

# Resolution Relating to

## RESOLUTION

Sponsor(s): Councilors Keogh,  
Wright, Paul, Mulvaney-Stanak: Bd. of Finance

Introduced: 08/08/11

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

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

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

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

### APPROVING ELECTRIC DEPARTMENT REVENUE BONDS

## CITY OF BURLINGTON

In the year Two Thousand Eleven.....

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

That WHEREAS, at a Special Meeting of the voters of the City of Burlington (the "City") held on June 28, 2011, the voters of the City approved the issuance of Electric Department Revenue Bonds, in an amount not to exceed \$13,575,000, to finance certain capital improvements to the City of Burlington Electric Department ("BED"), including investment and financing of smart grid technology and related improvements and upgrades and improvements to the City's joint ownership interests in the Highgate Interconnection Project, and the purchase of additional equity in Vermont Transco, LLC (collectively, the "Project");

NOW, THEREFORE, BE IT RESOLVED as follows:

Pursuant to Section 228 and Section 433 of the City Charter, as amended, the City Council hereby approves the issuance of electric revenue bonds, to be issued in one or more series, in the aggregate principal amount not exceeding \$13,575,000 (the "Bonds") for the Project; and

BE IT FURTHER RESOLVED that in order to (i) authorize the issuance of such Bonds and (ii) make certain changes and amendments to the BED General Bond Resolution adopted October 7, 1981 (as amended to the date hereof, the "General Bond Resolution"), the City Council hereby approves Supplemental Resolution No. 10 and Supplemental Resolution No. 11, each to be adopted by the Board of Electric Commissioners (the "BED Board"), copies of which

**Resolution Relating to**      **APPROVING ELECTRIC DEPARTMENT  
REVENUE BONDS**

are attached hereto, with such changes and completion of information as may be approved by the  
BED Board and the City Board of Finance; and

BE IT FURTHER RESOLVED that at the time of and in connection with the sale of the  
Bonds, the Board of Finance shall determine the series of Bonds to be issued, shall award the  
Bonds to the purchasers and shall complete the Supplemental Resolution No. 11 by insertion of  
the series designations, dates, maturities, principal amounts, interest rates, deposits in the various  
funds and accounts under the General Bond Resolution, provisions for bond insurance (if any),  
and any other terms and provisions which do not materially alter the substance of the transaction  
approved hereby, all of which are to be determined in the discretion of the Board of Finance.

This resolution shall take effect upon passage.

CITY OF BURLINGTON, VERMONT

Board of Electric Commissioners

SUPPLEMENTAL RESOLUTION NO. 10

Be it Resolved by the Board of Electric Commissioners (the "Board") of the City of Burlington, Vermont (the "City") as follows:

**Section 1.** Amendment to General Bond Resolution. The Board has heretofore authorized and issued \$54,475,000 Electric System Revenue Refunding Bonds, 1996 Series A (the "Series 1996A Bonds"), \$11,115,000 Electric System Revenue Refunding Bonds, 2001 Series A (the "Series 2001A Bonds"), \$20,875,000 Electric System Revenue Refunding Bonds, 2002 Series A (the "Series 2002A Bonds") and the \$10,000,000 Electric System Revenue Bonds, 2004 Series A (the "Series 2004A Bonds") and, together with the Series 1996A Bonds, the Series 2001A Bonds, the Series 2002A Bonds and all future series of bonds issued under the Resolution (as defined below), the "Outstanding Bonds").

The Board hereby authorizes the amendment of the General Bond Resolution (as defined below) with respect to the funding of the Debt Service Reserve Fund for the benefit of the City and the Owners of the Outstanding Bonds.

**Section 2.** Definitions.

(a) Except as provided herein or unless the context clearly indicates some other meaning, the terms used in this Supplemental Resolution which are defined in the General Bond Resolution (the "General Bond Resolution") adopted by the Board of Electric Commissioners on October 7, 1981, as amended and supplemented, have the same meaning in this Supplemental Resolution as in the General Bond Resolution. The General Bond Resolution as amended or supplemented from time to time by Supplemental Resolutions is hereinafter referred to as the "Resolution."

**Section 3..** General Bond Resolution Amended. Pursuant to Section 9.2 of the Resolution, on and as of the Effective Date (as defined below), the Resolution is hereby amended as follows:

(a) Section 1.1 is amended to add the following definition and to reorder the definitions to maintain alphabetical order:

"Credit Facility" means any letter or line of credit, policy of bond insurance, indemnity or surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security and/or liquidity in respect of Bonds.

"Qualified Financial Institution" means and includes: (1) any U.S. domestic institution which is a bank, trust company, national banking association or a corporation, including the Bond Trustee and any of its affiliates, subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, or a member of the

National Association of Securities Dealers, Inc., in each case whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within the two highest rating categories by Standard & Poor's Corporation, Moody's Investor's Service, Inc. or Fitch Investors Service, Inc., or which has issued a letter of credit, contract, agreement or surety bond in support of debt obligations which have been so rated; (2) an insurance company with a claims-paying ability or a corporation whose obligations are guaranteed by an insurance company (in the form of an insurance policy) or by an insurance holding company rated in the highest rating category by Standard & Poor's Corporation, Moody's Investor's Service, Inc. or Fitch Investors Service, Inc., or whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within the highest rating category by Standard & Poor's Corporation, Moody's Investor's Service, Inc. or Fitch Investors Service, Inc.; or (3) any banking institution whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within one of the two highest rating categories by Standard & Poor's Corporation, Moody's Investor's Service, Inc. or Fitch Investors Service, Inc.

Section 5.4 is amended by adding the following paragraph to the end of such section as section 5.4(b):

"In lieu of the deposit of moneys in the Debt Service Reserve Fund, or in substitution of moneys previously deposited therein, the City at any time may cause to be credited to the Debt Service Reserve Fund, from a Qualified Financial Institution, a Credit Facility for the benefit of the Owners of the Bonds equal to the difference between the Debt Service Reserve Fund Requirement and all other amounts then on deposit (or, in the case of substitution of moneys previously on deposit therein, the amount remaining on deposit) in the Debt Service Reserve Fund. Any funds in the Debt Service Reserve Fund that are subsequently replaced by a Credit Facility shall be transferred by the Bond Trustee to the Renewal and Replacement Fund, the Special Redemption Fund or the Construction Fund, as the City shall direct; provided that the City may direct the Bond Trustee to transfer such funds to any other Fund or Account under this Resolution or otherwise upon advice from bond counsel to the effect that such transfer will not adversely affect the tax-exempt nature of the interest on any series of Bonds Outstanding. The Credit Facility shall be payable (upon the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the Debt Service Reserve Fund and applied to the payment of the principal of or interest on any Bonds of such Series and such withdrawals cannot be made by amounts credited to the Debt Service Reserve Fund. Any Credit Facility shall be provided by a Qualified Financial Institution. If a disbursement is made pursuant to a Credit Facility provided pursuant to this paragraph the City shall be obligated either (i) to reinstate the maximum limits of such Credit Facility or (ii) to deposit funds into the Debt Service Reserve Fund in accordance with this Section 5.4, or a combination of such alternatives, as shall provide that the amount credited to the Debt Service Reserve Fund equals the Debt Service Reserve Fund Requirement." In the event that the City elects to substitute a Credit Facility for moneys deposited in the Debt Service Reserve Fund, the City shall give notice of such substitution to all rating agencies then rating the Bonds.

(b) Any Credit Facility deposited in the Debt Service Reserve Fund with respect to an Outstanding series of Bonds and that related series of Bonds shall be disregarded in determining the Debt Service Reserve Fund Requirement for all purposes under the Resolution.

**Section 4.** Effect of Amendments. The amendments to the Resolution contained herein shall be effective upon the consent of the holders of the Outstanding Bonds required by Section 9.2 of the Resolution (the "Effective Date"). On and after the Effective Date, in the case of any inconsistency or contradiction between the provisions set forth in this Supplemental Resolution No. 10 and the Resolution, the provisions of this Supplemental Resolution No. 10 shall control.

## CONSENT

Pursuant to Section 9.2 of the General Bond Resolution and Section 7(a) of Supplemental Resolution No. 8, Ambac Assurance Corporation, as provider of the financial guaranty insurance policy for the Series 2001A Bonds and the Series 2002A Bonds, hereby consents to the Supplemental Resolution No. 10 attached hereto.

Date: \_\_\_\_\_, 2011

AMBAC ASSURANCE CORPORATION

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Title: Authorized Officer

## CONSENT

Pursuant to Section 9.2 of the General Bond Resolution and Section 5(a) of Supplemental Resolution No. 9, Financial Security Assurance, Inc., as provider of the financial guaranty insurance policy for the Series 2004A Bonds, hereby consents to the Supplemental Resolution No. 10 attached hereto.

Date: \_\_\_\_\_, 2011

FINANCIAL SECURITY ASSURANCE, INC.

Name: \_\_\_\_\_

Title: Authorized Officer

CITY OF BURLINGTON, VERMONT

Board of Electric Commissioners

SUPPLEMENTAL RESOLUTION NO. 11

Be it Resolved by the Board of Electric Commissioners of the City of Burlington, Vermont (the "City") as follows:

**Section 1**  
**Authorization**

The Board of Electric Commissioners (the "Board") hereby authorizes the issuance of revenue bonds in a principal amount not to exceed \$13,575,000 to provide for the financing and refinancing of various improvements to the City's electric plant (the "Electric Plant"). The Board deems the issuance of revenue bonds as hereby authorized to be in the public interest.

The 2011 Series A Bonds (the "2011 Series A Bonds") and the 2011 Series B Bonds (the "2011 Series B Bonds," and together with the 2011 Series A Bonds, the "Series 2011 Bonds") are to be issued pursuant to this Supplemental Resolution. It is presently estimated that the aggregate principal amount to be issued for the purpose of financing and refinancing various improvements to the Electric Plant is \$13,575,000.

It is further estimated that the Series 2011 Bonds will be payable, by serial maturities or sinking fund installments or a combination of both, in the years \_\_\_\_ - \_\_\_\_, both dates being approximate.

By further resolution at the time of and in connection with the sale of the Series 2011 Bonds, the City's Board of Finance shall award the Series 2011 Bonds to the purchasers thereof and shall complete this supplemental resolution by insertion of the dates, maturities, principal amounts, interest rates, interest payment dates, redemption provisions, the amounts of proceeds of the Series 2011 Bonds and Revenues to be deposited in the Debt Service Reserve Fund, if any, the inclusion of provisions for bond insurance, and any other terms and provisions which do not materially alter the substance of the transaction authorized hereby, all of which are to be determined in the discretion of the City's Board of Finance.

**Section 2**  
**Definitions**

(a) Except as provided in subsection (b) of this Section or unless the context clearly indicates some other meaning, the terms used in this Supplemental Resolution which are defined in the General Bond Resolution (the "General Bond Resolution") adopted by the Board of Electric Commissioners on October 7, 1981, as amended and supplemented, have the same meaning in this Supplemental Resolution as in the General Bond Resolution. The General Bond Resolution as amended or supplemented from time to time by Supplemental Resolutions is hereinafter referred to as the "Resolution."



(b) In this Supplemental Resolution unless a different meaning clearly appears from the context:

**[insert definitions]**

### **Section 3**

#### **Authorization of 2011 Series A Bonds**

There is hereby authorized to be issued a Series of Bonds designated "Electric System Revenue Bonds, 2011 Series A" in the total principal amount of up to [\$\_\_\_\_\_]. The 2011 Series A Bonds shall be issued to fund investment in Smart Grid technology and other capital projects for which the city expects to receive grants under the American Recovery and Reinvestment Act, and to fund the Burlington Electric Department's share of improvements to the Highgate Converter Station. The 2011 Series A Bonds shall bear interest at the rates per annum and shall mature on \_\_\_\_\_ in each of the years and in the principal amounts as shown below:

**[insert chart]**

The 2011 Series A Bonds shall be issued only as fully-registered bonds in minimum denominations of \$5,000 and in any whole multiple thereof. The 2011 Series A Bonds shall be the date of issuance, and shall be numbered in numerical order from R-1 upwards in chronological order as issued.

The 2011 Series A Bonds shall bear interest from the date of issuance, payable on \_\_\_\_\_, and semiannually thereafter on each [January] 1 and [July] 1. Interest shall be paid by the Bond Trustee by check or draft mailed to the registered owner at the owner's address as it appears on the registration books kept pursuant to the Resolution. The principal of and premium, if any, on the 2011 Series A Bonds shall be payable at the corporate trust office of the Bond Trustee.

The 2011 Series A Bonds, registration provisions and forms of authentication and assignment pertaining thereto shall be in substantially the form set forth in Section 7 hereof, with necessary or appropriate variations, omissions and insertions which are incidental to their numbers, denominations, maturities, interest rates, paying agencies, registration provisions, redemption provisions and other details.

### **Section 4**

#### **Authorization of 2011 Series B Bonds**

There is hereby further authorized to be issued a Series of Bonds designated "Electric System Revenue Bonds, 2011 Series B" in the total principal amount of up to [\$\_\_\_\_\_]. The 2011 Series B Bonds shall be issued to pay costs of the City's share of joint ownership in the transmission facilities of Vermont Transco, LLC as a current electric distribution utility in the State of Vermont ("Vermont Transco") through the purchase of equity in Vermont Transco. The 2011 Series B Bonds shall bear interest at the rates per annum and shall mature on \_\_\_\_\_ in each of the years and in the principal amounts as shown below:

[insert chart]

The 2011 Series B Bonds shall be issued only as fully-registered bonds in minimum denominations of \$5,000 and in any whole multiple thereof. The 2011 Series B Bonds shall be the date of issuance, and shall be numbered in numerical order from R-1 upwards in chronological order as issued.

The 2011 Series B Bonds shall bear interest from the date of issuance, payable on \_\_\_\_\_, and semiannually thereafter on each [January] 1 and [July] 1. Interest shall be paid by the Bond Trustee by check or draft mailed to the registered owner at the owner's address as it appears on the registration books kept pursuant to the Resolution. The principal of and premium, if any, on the 2011 Series B Bonds shall be payable at the corporate trust office of the Bond Trustee.

The 2011 Series B Bonds, registration provisions and forms of authentication and assignment pertaining thereto shall be in substantially the form set forth in Section 8 hereof, with necessary or appropriate variations, omissions and insertions which are incidental to their numbers, denominations, maturities, interest rates, paying agencies, registration provisions, redemption provisions and other details.

#### **Section 5** **Redemption of 2011 Series A Bonds**

The 2011 Series A Bonds maturing after \_\_\_\_\_, 20\_\_ are subject to redemption prior to maturity, at the option of the City, on and after \_\_\_\_\_, 20\_\_, in whole or in part at any time, at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

The 2011 Series A Bonds maturing \_\_\_\_\_, 20\_\_ are subject to mandatory sinking fund redemption on \_\_\_\_\_ of each of the years and in the amounts as follows:

<u>Year</u>	<u>Face Amount</u>	<u>Year</u>	<u>Face Amount</u>
_____	_____	_____	_____

There is further reserved the right to redeem the 2011 Series A Bonds as a whole or in part at any time in any order of maturity and any amounts within maturities, but only from moneys available for such purpose in the Special Redemption Fund established by the Resolution, upon payment of the principal amount thereof together with the interest accrued thereon to the date fixed for redemption.

#### **Section 6** **Redemption of 2011 Series B Bonds**

The 2011 Series B Bonds maturing after \_\_\_\_\_, 20\_\_ are subject to redemption prior to maturity, at the option of the City, on and after July 1, 20\_\_, in whole or in part at any time, at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

The 2011 Series B Bonds maturing \_\_\_\_\_, 20\_\_ are subject to mandatory sinking fund redemption on \_\_\_\_\_ of each of the years and in the amounts as follows:

Year

Face Amount

Year

Face Amount

There is further reserved the right to redeem the 2011 Series B Bonds as a whole or in part at any time in any order of maturity and any amounts within maturities, but only from moneys available for such purpose in the Special Redemption Fund established by the Resolution, upon payment of the principal amount thereof together with the interest accrued thereon to the date fixed for redemption.

### **Section 7**

#### **Notice of Redemption of Series 2011 Bonds**

Notice of intention to redeem shall be given by the Bond Trustee at least 30 days but not more than 60 days before the redemption date by mail, postage prepaid, to the owners of any Series 2011 Bonds which are to be redeemed. Failure to mail any such notice or any defect in such notice shall not affect the validity of the proceedings for such redemption with respect to the owners to whom such notice was so given. If any Series 2011 Series Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Series 2011 Bond or Bonds in principal amount equal to the unredeemed portion of such Bond and of the same series and maturity and bearing interest at the same rate will be issued.

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Bond Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on such Series 2011 Bonds to be redeemed and that if such moneys are not so received, such notice shall be of no force or effect and such Series 2011 Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any and interest on such Series 2011 Bonds are not received by the Bond Trustee on or prior to the purported redemption date, the redemption shall not be made, and the Bond Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

If less than all of the Series 2011 Bonds of any one maturity shall be called for redemption, the particular Series 2011 Bonds or portions thereof to be redeemed shall be selected by the Bond Trustee in such manner as the City in its discretion may determine; provided, however, that the portion of any Series 2011 Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Series 2011 Bonds for redemption, each Series 2011 Bond shall be considered as representing that number of Series 2011 Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. So long as a book-entry system is used for determining beneficial ownership of the Series 2011 Bonds, if less than all of the Series 2011 Bonds within a maturity are to be redeemed, DTC and the DTC participants shall determine which of the Series 2011 Bonds within a maturity are to be redeemed by lot.

**Section 8**  
**Form of Series 2011 Bonds**

The Series 2011 Bonds, registration, exchange and transfer provisions and forms of authentication and assignment pertaining thereto shall be in substantially the form set forth below, with necessary or appropriate variations, omissions and insertions which are incidental to their numbers, denominations, maturities, interest rate and other details:

No. R-

\$

UNITED STATES OF AMERICA  
STATE OF VERMONT  
CITY OF BURLINGTON ELECTRIC SYSTEM REVENUE BOND  
2011 SERIES [A][B (Taxable)]

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

Interest Rate: \_\_\_\_\_ % Per annum

Bond Date: [\_\_\_\_\_]

Registered Owner: Cede & Co.

Principal Amount: \_\_\_\_\_ Dollars

The City of Burlington, Vermont (the "City"), for value received, promises to pay to the Registered Owner of this bond, or registered assigns, but solely from the Revenues provided under the Resolution mentioned in this bond, on the Maturity Date, the Principal Amount, upon presentation and surrender hereof, and to pay interest, but solely out of the Revenues, at the Interest Rate on such Principal Amount from the most recent [January] 1 or [July] 1 to which interest has been paid or duly provided for or, if no interest has been paid, from the Bond Date, payable on \_\_\_\_\_ and semi-annually on the first day of [January] and [July] in each year thereafter until payment of such Principal Amount, and, to the extent permitted by law, interest on overdue interest at the same rate. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal or redemption price of and interest on this bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts. The principal or redemption price of this bond shall be payable at the corporate trust office of [U.S. Bank National Association (as successor to State Street Bank and Trust Company), in the City of Boston, Massachusetts,] the Bond Trustee under the Resolution, or its successor in trust. Interest on this bond shall be payable by check or draft mailed to the Registered Owner at its address appearing on the registration books of the City kept for that purpose at the corporate trust office of the Bond Trustee, determined as of the close of business on the applicable record date. The record date for payment of interest shall be the fifteenth day of the month next preceding the date on which the interest is to be paid or, if such fifteenth day is not a business day, the next preceding business day, provided that, with respect to overdue interest or interest payable on redemption of this bond other than on an interest payment date or interest on

any overdue amount, the Bond Trustee may establish a special record date. The special record date may not be more than 20 days before the date set for payment. The Bond Trustee will give notice of a special record date by mailing a copy of such notice to the registered owners of all the Bonds outstanding at least 10 days before the special record date or in such other time and manner as the Bond Trustee may deem appropriate.

This bond is one of a series of bonds aggregating [Thirteen Million Five Hundred Seventy Five Thousand Dollars (\$13,575,000)] in principal amount, issued by the City for the purposes of its Electric Plant pursuant to No. 298 of the Vermont Acts of 1953 as amended and a Resolution duly adopted by the Board of Light Commissioners of the City on October 7, 1981 (as supplemented and amended by one or more supplemental resolutions including a supplemental resolution duly adopted by the Board on \_\_\_\_\_, 2011). Bonds may be issued under the Resolution in one or more series from time to time.

This bond is issued pursuant to Section 433 of the City Charter does not constitute an indebtedness of the City but is payable solely from the revenues of the City's electric plant.

Reference is made to the Resolution (as supplemented and amended) for, among other things, definitions of terms; the nature and extent of the security for the Bonds; the covenants securing the Bonds; the properties constituting the Electric Plant of the City; the manner of enforcement of the pledge; the terms and conditions upon which additional Bonds may be issued; the conditions upon which the Resolution may be amended or supplemented with and without the consent of the holders of the Bonds; acceleration of principal in the event of default; remedies and limitations of remedies; and the terms upon which Bonds may no longer be secured by the Resolution if sufficient moneys or specified securities are deposited with the Bond Trustee in trust for their payment. Copies of the Resolution (including any supplemental resolutions) may be inspected at the office of the Board of Electric Commissioners of the City and in the corporate trust office of the Bond Trustee.

The Bonds of this series maturing after \_\_\_\_\_, 20\_\_ are subject to redemption prior to maturity, at the option of the City, on and after \_\_\_\_\_, 20\_\_, in whole or in part at any time, at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

<u>Year</u>	<u>Face Amount</u>	<u>Year</u>	<u>Face Amount</u>
_____	_____	_____	_____

The Bonds of this series maturing \_\_\_\_\_, 20\_\_ are subject to mandatory sinking fund redemption on \_\_\_\_\_ of each of the years and in the amounts as follows:

The Bonds of this series are subject to redemption prior to maturity as a whole or in part at any time in any order of maturity and amounts within maturities determined by the City and by lot within a maturity, at a redemption price equal to 100 percent of the

principal amount but only to the extent of moneys in the Special Redemption Fund, together with interest to the date fixed for redemption.

In the event this bond is called for redemption, notice shall be mailed not less than thirty (30) days prior to the redemption date, to the Registered Owner at the owner's address as shown on the books of registry. If this bond is of a denomination in excess of \$5,000, portions of the Principal Amount in the amount of \$5,000 or any multiple of \$5,000 may be redeemed. If less than all of the Principal Amount is to be redeemed, upon the surrender of this bond to the Bond Trustee there shall be issued to the Registered Owner hereof at the corporate trust office of the Bond Trustee, without charge, registered Bonds for the unredeemed balance of the Principal Amount. If this bond (or any portion) is duly called for redemption and notice is duly given, and if on or before the redemption date there are on deposit with the Bond Trustee or any paying agent for this bond sufficient funds to pay the redemption price and the interest on the principal amount redeemed to the date of redemption, this bond (or the portion to be redeemed) shall become due and payable upon the redemption date and interest shall cease to accrue from and after the redemption date on the principal amount to be redeemed.

The Bonds of this series are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple in excess thereof.

This Bond is transferable, subject to the limitations and upon the payment of the charges, if any, provided in the Resolution, at the corporate trust office of the Bond Trustee by the Registered Owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Trustee duly executed by the Registered Owner or the owner's duly authorized attorney, and thereupon the City shall issue in the name of the transferee a new registered bond or bonds of the same aggregate principal amount and series, interest rate and maturity as the surrendered bond. This bond may also be exchanged, alone or with other Bonds of the same series, interest rate and maturity, at the corporate trust office of the Bond Trustee, for a new Bond or Bonds of the same aggregate principal amount, series, interest rate and maturity, without transfer to a new registered owner, subject to the limitations and upon the payment of the charges, if any, provided in the Resolution.

The Bonds issued under the Resolution do not constitute an indebtedness of the City but are payable solely from and are equally and ratably secured by a pledge of the Revenues derived by the City from the ownership and operation of its Electric Plant.

The terms and provisions of this Bond and definitions of certain terms used herein are continued on the reverse side hereof and such continued terms and provisions and definitions shall for all purposes have the same effect as though fully set forth at this place.

This Bond shall not be valid unless the Certificate of Authentication hereon is signed by the Bond Trustee.

CITY OF BURLINGTON, VERMONT

By: \_\_\_\_\_  
Chief Administrative Officer

(SEAL)

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the Resolution mentioned in the Bond.

U.S. BANK NATIONAL ASSOCIATION,  
as Bond Trustee

Date of Authentication:  
\_\_\_\_\_, 2011

By: \_\_\_\_\_  
Authorized Signature

For value received the undersigned sells, assigns and transfers this bond to

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
Social Security or Other Identifying Number of Assignee

and irrevocably appoints \_\_\_\_\_ attorney-in-fact to transfer it  
on the books kept for registration of the bond, with full power of substitution.

\_\_\_\_\_  
NOTE: The signature of this  
assignment must correspond with the  
name as written on the face of the  
bond without alteration or  
enlargement or other change.

Dated:  
Signature Guaranteed:

\_\_\_\_\_

Participant in a Recognized  
Signature Guarantee Medallion Program

By: \_\_\_\_\_  
Authorized Signature

**Section 9**  
**Disposition of Proceeds of Series 2011 Bonds**

From the proceeds derived from the sale of the Series 2011 Bonds, including accrued interest and original issue discount and net original issuance premium (if any), after payment of the underwriter's discount and the bond insurance premium, if any, there shall be deposited:

- (a) [in the Interest Account, the amount of such accrued interest, which shall be applied to payment of interest on the Series 2011 Bonds coming due on \_\_\_\_\_;]
- (b) [in the Debt Service Reserve Fund, the sum of \$ \_\_\_\_\_];
- (c) [with the Bond Trustee, the sum of \$ \_\_\_\_\_, estimated by the City to be required to pay expenses of issue related to the Series 2011 Bonds; and
- (d) [in the Construction Fund, the balance of \$ \_\_\_\_\_, to be invested and applied to the financing and refinancing of the costs of the Project].

The amounts provided under clauses (c) and (d) may be invested in securities eligible for investment in the Construction Fund. Any earnings thereon shall be added thereto. Any unused amount shall be transferred to the City and any remaining expenses of issue shall be paid by the City.;

**Section 10**  
**Debt Service Reserve Fund**

[One Million Dollars (\$1,000,000)] of the proceeds of the [Series 2011 Bonds] are to be deposited in the Debt Service Reserve Fund.] The increase in the Debt Service Reserve Fund Requirement resulting from the issuance of the Series 2011 Bonds shall be funded by transfers from the City from the Revenue Fund to the Debt Service Reserve Fund in three equal installments not later than three (3) years from the estimated date of commercial operation of the projects funded by the Series 2011 Bonds, and the City may deposit the same in whole or in part on any earlier date or dates.

**Section 11**  
**Renewal and Replacement Fund**

The Renewal and Replacement Fund Requirement shall be maintained at \$867,000. No proceeds of the Series 2011 Bonds are to be deposited in the Renewal and Replacement Fund.



**Section 12**  
**Fuel Fund**

No provision is made by this Supplemental Resolution for deposits into the Fuel Fund.

**Section 13**  
**Tax Exemption**

The City hereby covenants and agrees to take all lawful action necessary to ensure that interest on the 2011 Series A Bonds will remain excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code") and to refrain from taking any action which would cause such interest to become includable in gross income under the Code. Without limiting the foregoing, to the extent required to maintain the exclusion of interest on the 2011 Series A Bonds from gross income under the Code, the City will file any information report and pay any rebate due to the United States in connection with the issuance of the 2011 Series A Bonds and will restrict yield on investments of the proceeds of the 2011 Series A Bonds and of moneys held in funds and accounts under the Resolution and allocable to the 2011 Series A Bonds, all in accordance with the directions of Bond Counsel to the City which may be given from time to time. The City's Chief Administrative Officer and the General Manager of the Burlington Electric Department are hereby authorized and directed to execute and deliver from time to time, on behalf of the City, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the City with the Internal Revenue Code and the applicable regulations of the United States Treasury promulgated under the Internal Revenue Code, with respect to the investment and use of the proceeds of the 2011 Series A Bonds.

Interest on the 2011 Series B Bonds will be taxable.

**Section 14**  
**Official Statement**

The City hereby authorizes an Official Statement, to be completed with such insertions and with such modifications as the City's Chief Administrator or the General Manager of the Burlington Electric Department, upon the advice of counsel and bond counsel to the City, approves. The City hereby ratifies its approval of the Preliminary Official Statement relating to the Series 2011 Bonds, its authorization of the use of the Preliminary Official Statement by the initial purchasers of the Series 2011 Bonds and its deeming of the Preliminary Official Statement "final" for purposes of Rule 15c2-12 of the Securities Exchange Commission.

**Section 15**  
**Continuing Disclosure**

The City hereby authorizes and approves a Continuing Disclosure Undertaking with respect to the Series 2011 Bonds, under which the City will be obligated to provide financial information, operating data and financial statements with respect to the City and

the Burlington Electric Department, notice of certain events if material, and certain other notices, to nationally recognized municipal securities information repositories and others, all as described therein.

**Section 16**  
**Certain Findings and Determinations**

The Board of Electric Commissioners hereby finds and determines as follows:

(a) No bonds have heretofore been issued under the Resolution except the \$8,050,000 Electric System Revenue Bonds, 1981 Series A, dated November 1, 1981, the \$55,950,000 Electric System Revenue Bonds, 1982 Series A, dated June 1, 1982, the \$71,095,000 Electric System Revenue Refunding Bonds, 1983 Series A, dated March 1, 1983, the \$70,765,000 Electric System Revenue Bonds, 1986 Series A, dated September 1, 1986, the \$35,285,000 Electric System Revenue Bonds, 1992 Series A, the \$5,615,000 Electric System Revenue Bonds, 1992 Series B (Taxable), the \$54,475,000 Electric System Revenue Refunding Bonds, 1996 Series A, the \$10,995,000 Electric System Revenue Refunding Bonds, 2001 Series A, the \$22,875,000 Electric System Revenue Refunding Bonds, 2002 Series A, and the \$10,000,000 Electric System Revenue Bonds, 2004 Series A.

(b) other than the 1996 Series A Bonds, the 2001 Series A Bonds, the 2002 Series A Bonds, and the 2004 Series A Bonds, there are no outstanding bonds, notes or other evidences of indebtedness payable from and secured by a lien on or pledge or charge upon the Revenues pledged under the Resolution.

**Section 17**  
**Consent to Supplemental Resolution No. 10**

Each purchase of a Series 2011 Bond and/or any future series of bonds issued under the Resolution by the initial purchaser(s) thereof shall be deemed to constitute consent to Supplemental Resolution No. 10, the amendment to the General Bond Resolution, and the terms and conditions contained therein.