

Resolution Relating to

RESOLUTION _____

Sponsor(s): Bd of Finance

Introduced: 06/13/11

Referred to: _____

Action: _____

Date: _____

Signed by Mayor: _____

APPROVING THE ISSUANCE OF
GRANT ANTICIPATION NOTES
FOR THE COSTS OF CERTAIN
AIRPORT IMPROVEMENT PROJECTS

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");

WHEREAS, the City anticipates the receipt of federal grants from the Federal Aviation Administration ("FAA") for certain airport improvement projects in the amount of \$5,000,000 (the "Grants");

WHEREAS, the City will implement the airport improvement projects pending the receipt of the Grants and will receive reimbursement from the FAA in the amount of \$5,000,000;

WHEREAS, the Chief Administrative Officer has approved a proposal by Northfield Savings Bank (the "Bank") to provide a \$5,000,000 Grant Anticipation Loan (the "Loan") as more particularly described and on the terms and conditions set forth in that certain Term Sheet dated May 18, 2011;

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

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

The City shall issue grant anticipation notes, secured by the Grants and subject to final approval by the Board of Finance, in one or more series, in an aggregate principal amount not to exceed \$5,000,000 (the "Notes"), for the object and purpose of financing the costs of the Airport Improvement Projects that are the subject of the Grants. The Notes shall be secured by a pledge of the Grants as payment therefor, shall be issued to the Bank and shall mature less than 1 year from the date of issuance. The Notes may further be payable on a subordinate basis, from net revenues of the Airport, to the extent legally permissible under the Bond Resolution (as defined below). The Notes may be issued on a draw-down line of credit basis.

The Notes shall be payable from the Grants, it being understood that other than the Grants, and a subordinate pledge of the net revenues of the Airport, to the extent permissible

Resolution Relating to APPROVING THE ISSUANCE OF GRANT
ANTICIPATION NOTES FOR THE COSTS OF
CERTAIN AIRPORT IMPROVEMENT PROJECTS

under the Airport General Bond Resolution adopted May 6, 1997 (as supplemented and amended to date) (the "Bond Resolution").

The Mayor and Chief Administrative Officer are, and each one 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) one or more security, pledge and loan agreements 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, the issuance of the Notes and/or the receipt of the Grants.

NSB NORTHFIELD SAVINGS BANK

May 18, 2011

Mr. Richard Goodwin
Assistant Chief Administrative Officer for Finance & Management
City of Burlington
Clerk / Treasurer Office
Burlington, VT 05401

Re: Grant Anticipation Credit Facility: Burlington International Airport

Dear Richard:

I am pleased to inform you that Northfield Savings Bank (the "Bank") has approved your commercial loan requests as outlined below.

Borrower: Burlington International Airport.

Lender: Northfield Savings Bank.

Credit Facility: \$5,000,000.00 Grant Anticipation Line of Credit for Federal Aviation Administration ("FAA") approved capital projects.

Pricing: The interest rate shall be equal to the Wall Street Journal Prime Rate plus 50 basis points (currently 3.75%) adjustable monthly.

Payments: Borrower shall pay interest monthly with full repayment at maturity; subject to an annual review.

Maturity: June 30, 2012.

Fees: \$7,500.00

Collateral: Perfected first security interest in FAA Grants Receivable that are related to the capital projects financed by the subject credit facility.

A reserve account equal to 10% of the credit facility (\$500,000.00) to be established at the Bank.

Prepayment Penalty: No prepayment penalty will be imposed.

Expenses: All costs and expenses incurred by the Bank in connection with the Loan, including but not limited to attorney's fees, legal searches, recording fees, etc. shall be the responsibility of the Borrower.

NSB Proudly Donates 10% of Its Profits to Vermont Community Organizations.

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Authority of Borrower:

Borrower shall provide the Bank at closing proof satisfactory to Bank counsel of 1) the due organization, legal existence and good standing of Borrower in its state of organization and any other states in which Borrower is required to obtain authority to transact business; 2) all loan documents are duly authorized, executed and delivered by Borrower; 3) no action, suit or proceeding pending or threatened against or affecting Borrower, before any court administration agency, arbitrator or governmental authority.

Legal Opinions:

Borrower shall provide Bank prior to closing with legal opinions from counsel satisfactory to the Bank.

Loan Documents:

The loans described herein will be evidenced by a definitive loan agreement, promissory note and such other documents as the Bank determines to be appropriate. All loan documentation must be satisfactory in all respects to the Bank and its counsel. This commitment does not contain all terms and conditions that shall be contained in the loan documents.

Other:

- Grants Receivable from the FAA shall be remitted directly to the Bank, and the subject receivable will be utilized to reduce the outstanding line of credit principal balance.
- Verification of the FAA's approval of the Grant prior to line of credit disbursements.
- A cap of 15% of the line of credit (up to \$750,000.00) may be utilized for preliminary expenditures prior to the official grant approval from the FAA. The subject process is outlined below as follows:

The FAA and the Airport approve an Annual Capital Improvement Program (ACIP) each year in advance of the Federal fiscal year which starts October 1. This ACIP outlines the projects planned for the upcoming Federal fiscal year and includes the funding levels anticipated for those projects. A copy of the approved ACIP for the upcoming year will be provided to the Bank.

The Airport may incur costs for engineering, land acquisition and other services prior to actually receiving the official FAA grant (for projects in the ACIP). These costs are then reimbursed by the FAA after issuance of the grant and submittal to the FAA of a Payment Application for such reimbursement. A copy of the approved grant will be provided to the Bank along with copies of payment applications as they are submitted.

Invoices for eligible project expenses related to approved grants may be submitted by the City directly to the Bank for payment as they are received. This proof of payment will become a part of the Payment Application submitted to the FAA. Only invoices with a reasonable expectation of reimbursement by the FAA within 90 days will be submitted to the Bank for payment.

Reimbursable payments made by the FAA for approved grants shall be remitted directly to the Bank, and the subject receivable will be utilized to reduce the outstanding line of credit principal balance.

- A legal opinion in form and substance acceptable to the Bank verifying the security perfection of the subject Grants Receivable.
- The Bank intends to participate \$2,000,000.00 of the subject credit facility with Community National Bank (a third party banking institution).

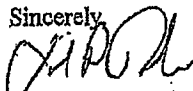
This commitment assures that all information provided to date by the Borrower is accurate. The Bank reserves the right to terminate this commitment and not close the loan in the event: 1) of an adverse change, as determined by the Bank, in the financial condition of the Borrower prior to closing; 2) any information provided to Bank which proves to be inaccurate; or 3) a case or proceeding is commenced by or against the Borrower under any bankruptcy or insolvency law.

All parties hereto agree that this commitment shall survive the Loan closing and that each of the obligations and undertakings of the Borrower hereunder shall continue until the entire loan, together with interest and fees, is paid in full. In the event of a conflict between this commitment and the loan documents, the language of the loan documents shall govern.

This commitment represents the entire agreement between the parties and supersedes all prior agreements or discussions with respect to the loan(s). This commitment letter cannot be waived, modified, amended or changed except by a writing signed by all parties to the commitment and, that until or unless it is modified and signed by all parties, it shall continued unchanged as a valid and enforceable obligation. This commitment is non-assignable and non-transferable.

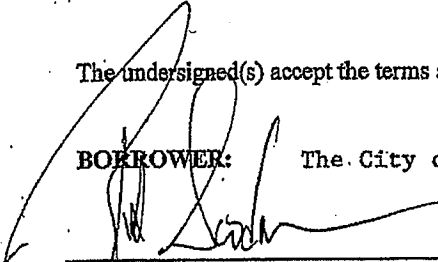
If the terms of this commitment letter are acceptable to you, please sign as indicated and return to me. This commitment must be signed and returned to the Bank by June 7, 2011. This commitment will expire on July 15, 2011 if the loan is not closed by that date.

Sincerely,


John P. Ravaschiere
Commercial Lender
Northfield Savings Bank

The undersigned(s) accept the terms and conditions set forth in the foregoing commitment letter.

BORROWER: The City of Burlington


Burlington International Airport
Duly Authorized Agent


Date

The loan transaction and repayment of the Loan do not and will not constitute a general obligation of the City. The loan obligation will be payable solely from the grants receivable and other legally available revenues of the Airport. Obligations of the City are subject to approval by the City Council of the City of Burlington.

