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Resolution Relating to

RESOLUTION
Sponsor(s): ~~Councilors Keogh,~~
Wright, Paul, Mulvaney-Stanak: BOF
Introduced: 04/25/11
Referred to: _____
Action: _____
Date: _____
Signed by Mayor: _____

APPROVING AND ACCEPTING KEYBANK NATIONAL ASSOCIATION'S SUMMARY PROPOSAL OF TERMS AND CONDITIONS FOR GRANT ANTICIPATION BORROWING

CITY OF BURLINGTON

In the year Two Thousand Eleven.....

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

That WHEREAS, the City of Burlington (the "City") owns and operates the Burlington International Airport (the "Airport"); and

WHEREAS, the City has received federal grants from the Federal Aviation Administration ("FAA") for certain airport improvement projects (the "Grants"); and

WHEREAS, the City will implement the airport improvement projects pending the receipt of the Grants and expects to receive reimbursement from the FAA;

WHEREAS, the City, pursuant to 24 V.S.A. §1773(c), may undertake temporary loans in anticipation of the receipt of grants-in aid; and

WHEREAS, the City has received from KeyBank National Association a Summary Proposal of Terms and Conditions dated March 31, 2011 (the "Term Sheet," a copy of which is attached hereto), for the extension of a secured credit facility in an amount not to exceed \$5,000,000 in connection with grant anticipation notes to be issued by the City (the "Grant Anticipation Notes");

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Burlington, Vermont, as follows:

34 **Resolution Relating to** APPROVING AND ACCEPTING KEYBANK
35 NATIONAL ASSOCIATION'S SUMMARY PROPOSAL
36 OF TERMS AND CONDITIONS FOR GRANT
37 ANTICIPATION BORROWING
38

39 The City hereby approves and accepts the Term Sheet and authorizes the City's Chief
40 Administrative Officer, or his designee, to accept such Term Sheet.

41 The Chief Administrative Officer is hereby authorized to proceed with the financing of
42 the Grant Anticipation Notes pursuant to Term Sheet.

43 The issuance of the Grant Anticipation Notes shall be subject to further approval of the
44 City Council.

45



City of Burlington
Summary Proposal of Terms and Conditions
For Up To \$5,000,000
Secured Credit Facility

March 31, 2011

The proposed terms and conditions are provided for discussion purposes only and do not constitute an offer, agreement or commitment to lend. The actual terms and conditions upon which the Bank might extend credit to the Borrower are subject to the satisfactory completion of due diligence, formal credit approval, satisfactory review of documentation and other such terms and conditions as are determined by the Bank and, as such, are not binding by acceptance of Borrower.

Overview of Credit Facility

Credit Facility: \$5,000,000 Revolving Credit Facility.

Use of Proceeds: Grant Anticipation note that provides financing for the Burlington International Airport as it awaits reimbursement from the FAA and the State of Vermont for pre-approved Grants.

Borrower: City of Burlington (the "Borrower") for the benefit of Burlington International Airport.

Lender: KeyBank National Association.

Closing Date: Upon final credit approval and acceptance, the Bank would expect a closing within two weeks.

Availability: Amounts under the Credit Facility may be drawn, repaid and reborrowed through Maturity, subject to compliance with the terms and conditions of the loan documentation.

Maturity: 364 day Credit Facility from the date of closing.

Repayment: Interest due monthly on all principal outstanding.

Security: Collateral assignment of all grants where the Bank has agreed to extend bridge financing for the Airport. The facility may be subject to restrictions on additional indebtedness and liens.

Closing Fee: A 15 basis points closing fee payable would be payable on the closing date.

Interest Rates: Interest on the Revolving Credit Facility would be payable at the tax--exempt equivalent to KeyBank Prime Rate (Prime Rate) plus 75 bps. The taxable rate would be 4.0% as of March 28, 2011. The tax-exempt rate would be 3.03% as of March 28, 2011. The Bank formula for this is (Prime plus 1.40%) X (1 minus the Federal Corporate tax rate).

Default Pricing:

Upon the occurrence and during the continuance of any Event of Default, all interest rates will be set at 4% per annum above the otherwise applicable rate.

Interest Payments:

Interest will be calculated on an actual/360 day basis and paid either quarterly or at the time a principal draw is being paid off.

Conditions

Precedent:

Customary for facilities of this type, including, but not limited to:

- Satisfactory documentation, including without limitation, satisfactory representations and warranties and opinions of counsel.
- Borrower would obtain all required regulatory approvals and such approval would be in a form acceptable to the Bank.
- The Bank's satisfaction with the terms and conditions of the Borrower's other debt obligations.
- Satisfactory evidence of solvency.

Reporting

Requirements:

To include periodic financial reporting, including, but not limited to, certified annual audited financials and associated compliance certificates within 180 days of fiscal year end, quarterly financials and associated compliance certificates within 45 days of quarter end, annual budgets and annual internal financial statements within 120 days of fiscal year end, and other information that may from time to time be requested by the Bank. A Borrowing Base Certificate will be submitted to the Bank monthly that will show which draws remain eligible for financing. All draws as outlined below will be supported with documentation as outlined by the Bank at the time of a formal commitment. Each draw request will include all appropriate representation and warranties as determined by KeyBank.

Other Terms

and Conditions:

Customary for facilities of this type, including, but not limited to:

- Borrower will maintain a checking account with KeyBank that will be in the control of KeyBank. The minimum balance in the account will not fall below \$250,000. This account will be used to pay interest that is due monthly. It will also be used to pay down draws upon receipt of the Grant payments from the FAA and the State of Vermont. The Borrower agrees to increase the balance in the account up to a maximum of \$500,000, prior to taking out dollars from the account for its own use.
- 1) The Bank contemplates that it will set up a "sub note" for each Grant that is eligible for financing. This will allow for multiple draws for each AIP construction project. The Bank will lend up to 80% of the Grant amount with approved paperwork. The Bank will fund the first 80% of these projects and the Airport is expected to finance the remaining and final 20% of a construction project. Draws for Construction projects will be considered eligible for a period of 60 days from the advance date. Advances for these

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draws will be subject to all appropriate approvals and they will occur within three business days of the submission of all FAA approved paperwork.

- 3) The "Noise Reduction" Grant program will allow for advances of up to 90% of the amount that the Airport pays out for any individual property. The Bank will advance funds at the time the Airport purchases the property, provided the Bank has verification that the individual property is eligible for the Grant program. The Bank will allow for advances to be outstanding for a period of 150 days from the advance date.
- 4) The Facility will be cross-defaulted with covenants in other existing and future debt agreements of the Borrower.
- 5) The Bank will maintain the right to decline advances, at its sole discretion, during the life of this credit facility. The Bank will exercise this right in a commercially reasonable manner.
- 6) If a grant is deemed ineligible for reimbursement after KeyBank has advanced funds, the amount outstanding is due and payable within five business days. The Bank will have the right to discontinue funding any future grants if not corrected within that time frame.

Events of Default:

Usual for a Facility and transaction of this type and others reasonably specified by the Lenders, including without limitation, nonpayment of principal, interest, fees or other amounts, violation of covenants, breach of representations and warranties, cross defaults to other indebtedness, certain bankruptcy and insolvency events, material judgments, actual or asserted invalidity of any loan documents or security interests, change of control defaults, and other defaults as will be set forth in the Credit Agreements. The Bank's obligation to continue to advance will be suspended if there is a default.

Increased Costs:

Change of Circumstances:

The Credit Agreement will contain certain customary provisions protecting the Lender in the event of unavailability of funding, capital adequacy requirements, reserves, increased costs and funding losses.

Governing Law:

The State of Vermont

Expenses and Indemnification:

Borrower will pay all reasonable fees and expenses incurred by the Bank as it relates to this credit facility. These will include, without limitation, legal, and other direct out-of-pocket expense. The Bank will provide an estimate of its legal council fees at the time of Commitment.

Expiration:

This shall expire in its entirety at 5:00 p.m. Eastern Standard Time on April 15th, 2011.

Acceptance:

Your signature below affirms your request that the Bank further develop this Proposal consistent with the terms and conditions reviewed herein.

We appreciate your consideration and look forward to a long-standing and mutually beneficial relationship.

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KeyBank, National Association

Senior Vice President

Tony Martin

Accepted:

City of Burlington

By: . _____
Duly Authorized Representative

Date

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