

Request for Proposals from Financial Institutions  
for a Letter of Credit to support Green Energy Finance

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Vermont  
Bond Bank

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## INTRODUCTION

The Vermont Bond Bank (“Bond Bank”) is seeking proposals from financial institutions to provide a letter of credit (“LOC”) to support a new dedicated green energy finance practice. This will build on the Bond Bank’s existing work financing renewable energy and energy efficiency projects for schools, municipalities, villages, and towns throughout Vermont.

The need for an LOC follows the Bond Bank’s commitment from USDA Rural Utility Service of a wholesale revolving loan in the amount of \$40 million that will be lent to the Bond Bank at 0% for 20 years on a draw down basis. The facility will be used by the Bond Bank for eligible loans under the program at a rate up to 5%.

The loan is being provided to through [USDA’s Rural Energy Savings Program \(“RESP”\)](#). Loans made by the Bond Bank under the “RESP Program” must be for energy efficiency purposes (including renewables and storage) to implement durable cost-effective energy efficiency measures.

Additionally, the RESP conditions allow a one-time “Special Advance” of up to 4% of the total loan amount to provide working capital for program activities.

As stated under the commitment letter, the Bond Bank will need to secure an LOC for 50% of the amount drawn on the USDA loan. The commitment letter is attached to this RFP as Attachment A.

Loans originated by the Bond Bank under the program are allowed a maximum term of up to 10 years. Additionally, the Bond Bank will need to repay USDA monthly for principal borrowed and will draw on the loan only after originating loans. Further, underlying loans are expected to be amortized through monthly payments. As a result, the covered amount under the LOC will vary considerably from the face value of the USDA loan.

The Bond Bank is currently negotiating the final form of loan agreement with USDA, which is expected to be approved by the Bond Bank board by the end of January. The Bond Bank has provided a draft form of Security Agreement to support the LOC. The final Security Agreement will be finalized after selection of the LOC provider.

## BORROWER OVERVIEW

The “Bond Bank” was created by the Vermont legislature in 1970 to assist eligible governmental units access public financing markets.

The Bond Bank provides municipal loans for local infrastructure projects through the Pooled Loan Program. Loans are primarily financed through the Bond Bank’s issuance of publicly offered tax-exempt bonds. On an on-going basis, the Bond Bank services its loans and provides outreach and planning assistance to potential borrowers.

The Pooled Loan Program is organized under the 1988 General Resolution. Bonds issued under this resolution carry a “AA+” and “Aa2” rating from Standard & Poor’s and Moody’s, respectively. See more information on this program as well as audited financial statements at: [vtbondbank.org/investors](http://vtbondbank.org/investors).

Borrowers of the Bond Bank are exclusively governmental units of the state including cities, towns, villages, school districts, and other municipal entities throughout the state.

The Bond Bank also co-manages the State’s Clean Water and Drinking Water Revolving Funds with the Department of Environmental Conservation. Loans are issued for the planning and construction of municipal drinking water and clean water projects.

More recently, the Bond Bank has identified additional sources of low-cost lending dollars that will be developed into a Green Energy Finance program.

## SECURITY

The Bond Bank's intent is to isolate the security for the LOC to activities within the RESP Program. This will include the following sources of security for the LOC provider.

- **Cash collateral for the Special Advance.** USDA requires an LOC for all draws on the related loan including what is called the Special Advance that will be in the amount of approximately \$800 thousand not need to be repaid until year 10 of the loan. However, no loans will be originated with the Special Advance as it is for the purpose of working capital. As a result, the Bond Bank will provide cash collateral for the LOC associated with the special advance.
- **Assignment of RESP Program Loans.** Loans originated under the RESP Program will be assigned to the LOC provider with the ability to retain up to fifty percent (50%) of related revenues in the event the LOC is exercised. The underlying loans will be either general obligations or appropriation backed from units of government within Vermont. Appropriation backed loans will be used primarily for equipment purchases that on which the Bond Bank will secure a lien as an abundance of caution.

All loans (both general obligation and appropriation backed) will benefit from credit enhancement from the Bond Bank's state intercept program that allows the Bond Bank to offset nonpayment of debt service with funds due to borrowers from the State of Vermont. This program carries a programmatic rating of "Aa2" from Moody's. The Bond Bank will covenant to continue to exercise this authority in the event the LOC is exercised.

A draft Security Agreement is provided in Attachment B to this RFP.

General financial conditions of the Bond Bank, including financial audits, can be reviewed at: [vtbondbank.org/investors](http://vtbondbank.org/investors).

## BANKING SERVICES

The Bond Bank anticipates an account with the LOC provider for the cash collateral deposit initially funded at \$400 thousand. The account will require collateralization and earnings on the account will be evaluated alongside the LOC cost proposal.

## GREEN FINANCE PROGRAM IMPACT REPORTING

The loans associated with the Bond Bank's RESP loans will be high impact and produce tangible environmental and monetary benefits for borrowers. The Bond Bank will require on-going reporting from borrowers that can be provided to LOC providers for use in larger green lending corporate commitments.

## PROJECTED LOAN AMOUNTS AND BALANCES

The RESP Program is a new program for the Bond Bank with unknown use levels. Below is a table of projected use of the program, which is for illustrative purposes only.

<b>Assets</b>										
Cash	705,733	673,487	731,664	860,827	1,113,773	1,363,293	1,620,232	1,886,459	2,161,903	1,646,488
<i>Days Cash on Hand</i>	445	224	133	110	100	119	142	165	190	121
Loans Receivable (Pledged as Collateral)	1,866,729	3,940,718	7,476,843	10,305,282	14,474,696	13,070,532	11,082,368	9,094,204	7,106,039	5,117,875
<b>Restricted Investments</b>										
Pledged GORF Cash Asset	400,000	404,000	408,040	412,120	416,242	420,404	424,608	428,854	433,143	437,474
Loans Receivable Assigned to LOC (50%)	1,866,729	3,940,718	7,476,843	10,305,282	14,474,696	13,070,532	11,082,368	9,094,204	7,106,039	5,117,875
Total Restricted Investments	2,266,729	4,344,718	7,884,883	10,717,403	14,890,938	13,490,936	11,506,976	9,523,058	7,539,182	5,555,349
<b>Total Assets</b>	4,839,190	8,958,923	16,093,390	21,883,511	30,479,407	27,924,762	24,209,576	20,503,721	16,807,124	12,319,712
<b>Liabilities</b>										
Loans Payable	3,733,457	7,881,436	14,953,686	20,610,564	28,949,393	26,141,064	22,164,736	18,188,407	14,212,079	10,235,750
Loans Payable - Special Advance	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Due to other funds	0	0	0	0	0	0	0	0	0	0
Total Liabilities	4,533,457	8,681,436	15,753,686	21,410,564	29,749,393	26,941,064	22,964,736	18,988,407	15,012,079	11,035,750
<b>Net Position</b>										
Restricted Net Assets	400,000	404,000	408,040	412,120	416,242	420,404	424,608	428,854	433,143	437,474
Unrestricted Net Assets	(94,267)	(126,513)	(68,336)	60,827	313,773	563,293	820,232	1,086,459	1,361,903	846,488
Total Net Position	305,733	277,487	339,704	472,947	730,014	983,697	1,244,841	1,515,314	1,795,046	1,283,962
<b>Total Liabilities and Net Position</b>	4,839,190	8,958,923	16,093,390	21,883,511	30,479,407	27,924,762	24,209,576	20,503,721	16,807,124	12,319,712

## SUBMISSION QUESTIONS

1. Provide the name, title, address, telephone number, and e-mail address of the person the Bond Bank should contact in connection with your proposal.
2. Provide background information on the respondents financial institution either as an appendix or hyperlink.
3. Identify the amount lender costs, if any, expected to be paid by the borrower.
4. Identify counsel the firm would use if selected.
5. Provide pricing in the below table for all terms that are available. *The Bond Bank understands that pricing will be illustrative and subject to final credit review and approval.* Further, finalization of the Security Agreement will occur alongside final negotiation of the USDA loan agreement.

	<b>3 Years</b>	<b>5 Years</b>	<b>7 Years</b>	<b>10 Years</b>
LOC Cost				
Expressed as % of				
Amount Provided				
Notes				

6. Describe any other terms and conditions of the LOC.

## EVALUATION OF PROPOSALS

The RFP will be awarded based on the lowest cost inclusive of all potential costs. The Bond Bank reserves the right to award based on other criteria or withhold award.

If applicable, the Executive Director or their designee will conduct negotiations with firms whose proposal, when considered with all other proposals submitted in response to this solicitation, best meets the needs of the Bond Bank at its sole discretion.



## SUBMISSION DETAILS AND DEADLINE

Responses to this RFP are due via email to the contact below any time prior to **Wednesday, November 29, 2023, 4:00 pm ET**. Please contact Michael Gaughan with questions prior to Wednesday, November 22, 2023.

<b>Submission Contact</b>	
Michael Gaughan Vermont Bond Bank P: 802-861-0073 michael@vtbondagency.org	
<b>Submission Distribution</b>	
Elizabeth King Vermont Bond Bank elizabeth@vtbondagency.org	Michael Gaughan Vermont Bond Bank michael@vtbondagency.org

ATTACHMENT A: USDA COMMITMENT LETTER



Rural Development

Rural Utilities Service

Electric Program

1400 Independence  
Ave SW, Room 4121  
Stop 5160  
Washington, DC  
20250

Voice 202.720.9545

Mr. Michael Gaughan  
Executive Director  
Vermont Municipal Bond Bank  
100 Bank Street, Suite 401  
Burlington, Vermont 05401

Dear Mr. Gaughan,

We are pleased to advise you that a loan commitment in the amount of \$40,000,000 has been approved for Vermont Municipal Bond Bank (Borrower), by the Rural Utilities Service (RUS). The proceeds of the loan, designated "A50" (RESP Loan), are to be used by the Borrower to make loans to qualified consumers to implement durable cost-effective energy efficiency measures, as described in the application package dated May 16, 2023, pursuant to the Rules and Regulations published in the Federal Register, Vol. 85, No. 64 on April 2, 2020.

Upon receipt of acceptance of this loan offer, the United States Department of Agriculture's Office of the General Counsel (OGC) will begin to prepare a loan contract (RUS Loan Contract) and related loan documents for the RESP Loan. The Borrower is encouraged to notify RUS as soon as practical as to the identity of legal counsel that will be representing the Borrower during the preparation of the RUS Loan Contract and related documents.

Before funds are advanced, you should have in place a cybersecurity plan, a supply chain plan, and a plan to comply with cybersecurity requirements of the National Institute of Standards and Technology (NIST) and the Cybersecurity and Infrastructure Security Agency (CISA).

Please note that this letter does not constitute an approval to advance the loan proceeds. Proceeds are eligible for advancement on the RESP Loan after all conditions below have been met and the proper advance request documentation has been submitted to RUS:

1. RUS has entered into a RUS Loan Contract with the Borrower to make the Borrower a loan of \$40,000,000 to finance loans to eligible entities that agree to use the loan funds to make loans to qualified consumers for the purpose of implementing durable energy efficiency measures as described in the updated Energy Efficiency Implementation Work Plan dated May 10, 2023, in support of the Borrower's loan request approved by RUS.
2. The Borrower has submitted evidence, in form and substance satisfactory to RUS, that the conditions in the RUS Loan Contract have been satisfied to the extent and in the manner prescribed by RUS.
3. The Borrower has submitted evidence, in form and substance satisfactory to RUS, that the Borrower has duly authorized, executed, and has delivered to RUS a RUS Loan Contract, Note and applicable security documents in the form and manner prescribed by RUS.
4. The Borrower shall have entered into an irrevocable standby Letter of Credit, in form and substance satisfactory to RUS, with an entity acceptable to RUS, securing the payment of sums due to RUS on account of the RESP Loan in the amount of fifty percent of the first advance. The LOC is to at all times provide payment to RUS in an

amount equal to fifty percent of the total amount of the outstanding balance owed by the Borrower to RUS on the A50 Note in the event of a payment default by the Borrower on the A50 Note, and such Letter of Credit shall remain in effect as long as any amounts under the Loan due to RUS are outstanding;.

5. The Borrower shall establish an Energy Efficiency Program Account (EEP Account) subject to a Deposit Account Control Agreement (DACA) with RUS and a financial institution approved by RUS, said DACA to be in form and substance satisfactory to RUS, and providing RUS with the right to perfect its security interest in the EEP Account upon the assertion by RUS of control over the EEP Account.
6. The Borrower shall establish a Loan Funds Account (Loan Funds Account) subject to a DACA with RUS and a financial institution approved by RUS, said DACA to be in form and substance satisfactory to RUS, and providing RUS with the right to perfect its security interest in the Loan Funds Account upon the assertion by RUS of control over the Loan Funds Account. The Borrower shall hold all moneys advanced to it by RUS in the Loan Funds Account in trust for the benefit of RUS until they are disbursed by the Borrower for the purposes set forth in the Loan Agreement.

The Borrower shall also be subject to the following affirmative covenants:

1. The Borrower shall, prior to every advance of funds on account of the RESP A50 Loan, have entered into a Letter of Credit in an amount not less than fifty percent of the total amount of the outstanding balance which will be owed by the Borrower to RUS on the A50 Note subsequent to such advance. In the event there is no advance made on the RESP A50 Loan for 12 or more months, the amount of the Letter of Credit may also be adjusted by the Borrower periodically with the prior written consent of RUS, but such adjustments shall not be made more frequently than every 12 months, and in no event shall the amount of the Letter of Credit ever be less than fifty percent of the total amount of the outstanding balance owed by the Borrower to RUS on the A50 Note.
2. The Borrower hereby agrees that it shall, after all funds on account of the RESP A50 Loan are advanced, maintain the Letter of Credit in form, substance, and amount satisfactory to RUS in compliance with this Loan Contract as long as any amounts are outstanding under the A50 Note.
3. The Borrower shall, after the last advance of funds on account of the RESP Loan, for a period of one year, maintain in the Loan Funds Account all RESP Loan funds until it has advanced all such funds to the qualified consumers. Any RESP funds unadvanced after the one-year period must be returned to RUS with interest as provided in 7 C.F.R. §1719.8(d)(1)(i).

**Please note that the approval of this loan commitment is an offer to the Borrower of the RESP Loan. Your acknowledgement and acceptance of the RESP Loan is subject to the specified terms and conditions identified above.**

**This award is subject to the provisions contained in the Consolidated Appropriations Act, 2019, P. L. 114-113, Division E, Title VII, Sections 745 and 746, as amended and/or subsequently enacted for**

**USDA agencies and offices regarding corporate felony convictions and corporate federal tax delinquencies. Please see the attached certification for compliance with these requirements.**

**Your acknowledgement and acceptance must be received by RUS, no later than 14 calendar days from the date of this letter, otherwise the commitment will be VOID. The Chairman or the Board President authorized by your organization to execute the loan documents must execute by signing, dating and returning the commitment letter via an email attachment to:**

Karen Hargrove  
Email Address: [loancommitment@wdc.usda.gov](mailto:loancommitment@wdc.usda.gov)


If email is not possible, the signed document can be faxed to 1-844-875-8076. The original executed and dated commitment will remain in your files.

Sincerely,

**ANDRE** Digitally signed by  
ANDREW BERKE  
Date: 2023.07.26  
11:40:35 -04'00'  
**W BERKE**

Andy Berke  
Administrator  
Rural Utilities Service

**ACKNOWLEDGED AND ACCEPTED BY:**

Name:   
Title: EXECUTIVE DIRECTOR  
Date: 8/3/2023

ATTACHMENT B: DRAFT SECURITY AGREEMENT

## PLEDGE, ASSIGNMENT AND SECURITY AGREEMENT

PLEDGE, ASSIGNMENT AND SECURITY AGREEMENT (this “Agreement”), dated as of \_\_\_\_\_, 2023 made by the VERMONT BOND BANK, a body corporate and politic constituted as an instrumentality of the State of Vermont exercising public and essential governmental functions (the “Bond Bank”), created pursuant to the provisions of 24 V.S.A., Chapter 119 (hereinafter referred to as the “Act”) having a business address at 100 Bank Street, Suite 401, Burlington, Vermont 05401 in favor of [BANK] having its principal place of business at \_\_\_\_\_ (the “Bank”).

### BACKGROUND:

A. Pursuant to the Loan Contract dated as of \_\_\_\_\_, 2023 (the “RUS Loan Contract”), by and between the Bond Bank and the United States of America, acting through the Administrator of the Rural Utilities Service (“RUS”), the Bond Bank is borrowing from RUS up to \$40,000,0000 for financial assistance (the “RUS Loan”) under the Rural Energy Savings Program (“RESP”);

B. The Bond Bank will loan the proceeds of the RUS Loan to one or more Governmental Units (as defined in the Act) each loan evidenced by a loan agreement (the “Municipal Loan Agreement”) between the Bond Bank and such Governmental Unit receiving a loan from the proceeds of the RUS Loan and secured by a bond, note or other instrument (the “Municipal Instrument”) delivered by the Governmental Unit to the Bond Bank to secure its obligations under the Municipal Loan Agreement;

C. The RUS Loan is evidenced by a Note and secured by a Security Agreement and Financing Statement from the Bond Bank to RUS (the “Security Agreement”);

D. A condition precedent to any draw on the RUS Loan is that the Bond Bank must deliver an irrevocable, renewable standby letter of credit (the “Letter of Credit”) in favor of RUS in an amount equal to at least fifty percent (50%) of the total outstanding balance on the RUS Loan, to be drawn up by RUS in the event of nonpayment by the Bond Bank; and

E. To induce the Bank to provide the Letter of Credit and in consideration thereof, the Bond Bank wishes to pledge to the Bank the collateral provided herein.

### AGREEMENTS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. DEFINITIONS. All capitalized terms utilized herein but not otherwise defined shall have the meanings ascribed to them under the Vermont Uniform Commercial Code.

Section 2. GRANT OF SECURITY INTERESTS, ETC. In order to induce the Bank to provide the Letter of Credit, and as security for the prompt and unconditional performance of the obligations of the Bond Bank to repay draws on the Letter of Credit by RUS under the Security

Agreement, the obligations of Bond Bank under that certain Commitment Letter of even date herewith (“Commitment Letter”), and all other applicable obligations, the Bond Bank hereby pledges and assigns to the Bank, and grants to Bank a continuing security interest in and to, and a lien on, all of the Bond Bank’s right, title and interest in, to and under:

(a) all Municipal Instruments, all rights of the Bond Bank and fifty-percent (50%) of the payment by the Governmental Units thereunder and under the Municipal Loan Agreements, and any and all other benefits to which the Bond Bank may be entitled in its capacity as the owner of the Municipal Instruments;

(b) [collateral account established at the Bank] (the “Pledged Account”); and

(c) any and all proceeds of the foregoing subject to the limitation on payments described in (a) above,

in each and every case whether now owned or hereafter acquired or arising, together with any and all substitutions for and any additions and accessions to the same.

All of the foregoing rights, titles and interests, are hereinafter collectively referred to as the “Collateral”.

If the grant of security interests and liens hereunder or any other provision of this Agreement should conflict with or otherwise be inconsistent with the provisions of the Municipal Loan Agreements, then the provisions of this Agreement shall control and the Operating Agreement shall be deemed to be amended with respect to such conflicting or inconsistent provisions.

Section 3. OBLIGATIONS SECURED. The Collateral hereunder constitutes and will constitute continuing security for all of the following obligations (herein, collectively, the “Obligations”): all obligations of each Borrower under its Loan Agreement, all of the obligations of Bond Bank under the Commitment Letter, and any and all other obligations under all other loan documents executed in connection therewith (herein, collectively, the “Transaction Documents”).

Section 4. REPRESENTATIONS, WARRANTIES AND COVENANTS OF BORROWER. The Bond Bank hereby represents, warrants and covenants to the Bank that:

(a) The Collateral constitutes 100% of the Bond Bank’s interest in the Municipal Instruments and fifty-percent (50%) of the loan payment thereof, the Municipal Loan Agreements and the Pledged Account. The Collateral is free from all claims, mortgages, pledges, liens, security interests and other encumbrances of every nature. The transactions contemplated by this Agreement (including, without limitation, the exercise by the Bank of any or all of its remedies hereunder) do not and will not conflict with any agreement or other instrument to which the Bond Bank is a party or by which it or any of its property or other assets may be bound. The Bond Bank will defend the Collateral and the Bank’s right, title and interest therein against any and all claims and demands made by any person other than the



Bank. The Bond Bank will not pledge, mortgage or create, or suffer to exist, a security interest or lien in any of the Collateral in favor of any person other than the Bank, nor will it sell, transfer, convey, assign or otherwise dispose of any of the Collateral or any interest therein, nor agree to any such sale, transfer, conveyance, assignment or disposition, without the prior written consent of the Bank in each instance. This Agreement and all of the terms and provisions hereof (including the power of attorney, liens and other security interests granted hereunder) are legal and binding obligations of the Bond Bank, enforceable in accordance with their respective terms, subject, however, to applicable bankruptcy, insolvency and similar laws and any laws of general application affecting creditor's rights.

(b) Bond Bank will not amend, alter, modify or terminate or permit the amendment, alteration, modification or termination of the Municipal Loan Agreements or the Municipal Instruments except with the prior written consent of Bank.

(c) The location of the Bond Bank's sole principal place of business and chief executive office is as stated above, and the Bond Bank shall not change the location thereof without providing thirty (30) days' prior written notice thereof to the Bank.

Section 5. FURTHER ASSURANCES. The Bond Bank agrees to execute and deliver promptly to the Bank from time to time at the request of the Bank all documents and instruments, including financing statements, supplemental security agreements and other documents, to take all reasonable action as the Bank may reasonably deem necessary or proper to perfect, renew or otherwise protect the security interest and lien created hereby and generally to do, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as the Bank may reasonably require more completely to vest in the Bank, and assure the Bank of, its rights under this Agreement and in any of the Collateral, including, without limitation, causing the Bank to be substituted for the Bond Bank as a member to the extent of the Bond Bank's interest in Borrower in the place and stead of the Bond Bank, so long as such instruments or actions do not increase the scope of Bond Bank's Obligations. To the extent permitted under applicable law, Bond Bank specifically acknowledges the right of the Bank singly to execute and file financing statements without execution by the Bond Bank, so long as such instruments or actions do not increase the scope of Bond Bank's Obligations. Upon the final payment and satisfaction in full of all of the Obligations and the termination of the security interest and lien created by this Agreement, the Bank shall return to the Bond Bank all Collateral then held by the Bank hereunder, together with termination statements and reassignments (prepared by the Bank at the cost of the Bond Bank) as appropriate relating thereto.

Section 6. REMEDIES. If an Event of Default (as defined in the Commitment Letter shall occur and be continuing after the expiration of any applicable notice, grace or cure period, to the fullest extent permitted by applicable law:

(a) The Bank shall have, in addition to all other rights and remedies given it under the other Transaction Documents, or otherwise allowed at law or in equity, the rights and remedies of a secured party under the Uniform Commercial Code as enacted in the State of Vermont or in any other jurisdiction in which the Collateral may be deemed to be located.

(b) The Bank may cause the interests or other securities pledged hereunder to be transferred into its name or the name of its nominee or nominees. The Bond Bank covenants to enforce all powers that are not transferable under the Act, including the intercept of state funds.

(c) The Bond Bank hereby irrevocably constitutes and appoints the Bank and any officer or agent thereof with full power of substitution as the Bond Bank's true and lawful attorney-in-fact and as such, the Bank is hereby authorized and permitted to take, in its own name or in the name of the Bond Bank for itself and as a member (to the extent of Bond Bank's interest in the same), any action specified in this Agreement to be taken by the Bank, and any other action the Bank deems necessary or prudent to protect the Collateral or its security interest in the Collateral.

(d) The Bank may demand, sue for, collect or make any compromise or settlement the Bank deems suitable in respect of any Collateral held by it hereunder.

(e) The Bond Bank hereby waives any and all rights that it may have to a judicial or other hearing in advance of the enforcement of any of the Bank's rights or remedies hereunder, including, without limitation, the Bank's rights following a default or demand for payment of the Obligations to exercise its rights and remedies as aforesaid with respect thereto.

Section 7. NO WAIVER. No course of dealing between the Bond Bank and the Bank, nor any failure on the part of the Bank to exercise, nor any delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Bank of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power. Each and every right, remedy and power hereby granted to the Bank or allowed it by law or other agreement shall be cumulative and not exclusive of any other and may be exercised by the Bank from time to time.

Section 8. TERMINATION, ASSIGNMENT, ETC. This Agreement and the security interest and lien in and on the Collateral created hereby shall terminate upon satisfaction of all of the obligations of Bond Bank under the Commitment Letter. No waiver by the Bank of any default shall be effective unless in writing or shall operate as a waiver of any other default or of the same default on a future occasion. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 9. NOTICES. Whenever notice is to be given by the Bank and/or the Bond Bank such notice shall be given in writing to the addresses set forth on the first page of this

Agreement. A notice address may also be changed by a like notice given in the manner provided by this Section 9.

Section 10. CONSENTS, AMENDMENTS, WAIVERS, ETC. Any term of this Agreement may be amended with, but only with, the written consent of the Bond Bank and the Bank, and the performance or observance by the Bond Bank of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), with, but only with, the written consent of the Bank. THE BOND BANK AGREES THAT

NEITHER IT NOR ANY OF ITS ASSIGNEES OR SUCCESSORS SHALL (A) SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER ACTION BASED UPON, OR ARISING OUT OF, THIS AGREEMENT, ANY RELATED INSTRUMENTS, ANY COLLATERAL OR THE DEALINGS OR THE RELATIONSHIP BETWEEN THE BORROWER AND ITS ASSIGNS AND SUCCESSORS AND THE BANK OR (B) SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

Section 11. MISCELLANEOUS. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

Section 12. GOVERNING LAW, JURISDICTION, ETC. This Agreement shall be governed by and construed in accordance with the laws of the State of Vermont, without regard to its law relating to choice or conflicts of law. This Agreement is intended to take effect as a sealed instrument. The Bond Bank, to the extent that it may lawfully do so, hereby consents to service of process and to be sued in the State of Vermont and irrevocably submits and consents to the jurisdiction of the courts of the State of Vermont and any federal court sitting therein, as well as to the jurisdiction of any other court, including all courts from which an appeal may be taken from such courts, for the purpose of any suit, action or other proceeding arising out of any of its obligations hereunder or with respect to the transactions contemplated hereby, and expressly waives any and all objections it may have as to venue in any such courts.

Section 13. LIMITATION ON LIABILITY AND RECOURSE. Except for acts or omissions (i) not in good faith or which involve intentional misconduct, fraud or knowing violation of law, (ii) involving any breach of any duty of loyalty or fiduciary responsibility, or (iii) involving receipt of any unauthorized or otherwise improper distribution (collectively, "Excluded Acts"), the Bank shall have no recourse with respect to the Obligations to the members of Bond Bank or to any such member or to the respective officers, directors, employees and agents of any such member or any, each of whom shall be exculpated (except with respect to Excluded Acts) from all personal liability for the payment of the Obligations and for the performance of any of the terms and conditions contained in any of the Transaction Documents, and (except with respect to Excluded Acts) shall have no liability thereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as a document under seal by their duly authorized officers or representatives, all as of the date first above written.

Attest:

VERMONT BOND BANK

\_\_\_\_\_  
Executive Director

By: \_\_\_\_\_  
Chair

(SEAL)

[BANK]

By: \_\_\_\_\_  
[title]

DRAFT