amount approximately equal to the portion of the advances for which the City has exercised the Overnight LIBOR Rate Option for the designated Overnight LIBOR Interest Period are not generally available at such time in the London Interbank Market for deposits in dollars, (ii) that the rate at which such deposits are being offered will not adequately and fairly reflect the cost to Registered Owner of maintaining an Adjusted Overnight LIBOR Rate on such portion of the advances or of funding the same for such Overnight LIBOR Interest Period due to circumstances affecting the London Interbank Market generally, (iii) that reasonable means do not exist for ascertaining an Adjusted Overnight LIBOR Rate, or (iv) that an Adjusted Overnight LIBOR Rate would be in excess of the maximum interest rate which the City may by law pay, then, in any such event, Registered Owner shall so notify the City and all portions of the advances bearing interest at an Adjusted Overnight LIBOR Rate that are so affected shall, as of the date of such notification with respect to an event described in clause (ii) or (iv) above, or as of the expiration of the applicable Overnight LIBOR Interest Period with respect to an event described in clause (i) or (iii) above, bear interest at the Adjusted Prime Rate until such time as the situations described herein are no longer in effect or can be avoided by the City exercising a LIBOR Rate Option for a different LIBOR Interest Period.

5. If, because of the introduction of or any change in, or because of any judicial, administrative, or other governmental interpretation of, any law or regulation, it becomes unlawful for Registered Owner to make, fund, or maintain any advance at the Adjusted Overnight LIBOR Rate, then (a) Registered Owner shall notify the City that Registered Owner is no longer able to maintain the interest rate at an Adjusted Overnight LIBOR Rate, (b) the Overnight LIBOR Rate Option shall immediately terminate, and (c) the interest rate for any portion of the advances for which the interest rate is then an Adjusted Overnight LIBOR Rate shall automatically be converted to the Adjusted Prime Rate. Thereafter, the City shall not be entitled to exercise the Adjusted Overnight LIBOR Rate Option until such time as the situation described herein is no longer in effect or can be avoided by the City exercising a LIBOR Rate Option for a different LIBOR Interest Period.

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LIBOR Rate Option. Provided that no Event of Default exists, the City shall have the option (the “LIBOR Rate Option”) to elect from time to time, in the manner and subject to the conditions hereinafter set forth, the Adjusted LIBOR Rate as the interest rate for all or any portion of the advances.

1. The following definitions apply:

“Adjusted LIBOR Rate” means for any LIBOR Interest Period, a rate per annum equal to the sum of (i) the product of (A) the LIBOR Rate and (B) 0.6501 and (ii) the LIBOR Rate Margin; provided, that, upon and after a Determination of Taxability, the Interest Rate shall mean a rate per annum equal to the sum of the of the Overnight LIBOR Rate plus 3.40% (340 basis points). “Determination of Taxability” means that, as the result of any act, failure to act or as the result of the use of the proceeds of the Note by the City, the Internal Revenue Service or a court of competent jurisdiction has determined that interest on the Note is or becomes includable in a holder’s gross income.

“LIBOR Rate” means the rate per annum calculated by the Registered Owner in good faith, which Registered Owner determines with reference to the rate per annum (rounded upwards to the next higher whole multiple of 1/16th if such rate is not such a multiple) at which deposits in United States dollars are offered by prime banks in the London interbank eurodollar market two LIBOR Business Days prior to the day on which such rate is calculated by the Registered Owner, in an amount comparable to the amount of such advance and with a maturity equal to the applicable LIBOR Interest Period.

“LIBOR Business Day” means a day on which dealings are carried on in the London interbank eurodollar market.

“LIBOR Interest Period” means the period commencing on the date an advance bearing interest at the Adjusted LIBOR Rate is made, continued, or converted and continuing for a period of one, two, or three months, with successive periods commencing on the same day of each, every other, or every third month thereafter.

“LIBOR Margin” means 2.21% (221 basis points) per annum.

“Reserve Percentage” means for any LIBOR Interest Period, that percentage which is specified three (3) business days before the first day of such LIBOR Interest Period by the Board of Governors of the Federal Reserve System (or any successor) or any other governmental or quasi-governmental authority with jurisdiction over the Registered Owner for determining the maximum reserve requirement (including, but not limited to, any basic, supplemental, marginal, or emergency reserve requirement) for Registered Owner with respect to liabilities or assets constituting or including (among other liabilities) “Eurocurrency liabilities” (as defined in Regulation D of the Board of Governors of the Federal Reserve System) in an amount equal to that of the advances affected by such LIBOR Interest Period and with a maturity equal to the LIBOR Interest Period.

2. The City may exercise the LIBOR Rate Option is by giving Registered Owner irrevocable written notice of such exercise on the second LIBOR Business Day prior to the proposed commencement of the relevant LIBOR Interest Period, which written notice shall specify: (i) the portion of the advances with respect to which the City is electing the LIBOR Rate Option, (ii) the LIBOR Business Day upon which the applicable LIBOR Interest Period is to commence and (iii) the duration of the applicable LIBOR Interest Period. Upon the expiration of the initial LIBOR Interest Period, the City may elect a new interest rate based upon the Adjusted LIBOR Rate or another interest rate permitted hereunder. If the City fails to make an election, the advances will bear interest at the Adjusted LIBOR Rate for consecutive LIBOR Interest Periods until an election is made. Registered Owner shall be under no duty to notify the City that a LIBOR Interest Period is expiring. No LIBOR Interest Period may extend beyond the maturity date of the Note.

3. If, because of the introduction of or any change in, or because of any judicial, administrative, or other governmental interpretation of, any law or regulation, there shall be any increase in the cost to Registered Owner of making, funding, maintaining, or allocating capital to any advance bearing interest at the Adjusted LIBOR Rate, including a change in Reserve Percentage, then the City shall, from time to time

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upon demand by Registered Owner, pay to Registered Owner additional amounts sufficient to compensate Registered Owner for such increased cost.

4. If Registered Owner determines (which determination shall be conclusive and binding upon the City, absent manifest error) (i) that dollar deposits in an amount approximately equal to the portion of the advances for which the City has exercised the LIBOR Rate Option for the designated LIBOR Interest Period are not generally available at such time in the London Interbank Market for deposits in dollars, (ii) that the rate at which such deposits are being offered will not adequately and fairly reflect the cost to Registered Owner of maintaining an Adjusted LIBOR Rate on such portion of the advances or of funding the same for such LIBOR Interest Period due to circumstances affecting the London Interbank Market generally, (iii) that reasonable means do not exist for ascertaining an Adjusted LIBOR Rate, or (iv) that an Adjusted LIBOR Rate would be in excess of the maximum interest rate which the City may by law pay, then, in any such event, Registered Owner shall so notify the City and all portions of the advances bearing interest at an Adjusted LIBOR Rate that are so affected shall, as of the date of such notification with respect to an event described in clause (ii) or (iv) above, or as of the expiration of the applicable LIBOR Interest Period with respect to an event described in clause (i) or (iii) above, bear interest at the Adjusted Prime Rate until such time as the situations described herein are no longer in effect or can be avoided by the City exercising a LIBOR Rate Option for a different LIBOR Interest Period.

5. If, because of the introduction of or any change in, or because of any judicial, administrative, or other governmental interpretation of, any law or regulation, it becomes unlawful for Registered Owner to make, fund, or maintain any advance at the Adjusted LIBOR Rate, then (a) Registered Owner shall notify the City that Registered Owner is no longer able to maintain the interest rate at an Adjusted LIBOR Rate, (b) the LIBOR Rate Option shall immediately terminate, and (c) the interest rate for any portion of the advances for which the interest rate is then an Adjusted LIBOR Rate shall automatically be converted to the Adjusted Prime Rate. Thereafter, the City shall not be entitled to exercise the LIBOR Rate Option until such time as the situation described herein is no longer in effect or can be avoided by the City exercising a LIBOR Rate Option for a different term.

6. If the City repays any advance bearing interest at the Adjusted LIBOR Rate prior to the end of the applicable LIBOR Interest Period, including without limitation a prepayment under paragraphs 4 and 5 immediately preceding, the City shall reimburse Registered Owner on demand for the resulting loss or expense incurred by Registered Owner, including without limitation any loss or expense incurred in obtaining, liquidating or reemploying deposits from third parties. A minimum amount of \$200.00 will be due for each prepayment of a LIBOR Rate Loan, and if the actual reimbursement amount for any such advance exceeds \$200.00, a statement as to the amount of such loss or expense, prepared in good faith and in reasonable detail by Registered Owner and submitted by Registered Owner to the City, shall be conclusive and binding for all purposes absent manifest error in computation (“Breakage Costs”). Calculation of all amounts payable to Registered Owner under this paragraph shall be made as though Registered Owner shall have actually funded the relevant advance through deposits or other funds acquired from third parties for such purpose; provided, however, that Registered Owner may fund any advance bearing interest at the Adjusted LIBOR Rate in any manner it sees fit and the foregoing assumption shall be utilized only for purposes of calculation of amounts payable under this paragraph. Registered Owner will be entitled to receive the reimbursement provided for herein regardless of whether the prepayment is voluntary or involuntary (including demand or acceleration of the Note upon the City’s default).

Prime Rate Option. Provided that no Event of Default exists, the City shall have the option (the “Prime Rate Option”) to elect from time to time, in the manner and subject to the conditions set forth in this Note, the Adjusted Prime Rate as the interest rate for all or any portion of the advances.

The following definitions apply:

1. “Prime Rate” means the rate per annum from time to time established by the Registered Owner as Registered Owner’s Prime Rate, whether or not such rate is publicly announced; the Prime Rate may not be the lowest interest rate charged by the Registered Owner for commercial or other extensions of credit. In the event of any change in the Prime Rate, the rate of interest applicable to

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Prime Rate Loans evidenced hereby shall be adjusted to immediately correspond with each such change.

2. "Adjusted Prime Rate" means a rate per annum equal to the Prime Rate plus 0.65% (65 basis points) per annum.

All interest under this Note shall be calculated on the basis of actual days elapsed based on a 30-day month and 360-day year including holidays and days on which the Registered Owner is not open for the conduct of banking business. Accrued interest shall be due and payable monthly, beginning on September 30, 2011 and the last day of each month thereafter, and on the Maturity Date. The City shall make one payment of all outstanding principal on the Maturity Date. If not sooner paid, the entire remaining principal balance, plus accrued interest and all other charges, shall be due and payable on the Maturity Date.

The occurrence of an Event of Default under the Loan Agreement dated August 30, 2011 between the Registered Owner and the City (the "Loan Agreement") shall constitute an "Event of Default" under this Note. Upon the occurrence of an Event of Default, the Registered Owner shall be entitled to exercise any and all rights and remedies set forth or referenced in the Loan Agreement and this Note, including but not limited to declaring all of the City's obligations under this Note to be immediately due and payable.

At Registered Owner's election, without notice or demand, the City shall pay interest at the rate per annum equal to the Adjusted Prime Rate plus 3%. (300 basis points) on the outstanding balance of this Note during the period that any Event of Default exists, on past due interest on this Note, on all other amounts payable to Registered Owner by the City in connection with this Note, and on any unsatisfied judgment on this Note. In no event, however, shall the interest rate on this Note exceed the highest rate permitted by law.

None of the following will be a course of dealing, estoppel, waiver, or implied amendment on which the City may rely: (1) Registered Owner's acceptance of one or more late or partial payments; (2) Registered Owner's forbearance from exercising any right or remedy under this Note, or any document providing security for or guaranty of repayment of this Note; or (3) Registered Owner's forbearance from exercising any right or remedy under this Note or the Loan Agreement on any one or more occasions. Registered Owner's exercise of any rights or remedies or a part of a right or remedy on one or more occasions shall not preclude Registered Owner from exercising the right or remedy at any other time. Registered Owner's rights and remedies under this Note, the Loan Agreement, and the law and in equity are cumulative to, but independent of, each other.

The City waives presentment, demand, notice, protest, and all other demands and notices in connection with delivery, acceptance, performance, default, or enforcement of this Note.

This Note shall be binding upon the City and upon the City's respective heirs, successors, assigns and legal representatives, and shall inure to the benefit of the Registered Owner and its successors, endorsees and assigns.

Any amendment hereof must be in writing and signed by the party against whom enforcement is sought. Unenforceability of any provision hereof shall not affect the enforceability of any other provision. A photographic or other reproduction of this Note may be made by the Registered Owner, and any such reproduction shall be admissible in evidence with the same effect as the original itself in any judicial or administrative proceeding, whether or not the original is in existence.

This Note is given for money borrowed in anticipation of the collection of taxes and other revenues for the fiscal year ending June 30, 2012, pursuant to a resolution adopted by the City Council of said City of Burlington at a meeting thereof duly noticed, called and held on June 27, 2012, and under and by virtue of the provisions of Section 62 (a) of the City Charter (No. 298 of the Acts of 1949, as amended).

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Note have been done, have happened and have been performed in regular and

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due form as required by law and in conformity with the City Charter and that the full faith and credit of the City of Burlington, Vermont is hereby irrevocably pledged for the payment of this Note.

THE CITY AND REGISTERED OWNER EACH WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, BETWEEN REGISTERED OWNER AND THE CITY ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS NOTE OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED THERETO.

IN WITNESS WHEREOF, the City has caused this Note to be signed by its Mayor, signed and countersigned by its Assistant Chief Administrative Officer.

CITY OF BURLINGTON

By: _____
Mayor

Signed and Countersigned:

By: _____
Assistant Chief Administrative Officer

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