



Third Taxing District

2 Second Street
East Norwalk, CT 06855

Tel: (203) 866-9271
Fax: (203) 866-9856

Third Taxing District of the City of Norwalk Commission Meeting

Monday July 1, 2013 at 7:00 PM

At the Third Taxing District Office, 2 Second Street, East Norwalk, CT

1. Public comment
2. Minutes of meeting – June 3, 2013 and Minutes Of Special Meeting June 11, 2013 (Pages 1 thru 6)
3. General Manager's Report
 - Update on Fitch St. / Cervalis Projects – (Verbal Update)
 - Review of Patriot Bank Loan Documents - (Pages 7 thru 72)
 - Update on Website/Marketing/Branding Project – (Verbal Update)
 - Update on Rate Study – (Verbal Update)
 - Update on Fitch Street Ground Breaking – (Verbal Update)
4. Discussion/Analysis of Financial Statements – (Pages 73 thru 77)
5. Follow up on Rowan St. Property (Scott Bento) – (Verbal Update)
6. Discussion of 5 Year Capital Budget – (Materials Previously Distributed)
7. Executive Session
8. Adjourn

Agenda backup material is available at the TTD office, www.ttd.gov and will be available at the meeting.

M:\Shared\Commission Meeting Information\Agenda 7-1-13.doc

District Commissioners

Paul G. Kokias	203-854-6678	Chairman	James Smith	203-866-9271	General Manager
David L. Brown	203-866-8099	Commissioner	Ron Scofield	203-866-9271	Assistant
Charles L. Yost	203-853-0837	Commissioner			General Manager

**CITY OF NORWALK
THIRD TAXING DISTRICT
REGULAR MEETING
JUNE 3, 2013**

ATTENDANCE: Paul Kokias, Chair; Charles Yost, David Brown
STAFF: James Smith, General Manager; Ron Scofield, General Manager.
OTHERS: Deborah Goldstein, Amanda Brown

CALL TO ORDER.

Mr. Kokias called the meeting to order at 7:00 p.m. A quorum was present.

PUBLIC COMMENT.

There was no one present who wished to comment at this time

MINUTES OF MEETING.

Minutes of the May 5/13/13 Meeting.

**** MR. BROWN MOVED TO APPROVE THE MINUTES OF THE MAY 13, 2013 MEETING.**

**** MR. YOST SECONDED.**

**** THE MOTION TO APPROVE THE MINUTES OF THE MAY 13, 2013 MEETING AS SUBMITTED PASSED UNANIMOUSLY.**

Minutes of Special Meeting 5/16/13.

**** MR. BROWN MOVED TO APPROVE THE MINUTES OF THE MAY 16, 2013 SPECIAL MEETING.**

The following corrections were noted:

Page 2, under **Discussion on Energy Conservation Project**, number 3: please change the following from "as of April 30th @ 125,000 (\$50 k for potential solar projects)" to "as of April 30th @ \$125,000 (\$50 k for potential solar projects)"

Page 3, paragraph 1, line 2: please change the following from "with the IOU and other" to "with the CL&P Investor Owned Utility (IOU) and other"

**** MR. YOST SECONDED.**

**** THE MOTION TO APPROVE THE MINUTES OF THE MAY 16, 2013 SPECIAL MEETING AS CORRECTED PASSED UNANIMOUSLY.**

GENERAL MANAGER'S REPORT.

Fitch Street / Cervalis Project - There will be some "spoils" (soil removed from excavation and excess). Mr. Smith said that the Siting Council had concerns about where the stockpile of spoils would be placed. The corrected drawings have been sent back to the Siting Council for approval.

Mr. Smith passed out copies of the ground breaking flyer to the Commissioners. A date for the ground breaking has not been confirmed at this time. The project is now approximately 50% completed. The next step will be the actual construction.

The Cervalis project has progressed to the point of pulling the cable in from Norden's. The power should be on by mid-June. Mr. Brown asked if any of the current excavation on Strawberry Hill was due to this project. Mr. Smith said that it was not.

Patriot Bank - The attorneys are continuing to work on the commitment letter and the closing documents.

Website/Marketing - Jumar is working on developing the website. Logo concepts and tag lines are being prepared for presentation to the Commission. Mr. Smith said that he was continuing to work on some sponsorships. Booths are being rented. Mr. Yost said that there would be more information this week.

Rate study - Mr. Smith spoke to Mr. Lund about the rate study. All the information they requested has been provided. Mr. Smith said that he would like to set up a meeting with the group to discuss the preliminary findings.

DISCUSSION/ANALYSIS OF FINANCIAL STATEMENTS.

Mr. Smith directed everyone's attention to page 9 of the information packet. He proceeded to review the details of the finances with the Commissioners. FEMA is in the process of issuing reimbursement checks to the Taxing District. These amounts will be charged back against the storm expenses. Mr. Smith said that he has worked hard to leave the fuel adjustment at 6.6¢ by controlling the expenses.

A two million dollar payment will be wired to the Taxing District from CMEEC in the very near future. These funds will be segregated into a special account for the Cervalis project.

Mr. Smith pointed out that the Norden project was beginning to generate income. This has to do with the conditions in the forward markets. The units have been tested and maintained.

FOLLOW UP ON ROWAN STREET PROPERTY.

City of Norwalk
Third Taxing District
Regular Meeting
June 3, 2013

Mr. Smith said that last month the Commission had discussed potentially purchasing the 18 Rowan Street property. He then updated the Commission on the status of potentially obtaining a zoning permit. Any storage could only be done on the rear portion of the parcel. Discussion followed about the details.

REPAIR OF PARKING LOT ENTRANCE.

Mr. Scofield directed everyone's attention to the memo in the information packet regarding the repair of the entrance to the parking lot. Two quotes have been submitted for the repair of this. Discussion followed about the potential water collecting in the parking lot and various vehicles scraping over the speed bump.

Mr. Kokias said that this was the first time that he had heard about this problem in the last six years. He stated that he was not in favor of spending the money to remove the speed bump.

Mr. Brown said that \$3,775.00 was a relatively small amount of money in the overall scheme of things and that the TTD should fix the problem now that they are aware of it. Discussion followed.

**** MR. BROWN MOVED TO APPROVE THE \$3,775.00 QUOTE FROM NADO AND SONS TO MAKE THE REPAIR TO THE PARKING LOT ENTRANCE AS OUTLINED IN THE MEMO DATED MAY 21, 2013.**

**** MR. YOST SECONDED.**

**** THE MOTION PASSED WITH TWO IN FAVOR (BROWN AND YOST) AND ONE OPPOSED (KOKIAS).**

Mr. Kokias left the meeting at 7:55 p.m. Mr. Yost took over as Chair.

DISTRIBUTION OF 5 YEAR CAPITAL BUDGET.

Mr. Smith then distributed copies of the 5 year Capital Budget. He reviewed the figures with the Commissioners. This budget will need to be discussed after the first of July. Mr. Brown asked where the figures had come from. Mr. Smith replied that the technical figures had come from catalogs, or IT catalogs for the computers. Mr. Yost pointed out that the City of Norwalk uses the same system. Mr. Smith said that the figures for the later years are projections. The next step would be a cash flow forecast in order to determine whether the District can afford to fund the various projects.

By doing a five year Capital Budget, the projects can be scheduled for the future. Mr. Smith said that he would be developing the cash flow forecast for the Commissioners in the coming week. It will be important to refresh the equipment to maintain efficiency. The figures for 2013-2014 are real.

EXECUTIVE SESSION.

**** MR. BROWN MOVED TO ENTER IN TO EXECUTIVE SESSION to DISCUSS COLLECTIVE BARGAINING ISSUES, MAPLEWOOD AND A PERSONNEL ISSUE.**

**** MR. YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The Commissioners, Mr. Scofield, Mr. Smith and Attorney Christopher Hodgson entered into Executive Session at 8:16 p.m. They returned to public session at 9:35 p.m. There was no action taken in public session.

ADJOURNMENT.

**** MR. BROWN MOVED TO ADJOURN.**

**** MR. YOST SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 9:35p.m.

Respectfully submitted,

Sharon L. Soltes
Telesco Secretarial Services

**CITY OF NORWALK
THIRD TAXING DISTRICT
SPECIAL MEETING
JUNE 11, 2013**

ATTENDANCE: Charlie Yost, Commissioner, David Brown, Commissioner

STAFF: James Smith, General Manager

OTHERS: Judi Virgulak and Marie Jablonski of Jumar Marketing

CALL TO ORDER

Mr. Yost, serving as temporary chairman, called the meeting to order at 6:00 p.m.

JUMAR MARKETING – DISCUSSION OF TAGLINE/LOGO CONCEPTS

The tagline and the selection of a logo were discussed and agreed upon. Unveiling will be at the 100th Anniversary Celebration, "Power on the Sound", on July 27th.

EXECUTIVE SESSION

****Mr. Brown moved to enter into Executive Session at 6:40 P.M., to discuss a Personnel matter**

****Mr. Yost seconded**

****the motion passed unanimously**

The Commissioners and Mr. Smith entered into Executive Session at 6:41 p.m. They returned to public session at 7:06 p.m. No action was taken.

ADJOURNMENT

**** Mr. Brown moved to adjourn**

****Mr. Yost seconded**

District Commissioners

Paul G. Kokias	203-854-6678	Commissioner	James Smith	203-866-9271	General Manager
David L. Brown	203-866-8099	Commissioner	Ron Scofield	203-866-9271	Assistant General Manager
Charles L. Yost	203-853-0837	Commissioner			



****The motion passed unanimously**

The meeting adjourned at 7:07 p.m

Respectfully submitted,

Ronald Scofield
District Clerk

Memorandum Third Taxing District Electric Department

To: TTD Commissioners

From: Jim Smith – General Manager

Date: June 25, 2013

Subject: Patriot National Bank Loan Documents



Attached please find a series of loan documents connected with the closing of our loan @ Patriot National Bank.

John Bove and I have reviewed these documents and are in agreement that they accurately represent the transaction.

My recommendation is to execute these documents as presented so they can be forwarded to the bank which will result in a timely closing.

⑦

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "Agreement") is made this ____ day of June, 2013, by and between **PATRIOT NATIONAL BANK**, a national banking association, having an address at 1177 Summer Street, Stamford, Connecticut 06905 (the "Bank"), and **THE THIRD TAXING DISTRICT OF THE CITY OF NORWALK**, with a notification address at 2 Second Street, Norwalk, Connecticut 06858 (the "Borrower").

BACKGROUND

1. Borrower has applied and the Bank has agreed to make a term Loan to the Borrower in the original principal amount of \$3,000,000.00 (the "Term Loan") as evidenced by the \$3,000,000 Loan Promissory Note of even date (the "Term Note"). The Term Loan advances to be made under the Term Loan are also as set forth in the Project Loan Agreement of even date ("Project Loan Agreement").

2. Borrower has also applied for and the Bank has agreed to provide a revolving loan to Borrower in the principal amount of up to \$500,000.00 (the "Revolving Loan") as evidenced by the Revolving Note of even date in the original principal amount of \$500,000.00 (the "Revolving Note"). Advances under the Loan are also subject to the terms and conditions of that Revolving Loan Agreement of even date ("Revolving Loan Agreement").

3. For purposes of this Agreement, "Loan Documents" shall mean the Term Note, Project Loan Agreement, the Revolving Loan Agreement, this Agreement and all other documents evidencing or securing or delivered in connection with the Term Loan or the Revolving Note together with all amendments, modifications, renewals or extensions thereof. "Obligations" under this Agreement means collectively the repayment of all sums due under the Term Note and the Revolving Note and all extensions, renewals, replacements, substitutions, amendments and modifications thereof and all other costs and expenses pursuant to terms of any of the Loan Documents and the performance of all terms, conditions and covenants set forth in the Loan Documents.

NOW, THEREFORE, in consideration of these premises and the covenants and agreements herein contained, Borrower and Bank do each hereby agree as follows:

ARTICLE I. GRANT OF SECURITY INTEREST

§1.01. Security Interest. To secure the payment and performance of all Obligations of Borrower to Bank, Borrower hereby grants to Bank a continuing security interest in the following properties, assets and rights of Borrower, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (collectively, the "Collateral"): (i) all real property rights, including without limitation, all rights granted to Borrower under leases for real property, (ii) all personal and fixture property of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto located at 6 Fitch Street, Norwalk, Connecticut, which Fitch Street Property



is more particularly described on Exhibit ____ attached hereto and made a part hereof (the "Fitch Street Property"), but excluding all equipment and machinery of Borrower located at other locations), (iii) instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, all general intangibles (including, but not limited to, all payment intangibles and franchise agreements), and all products and proceeds of the foregoing. Bank may retain money or funds received as proceeds from the Collateral as additional collateral, which shall become part of the "Collateral" under this Agreement, and Bank shall not be required to apply such proceeds to the secured obligations or to remit them to Borrower. For purposes of this Agreement, Collateral shall not include any machinery or equipment owned by Borrower which is located at any other location of Borrower, including all of its electrical equipment, transformers and other equipment that is not located at the Fitch Street Property.

§1.02. Status of the Collateral. With respect to the Collateral at the time the Collateral becomes subject to Bank's security interests, Borrower represents, warrants and covenants that:

(a) Borrower shall be the sole owner, free and clear of all liens, claims, security interests and encumbrances except for Permitted Liens and liens in favor of Bank, and fully authorized to sell, transfer, pledge and/or grant a security interest in each and every item of its respective Collateral;

(b) To Borrower's knowledge, each account shall be a good and valid account representing an undisputed bona fide indebtedness incurred by the account debtor therein named, for a fixed sum as set forth in the statement, acknowledgment or invoice relating thereto, except as otherwise stated in an officer's certificate or opinion of counsel delivered by Borrower to Bank;

(c) None of its accounts is or shall be subject to any defense, offset, counterclaim, discount or allowance except as may be stated in the copy of the statement, acknowledgment or invoice delivered by Borrower to Bank;

(d) Borrower shall maintain books and records pertaining to the Collateral in such detail, form and scope as Bank shall reasonably require.

The failure of any Collateral to fully comply with the provisions of this Section 1.02 shall not affect, terminate, modify or otherwise limit Bank's lien or security interest in the Collateral.

§1.03. Documentation of Accounts. Upon request of Bank, Borrower will, on a quarterly basis, unless an Event of Default shall have occurred and be continuing, in which case there shall be no limit as to the frequency of such requests), furnish to Bank: (a) accounts

receivable, aging schedule listing the status of total old accounts receivable as of any given date together with the period of time that said receivable or receivables are past due; and (b) such further schedules, information and/or documents or performance as Bank may reasonably require, to support its accounts. The items to be provided under this Section are to be in form reasonably satisfactory to Bank and are to be executed and delivered to Bank from time to time solely for its convenience in maintaining records of the Collateral.

§1.04. Special Provisions Relating to Collateral. In addition to any other representations, warranties and covenants of Borrower contained in this Agreement, Borrower represents, warrants and covenants as to the Collateral as follows:

(a) Borrower shall use all Collateral (other than such Collateral as shall become obsolete or unusable in the ordinary course of business) only in furtherance of its business activities and shall reasonably defend the Collateral and proceeds and products thereof against all claims and demands of all persons at any time claiming the same or any interest therein adverse to Bank.

(b) As of the date hereof, each office of Borrower at which books and records of Borrower pertaining to the Collateral are kept, the location of all items of the Collateral and all places of operation of Borrower are as set forth in Schedule 1.04(b) attached hereto. Such Schedule also lists all offices, locations and places of operation of Borrower. Such books and records, including those maintained on computers, shall be maintained in the same manner and form as at present or in such other form reasonably satisfactory to Bank, and Borrower will allow Bank to examine them or make extracts therefrom, and to inspect the Collateral, upon the reasonable request of Bank.

(c) Borrower shall at all times, to the extent applicable, keep the Collateral in satisfactory condition, working order and repair, ordinary wear, tear, damage, casualty and obsolescence excepted, and shall prevent the Collateral from being used in violation in any material respect of any statute or ordinance.

(d) Borrower shall not assert against Bank any claim or defense which it may have against any seller of the Collateral or any other person with respect to the Collateral.

(e) Borrower shall indemnify and hold Bank harmless from and against any loss, liability, damage, costs and expenses whatsoever arising from Borrower's use, operation, ownership or possession of the Collateral, except for those losses arising solely from Bank's own gross negligence or willful misconduct.

(f) Borrower shall immediately notify Bank in writing of any event causing loss, theft, damage, destruction or accelerated depreciation of the Collateral having a value aggregating \$25,000.00, and the amount thereof.

(g) If Borrower shall fail to insure the Collateral or pay any liens against it or shall fail to make any payment or comply with any terms of this Agreement which may

affect the Collateral, Bank, to protect its security interest, at its sole option and without prior notice or demand, may procure such insurance, make such payments and do such acts as it may deem necessary to protect its interest. Borrower shall repay any sums so expended on demand, together with interest on such sum at the rate of interest then payable under the Term Note, until paid in full.

§1.05. Use of Collateral. Until an Event of Default shall occur, Borrower may use the Collateral in any lawful manner not inconsistent with this Agreement or with the terms or conditions of any policy of insurance thereon.

§1.06. Remedies. Upon the occurrence of any Event of Default as defined herein, which remains uncured beyond the expiration of the applicable grace period, if any, in addition to all other rights and remedies which Bank may have under this Agreement, the Uniform Commercial Code in effect in the State of Connecticut (the "UCC") or other Laws or any of them, Bank shall have in any jurisdiction where enforcement hereof is sought, the following rights and remedies: (i) to enforce payment and prosecute any action or proceeding with respect to any and all Collateral; (ii) to foreclose the liens and security interests created under this Agreement by any available judicial procedure or without judicial process; (iii) to enter any premises where any Collateral may be located for the purpose of taking possession or removing the same; (iv) in a commercially reasonable manner to sell, assign, lease or otherwise dispose of the Collateral or any part thereof, either at public or private sale for cash, on credit or otherwise, and upon such terms as shall be acceptable to Bank, all at Bank's sole option and as Bank, in its sole and absolute discretion, may deem advisable. Bank may bid or become a purchaser at any such public sale. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Bank will give Borrower reasonable notice of the time and place of any public sale or the time after which any private sale or other intended disposition will be made. The requirements of reasonable notice shall be met if the notice is mailed to Borrower at least ten (10) business days before the time of the sale or disposition. In connection with the foregoing:

(a) The net cash proceeds resulting from the collection, liquidation, sale, lease or other disposition of Collateral shall be applied first to Bank's expenses (including all reasonable attorneys' fees) of retaking, holding, storing, processing and preparing for sale, selling, collecting, liquidating and the like, and then to the satisfaction of the Obligations, application as to a particular Obligation or against principal or interest to be in Bank's sole and absolute discretion. Borrower shall be liable to Bank, and shall pay to it on demand, any deficiency which may remain after the sale, disposition, collection or liquidation of the Collateral, and Bank in turn agrees to remit to Borrower any surplus remaining after all such Obligations have been paid in full.

(b) Borrower shall, at Bank's request, assemble all Collateral and the books and records pertaining thereto, and make them available to Bank at places which Bank may reasonably select, whether at the premises of Borrower or elsewhere, and will make available to Bank all premises, facilities and personnel of Borrower for the purpose of Bank's taking possession of the Collateral or of removing or putting the Collateral in saleable form.

(c) To facilitate the exercise by Bank of the rights and remedies set forth in this Article, Borrower hereby constitutes Bank or any other person whom Bank may designate, as attorney-in-fact for Borrower, at Borrower's sole cost and expense, to exercise all or any of the foregoing powers, and other powers incidental to the foregoing, all of which, being coupled with an interest, shall be irrevocable, shall continue until all Obligations to Bank shall have been paid in full, and shall be in addition to any other rights and remedies that Bank may have.

ARTICLE II. REPRESENTATIONS AND WARRANTIES

To induce Bank to enter into this Agreement and extend the Term Loan provided for herein, Borrower hereby represents and warrants as follows:

§2.01. Organization. Borrower is a body politic specially chartered under the laws of State of Connecticut and is a charter municipal electrical company, validly existing and in good standing under the laws of its state of formation; Borrower has the requisite power and authority to own its own properties and assets and to carry on its business as now being conducted and is qualified to do business in every jurisdiction wherein such qualification is necessary.

§2.02. Authority of Borrower. Borrower has the requisite power and authority to execute, deliver and perform this Agreement and to borrow hereunder, and to execute and deliver all documents and instruments required to be furnished by Borrower hereunder, including, without limitation, the Loan Documents, and the execution, delivery and performance of this Agreement, and all documents and instruments as may be required and any borrowings hereunder, including, without limitation, the Term Loan Documents, have been duly authorized by all requisite limited liability company action.

§2.03. Binding Effect. The execution, delivery and performance of this Agreement, and all such other agreements and documents and instruments as may be required hereunder, including, without limitation, the Loan Documents, and any covenant or condition contained herein or therein will not violate any provision of Law, any order of any court or any rule, regulation or order of any governmental agency, the certificate of formation of Borrower, any agreement or other instrument to which any Borrower is a party, or by which Borrower or any of its properties or assets are bound; and will not conflict with, result in a breach of or constitute a default under any indenture, agreement or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of any Borrower or constitute grounds for the acceleration of any performance or compliance obligation of Borrower under any such indenture, agreement or instrument. When so executed and delivered, this Agreement, and all such other agreements and documents described herein including, without limitation, the Loan Documents, will constitute the legal, valid and binding obligation of Borrower, enforceable in accordance with its terms, except to the extent that such enforceability may be limited by bankruptcy,

insolvency, moratorium or similar laws or equitable principles relating to the enforcement of creditors' rights generally.

§2.04. Absence of Adverse Change; Financial Statements. There has been no material adverse change in Borrower's financial condition or operations since the date of the most recent tax returns of Borrower which have been delivered to Bank (collectively, the "Tax Returns"). The Tax Returns are correct and complete and accurately present the financial condition and operations of Borrower and were prepared in accordance with generally accepted accounting principles applied on a consistent basis with prior fiscal years.

§2.05. Absence of Liens. All of the properties and assets of Borrower and each Subsidiary are free and clear of mortgages, pledges, liens, charges and other encumbrances except for Permitted Liens.

§2.06. Litigation. Except as listed and described in Schedule 2.07 attached hereto, there is no litigation or administrative investigation or proceeding pending or, to Borrower's knowledge, threatened against Borrower or any Subsidiary, nor is Borrower aware of any facts which justify the institution of any litigation or proceeding which will have a material adverse effect, whether or not covered by insurance, and neither Borrower nor any Subsidiary are in default with respect to any outstanding judgment, writ, order or decree issued by any court or governmental agency.

§2.07. Taxes. Borrower has filed or caused to be filed all federal, state, local and foreign tax returns (if any) which are required to be filed, and have paid or caused to be paid all taxes as shown on such returns or on any assessment received by Borrower to the extent that such taxes have become due, and Borrower has no knowledge of any material liability (or basis therefor) for any tax to be imposed on Borrower or any of their respective assets or properties for which adequate provision has not been made in the Financial Statements.

§2.08. ERISA Compliance. Borrower is in material compliance with the applicable provisions of ERISA including, without limitation, the minimum funding standards thereof. Borrower has not incurred any unremedied accumulated funding deficiency within the meaning of ERISA or any unsatisfied liability to the Pension Benefit Guaranty Corporation established under ERISA in connection with any employee pension plan established or maintained by Borrower or any Subsidiary under the jurisdiction of ERISA. No Reportable Event or Prohibited Transaction (as defined in Section 4043 of ERISA) has occurred with respect to any plan administered by or pertaining to Borrower.

§2.09. Absence of Material Liabilities. There are no material liabilities, obligations or indebtedness of, or asserted claims of any nature against Borrower, whether accruable or contingent, which were not adequately disclosed or reflected fully in the Financial Statements as required by GAAP.

§2.10. Other Material Agreements. Except as set forth in Schedule 2. attached hereto, Borrower is not a party to any agreement, indenture or other instrument, nor are any of

them subject to any other limited liability company restriction which now or in the future may have a material adverse effect on its respective business, properties, assets, operations or condition, financial or otherwise. Borrower is not a party to, nor is it bound by, any contract, agreement or instrument, or subject to any restrictions, materially affecting its ability (financial or otherwise) to perform its obligations under this Agreement, or any other agreement or instrument required hereunder.

§2.11. Compliance with Laws. Borrower has complied in all material respects with all applicable Laws including, without limitation, those pertaining to (i) any restrictions, specifications or other requirements pertaining to its business operations that Borrower or any Subsidiary manufactures or sells or to the services each performs; (ii) the conduct of its respective business; and (iii) the use, maintenance and operation of the real and personal properties owned or leased by each in the conduct of its respective businesses.

§2.12. Accuracy of Disclosure. No schedule attached to this Agreement or written information supplied by or representation or warranty made by Borrower in this Agreement, and no statement or document given or to be given to Bank pursuant hereto or with respect to the transactions contemplated herein, contains or will contain any untrue statement of material fact, or omits to state or will omit to state any material fact necessary to make the statements therein not misleading.

§2.13. Survival of Representations. All representations made in connection herewith shall be deemed to be relied upon by Bank, notwithstanding any investigation hereinbefore or hereinafter made and shall survive as long as any amounts are owed hereunder. Upon full payment of all Obligations and the termination of the Term Loan and Revolving Loan, whether arising under this Agreement or any other agreement with Bank, the representations and warranties and covenants and other continuing agreements of Borrower and any Subsidiary shall terminate and be of no force and effect. By requesting the extension of the Term Loan, Borrower shall be deemed to warrant that all of the representations and warranties contained in this Agreement are true and correct as of the date of such request.

ARTICLE III. COVENANTS AND CONTINUING AGREEMENTS

§3.01. Affirmative Covenants. Borrower hereby covenants and agrees that from the date hereof and until payment in full of the principal of and the interest on the Term Loan and Revolving Loan and the termination of this Agreement, unless Bank shall otherwise consent in writing, Borrower shall perform and observe the following covenants and agreements:

(a) **Punctual Payment.** Pay the principal of and interest on the Term Loan and Revolving Note at the place and in the manner stated in the Term Note and Revolving Note.

(b) **Payment of Taxes, etc.** Pay all taxes, assessments, governmental charges or levies imposed upon Borrower or upon its income or profits or upon any properties belonging to any of them, prior to the date on which interest or penalties attach thereto, and all

lawful claims which, if unpaid, might become a lien or charge upon any properties of Borrower; provided that neither Borrower shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings and for which it shall have set aside on its books such reserves as Bank may deem reasonably necessary with respect to any such tax, assessment, charge, levy or claim so contested.

(c) Financial Statements. Provide the following financial statements (collectively, the "Financial Statements"):

- (i) A income statement, balance sheet, and operating cash flow statement (the foregoing compared to the prior year's same quarter results), within forty five (45) days of the end of each fiscal quarter, for Borrower together with an account receivable aging schedule detailing the change from the prior quarterly report from the outstanding accounts receivable. The quarterly income statements and the account receivable aging reports shall be in form and content reasonably satisfactory to the Bank.
- (ii) An unqualified, annual audited consolidated financial statement, within one hundred eighty (180) days of the fiscal year end, for Borrower. With regard to Borrower, the foregoing shall also contain a compliance certificate, in form reasonably satisfactory to Bank, executed by an authorized officer. The audit shall be conducted by an independent public accounting firm of reasonably acceptable to Bank.
- (iii) A summary annual budget for each fiscal year, in form reasonably acceptable to Bank, within thirty (30) days of such fiscal year beginning, for Borrower.
- (iv) Such other financial statements as Bank may reasonably request from time to time.

(d) Debt Service Coverage Ratio. Maintain a debt service coverage ratio ("DSCR") equal to 1.00 to 1. For purposes herein, DSCR shall mean the ratio or (i) net income for the annual period before interest expense, tax expense, amortization expense, depreciation expense, and extraordinary expenses less payment of capital expenses calculated in accordance with GAAP over (ii) the aggregate monthly debt service payments of principal and/or interest under the Term Note and the Revolving Note due to the Bank for such annual period. DSCR should be measured on an annual basis to capture the preceding twelve (12) month period.

(e) Insurance. Maintain, with responsible insurers reasonably satisfactory to Bank, liability insurance in such amounts and covering such risks as are usually carried by

companies engaged in similar businesses or in such amounts covering such risks as Bank shall reasonably request. Bank shall be designated as an additional insured and loss payee on all such policies. Borrower shall keep all Collateral insured for Bank's benefit against fire (including extended coverage, theft and such other hazards) to the full insurable value of such Collateral. Bank shall be designated as additional insured and loss payee on all such policies. Borrower shall obtain a lender's endorsement to each of its insurance policies. Borrower shall also obtain and deliver to Bank appropriate certificates of insurance describing such coverages and evidencing Bank's designation as additional insured and loss payee, and shall deliver copies of the policies themselves. In addition, at Bank's request, Borrower shall maintain business interruption insurance or such other additional insurance with reputable insurers under policies reasonably acceptable to Bank. All policies shall contain an agreement by the insurer that the policy is not to be cancelled without at least thirty (30) days' prior written notice to the Bank.

(f) Compliance with Laws. Comply with all applicable Laws, and all rules, regulations and orders of any governmental authority in all material respects.

(g) Notice of Default. Notify Bank in writing as soon as possible and in any event within five (5) business days after the occurrence of an Event of Default as defined in this Agreement or any material event which, with the giving of notice or passage of time or both, could reasonably be expected to become an Event of Default, by providing Bank with a statement of an officer or manager of Borrower setting forth the details of such Event of Default or event and the action which Borrower is taking or proposes to take with respect thereto.

(h) Deposit Relationship. Borrower shall maintain its primary depository account and cash management account with the Bank during the term of the Loan. Borrower shall maintain at a minimum average daily balances in an amount of not less than \$1,500,000 measured annually as of the end of each fiscal year of the Borrower.

§3.02. Negative Covenants. Borrower covenants that from the date hereof until payment in full of the principal of and interest on the Term Loan and the termination of this Agreement, unless Bank shall otherwise consent in writing, Borrower shall not, nor shall it permit any Subsidiary to, directly or indirectly:

(a) Indebtedness. Permit to exist, incur, create or assume any Indebtedness or liability on account of borrowed money, except (i) Obligations to Bank; (ii) Indebtedness to which Bank has given its prior written consent, and (iii) payments in the ordinary course of business.

(b) Liens. Incur, create, assume or permit to exist any mortgage, lien, pledge security interest or other encumbrance upon or in respect of any of its assets, whether now owned or hereafter acquired other than (i) liens in favor of Bank; (ii) liens for taxes contested in good faith, (iii) liens accruing by law for employee benefits, and (iv) liens to which Bank has given its prior written consent.

(c) Default on Other Contracts or Obligations. The occurrence of an event of default on any material contract with or obligation due to a third party or default in the performance of any obligation to a third party incurred for money borrowed which results in the acceleration thereof.

ARTICLE IV. DEFAULT

§4.01. Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder and under the Term Loan and the Revolving Loan:

(a) Failure to Pay. Borrower shall fail to pay within five (5) days of the due date thereof any installment of principal or interest due hereunder or pay any other amount due to Bank under this Agreement or any document, agreement or instrument delivered pursuant to this Agreement or otherwise, or as a condition of making advances hereunder, including the cancellation or termination (whether due to an act or omission of Borrower or insufficient funds therein) of the automatic debit of the Debit Account.

(b) Failure to Perform. Borrower shall fail to observe or perform any other term, covenant or agreement to be observed or performed by it under this Agreement, any other agreements or instruments or documents required hereunder, or as a condition to making advances hereunder for a period of thirty (30) days after written notice from Bank.

(c) Default in Other Instrument. An Event of Default shall occur and be continuing under the terms of any promissory note, security agreement, instrument or device contemplated by this Agreement.

(d) Cross Default. At Bank's option, any default in payment or performance of any obligation under any other loans, contracts or agreements of Borrower, any Subsidiary or Affiliate of Borrower, or any Guarantor with Bank or its Affiliates, whether now existing or hereafter created including, without limitation, any default in payment or performance under the Term Loan.

(e) Default in Material Debt or Agreement. Borrower or any Subsidiary shall fail to pay any material indebtedness due to any third party and such failure shall continue beyond any applicable grace period in the governing document, or Borrower or any Subsidiary shall suffer to exist and be continuing uncured any event of default under any other material agreement or instrument including, but not limited to, any guaranty to which any such limited liability company is a party or by which it is bound, and, in the case of indebtedness for borrowed money or a guaranty of indebtedness for borrowed money, such failure or event of default results in the acceleration of such indebtedness.

(f) Voluntary Insolvency. Borrower, any Affiliate or Subsidiary of Borrower, or any Guarantor shall become insolvent or admit its inability to pay its debts as they mature or shall make an assignment for the benefit of its or any of its creditors.

(g) Bankruptcy. A proceeding in bankruptcy or for reorganization of Borrower, any Affiliate or Subsidiary of Borrower, or any Guarantor, or the readjustment of any of their respective debts under the Bankruptcy Code, as amended, or any part thereof, or under any other Laws, whether state or federal, for the relief of debtors now or hereafter existing, shall be commenced by Borrower, any Affiliate or Subsidiary of Borrower, or any Guarantor or shall be commenced against Borrower, any Affiliate or Subsidiary of Borrower, or any Guarantor.

(h) Receiver. A receiver or trustee shall be appointed for Borrower, any Affiliate or Subsidiary of Borrower, or any Guarantor or for any substantial part of its assets, or any proceeding shall be instituted for the dissolution or the full or partial liquidation of Borrower, any Affiliate or Subsidiary of Borrower, or any Guarantor.

(i) Judgment Creditor. A judgment creditor of Borrower, any Affiliate or Subsidiary of Borrower, or any Guarantor shall obtain possession of any of its accounts receivable or any of its material assets by any means including, without limitation, levy, restraint, or replevin unless released within sixty (60) days.

(j) Judgment Entered. Any monetary judgment in excess of \$50,000 shall be entered against Borrower, any Affiliate or Subsidiary of Borrower, or any Guarantor or there shall occur any assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due to Borrower, any Affiliate or Subsidiary of Borrower, or any Guarantor that is not discharged or execution is not stayed within thirty (30) days after the notice of the entry, occurrence, filing, or issuance thereof.

(k) Validity. The validity or enforceability of this Agreement, or any note, or other agreement or instrument contemplated hereunder shall be contested by Borrower, any Affiliate or Subsidiary of Borrower, or any Guarantor, or any of such corporations shall deny in writing any further liability or obligation hereunder or thereunder.

§4.02. Acceleration. Immediately and without notice to Borrower, upon the occurrence of an Event of Default specified in Section 4.01 above, all Obligations of Borrower to Bank, whether hereunder or otherwise, shall immediately become due and payable without further action of any kind, and the Term Note shall become due and payable, both as to principal and interest, without presentment, demand or other notice, all of which are expressly waived by Borrower.

§4.03. Other Rights.

(a) Rights of Secured Party. Upon and subsequent to the occurrence of an Event of Default, the Bank shall have, in addition to all other rights of a general creditor, the rights and remedies of a secured party under the UCC.

(b) Collection Costs. Upon the occurrence of an Event of Default, Borrower agrees to pay all reasonable costs of collection; including, but not limited to, the reasonable legal expense of Bank, and reasonable costs for the acquisition, protection, removal, storage, sale and delivery of any Collateral for the Term Loan; incurred in enforcing any obligation under any provision of this Agreement and in effecting collection of the amounts owing hereunder or enforcing its rights to any Collateral for the Term Loan or in sustaining its lien on such Collateral. The proceeds of the sale may first be applied against the costs described in this Section 4.03(b).

(c) Remedies Not Exclusive. No remedy conferred upon or reserved to Bank hereunder or under any note, or other agreement or instrument pertaining hereto shall be deemed to be exclusive of any other available remedy or remedies. Each such remedy shall be distinct, separate, and cumulative, shall not be deemed to be inconsistent with or in exclusion of any other available remedy, may be exercised in the discretion of Bank at any time, in any manner and in any order, and shall be in addition to and separate and distinct from any other remedy given to Bank hereunder, or under any promissory note, or other agreement or instrument pertaining to the Term Loan, or now or hereafter existing in favor of Bank, at law, in equity or by statute.

ARTICLE V. MISCELLANEOUS

§5.01. Notice. All notices, demands and other communications required to be given pursuant to or contemplated by this Agreement shall be deemed effectively delivered or given when manually delivered, transmitted by facsimile, delivered by recognized overnight delivery service or when indicated to have been delivered by a return receipt and mailed within the United States by registered or certified mail, first class mail, postage prepaid, addressed to the intended party at the address as set forth below (or at such other address as the party shall hereinafter specify to the other party in writing):

To the Bank: Patriot National Bank
 1177 Summer Street
 Stamford, Connecticut 06905
 Attention: Barbara Budnick
 Facsimile: (203) _____ - _____

with a copy to: Shipman & Goodwin LLP
300 Atlantic Street
Stamford, Connecticut 06901
Attention: Donald R. Gustafson, Esq.
Facsimile: (203) 324-8199

To Borrower : The Third Taxing District of the City of Norwalk
2 Second Street
Norwalk, Connecticut 06855
Attention: James W. Smith, General Manager
Facsimile: () -

with a copy to: John Bove, Esq.
Bove & Milici, LLC
96 East Avenue
Norwalk, CT 06851
Attention: John Bove, Esq.
Facsimile: (203)

§5.02. Expenses of Bank. Borrower will pay all expenses, including, without limitation, reasonable fees and expenses of legal counsel of Bank, incurred in any and all dealings between Borrower and Bank including, without limitation, those incurred in connection with the preparation, administration, negotiation, amendment, modification, protection and enforcement of this Agreement and all other agreements and instruments required hereunder and, in addition, all other expenses and costs included in the definition of "Obligations", contained herein. All such expenses incurred by Bank through the date hereof shall be paid by Borrower simultaneously with the execution hereof. All other such expenses shall be paid by Borrower on demand.

§5.03. Right of Setoff. As security for Borrower's obligations hereunder, Borrower grants to Bank a lien on, security interest in, and right of setoff against, all sums owed by the Bank or any Bank Affiliate in any capacity to Borrower and all property of any Borrower in the possession of Bank or any Bank Affiliate. Upon the occurrence of an Event of Default, and the continuance thereof, to the extent permitted by and in addition to any other remedy provided by law, and regardless of the adequacy of any collateral or other means of obtaining repayment of the obligations evidenced hereby, Bank shall have the right immediately and without notice or other act, and is specifically authorized hereby, to setoff against any of Borrower's obligations under this Agreement any sum owed by Bank or any Bank Affiliate in any capacity to Borrower, whether due or not, or any property of Borrower in the possession of Bank or any Bank Affiliate, even if effecting such setoff results in a loss or reduction of interest to the Borrower or the imposition of a penalty applicable to the early withdrawal of time deposits. As used herein, the term "Bank Affiliate" shall mean Patriot National Bank and any of its direct and indirect affiliates and subsidiaries.

§5.04. Amendments. Etc. No amendment, modification, termination, or waiver of any provision of this Agreement or any agreement, instrument or other document contemplated hereby, nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in similar or other circumstances.

§5.05. Survival of Covenants. All covenants, agreements, representations and warranties made in this Agreement and in any certificates delivered pursuant to this Agreement shall survive the making of the loan contemplated herein and shall continue in full force and effect as long as any indebtedness hereunder is outstanding and unpaid.

§5.06. Governing Law. This Agreement, and all other agreements, documents and instruments executed in connection herewith or contemplated hereby, shall be governed by and construed in accordance with the laws of the State of Connecticut without regard to its conflict of law principles.

§5.07. Severability. In case any one or more of the provisions contained in this Agreement, or any of the documents or agreements contemplated hereby, should be invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

§5.08. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same agreement. The parties hereto agree that this Agreement may be transmitted between them or their respective attorneys by facsimile or electronic mail. The parties intend that faxed, copied, or .pdf signatures constitute original signatures and that an Agreement containing signatures (original, facsimile, copied or .pdf) of all parties is binding on the parties once sent via facsimile or via electronic mail to the opposing counsel.

§5.09. Captions. The articles and section captions are inserted herein only as a matter of convenience and for reference, and in no way define, limit or describe the scope or intent of any such article or section, nor in any way affect this Agreement.

§5.10. Prior Agreements Superseded. This Agreement, together with all agreements and documents concurrently executed, constitutes the entire understanding and agreement between the parties hereto and thereto pertaining to the subject matter hereof and thereof and completely and fully supersede all prior and contemporaneous understandings or agreements, both written and oral, between Bank and Borrower relating to the subject matter hereof, including, but not limited to, those contained in any commitment letter executed in anticipation of the execution of this Agreement.

§5.11. Recovery of Payments. In the event that all or any part of any payments made to Bank shall be rescinded, avoided or recovered from Bank for any reason whatsoever, including, but not limited to, proceedings in connection with the insolvency or bankruptcy of Borrower or the paying party, the amount of such rescinded, avoided or recovered payment shall be added to the Obligations and all representations, warranties and covenants of Borrower shall remain in full force and effect and Borrower shall remain liable to Bank for amount of such rescinded, avoided or recovered payments in accordance with this Agreement.

§5.12. Method of Payment. The Term Loan is a monetary obligation of Borrower, payable in U.S. dollars. Under no circumstances shall Bank be required to accept the tender of title to the Collateral or any other assets of Borrower or any other party as full or partial payment of the Term Loan.

§5.13. Jurisdiction and Venue. Any action or proceeding to enforce or defend any rights under this Agreement or under any agreement, instrument or other document contemplated hereby or related hereto; directly or indirectly related to or connected with the Term Loan or the negotiation, administration or enforcement thereof, or arising from the debtor/creditor relationship of Borrower and Bank shall be brought only in the Superior Court of Connecticut or the United States District Court for the District of Connecticut. The parties hereto agree that any proceeding instituted in either of such courts shall be of proper venue, and waive any right to challenge the venue of such courts or to seek the transfer or relocation of any such proceeding for any reasons. The parties hereto further agree that such courts shall have personal jurisdiction over the parties. Any judgment or decree obtained in any such action or proceeding may be filed or enforced in any other appropriate court.

§5.14. Usury. Regardless of any other provision of this Agreement or any other agreement, document or instrument pertaining to the Term Loan, if, for any reason, the effective interest payable on the Term Loan should exceed the maximum lawful interest, the effective interest payable on the Term Loan shall be deemed reduced to, and shall be, such maximum lawful interest, and (i) the amount which would be excessive interest shall be deemed applied to the reduction of the principal balance of the Term Loan and not to the payment of interest, and (ii) if the Term Loan has been or is thereby paid in full, the excess shall be returned to the party paying same, such application to the principal balance of the Term Loan or the refunding of excess to be a complete settlement and acquittance thereof.

§5.15. Mutual Agreement. Each and every provision of this Agreement has been mutually negotiated, prepared and drafted. Each party hereto has been represented by legal counsel or has had the opportunity to be represented by legal counsel. In connection with the construction or interpretation of any provision hereof or deletions therefrom, no consideration shall be given to the issue of which party actually prepared, drafted, requested or negotiated any provision or deletion. This Agreement shall not be construed more severely against any one party hereto than against any other party hereto.

§5.16. Relationship of the Parties. Nothing contained in this Agreement or in the transactions contemplated hereby shall be deemed or construed to create the relationship of

partner or joint venture as between Bank and Borrower, it being agreed and understood that the only relationship between the parties is that of lender and borrower. Borrower agrees to indemnify Bank and hold Bank harmless from any damages and expenses resulting from any construction of the relationship between the parties as a partnership or joint venture.

§5.17 Punitive Damages Waiver. EACH PARTY AGREES THAT IT SHALL NOT HAVE A REMEDY OF PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER IN ANY DISPUTE AND HEREBY WAIVE ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY HAVE NOW OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY DISPUTE, WHETHER THE DISPUTE IS RESOLVED BY ARBITRATION OR JUDICIALLY.

§5.18. Waivers. BORROWER ACKNOWLEDGES THAT THE TRANSACTIONS TO WHICH THIS AGREEMENT RELATES ARE COMMERCIAL TRANSACTIONS. BORROWER HEREBY VOLUNTARILY AND KNOWINGLY WAIVES ITS RIGHTS TO NOTICE AND HEARING UNDER CHAPTER 903a OF THE CONNECTICUT GENERAL STATUTES, AS AMENDED AND IN EFFECT ON THE DATE HEREOF, OR AS OTHERWISE ALLOWED BY ANY STATE OR FEDERAL LAW WITH RESPECT TO ANY PREJUDGMENT REMEDY OR OTHER RIGHT OR REMEDY THAT THE BANK MAY ELECT TO USE OR OF WHICH IT MAY AVAIL ITSELF. BORROWERS FURTHER WAIVES, TO THE GREATEST EXTENT PERMITTED BY LAW, THE BENEFITS OF ALL PRESENT AND FUTURE VALUATION, APPRAISEMENT, EXEMPTION STAY, REDEMPTION AND MORATORIUM LAWS. BORROWERS FURTHER WAIVES ANY REQUIREMENT THAT BANK OBTAIN A BOND OR OTHER SIMILAR DEVICE IN CONNECTION WITH THE EXERCISE OF ANY REMEDY OR THE ENFORCEMENT OF ANY RIGHT HEREUNDER.

§5.19. Waiver of Jury Trial. THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT OR UNDER ANY AGREEMENT, INSTRUMENT OR OTHER DOCUMENT CONTEMPLATED HEREBY OR RELATED HERETO AND IN ANY ACTION DIRECTLY OR INDIRECTLY RELATED TO OR CONNECTED WITH THE TERM LOAN PROVIDED FOR HEREIN, OR ANY CONDUCT RELATING TO THE NEGOTIATION ADMINISTRATION OR ENFORCEMENT OF SUCH LOAN OR ARISING FROM THE DEBTOR/CREDITOR RELATIONSHIP OF THE PARTIES HERETO. BORROWER ACKNOWLEDGES THAT THIS WAIVER MAY DEPRIVE IT OF AN IMPORTANT RIGHT AND THAT SUCH WAIVER HAS KNOWINGLY BEEN AGREED TO BY THE BORROWERS AFTER CONSULTATION WITH ITS LEGAL COUNSEL.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

WITNESSES:

BANK:
PATRIOT NATIONAL BANK

By: _____
Name:
Its:

BORROWER:
THE THIRD TAXING DISTRICT OF THE
CITY OF NORWALK

By: _____
James W. Smith
General Manager

Schedules

[TO BE INSERTED BY BORROWER]

COMMERCIAL TERM PROMISSORY NOTE

Amount: US \$3,000,000

Date of this Note: June __, 2013

FOR VALUE RECEIVED, the undersigned, **THE THIRD TAXING DISTRICT OF THE CITY OF NORWALK**, a corporate body politic pursuant to the Charter for the City of Norwalk, and having a mailing address at 2 Second Street, Norwalk, CT 06855 (herein referred to as the "**Maker**"), promise to pay to the order of **Patriot National Bank, 1177 Summer Street, Stamford, CT, 06905** (the "**Bank**", "**Lender**" or "**Holder**"), the principal sum in the amount of Three Million and 00/100 Dollars (US \$3,000,000), or so much thereof as may be advanced by the Bank pursuant to the provisions concerning advancements contained in the Project Loan Agreement of even date (the "Loan Agreement"), plus interest, payable at the rate and in the manner provided in paragraphs 1.1 and 1.2 of this Note, together with all taxes assessed upon said sum against the holder of this Note (the "holder") and any costs and expenses, including reasonable attorneys' fees, incurred in the collection of this Note or in protecting or sustaining the lien of the same.

1.1 INTEREST RATE

The outstanding principal balance of this Note shall bear an annual interest rate equal to three and three-quarters percent (3.75%) from time to time outstanding until the entire principal balance of the indebtedness evidenced by this Note and all interest and other amounts from time to time payable under this Note shall have been paid in full.

1.2 INCREASED RATE. (a) Lender will increase the applicable interest rate charge under this Note by one half of one per cent (**0.50%**) if Borrower fails to arrange for regular monthly repayment of interest payments on the Loan from the designated Deposit Account at Patriot National Bank or fails to maintain sufficient sums on deposit at all relevant times allowing Patriot National Bank to automatically debit Borrower's account on each payment due date in the amount of Borrower's monthly installment payment. If Lender is unable to transfer the amount necessary to make any payment due under this Note or if Maker cancels the automatic deduction of payments as provided in said AUTOMATIC PAYMENT ADDENDUM TO NOTE the Interest Rate shall immediately increase by **0.50** percentage points as provided in said AUTOMATIC PAYMENT ADDENDUM TO NOTE.

(b) During the term of this Note, Borrower shall maintain, at a minimum, average collected balances in deposit accounts with Patriot National Bank in an amount of not less than \$1,500,000 measured annually as of the end of each fiscal year. If Borrower fails to maintain such minimum average balances during such year period, the interest rate under this Note shall increase by $\frac{3}{4}$ of 1% (0.75%).

2.1 REPAYMENT.

During the term of the Loan, interest only shall be paid in consecutive monthly installments commencing on the first (1st) day of August 2013 and on the first (1st) day of each month thereafter until the earlier of the completion of the Project as set forth in the Loan Agreement or January 1, 2015 (the "Conversion Date"). Commencing on the first day of the first month after Conversion Date, Borrower shall make equal monthly payments of principal and interest amortized over the remaining months during the term of the Loan evidenced by this Note. The entire outstanding principal balance of this Note, together with all unpaid and accrued interest and all other amounts due and owing pursuant to the terms of this Note and the Loan Agreement evidencing this Note (the "Loan") shall be due and payable without notice or demand on July 1, 2023, (the "Maturity Date").

The annual interest rate for this Note is computed on a 360/365 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding.

All payments of principal and interest shall be made in lawful money of the United States which shall be legal tender in payment of all debts at the time of payment. Any check, draft or money order remitted in settlement of this Note, may be handled for collection in accordance with the practice of the collecting bank or banks and shall not be deemed payment until the money is actually received by the holder of this note.

2.2 LOAN ADVANCES.

(a) The Maker covenants and agrees that the proceeds and all advances under the Loan shall be used as follows:

(i) for the payment of the purchase of certain electrical equipment for a substation to be installed and located at 6 Fitch Street, Norwalk, Connecticut in accordance with the terms of a contract between the Borrower and Eaton Corporation for the construction of a 115 kv Fitch substation in Norwalk, Connecticut and to finance the infrastructure and installation of electrical service lines by Borrower to service the Cervalis Data Center located at Norden Place, Norwalk, Connecticut pursuant to the terms of a service agreement between the Borrower and Cervalis LLC. The improvements and installation of the substation and the electrical service lines are collectively herein referred to as the "Project Improvements".

(b) Maker agrees that any and all advances and disbursements shall be made for the payment of Project Improvements (as defined) for the construction the Fitch Street Substation under the contract or for the cost of the installation of the infrastructure under the Cervalis contract pursuant to approved plans and specifications.

(c) Maker shall provide to Holder copies of the approved plans and specifications of the Project Improvements to be made to the Fitch Street Substation and to the Cervalis Data Center pursuant to the terms of the contract.

(d) Prior to the disbursement of any Loan proceeds for the "project costs" for the construction of the Premises, Maker shall provide evidence that Maker has obtained all necessary approvals and all other permits, licenses and other government and development agency approvals necessary for the development and construction of the Project Improvements to the Fitch Substation and the development and completion of improvements under the Cervalis contract.

(e) Borrower shall provide evidence or certifications with appropriate backup that Borrower has financed and made equity contribution payments for the Fitch Substation and the Cervalis contract in the total amount of \$4,741,363.00 prior to any advances to be made by Lender under this Note or Loan Agreement.

(f) The Maker specifically understands and agrees that all advances to be disbursed under this Note shall be subject to all of the terms and conditions as set forth in the Loan Agreement.

(g) Maker shall establish a project operating account (the "Operating Account") with the Holder. The Maker hereby authorizes the Holder to deposit all advances to the Maker under this Note directly into the Operating Account. The Loan Advances under this Note shall be made to the Maker, (i) provided that the Maker shall not be in default of any of the loan documents evidencing or securing the indebtedness due under this Note and (ii) provided no event shall have occurred which with the giving of notice and/or passage of time would constitute an event of default under the Loan Documents or under any other documents arising out of or in connection with the outstanding indebtedness of this Note. Under no circumstances shall advances be made to the Maker after the applicable Maturity Date. The obligation of

the Holder to make advances under this Note is further subject to the following conditions, enforceable at the option of the Holder, in its sole discretion:

(i) The Holder shall be under no obligation to make Project "project costs" or construction advances (i) until the Holder receives a written request on an approved Requisition Form for each construction advance signed by the General Manager or Assistant General Manager of the Maker or Maker's financial officer or accountant and reviewed and approved by the Borrower's engineer, Cristino Associates, Inc., which written request shall be in accordance with the terms and conditions set forth below and shall be received by the Holder at least five (5) days prior to the requested disbursement date of such advance, and (ii) no more frequently than twice per month. Each request shall be evidenced by documentation for the advances, including copies of invoices, purchase orders, equipment purchases as reasonably required by the Lender.

(ii) Each such request for advance shall be approved in writing by Cristino Associates, Inc. and also subject to the Holder's approval, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, the Holder reserves the right to conduct regular progress and quality inspections of the Projects by a third party engineer or inspector, at any time, in order to analyze and substantiate each request for an advance under this Note. All such inspections shall be made, at the Maker's sole cost and expense, by an inspector of the Holder.

(iii) Each request for an advance shall be further accompanied by an updated status of the Project, including all prior advances and payments made for each Project and the balance of the amount due under the each contract for each Project, which updated shall be done on a monthly basis and provided by Borrower's engineer and its financial officer.

(iv) Each request for an advance shall be further accompanied by a certificate, which certificate shall be accompanied and substantiated by copies of original invoices, contracts and bills of sale relating to such request.

3. APPLICATION OF PAYMENTS.

Payments will be applied first to fully pay costs and expenses incurred by the Holder in collecting this Note or in sustaining and/or enforcing any security granted to secure this Note, if any, then to fully pay accrued interest, then to fully pay any outstanding late charges and the remainder will be applied to principal.

4. LATE CHARGE.

Maker shall pay the Holder a late charge of five 5% percent of any monthly installment not received by the Holder within ten (10) days after the installment is due, to cover the additional expenses involved in handling such overdue installment. This charge shall be in addition to, and not in lieu of, any other remedy the Holder may have and is in addition to any reasonable fees and charges of any agents or attorneys which the Holder is entitled to employ in the event of default hereunder, whether authorized herein or by law. Maker will pay this late charge promptly but only once for each late payment.

5. DEFAULT.

Upon the occurrence of any Event of Default (as hereinafter defined), the entire outstanding balance of this Note shall, at the option of the Holder, become immediately due and payable without notice or demand, and in any event, interest shall immediately accrue at a "default rate" which means the rate of interest which is equal to eighteen percent (18%) per annum, but in no event to exceed the maximum rate allowed by law.

An Event of Default is defined as any one of the following: (i) default in the payment of any interest, principal or other amounts due hereunder during the term of this Note and such default continuing for a period of ten (10) days after the due date thereof, (ii) default in the payment of any principal or other



amounts due at the end of the term of this Note; (iii) default in the performance of any of the other conditions or stipulations of this Note thirty (30) days after notice thereof; (iv) the occurrence of any event of default as defined in the Loan Agreement evidencing this Note, or any prior encumbrance; (v) in the event of the breach of any of the terms or conditions of any prior encumbrance are changed or altered in any way whatsoever; (vi) a default in any other obligation of the Maker to the Bank in connection with the indebtedness evidenced by this Note or the breach of any provision of any Assignment of Leases, or any other instrument securing this Note or any other agreement presently or hereafter existing between Maker and Bank beyond any applicable notice or grace period; (vii) a default beyond any applicable notice or cure period in the payment or performance of any other obligation or in any other agreement of Maker or Guarantor to the Bank, whether now existing or hereafter arising; or (viii) Bank believes that a material adverse change in the assets, liabilities, financial condition or business of Maker has occurred since the date of any financial statements delivered to Bank before or after the date hereof.

6. PREPAYMENT.

Maker may prepay this Note in whole or in part at any time upon thirty (30) days prior written notice to Lender and payment to Lender in an amount equal to an amount calculated as follows:

- (i) One percent (1%) of the amount of the principal balance prepaid.

All prepayments of principal shall be accompanied by and applied first to the payment of costs and expenses, then to unpaid late charges and prepayment fees, then to accrued and unpaid interest and the balance on account of the unpaid principal. Any partial prepayments shall not affect the Maker's obligation to make the regular installments required hereunder until the loan is fully paid.

Lender agrees to waive any prepayment penalty resulting from a refinancing of the indebtedness evidenced by this Note from the Loan from Patriot National Bank.

7. PREJUDGMENT REMEDY WAIVER.

MAKER ACKNOWLEDGES AND REPRESENTS THAT THE LOAN EVIDENCED BY THIS NOTE IS A COMMERCIAL TRANSACTION. MAKER AND ANY SUBSEQUENT ENDORSER, GUARANTOR OR OTHER ACCOMMODATION MAKER HEREBY VOLUNTARILY WAIVE ANY RIGHTS TO NOTICE OR HEARING UNDER CHAPTER 903a OF THE CONNECTICUT GENERAL STATUTES AS NOW OR HEREAFTER AMENDED, OR AS OTHERWISE REQUIRED BY ANY LAW WITH RESPECT TO ANY PREJUDGMENT REMEDY WHICH THE HOLDER MAY ELECT TO USE OR WHICH IT MAY AVAIL ITSELF. THE MAKER FURTHER WAIVES, TO THE GREATEST EXTENT PERMITTED BY LAW, THE BENEFITS OF ALL PRESENT AND FUTURE VALUATION, APPRAISEMENT, EXEMPTION, STAY, REDEMPTION AND MORATORIUM LAWS. THE MAKER FURTHER WAIVES ANY REQUIREMENTS THAT BANK OBTAIN A BOND OR ANY SIMILAR DEVICE IN CONNECTION WITH THE EXERCISE OF ANY REMEDY OR THE ENFORCEMENT OF ANY RIGHT HEREUNDER OR PERTAINING TO THE LOAN.

8. WAIVER OF RIGHT TO TRIAL BY JURY.

MAKER AND ANY SUBSEQUENT ENDORSER, GUARANTOR OR OTHER ACCOMMODATION MAKER (COLLECTIVELY THE "MAKER") WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, THE SUBJECT MATTER OF THIS NOTE OR ANY CONDUCT RELATING TO THE ADMINISTRATION OR ENFORCEMENT OF THIS NOTE OR ARISING FROM THE DEBTOR/CREDITOR RELATIONSHIP OF THE PARTIES HERETO. THIS WAIVER IS KNOWINGLY, INTENTIONALLY AND VOLUNTARILY MADE BY THE MAKER, AND THE

MAKER ACKNOWLEDGES THAT LENDER HAS NOT MADE ANY REPRESENTATIONS OF FACT TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. THE MAKER ACKNOWLEDGES THAT THIS WAIVER MAY DEPRIVE MAKER OF AN IMPORTANT RIGHT AND THAT SUCH WAIVER HAS KNOWINGLY AND VOLUNTARILY BEEN AGREED TO BY THE MAKER. THE MAKER FURTHER ACKNOWLEDGES THAT MAKER HAS BEEN REPRESENTED (OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL SELECTED BY MAKER AND THAT MAKER HAS HAD THE TIME TO DISCUSS THIS WAIVER WITH HIS LEGAL COUNSEL.

9. DELAY IN ENFORCEMENT

The liability of Maker and any subsequent endorser, guarantor or other accommodation maker under this Note is unconditional and shall not be affected by an extension of time, renewal, waiver or any other modification whatsoever, granted or consented to by the Holder. Any failure by the Holder to exercise any right it may have under this Note is not a waiver of the Holder's right to exercise the same or any other right at any other time.

10. CHANGES.

No agreement by the Holder to change, waive or release the terms of this Note will be valid unless it is in writing and signed by Maker and the Holder.

11. WAIVER.

MAKER AND ANY SUBSEQUENT ENDORSER, GUARANTOR OR OTHER ACCOMMODATION MAKER WAIVES PRESENTMENT, DEMAND FOR PAYMENT AND NOTICE OF DISHONOR.

12. CONNECTICUT LAW. The provisions of this Note shall be governed by the laws of the State of Connecticut.

13. JURISDICTION AND VENUE.

Any action or proceeding to enforce or defend any rights under this Note or under any agreement, instrument or other document contemplated hereby or related hereto; directly or indirectly related to or connected with the Loan or the administration or enforcement thereof; or arising from the debtor/creditor relationship of the Maker and the Bank shall be brought only in the Superior Court of Connecticut or the United States District Court for the District of Connecticut. The parties hereto agree that any proceeding instituted in either of such courts shall be of proper venue, that such courts shall have personal jurisdiction over the parties and that any and all pleadings, summons, motions and other process in such proceeding shall be fully and effectively served when transmitted by United States Mail (registered or certified), postage and registry fees prepaid. Any judgment or decree obtained in any such action or proceeding may be filed or enforced in any other appropriate court.

14. RIGHT OF SET-OFF.

Upon the occurrence of any Event of Default, the Bank shall have the right to set-off against the Loan all of Maker's deposits, credit and property now or hereafter in the possession or control of the Bank, its agent or bailee or in transit to it. The Bank may apply the same, or any part thereof, to the Loan without prior notice or demand.

15. INVALIDITY.

If any provision of this Note or the application of any provision to any person or circumstance shall be invalid or unenforceable, neither the balance of this Note nor the application of the provision to other persons or circumstances shall be affected.

16. JOINT AND SEVERAL LIABILITY, BINDING EFFECT.

This Note and all obligations hereunder, to the extent signed by more than one party, shall be the joint and several obligations of each Maker, and any endorsers or other accommodation makers, and each provision hereof shall apply to each and all jointly and severally. The provisions of this Note are binding on the successors and assigns of Maker and shall inure to the benefit of the Bank, its successors and assigns and to subsequent holders of this Note.

17. INTERPRETATION.

Captions and headings used in this Note are for convenience only. The term "Maker" and any pronoun referring thereto as used herein shall be construed in the masculine, feminine or neuter as the context may require. The singular includes the plural and the plural includes the singular. "Any" means any and all.

18. NO VIOLATIONS OF GOVERNMENTAL PROHIBITIONS. Neither the making of the Loan, nor the receipt of Loan proceeds by Maker, violates any Law applicable to Maker, including, without limitation, any of the Terrorism Laws. Neither the making of the Loan, nor the receipt of Loan proceeds by Maker (a "Principal Party") violates any of the Terrorism Laws applicable to any of the Principal Parties. To Maker's best knowledge, no holder of any direct or indirect equitable, legal or beneficial interest in Maker or any Principal Party is the subject of any of the Terrorism Laws. No portion of the Loan proceeds will be used, disbursed or distributed by Maker for any purpose, or to any Person, directly or indirectly, in violation of any Law including, without limitation, any of the Terrorism Laws. As used in this Agreement, the term "**Terrorism Laws**" means Executive Order 13224 issued by the President of the United States of America, the Terrorism Sanctions Regulations (Title 31 Part 595 of the U.S. Code of Federal Regulations), the Terrorism List Governments Sanctions Regulations (Title 31 Part 596 of the U.S. Code of Federal Regulations), and the Foreign Terrorist Organizations Sanctions Regulations (Title 31 Part 597 of the U.S. Code of Federal Regulations), and all other present and future federal, state and local laws, ordinances, regulations, policies and any other requirements of any Governmental Agency (including, without limitation, the United States Department of the Treasury Office of Foreign Assets Control) addressing, relating to, or attempting to eliminate, terrorist acts and acts of war, each as hereafter supplemented, amended or modified from time to time, and the present and future rules, regulations and guidance documents promulgated under any of the foregoing, or under similar laws, ordinances, regulations, policies or requirements of other States or localities.

19. COMPLIANCE WITH GOVERNMENTAL PROHIBITIONS. No portion of the Loan proceeds will be used, disbursed or distributed by Maker for any purpose, or to any Person, in violation of any Law including, without limitation, any of the Terrorism Laws. Maker shall provide Lender with immediate written notice (a) of any failure of any of the representations and warranties set forth in Section 18 of this Note to be true, correct and complete in all respects at any time, or (b) if Maker obtains knowledge that Maker, or any holder at any time of any direct or indirect equitable, legal or beneficial interest in Maker is the subject of any of the Terrorism Laws. Maker shall immediately and diligently take, or cause to be immediately and diligently taken, all necessary action to comply with all Terrorism Laws and to cause the representations and warranties set forth in Section 18 of this Note and to be true, correct and complete in all respects.

20. RECOVERY OF PAYMENT.

To the extent the Loan is reduced or paid in full by reason of any payment to the Bank by any subsequent accommodation maker, endorser or guarantor, and all or any part of such payment is rescinded,

avoided or recovered from the Bank for any reason whatsoever, including, without limitation, any proceedings in connection with the insolvency, bankruptcy or reorganization of such accommodation maker, endorser or guarantor, the amount of such rescinded, avoided or refused payment shall be added to or, in the event the Note has been previously-paid in full, shall revive the principal balance of this Note upon which interest may be charged at the applicable rate set forth in this Note and shall be considered part of the Loan and all terms and provisions herein shall thereafter apply to same.

21. **AFFIRMATIVE COVENANTS.** Maker covenants and agrees with the Lender that, at all times any amounts owing to the Lender exist, Maker shall (a) furnish or cause others to furnish such information (including, without limitation, tax returns and financial information) with respect to Maker's financial condition and business operations as the Lender may request from time to time and cooperate and join with the Lender in taking all such further actions as the Lender deems necessary to effectuate the provisions of the Loan Documents; (b) permit employees or agents of the Lender, upon reasonable notice, full and complete access to any or all of Maker's properties and financial records, to make extracts from and/or audit such records and to examine and discuss Maker's properties, business, finances and affairs with Maker's officers and outside accountants, all at Maker's expense; and (c) observe any financial covenants set forth in the Commitment Letter.

22. **EXPENSES.** Maker agrees to pay the Lender upon demand all reasonable costs and expenses of collection of this Note (including the fees and expenses of in-house and outside counsel), and any judicial or non-judicial enforcement of the Lender's rights under the Note and other Loan Documents including, without limitation, any court proceeding, bankruptcy or insolvency case, appeal, or post-judgment collection services as allowed by law.

23. **USURY.** Notwithstanding any provision of this Note, it is the understanding and agreement of the Maker and the Holder that the maximum rate of interest to be paid by the Maker to the Holder shall not exceed the highest or the maximum rate of interest permissible to be charged under the laws of the State of Connecticut. Any amounts paid in excess of such rate shall be considered to have been payments in reduction of principal.

24. **SECURITY.**

Maker's payment and performance obligations hereunder shall be secured by a first lien in all of the assets of Maker including all of the equipment located at the Fitch Street Station and any and all other collateral as pledged and granted by Maker to Lender pursuant to that Loan and Security Agreement of even date.

Witness as to:

Maker:

**THE THIRD TAXING DISTRICT OF THE
CITY OF NORWALK**

BY: _____

James W. Smith
Its General Manager

PROJECT LOAN AGREEMENT

THIS PROJECT LOAN AGREEMENT (the "Agreement") dated as of June ___, 2013, between THE THIRD TAXING DISTRICT OF THE CITY OF NORWALK, a specially chartered municipal electric company having an address at 2 Second Street, Norwalk, Connecticut 06885, (the "Borrower"), and PATRIOT NATIONAL BANK, a federally chartered bank, having an office at 1177 Summer Street, Stamford, Connecticut 06905 (the "Bank").

BACKGROUND

The Borrower is a specially chartered electric company with a service area located in East Norwalk, Connecticut to provide electrical services throughout its service area. The Borrower has entered into contract with Eaton Corporation to install certain improvements within its electric service area, including the construction of a 115 kV substation project known as the Fitch Street Substation Project in order to interconnect with the regional transmission grid located at the Fitch Street Substation. Furthermore, Borrower has entered into an agreement to design and install certain electric equipment facilities solely to service the electricity requirements of Cervalis Holdings, LLC's facility located at 10 Norden Place within the City of Norwalk (the "Cervalis Norden Project"). The Bank has agreed to make certain loans to the Borrower on the terms and conditions as set forth herein to help finance a portion of the costs of alterations and the installation of the improvements covered by the Fitch Street Substation Project and the Cervalis Norden Project on the terms and conditions set forth herein. The Fitch Street Substation Project and the Cervalis Norden Project are hereinafter sometime collectively referred to as the "Project" or "Projects".

NOW THEREFORE, the parties agree as follows:

ARTICLE I - THE LOAN

1.1 Interest Rate and Repayment. The interest rate, repayment schedule and other terms of the Loan are set forth in that certain Commercial Loan Promissory Note in the maximum principal amount of up to \$3,000,000 (the "Loan") made by the Borrower to the Bank simultaneously herewith (the "Note"); the definition, terms and conditions of which are hereby incorporated herein by reference.

1.2 Loan Documentation and Collateral. The Loan will be evidenced by the Note and shall be secured by a first lien security interest on all materials, equipment, fixtures and other personal property now or hereafter acquired by the Borrower and located on the Fitch Street Substation property or the other substations servicing the Cervalis facility. In addition, the Loan may be secured by the assignment of certain plans and specifications and contracts relating to the Fitch Street Substation Project and the Cervalis Project.

1.3 The Lender will, pursuant to the terms and conditions of this Loan Agreement and the Note, and upon request by the Borrower, make loan advances for construction of the

improvements as required under the Fitch Street Substation Project and under the Cervalis Norden Project from time to time provided that the maximum principal amount outstanding at any one time shall not exceed \$3,000,000.

ARTICLE II - BORROWER'S REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Bank as follows, which representations and warranties shall be true and correct as of the date hereof and at all times thereafter until the Loan has been paid in full:

2.1 Organization and Authority. The Borrower is a municipal electrical company operating under Title 7, Chapter 101 of the Connecticut General Statutes and certain special acts applicable to Borrower holding a franchise to sell and distribute electricity in certain portion of Norwalk, Connecticut under the laws of the State of Connecticut including its Charter granted to it by the Connecticut General Assembly. The Borrower has all necessary power and authority to own its properties, conduct its business and enter into the transactions contemplated hereby. The Borrower has the right to enter into and perform this Agreement, and the execution, delivery and performance of this Agreement and all other documents executed in connection therewith have been duly authorized and constitute valid and binding obligations of the Borrower each enforceable in accordance with its respective terms.

2.2 Financial Statements. All financial statements delivered to the Bank are true and correct in all material respects, have been prepared in accordance with generally accepted accounting principles consistently applied, fairly represent the financial condition of the Borrower as of the date thereof, and no material adverse change has occurred in the financial condition presented therein since the date thereof.

2.3 No Litigation. There are no actions, suits or proceedings pending affecting Borrower or the construction of the Projects.

2.4 Title. Borrower has good and marketable title to the equipment and other improvements to be installed in connection with each of the Projects and is not subject to any security interest, monetary encumbrance or pledge in favor of any other bank, lender or third party.

2.5 Compliance with Law. The Borrower has complied or will comply in all material respects with all applicable statutes, regulations and ordinances in connection with the acquisition of the Property and construction of the Projects. All permits, consents, approvals and authorizations by any governmental body necessary for (a) the construction of the Projects in accordance with the plans and specifications to be submitted by the Borrower to the Bank and approved thereby (together the "Plans"); (b) the construction, connection and operation of all utilities necessary to service the Projects; and (c) the construction and use of all easements or right of way and other access to and egress from the Projects have been or will be obtained. Construction of the Projects in accordance with the Plans will comply in all material respects

with applicable zoning, use, building or other applicable codes, laws, regulations and ordinances and any restrictive covenant affecting the Projects.

2.6 Environmental Matters. The Borrower does not and will not engage in operations that involve the generation, manufacture, refining, transportation, treatment, storage or handling of hazardous materials or hazardous wastes, pursuant to applicable state law, or any other federal, state or local environmental laws or regulations.

2.7 Approval of Plans and Budgets. The Plans prepared for the Fitch Street Substation Project and the Cervalis Norden Project have been prepared by licensed engineers and the improvements to be made under the Project will comply with all applicable federal and state laws and regulations. The budget for construction of the Project (the "Budget") submitted by the Borrower to the Bank is an accurate current estimate of all costs necessary to construct each Project in accordance with the Plans and the cost of construction of each of the Project will not exceed its Budget.

2.8 Compliance with Documents. No Event of Default (as defined herein) has occurred hereunder.

2.9 No Misrepresentation or Material Nondisclosure. The Borrower has not made and will not make to the Bank, in this Agreement or otherwise, any untrue statement of a material fact, nor has it omitted to state a material fact necessary to make any statement made not misleading.

2.10 Incorporation of Representations and Warranties. The request by the Borrower for an advance of Loan proceeds shall constitute a certification by the Borrower that the representations and warranties contained herein are true and correct as of the date of such request.

ARTICLE III - LOAN ADVANCES AND CLOSING

3.1 Conditions Precedent to Advances. The Bank's obligation to make any advance of "hard cost" Project Loan funds shall be available for a period of eighteen (18) months from the date hereof and shall be subject to satisfaction of the following conditions precedent:

1. Prior to the advance for the construction of the alterations or improvements of "hard costs" and "soft costs" in the Projects, the Borrower shall comply with all applicable conditions relating to the Loan, as set forth in paragraph 15 of the Commitment Letter from the Bank to the Borrower, dated May 30, 2013, (the "Commitment"), including, but not limited to the following conditions precedent;

(a) Borrower will have prepared Plans and Specifications for the proposed Project to be constructed on the Fitch Street Substation Project and the Cervalis Norden Project and has submitted Plans and Specifications to the Bank for Bank's review and all that the

Plans and Specifications have been approved pursuant to the Eaton Contract for the Fitch Street Substation Project and approved by Cervalis for the Cervalis Norden Project.

(b) No Event of Default shall exist under any of the Loan Documents evidencing or securing the Note.

(c) The Bank has received a completed construction contract for the Fitch Street Substation Project between the Borrower and the Eaton Corporation for a fixed cost not to exceed \$4,223,967.00 for the installation and construction of the Fitch Street Substation.

(d) The Bank has received fully executed agreements between Borrower and Cervalis Holdings, LLC for the design and installation in order to provide electricity service to the Cervalis Facility Project and Cervalis' obligations to pay for the cost to provide electrical service to the Cervalis Norden Project for a term of not less than twenty (20) years under the Cervalis agreement.

2. The Borrower shall be in compliance with all material terms and conditions of this Agreement and there shall have occurred no Event of Default hereunder (which has not been cured by the Borrower or waived, in writing, by the Bank);

3. Advances under this Loan Agreement shall be made subject to at least five (5) days prior written request therefor by the Borrower to the Bank and made no more frequently than one per month.

4. No order or notice shall have been given by any governmental agency stopping construction or stating that the work or construction at either Project is in violation of any law, ordinance, code or regulation;

5. With each request for an advance signed by Borrower's General Manager or Assistant General Manager, Borrower shall provide copies of invoices for work, purchase order, services and material performed for each Project including, but not limited to, copies of all reviews and written approval of each advance by Borrower's engineer, Cristino Associates, Inc. for the Fitch Street Substation Project and the Cervalis Norden Project and together with the certification from Borrower that said work has been performed and has been paid for by Borrower. Borrower shall submit to Lender any further documentation reasonably requested by the Bank in connection with the work and services performed in the construction of said improvements.

6. The Borrower shall have submitted to the Bank a requisition form substantially in the form attached as Exhibit B-1 for the Fitch Street Substation Project or the Cervalis Facility Project together with a certification signed by Borrower in the form attached as Exhibit B-2;

7. The Plans and Budget will be submitted to the Bank for the Bank's review, which review shall be completed within ten (10) days of receipt;

8. The Borrower shall have provided to the Bank, original prepaid insurance policies for property insurance and general public liability insurance issued by insurance companies reasonably acceptable to the Bank and in form and content reasonably acceptable to the Bank naming the Bank as a loss payee and as additional insured, respectively. Such policies shall contain a 30-day notice of cancellation clause in form reasonably acceptable to the Bank;

9. The Borrower shall have submitted such additional documents as the Bank may reasonably require with respect to the construction of each Project; and

10. The Plan and Budget for each Project that has been submitted to the Bank has been reviewed by the Borrower and/or Borrower's engineer and has been approved by the Borrower. The construction work and installation of the improvements for the Fitch Street Substation Project and/or the Cervalis Facility Project will be completed as required within the respective contract time period for each Project.

3.2 Conditions Precedent to Final Advance. The Bank's obligation to make the final advance of funds under the Construction Loan shall be subject to the satisfaction of the following conditions precedent:

(a) Satisfaction of all conditions set forth in Section 3.1 hereof;

(b) Substantial completion of construction of each Project in accordance with the Plans;

(c) A written certification from Cristino Associates, Inc., as the Borrower's engineer, certifying that all of the improvements under the contract have been substantially completion by Eaton Corporation for the Fitch Street Substation Project and a Certificate of Substantial Completion issued and signed by Cristino Associates, Inc. that the improvements and the installation of the electrical facilities under the Cervalis installation contract have been substantially completed by Borrower; and

(d) Receipt by the Bank of a Completion Certificate from the Borrower and Cristino Associates, Inc. in form reasonably acceptable to the Bank confirming that all of the work required to be completed either under the Eaton Contract for the Fitch Street Substation Project or by the Borrower under the Cervalis Facility Project has been substantially completed.

3.3 Amount and Frequency of Advances/Borrower's Equity.

(a) The proceeds of the Loan for each of the Projects is budgeted and set forth on Exhibit C attached hereto.

(b) The Loan proceeds will be advanced for a period of up to eighteen (18) months from the date hereof and shall be as for equipment purchases, construction costs for labor and materials performed pursuant to the Eaton Contract for the Fitch Street Substation and the Cervalis Facility Contract for the Project and based on invoices submitted by Borrower and reviewed and approved by the Cristino Associates, Inc.

(c) The Borrower shall be required to make a total equity contribution in the Projects for any amount in excess of the above available Loan proceeds for all the Project costs. Borrower shall provide evidence that Borrower has funded the cost of each Fitch Street Substation Project and Cervalis Facility Project with total equity contributions in an amount not less than \$4,741,360 prior to the Bank being required to advance any Loan proceeds under this Agreement.

(d) There shall be no advances of any Loan proceeds for any materials stored on the Property.

(e) Borrower shall be responsible for all monthly payments of interest due under the Note evidencing the Loan.

(f) Advances shall be made on a monthly basis upon request by Borrower. All advances shall be subject to review and approval by the Bank's consultant if engaged or hired by the Bank. All inspection cost by the Bank's engineer or inspection consultant shall be borne by the Borrower.

ARTICLE IV - CONSTRUCTION LOAN COVENANTS

The Borrower covenants and agrees as follows:

4.1 General. So long as any amount remains unpaid on the Note, or for so long as any commitment exists to extend credit hereunder, the Borrower will:

(a) Promptly pay when due principal, interest and all other fees and charges due pursuant to the Note and this Agreement;

(b) Preserve and keep in full force and effect its existence and (except in connection with a sale the proceeds of which shall pay the Note in full) retain title to its Property and the other collateral securing the Loan;

(c) Pay when due (or timely contest) all taxes, assessments, water charges, sewer charges and all other charges levied on or against the Property, and upon written request, submit to the Bank official receipts evidencing such payments and/or written existence of such contest;

(d) Obtain and maintain the insurance reasonably required by the Bank as set forth herein and/or in the Commitment; and

(e) Comply with and observe the terms and conditions of the Commitment.

4.2 Construction Start and Completion. The Borrower shall commence construction of each Project and shall diligently proceed with construction in accordance with the Plans in a good, substantial and workmanlike manner in accordance with all applicable laws, ordinances, codes, rules and regulations. Construction of the Project shall be completed prior to December 1, 2013 (the "Completion Date").

4.3 Changes to Plans. There shall be no material revision to the Plans or Project without the prior written approval of the Bank which approval will not be unreasonably withheld or delayed.

4.4 Protection Against Liens. The Borrower shall pay and discharge and/or bond all claims for labor performed and material and services furnished in connection with construction of the Project, and use its commercially reasonable efforts in good faith to prevent the assertion of claims or liens either against the Property or the Project.

4.5 Inspections. The Bank and/or their representatives shall have the right at all reasonable times and upon reasonable notice to enter upon the Property and inspect the work of construction. The Construction Consultant shall review the Plans, shall make reasonable periodic inspections of the Project and shall report to the Bank as to the progress of construction. The Borrower shall pay the Bank any reasonable fees or expenses associated with such inspections and the other requirements of this Section. The Borrower shall permit the Bank to examine all records and other documents relating to the Property and the Project.

4.6 Notice of Claims. The Borrower shall promptly notify the Bank in writing of all pending litigation affecting the Borrower (which would materially effect Borrower's ability to comply with the Loan Documents), or the Project.

4.7 Damage or Destruction. The Borrower shall promptly notify the Bank if the Project or any of its property are damaged or destroyed by fire or any other cause. Upon the occurrence of such casualty, the Bank shall have the option of applying the insurance proceeds to the restoration of the property, or to repayment of the outstanding balance of the Note. Such election shall be made by the Bank in its sole and absolute discretion. The Bank shall have no obligation to make additional advances under the Loan Agreement upon the occurrence of a casualty unless the Bank also determines that it will make the proceeds of insurance available for restoration. In the event restoration is permitted, Borrower shall immediately proceed with the restoration thereof in accordance with the Plans. The Bank may disburse to the Borrower as Loan proceeds, in accordance with this Agreement, any insurance proceeds actually paid to the Bank in respect to such damage or destruction if, in the Bank's reasonable judgment, the insurance proceeds are sufficient to complete the restoration. If, in the Bank's reasonable

judgment, said proceeds are insufficient to complete the restoration, the Borrower shall deposit with the Bank such amounts as are necessary, in the Bank's reasonable judgment, to complete the restoration in accordance with the Plans. If however, the damage or destruction is an amount less than \$50,000.00 the insurance proceeds shall be applied in restoration of the Project in accordance with the Plans.

4.08 Condemnation. If the Project or any of the Project property or any part thereof are taken by condemnation or subject to an imminent threat of condemnation, the Bank's obligation to make further advances of Loan funds hereunder shall immediately terminate unless, in the Bank's judgment, the Property and the Project can be replaced and restored in a manner which will enable the Project to be functionally and economically utilized and occupied as originally intended. The rights and obligations of the Bank and the Borrower subsequent to a taking by condemnation or imminent threat thereof and the disbursement of any condemnation proceeds actually paid to the Bank and undisbursed Loan funds, shall be the same as described in the immediately preceding section hereof with regard to insurance proceeds.

4.10 Indemnification. The Borrower shall defend, indemnify and hold the Bank harmless from all claims, liabilities or damages (including reasonable counsel fees) of any nature arising out of or in any way relating to the Project and/or the construction and occupancy of the Project. This section shall survive the execution, delivery, performance and repayment of this Agreement and the Note.

4.11 Further Assurances. Upon request of the Bank, the Borrower will take any actions and execute any further documents as the Bank deems reasonably necessary or appropriate to carry out the purposes of this Agreement.

4.12 Financial and Other Records; Account Requirements.

During the term of the Loan, the Borrower shall:

(a) And the Guarantors shall provide the Bank with current, signed annual balance sheet, income statement and other financial statements, including cash flow statements and information concerning contingent liabilities. Said financial statements shall be prepared in form consistent with generally accepted accounting principals together with a certification by Borrower that said financial statements and the contents therein are true and accurate in all material respects. The statements should include the status of all other properties whether owned in whole or in part by the Borrower, and shall be provided at such intervals, but not more frequently than annually and in such form as may be reasonably required by the Bank. Statements should be on a market basis as of the statement date with all underlying valuation assumptions stated. These statements will contain footnotes which clearly explain the nature of all assets, liabilities, contingent liabilities and sources of income and expense, and a certification from the Borrower and Guarantor that Borrower and Guarantor are current in all obligations for borrowed money from any other lender or person. In addition, the Borrower shall provide quarterly internally prepared status reports on the Property relating to revenues and expenses at

the Property to the extent applicable in form and substance required by the Bank. The Borrower shall also provide within thirty (30) days of filing copies of their tax returns and such other financial information throughout the term of the Loan as may be reasonably required by Bank in form and substance required by Bank.

- (b) Maintain its operating account with the Bank.

ARTICLE V- DEFAULT AND REMEDIES

5.1 Events of Default. The occurrence of any of the following events shall constitute an Event of Default hereunder:

- (a) Failure to make any payment required under this Agreement, the Note, the Loan or security or any other document executed in connection therewith or required thereby (collectively, the "Loan Documents") within ten (10) days when due;

- (b) Any material and continuing breach by the Borrower of any other terms of the Loan Documents or an Event of Default as defined in the Loan and security or any other Loan Documents shall occur which remains uncured by Borrower for a period of 30 days following written notice thereof by Bank;

- (c) Default by the Borrowers under any other agreement, document, guaranty or notice to the Bank beyond any applicable notice and cure period; and which remains uncured by Borrower for a period of 30 days following written notice thereof by Bank;

- (d) Any representation, warranty or disclosure made to the Bank by the Borrower or any guarantor proves to be materially false or misleading as of the date when made.

- (e) The cost of construction of the Project or any portion thereof materially exceeds the cost therefor set forth in the Budget and Borrower has failed to immediately deposit with the Bank within 20 days of demand therefore the deficiency between the budgeted and the anticipated actual cost;

- (f) The failure to commence construction of the Project promptly, or the work of construction is delayed or suspended for a period of thirty (30) calendar days or more, or the work of construction does not proceed with due diligence subject, in each case, to force majeure and the completion of any Bank reviews of said construction work;

- (g) A petition in bankruptcy or insolvency or similar law affecting creditor's rights or for a receiver or trustee for any of the Borrower's is filed by or against the Borrower which is not discharged within 30 days or if the Borrower makes an assignment for the benefit of creditors or becomes insolvent or unable to pay its debts as they mature;

(h) An event occurs that the Bank in its reasonable discretion determines that the likelihood of payment of the indebtedness or performance of the obligations hereunder or under any of the Loan Documents is substantially and materially threatened by reason of a material adverse change in the financial condition or credit standing of Borrower or any guarantor or other obligor for the payment of the Note and within ten (10) days after the Bank gives notice of such determination to Borrower, Borrower or any such guarantor or other obligor

fails to either provide the Bank either with additional collateral, in form and substance satisfactory to the Bank, in the Bank's sole discretion, to secure the indebtedness or repay a sufficient portion of the Indebtedness in order to alleviate such concern, as determined by the Bank;

(i) The loss of any governmental approval, license or permit necessary for the construction of the Projects which approval, license or permit has not been reissued within 90 days;

(j) The abandonment of construction of the Project for a period of more than forty-five (45) days unless otherwise consented to or approved by the Lender;

(k) The existence of any financing, mortgage or other liens on or security interest in the Borrower's property or any other collateral, other than liens and security interests in favor of the Bank;

(l) The existence of any liens for taxes due with respect to the Property unless such liens are being contested in good faith and adequate reserves with respect thereto have been deposited with the Bank, or carrier's warehousemen's, mechanics', materialmen's, repairmen's or other liens which have not been dismissed for 60 days after Borrower receives notice thereof or for which escrows, reasonably satisfactory in amount to the Bank, and or bonds have not been established by the Borrower;

(m) A change in the control of the Borrower, whether or not that change in ownership or control is voluntary, involuntary or by operation of law, direct or indirect;

(n) Any material deviation in the Project from the Plans without the prior written consent of the Bank which will not be unreasonably withheld or delayed, or the existence of un-remediated defective workmanship or materials;

(o) Failure to complete the Project and to obtain a permanent and unconditional Certificate of Completion for the Project within the respective completion date for each Project;
or

(p) The dissolution of the Borrower, or the occurrence of any event which with the giving of notice or the passage of time will result in the dissolution of the Borrower (or of any corporate, partnership or limited liability company guarantor).

5.2 Remedies. Upon the occurrence of an Event of Default, the Bank may in addition to any other remedies which it may have, at its option and without prior demand or notice take any or all of the following actions:

(a) Immediately terminate any pending Loan advances (and the Bank shall have no obligation to make further advances) and from time to time apply all or any part of the undisbursed Loan funds to payment of accrued interest under the Note and/or to any other obligations of the Borrower hereunder;

(b) Declare the Note immediately due and payable and commence or exercises any of its rights or remedies under the Loan and Security Agreement;

(c) Liquidate any collateral, pledge or security for this Loan without waiving its rights to proceed against other collateral or other entities or individuals directly or indirectly responsible for repayment of the Loan.

All remedies of the Bank provided for herein are cumulative and shall be in addition to all other rights or remedies of the Bank.

ARTICLE VI - MISCELLANEOUS

6.1 No Waiver. No waiver of any default or breach by the Borrower hereunder shall be implied from any failure by the Bank to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition.

6.2 Successors and Assigns. This Agreement is binding upon and made for the benefit of the Bank and the Borrower, their successors and assigns, and no other person or persons shall have any right of action hereunder. The Borrower's interest hereunder cannot be assigned or otherwise transferred.

6.3 Notices. Any notice and other communications hereunder shall be in writing and shall be delivered or mailed by registered or certified mail, return receipt requested, postage prepared, to the Borrower or to the Bank, at the address set forth at the caption of this agreement. The addresses of any party may be changed by notice to the other party given in the same manner as provided above.

6.4 Amendments. Except as set forth in paragraph 6.1 hereof no amendment, modification, termination or waiver of any provisions of this Agreement shall be effective unless in writing and signed by the Bank.

6.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut.

6.6 Waiver of Jury Trial. The Borrower hereby irrevocably waives its right to trial by jury in any action arising out of or relating to the Loan or this Agreement.

IN WITNESS WHEREOF, the Borrower and the Bank have executed this Agreement as of the date first written above by and through their duly authorized representatives.

WITNESSES:

PATRIOT NATIONAL BANK

By: _____

Its

THE THIRD TAXING DISTRICT OF THE CITY OF
NORWALK

By: _____

James W. Smith
Its General Manager

Exhibit A

Description of Property

EXHIBIT B-1

FITCH STREET SUBSTATION PROJECT

BORROWER'S CERTIFICATE AND REQUEST FOR LOAN ADVANCE

Date:

Project Loan Agreement dated June __, 2013 evidencing a loan (the "Loan") to THE THIRD TAXING DISTRICT OF THE CITY OF NORWALK (the "Borrower") from Patriot National Bank (the "Bank").

Project: Fitch Street Substation Project.

This Borrower's Certificate and Request for Loan Advance is submitted by the Borrower to the Bank in connection with the Loan. The Borrower hereby requests the Bank to make a principal advance under the Loan (a "Loan Advance") in the amount of \$ _____ after which the undisbursed principal amount of the Loan will be \$ _____.

To induce the Bank to make the requested Loan Advance, the Borrower hereby certifies, warrants and represents to the Bank that:

1. The proceeds of this Loan Advance will be used for the purposes detailed in Schedule A attached hereto.
2. The improvements will be completed as specified in the Loan Agreement. All proceeds of all prior Loan Advances have been expended solely for the purposes for which they were requisitioned, and no proceeds of the current or any prior Loan Advance have been or will be returned to the Borrower as a rebate, refund or otherwise.
3. _____ Borrower has paid all obligations incurred in connection with all work and materials supplied for the Project through the date of the last requisition.
4. The Borrower has not authorized, nor does the Borrower contemplate, any material change-orders or other modifications to any contracts entered into in connection with the Project.
5. The cost to complete the Project (including financing and other soft costs) is reasonably projected to be \$ _____, and the amount of the undisbursed portion of the Loan and required capital contribution by the Borrower is therefore sufficient to complete the Project.

(40)

6. The projected completion date of the Project remains _____.
7. Each condition precedent to the making of this Loan Advance under the Construction Loan Agreement has been satisfied.
8. The Borrower has no knowledge or notice of any mechanics' liens having been filed or threatened to be filed against the Project.
9. All required licenses, approvals and permits covering or required for the development of the Project have been issued and are in force, and there are no actions pending or threatened to revoke, rescind, alter or declare invalid any permits, variances, certificates or agreements for or relating to the Project.
10. No event of default under the terms of the Note, Mortgage, Loan Agreement or any other document evidencing the Loan has occurred.
11. Neither the Borrower nor any guarantor of the Loan is in default on any obligation to the Bank.
12. The Borrower is not a party to any lawsuit.
13. There have been no adverse material changes in the financial condition of the Borrower.
14. The Borrower has attached hereto a paid receipt for any taxes which were due since the date of the last Certification submitted for a Loan Advance and/or written evidence that any such payment is being timely protested.

Borrower:	Engineer:
<p>THE THIRD TAXING DISTRICT OF THE CITY OF NORWALK</p> <p>By: _____ James W. Smith Its General Manager</p> <p>Date: _____</p>	<p>CRISTINO ASSOCIATES, INC.</p> <p>By: _____ Its</p> <p>Date: _____</p>

MATT ALLRED
Bliss Allred & Co., LLC
24 Grassy Plain Street
Bethel, CT 06801

Date:

EXHIBIT B-2

CERVALIS NORDEN PROJECT

BORROWER'S CERTIFICATE AND REQUEST FOR LOAN ADVANCE

Date:

Project Loan Agreement dated June ___, 2013 evidencing a loan (the "Loan") to THE THIRD TAXING DISTRICT OF THE CITY OF NORWALK (the "Borrower") from Patriot National Bank (the "Bank").

Project: Cervalis Norden Project.

This Borrower's Certificate and Request for Loan Advance is submitted by the Borrower to the Bank in connection with the Loan. The Borrower hereby requests the Bank to make a principal advance under the Loan (a "Loan Advance") in the amount of \$ _____ after which the undisbursed principal amount of the Loan will be \$ _____.

To induce the Bank to make the requested Loan Advance, the Borrower hereby certifies, warrants and represents to the Bank that:

1. The proceeds of this Loan Advance will be used for the purposes detailed in Schedule A attached hereto.
2. The improvements will be completed as specified in the Loan Agreement. All proceeds of all prior Loan Advances have been expended solely for the purposes for which they were requisitioned, and no proceeds of the current or any prior Loan Advance have been or will be returned to the Borrower as a rebate, refund or otherwise.
3. _____ Borrower has paid all obligations incurred in connection with all work and materials supplied for the Project through the date of the last requisition.
4. The Borrower has not authorized, nor does the Borrower contemplate, any material change-orders or other modifications to any contracts entered into in connection with the Project.
5. The cost to complete the Project (including financing and other soft costs) is reasonably projected to be \$ _____, and the amount of the undisbursed portion of the Loan and required capital contribution by the Borrower is therefore sufficient to complete the Project.

6. The projected completion date of the Project remains _____.
7. Each condition precedent to the making of this Loan Advance under the Construction Loan Agreement has been satisfied.
8. The Borrower has no knowledge or notice of any mechanics' liens having been filed or threatened to be filed against the Project.
9. All required licenses, approvals and permits covering or required for the development of the Project have been issued and are in force, and there are no actions pending or threatened to revoke, rescind, alter or declare invalid any permits, variances, certificates or agreements for or relating to the Project.
10. No event of default under the terms of the Note, Mortgage, Loan Agreement or any other document evidencing the Loan has occurred.
11. Neither the Borrower nor any guarantor of the Loan is in default on any obligation to the Bank.
12. The Borrower is not a party to any lawsuit.
13. There have been no adverse material changes in the financial condition of the Borrower.
14. The Borrower has attached hereto a paid receipt for any taxes which were due since the date of the last Certification submitted for a Loan Advance and/or written evidence that any such payment is being timely protested.

<p>Borrower:</p> <p>THE THIRD TAXING DISTRICT OF THE CITY OF NORWALK</p> <p>By: _____ James W. Smith Its General Manager</p> <p>Date: _____</p>	<p>Engineer:</p> <p>CRISTINO ASSOCIATES, INC.</p> <p>By: _____ Its</p> <p>Date: _____</p>

MATT ALLRED
Bliss Allred Co., LLC
24 Grassy Plain Street
Bethel, CT 06801

Date:

VARIABLE RATE COMMERCIAL REVOLVING TERM LOAN AGREEMENT

Made as of this ____ date of _____, 2013 (this "Agreement"), by and among **PATRIOT NATIONAL BANK**, a national banking association, having an address at 1177 Summer Street, Stamford, Connecticut 06905 (the "Lender") and **THE THIRD TAXING DISTRICT OF THE CITY OF NORWALK**, a corporate body politic, having an address at 2 Second Street, Norwalk, Connecticut 06855 (the "Borrower").

WHEREAS, the Borrower has requested the Lender to make a term credit line loan of up to **FIVE HUNDRED THOUSAND and 00/100 DOLLARS (\$500,000.00)** or as shall otherwise be advanced by the Lender to the Borrower for general working capital purpose, and the Lender is willing to make such loan on the terms and conditions of this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

I. LOAN.

a. AMOUNT. The Lender agrees, subject to the terms and conditions of this Agreement, to make a loan and the Borrower hereby agrees to accept a loan in an aggregate principal amount at any one time outstanding up to but not exceeding **FIVE HUNDRED THOUSAND and 00/100 DOLLARS (\$500,000.00)** (the "Loan"). Within the Loan, the Borrower may borrow, repay, and re-borrow up to but not to exceed **FIVE HUNDRED THOUSAND and 00/100 DOLLARS (\$500,000.00)** at any time or from time to time from the date hereof to and including **July 1, 2016** (the "Maturity Date"). The obligation of the Lender to make the Loan up to, but not exceeding such aggregate principal amount at any one time outstanding, is hereinafter called its "Commitment".

b. NOTICE OF BORROWING. The Company shall give the Lender at least three (3) business days' written notice (effective upon receipt) specifying the amount and date of each borrowing under this Paragraph 1 (each a "Request for Funds"). Each Request for Funds may be sent by confirmed facsimile transmission or electronic mail, in accordance with the terms of Paragraph 7 hereof.

c. NOTE. The Loan shall be evidenced by a Grid Term Revolving Promissory Note of the Borrower (the "Note"), in the form of Exhibit A, attached hereto and incorporated herein by reference.

d. PAYMENT SCHEDULE. The Loan shall be repaid in accordance with Paragraph 2 of the Note.

e. USE OF FUNDS. Proceeds of the Loan shall be used for the purpose of general working capital needs of the Borrower.

f. INTEREST RATE.

(i) VARIABLE RATE. The outstanding principal balance of this Note shall bear at a variable interest rate (the "Interest Rate") per annum equal to the Lender's Base Rate (as hereinafter defined). The term "Lender's Base Rate" as referred to in this Note is the interest rate published in the Eastern Edition of **THE WALL STREET JOURNAL** in the "Money Rates" table as the "Prime Rate" in effect from time to time and payable monthly on the basis of a three hundred and sixty (360) day year and actual days elapsed. If the said

2856805v1

Prime Rate is published as a range, with a high and a low interest rate, the Lender's Base Rate shall be the highest rate published in **THE WALL STREET JOURNAL**. The rate of interest under this note will change as of the effective date of each change in such Prime Rate. The current applicable Prime Rate is **3.25%**. If **THE WALL STREET JOURNAL** shall cease to publish the Prime Rate in the Money Rates table of its Eastern Edition, the Lender shall choose an interest rate that in the sole and absolute discretion of Lender most closely approximates said Prime Rate and the Lender may notify Borrower in writing of such designation, which rate shall be the Lender's Base Rate from and after the date on which **THE WALL STREET JOURNAL** shall have ceased to so publish the Prime Rate. The Lender's Base Rate may not be the lowest or most favorable rate charged by the Lender.

(ii) INCREASE TO INTEREST RATE.

(A) The Lender shall increase the applicable Interest Rate and Floor Rate, if any, of the Loan by **ONE HALF OF ONE PERCENT (0.50%)** if the Borrower fails to arrange for regular monthly repayment of the Loan from the designated Deposit Account at Patriot National Bank or fails to maintain sufficient sums on deposit at all relevant times allowing the Lender to automatically debit the Borrower's account on each payment due date in the amount of the Borrower's monthly installment payment. If the Lender is unable to transfer the amount necessary to make any payment due under this Note or if the Borrower cancels the automatic deduction of payments as provided in that certain Automatic Payment Addendum to Rate Note, the Interest Rate shall immediately increase by **ONE HALF OF ONE PERCENT (0.50%)** as provided in said Automatic Payment Addendum to Rate Note.

(B) During the term of this Note, Borrower shall maintain, at a minimum, average collected balances in deposit accounts with Patriot National Bank in an amount of not less than \$1,500,000 measured annually as of the end of each fiscal year. If Borrower fails to maintain such minimum average balances during such year period, the interest rate under this Note shall increase by $\frac{3}{4}$ of 1% (0.75%).

(iii) DEFAULT INTEREST. The Borrower shall pay additional interest on the entire principal balance during default or after the Maturity Date at the rate of **EIGHTEEN PERCENT (18%)**, but not more than at the highest rate permitted by law. The Borrower shall pay a late charge, to be assessed at **FIVE PERCENT (5%)** percent of the payment due, if not paid within ten (10) days from the payment date.

(iv) INTEREST PAYMENTS. Monthly payment of interest shall be due on the first (1st) day of each month.

g. COLLATERAL.

(i) First lien security agreement encumbering all assets of the Borrower, now owned or hereafter acquired;

(ii) Negative Pledge Agreement from Borrower agreeing not to mortgage or encumber Borrower's property located at 14 Fitch Street, Norwalk, Connecticut and known as the Fitch Street Substation;

(iii) Such other documents, instruments, opinions of the Borrower's counsel and assurances by the Borrower as the Lender and its counsel may request.

h. PREPAYMENT. The Borrower may prepay this Loan at any time during the Term thereof, upon thirty (30) days' prior written notice, without premium.

i. SUSPENSION OF ADVANCES. If the Borrower fails to provide to the Lender evidence of any of the insurance coverage required under the loan agreement within five (5) days after demand by the Lender therefor, or if the Borrower fails to provide to the Lender any of the Financial Statements or any of the tax returns required by the Borrower by such applicable date and time required under of this Loan, as determined by the Lender in its sole judgment, the Lender may suspend any advances of principal to which the Borrower may be otherwise entitled under this Loan until such time as the Borrower shall cure such failure, in the Lender's sole determination. The imposition of this remedy shall not, however, constitute a waiver of default or demand by the Lender.

2. Manner of Borrowing:

On the date specified for each advance of the Loan, the Lender shall credit the amount of the Loan to the general deposit account of the Company with the Lender in immediately available funds, against advances as provided under the terms of the Note. Prior to or concurrently with the initial Loan hereunder, the Company shall certify to the Lender that James W. Smith as General Manager or _____, its _____, remains authorized to sign Notes, and the Lender may conclusively rely on such certification until it shall receive notice in writing to the contrary. Information with regard to any loans or advances under the Note shall be recorded and maintained by Lender in its internal records and such records shall be conclusive as to the information set forth therein absent manifest error. The Lender's failure to record the date and amount of any loan or advance shall not limit or otherwise affect the obligations of the Borrower under the Note to repay the principal amount of the loans or advances together with all interest accruing thereon. Lender shall not be obligated to provide Borrower with a copy of the record on a periodic basis.

3. Conditions of Lending:

A. INITIAL LOAN. The obligation of the Lender to make the initial Loan to be made by it hereunder is subject to the following conditions precedent:

(1) The Lender shall have received a certified copy of all Company actions taken by the Company to authorize the execution, delivery, and performance of this Agreement and the Notes and the borrowing by it hereunder, and such other papers as the Lender shall reasonably require;

(2) The Lender shall have received an opinion of counsel to the Borrower, in form and substance satisfactory to the Lender, as to the matters referred to in Subparagraphs 5A, 5B and 5D hereof, and further to the effect that (a) this Agreement has been duly authorized, executed, and delivered and is a legal, valid, binding, and enforceable agreement of the Borrower and (b) the Notes, Loan and Security Agreement and UCC Financing Statements, upon execution and delivery in accordance with the provisions of this Agreement, will be legal, valid, and binding obligations of the Borrower enforceable in accordance with their respective terms and (c) that the Company has obtained and holds all authorizations and approvals which are generally necessary for the lawful conduct of the Company's affairs.

B. EACH LOAN ADVANCE. The obligation of the Lender to make each Loan advance to be made

2856805v1

by it hereunder (including the initial Loan) is subject to the following conditions precedent:

(1) No event of default specified in Paragraph 6 below, and no event which with notice or lapse of time or both would become such an event of default, shall have occurred and be continuing; the representations of the Borrower in Paragraph 5 hereof shall be true on and as of the date of the making of such Loan with the same force and effect as if made on and as of such date, and the Company shall so certify to the Lender;

(2) All legal matters incident to the transactions hereby contemplated shall be satisfactory to the Lender.

C. REQUIRED CLEAN-UP. None

D. BORROWING LIMITS: Refer to Paragraph 1 of the Note.

E. DOCUMENTATION: Each advance will require that Company: (i) certifies that there has been no material change in income or damage or destruction to the Premises securing this Loan, (ii) certifies the absence of any default, and (iii) is signed by the chief financial officer of the Company.

F. LOAN FEE. Waived

G. LOAN EXPENSES. Borrower agrees to pay when due all expenses of the Loan and the Closing, fees and expenses of Lender's attorney and all costs and expenses incurred by Lender in connection with the Loan and this Agreement.

H. UCC FILING AUTHORIZATION. Borrower shall have granted to Lender a perfected first Security Interest in all of its presently owned and hereafter acquired personal property and fixtures, including all equipment, fixtures, inventory, accounts, general intangibles, letter-of-credits rights, deposit accounts, chattel paper, documents, instruments and investment property, upon the terms and conditions set forth in a Security Agreement satisfactory to Lender.

I. LANDLORD'S WAIVER. None required.

J. GUARANTEES. None required.

K. MEMBER LOANS. Not applicable.

4. Covenants:

A. So long as the commitment of the Lender shall be outstanding and until the payment in full of all Notes outstanding hereunder and the performance of all other obligations of the Borrower hereunder, the Company agrees that, unless the Lender shall otherwise consents in writing the Company will furnish the Lender from time to time, such further information regarding the affairs and financial condition of the Company as the Lender may reasonably request.

B. All financial statements delivered hereunder shall be prepared on the basis of generally accepted accounting principles and practices applied on a consistent basis. Each of the persons constituting Borrower shall

2856805v1

deliver to Lender updated tax returns and financial statements annually.

C. The Company shall maintain insurance in responsible companies in such amounts and against such risks as is satisfactory to the Lender, and, in any event, as are ordinarily carried by similar businesses; and, in the case of all policies insuring property in which Lender shall have a security interest of any kind, all such policies shall provide that the proceeds thereof shall be payable to Borrower and Lender, as their respective interests may appear. All said policies or certificates thereof, including all endorsements, shall be deposited with the Lender; and such policies shall contain provisions that no such insurance may be canceled or decreased without ten 10 days prior written notice to Lender. In the event of acquisition of additional insurable Collateral, Borrower shall cause such insurance coverage to be increased or amended in such manner and to such extent as prudent business judgment would dictate. If Borrower shall at any time or times hereafter fail to obtain and/or maintain any of the policies of insurance required herein, or fail to pay any premium in whole or in part relating to such policies, Lender may, but shall not be obligated to, obtain and/or cause to be maintained insurance coverage with respect to the Collateral, including, at Lender's option, the coverage provided by all or any of the policies of Borrower and pay all or any part of the premium therefor, without waiving any default by Borrower, and any sums so disbursed by Lender shall be additional Loans to Borrower by Lender payable on demand. Lender shall have the right to settle and compromise any and all claims under any of the policies required to be maintained by Borrower hereunder and Borrower hereby appoints Lender as its attorney-in-fact, with power to demand, receive, and receipt for all monies payable thereunder, to execute in the name of Borrower or Lender or both any proof of loss, notice, draft, or other instruments in connection with such policies or any loss thereunder and generally to do and perform any and all acts as Borrower, but for this appointment, might or could perform.

5. Representations: The Company hereby represents to the Lender that:

A. **COMPANY EXISTENCE AND POWER.** The Company is validly opened under the laws of the State of Connecticut and the Company has the power to make this Agreement and to borrow hereunder.

B. **COMPANY AUTHORITY.** The making and performance by the Company of this Agreement and the Notes have been duly authorized by all necessary probate action and will not violate any provision of law or of the articles of the Will of the late Aileen Albano, or result in the breach of or constitute a default or require any consent under, or result in the creation of any lien, charge, or encumbrance upon any property or assets of the Company pursuant to any indenture or other agreement or instrument to which the Company is a party or by which the Company or its property may be bound or affected, other than as specifically provided herein.

C. **FINANCIAL CONDITION.** The statements of income of the Company, heretofore furnished to the Lender, are complete and correct and fairly represent the financial condition of the Company as at the dates of said statements and the results of their operations for the periods ending on said dates. The Company has no material contingent obligations, liabilities for taxes, long-term leases, or unusual forward or long-term commitments not disclosed by, or reserved against in, said balance sheets or the notes thereto; and at the present time there are no material unrealized or anticipated losses from any unfavorable commitments of the Company. Said financial statements were prepared in accordance with generally accepted principles and practices of accounting consistently maintained throughout the periods involved. Since the date of the latest of such statements there has been no material adverse change in the financial condition of the Company from that set forth in said statements as at that date.

D. LITIGATION. There are no suits or proceedings pending, or to the knowledge of the Company threatened against or affecting the Company which, if adversely determined, would have a material adverse effect on the financial condition or settlement of the Company and there are no proceedings by or before any governmental commission, board, bureau, or other administrative agency pending or, to the knowledge of the Borrower, threatened, against the Borrower.

6. Defaults: If any of the following events of default shall occur and shall not have been remedied:

A. Any representation, signature or warranty made by the Borrower in this Agreement or in any request or certificate of the Borrower furnished to the Lender shall prove to have been incorrect in any material respect; or

B. The Borrower shall default in the payment, when due, of any principal of or interest on the Loans or the Notes or any other sum payable by the Borrower under this Agreement; or

C. The Borrower shall default for thirty (30) days in the performance of any other obligation to be performed by it contained in this Agreement or the Pledge Agreement and Security Agreement; or

D. Any indebtedness for money borrowed, for which the Borrower is liable, as principal obligor, guarantor, or otherwise, is not paid at its stated maturity or is declared or otherwise becomes due and payable prior to its stated maturity; or

E. Any event of default as defined in any loan or similar agreement to which the Borrower is now or hereafter a party, or any other event thereunder or upon any occurrence of which any holder or holders of indebtedness outstanding thereunder may declare the same due and payable, shall occur and shall continue for more than the period of grace, if any, provided therein; or

F. The Company shall (1) apply for or consent to the appointment of a receiver, trustee, or liquidator of itself, or of all or a substantial part of its assets, (2) be unable, or admit in writing its inability to pay its debts as they fall due, (3) make a general assignment for the benefit of its creditors, (4) be adjudicated a bankrupt or insolvent, or (5) file a voluntary petition in bankruptcy or a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any insolvency law or an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization, or insolvency proceeding, or any corporate action shall be taken by it for the purpose of effecting any of the foregoing; or

G. An order, judgment, or decree shall be entered, without the application, approval, or consent of the Company or any of its subsidiaries by any court of competent jurisdiction, approving a petition seeking reorganization of the Company or any such subsidiary or appointing a receiver, trustee, or liquidator of the Company or any such subsidiary or of all or a substantial part of any of their respective assets and such order, judgment, or decree shall continue unstayed and in effect for any period of more than thirty (30) consecutive days;

H. Acts or omissions by Borrower or third parties which causes Lender to deem itself insecure; then, and in any such case, the Lender may by written notice to the Borrower (i) immediately terminate its commitment hereunder and/or (ii) declare the principal of and interest accrued on all of the Notes to be forthwith due and payable, whereupon the same shall become forthwith due and payable.

7. Notices: All notices, requests, and demands shall be in writing and be given to or made upon the respective parties hereto as follows:

The Borrower: The Taxing District of the City of Norwalk
2 Second Street,
Norwalk, CT 06855

The Lender: Commercial Loan Department
1177 Summer Street
Stamford, CT 06905

or to such other address as either party shall designate for itself in writing to the other party.

8. Miscellaneous:

A. Except as otherwise expressly stated herein, all computations required hereunder shall be made by the application of generally accepted accounting principles and practices applied on a basis consistent with those used in the preparation of the audited financial statements referred to in Paragraph 5.

B. Neither failure nor delay on the part of the Lender to exercise any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege.

C. This Agreement and each Note shall be deemed to be a contract made under the laws of the State of Connecticut and for all purposes shall be governed by the laws of Connecticut

E. The Company will pay, whether or not any Loan is made hereunder, (i) all out-of-pocket expenses of the Lender in connection with the preparation, execution, and delivery hereof and of the Notes and the making of Loans hereunder, including reasonable fees and disbursements of counsel to the Lender and (ii) costs of collection (including reasonable counsel fees) in case default is made in the payment of any Note.

F. The headings herein are for convenience only and shall not be deemed to be part of this Agreement. Any references to any person or entity shall be construed in the masculine, feminine or neuter, singular or plural, as the context may require. Unless the context otherwise requires, all capitalized terms not otherwise defined herein shall have the meanings used in the Uniform Commercial Code. If any such term is defined in more than one Article of the Uniform Commercial Code, then the definition in Article 9 shall prevail

9. COMPANY AND EACH OF THE INDIVIDUALS SIGNING THIS AGREEMENT BELOW ACKNOWLEDGES AND REPRESENTS THAT THE LOAN COMMITTED UNDER THIS AGREEMENT IS A COMMERCIAL TRANSACTION AND THAT THE PROCEEDS OF THE LOAN SHALL NOT BE USED FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES. COMPANY AND EACH OF THE INDIVIDUALS SIGNING THIS AGREEMENT BELOW HEREBY VOLUNTARILY WAIVES ANY RIGHTS TO NOTICE OR HEARING UNDER CHAPTER 903a OF THE CONNECTICUT GENERAL STATUTES AS NOW OR HEREAFTER AMENDED, OR AS OTHERWISE REQUIRED BY ANY LAW WITH RESPECT TO

2856805v1

ANY PREJUDGMENT REMEDY WHICH THE LENDER MAY ELECT TO USE OR WHICH IT MAY AVAIL ITSELF. THE COMPANY AND EACH OF THE INDIVIDUALS SIGNING THIS AGREEMENT BELOW FURTHER WAIVES, TO THE GREATEST EXTENT PERMITTED BY LAW, THE BENEFITS OF ALL PRESENT AND FUTURE VALUATION, APPRAISEMENT, EXEMPTION, STAY, REDEMPTION AND MORATORIUM LAWS. THE COMPANY AND EACH OF THE INDIVIDUALS SIGNING THIS AGREEMENT BELOW FURTHER WAIVES ANY REQUIREMENTS THAT LENDER OBTAIN A BOND OR ANY SIMILAR DEVICE IN CONNECTION WITH THE EXERCISE OF ANY REMEDY OR THE ENFORCEMENT OF ANY RIGHT HEREUNDER OR PERTAINING TO THE LOAN.

10. COMPANY AND EACH OF THE INDIVIDUALS SIGNING THIS AGREEMENT BELOW WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, INSTRUMENT OR OTHER DOCUMENT CONTEMPLATED HEREBY OR RELATED HERETO AND IN ANY ACTION DIRECTLY OR INDIRECTLY RELATED TO OR CONNECTED WITH THE OBLIGATIONS PROVIDED FOR HEREIN, OR ANY CONDUCT RELATING TO THE ADMINISTRATION OR ENFORCEMENT OF SUCH OBLIGATIONS OR ARISING FROM THE DEBTOR/CREDITOR RELATIONSHIP OF THE PARTIES HERETO. THE COMPANY AND EACH OF THE INDIVIDUALS SIGNING THIS AGREEMENT BELOW ACKNOWLEDGES THAT THIS WAIVER MAY DEPRIVE IT OF AN IMPORTANT RIGHT AND THAT SUCH WAIVER HAS KNOWINGLY AND VOLUNTARILY BEEN AGREED TO BY THE COMPANY AND EACH OF THE INDIVIDUALS SIGNING THIS AGREEMENT BELOW.

11. All obligations under this Agreement, to the extent signed by more than one party, shall be the joint and several obligations of each party and each provision of this Agreement shall apply to each and all parties jointly and severally.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, all as of the day and year first above written.

Witness and Borrower Signatures

WITNESS:

BORROWER:

THE THIRD TAXING DISTRICT OF THE CITY
OF NORWALK

By: _____

James W. Smith
Its General Manager

LENDER:

PATRIOT NATIONAL BANK

BY: _____

Name:
Title:



Exhibit A

TERM REVOLVING PROMISSORY NOTE

\$500,000.00

June _____, 2013
Stamford, Connecticut

In consideration of such loans or advances ("Advances") as PATRIOT NATIONAL BANK, having its principal place of business at 1177 Summer Street, Stamford, CT 06905 ("Lender"), from time to time may elect to make hereon to or for the benefit of or at the request of THE THIRD TAXING DISTRICT OF THE CITY OF NORWALK, having its principal address/principal place of business at 2 Second Street, Norwalk, Connecticut 06855 (the "Borrower"), the Borrower hereby promises to pay, if not sooner paid or demanded, on July 1, 2016, to the order of the Lender at its office at 1177 Summer Street, Stamford, CT 06905, in lawful money of the United States of America, the sum of Five Hundred Thousand and no/100 Dollars (\$500,000.00) or the aggregate unpaid principal amount of all Advances made by Lender to Borrower pursuant to a certain Loan Agreement dated of even date herewith (the "Loan Agreement") between the Borrower and Lender, plus any interest there on the unpaid principal balance. The unpaid balance of each Advance shall bear interest from the date thereof until paid and at the rate hereinafter provided in paragraphs 1.1 and 1.2 of this Note, together with all taxes assessed upon said sum against the holder of this Note (the "holder") and any costs and expenses, including reasonable attorneys' fees, incurred in the collection of this Note or in protecting or sustaining the lien of the mortgage securing this Note.

The unpaid principal balance hereon at any time shall not exceed FIVE HUNDRED THOUSAND AND 00/100 (U.S. \$500,000.00) Dollars pursuant to a certain VARIABLE RATE COMMERCIAL REVOLVING TERM LOAN AGREEMENT of even date herewith ("Loan Agreement") and shall be equal to the aggregate amount of all Advances then made less the aggregate amount of all payments then made thereon.

Any advances shall be conclusively presumed to have been made to and for the benefit and at the request of Borrower when (1) deposited or credited to an account of the Company with Lender, notwithstanding that such advance was requested, orally or in writing by someone other than Company or that someone other than Borrower is authorized to draw on such account and may or does withdraw the whole or any part of such Advance, or (2) made in accordance with the oral or written instructions of Borrower, or of any one of them if more than one, or of any one signing below for or on behalf of Borrower.

1.1 INTEREST RATE.

(A) This Note shall bear a variable interest rate on the unpaid balance from time to time outstanding at a rate to be determined under the provisions of this Paragraph until the entire principal balance of the indebtedness evidenced by this Note and all interest and other amounts from time to time payable under this Note shall have been paid in full as follows:

The outstanding principal balance of this Note shall bear interest at a variable interest rate per annum equal to the Lender's Base Rate, as hereinafter defined. The term "Lenders Base Rate" as referred to in this Note is the interest rate published in the Eastern Edition of THE WALL STREET JOURNAL in the "Money Rates" table as the "Prime Rate" in effect from time to time computed daily and payable monthly on the basis of a three hundred sixty (360) year and actual days elapsed. If the said Prime Rate is published as a range, with a high and a low interest rate, the Lender's Base Rate shall be the highest rate on corporate loans posted by at least 75% of the USA's 30 largest banks known as the Wall Street Journal Prime Rate and is published in THE WALL STREET JOURNAL. The rate of interest under this note will change as of the effective date of each change in such Prime Rate. The current Prime Rate is 3.25%. If the Wall Street Journal shall cease to publish the Prime Rate in the Money Rates table of its Eastern Edition, the Lender shall choose an interest rate that in the sole and absolute discretion of Lender most closely approximate said Prime Rate and Lender may notify Borrower in writing of such designation, which rate shall be Lender's Base Rate from and after the date on which THE WALL STREET JOURNAL shall have ceased to so publish the Prime Rate. If the Prime Rate is no longer published, the rate so designated by Lender, Lender's Base Rate may not be the lowest or most favorable rate charged by lender.

B) If Borrower fails to provide Lender evidence of any of the insurance coverage required under the loan agreement or security agreement securing this Note within five (5) days after demand by Lender, or any of the financial statements or any of the tax returns required annually by either Borrower, or any Co-Borrower or any Guarantor of this Loan as may be required under the provisions of the mortgage securing this Note by such date and time required under the mortgage securing this Note (the "Financial Information Due Date"). Lender shall increase the applicable interest rate and Floor Rate of this Loan, if any, by

2856805v1

an additional one half of one per cent (0.50%) (an "Interest Rate Increase") on the applicable Financial Information Due Date as determined by Lender in its sole judgment. The imposition or collection of said Interest Rate Increase shall not, however, constitute a waiver of default or demand by Lender.

1.2 INCREASE OF RATE. Lender will increase the applicable interest rate of the Loan by one half of one per cent (.50%) if Borrower fails to arrange for regular monthly repayment of the Loan from the designated Deposit Account at Patriot National Bank or fails to maintain sufficient sums on deposit at all relevant times allowing Patriot National Bank to automatically debit Borrower's account on each payment due date in the amount of Borrower's monthly installment payment. If Lender is unable to transfer the amount necessary to make any payment due under this Note or if Maker cancels the automatic deduction of payments as provided in said AUTOMATIC PAYMENT ADDENDUM TO VARIABLE RATE NOTE the Interest Rate shall immediately increase by .050 percentage points as provided in said AUTOMATIC PAYMENT ADDENDUM TO VARIABLE RATE NOTE.

2. REPAYMENT. The entire outstanding principal balance of this Note, together with all unpaid and accrued interest and all other amounts due and owing pursuant to the terms of this note and the mortgage securing this note (the "loan") shall be due and payable without notice or demand on July 1, 2016 (the "Maturity Date"). During the term of the loan interest only shall be paid in consecutive monthly installments commencing on August 1, 2013 and on the first day of each month thereafter until the Maturity Date. All payments of principal and interest shall be made in lawful money of the United States which shall be legal tender in payment of all debts at the time of payment. Any check, draft or money order remitted in settlement of this note, may be handled for collection in accordance with the practice of the collecting bank or banks and shall not be deemed payment until the money is actually received by the holder of this note.

BORROWER ACKNOWLEDGES THAT THE REQUIRED MONTHLY PAYMENTS DO NOT INCLUDED SUMS ON ACCOUNT OF PRINCIPAL TO FULLY PAY THE PRINCIPAL DUE UNDER THIS NOTE BY THE MATURITY DATE AND THAT A SUBSTANTIAL PRINCIPAL PAYMENT SHALL BE DUE AT MATURITY. BORROWER ALSO ACKNOWLEDGES THAT THE LENDER HAS GIVEN NO ASSURANCES THAT THE LENDER WILL CONTINUE TO EXTEND CREDIT. BORROWER IS PREPARED TO FIND OTHER SOURCES FOR REPAYMENT OF THE SUMS DUE UNDER THIS NOTE AT MATURITY.

3. APPLICATION OF PAYMENTS. Payments will be applied (a) first to fully pay interest due and payable under the Note; (b) Second, to costs and expenses incurred by the holder in collecting this Note or in sustaining and/or enforcing any security granted to secure this Note and any other charges or amounts due under the Note or this mortgage; and (c) Third, the remainder will be applied to principal.

4. LATE CHARGE. Borrower shall pay the holder a late charge of five (5%) percent of any monthly installment not received by the holder within ten (10) days after the installment is due, to cover the additional expenses involved in handling such overdue installment. This charge shall be in addition to, and not in lieu of, any other remedy the holder may have and is in addition to any reasonable fees and charges of any agents or attorneys which the holder is entitled to employ in the event of default hereunder, whether authorized herein or by law. Borrower will pay this late charge promptly by only once for each late payment.

5.1 DEFAULT. Upon the occurrence of any Event of Default (as hereinafter defined), the entire outstanding balance of this Note shall, at the option of the holder, become immediately due and payable without notice or demand, and in any event, interest shall immediately accrue at a "default rate" which means the rate of interest which is (18%) percentage points per annum. Notwithstanding any other provision of this note, interest under this note shall not exceed the maximum rate permitted by law; and if any amount is paid under this note as interest in excess of such maximum rate, then, the amount so paid will not constitute interest but will constitute a payment on account of the principal amount of this note. An Event of Default is defined as any one of the following: (i) default in the payment of any interest, principal or other amounts due hereunder during the term of this Note and such default continuing for a period of ten (10) days after the due date thereof; (ii) default in the payment of any principal or other amounts due at the end of the term of this Note; (iii) default in the performance of any of the other conditions or stipulations of this Note, thirty (30) days after notice thereof; (iv) the occurrence of any event of default as defined in the Loan Agreement or Mortgage securing this Note or any other obligation of the Borrower to the Lender in connection with the indebtedness evidenced by this Note or the breach of any provision of any Loan Agreement, or any other instrument securing this Note or any other agreement presently or hereafter existing between Borrower and Lender; (v) a default beyond any applicable notice or cure period in the payment or performance of any other obligation of Borrower (or any Guarantor of this Note) to the Lender; (vi) Lender believes that a material adverse change in the assets, liabilities, financial condition or business of Borrower or any Guarantor has occurred since the date of any financials statements delivered to Lender before or after the date hereof; or (vii) a determination by the Lender made in good faith and for any commercially sound reason, that is insecure or that the prospect of repayment is impaired.

5.2 CROSS-DEFAULT. Lender shall have the right to declare a default under this Note if there is a default under any other mortgage and note or notes from Borrower to Lender in effect at the time of any such default.

2856805v1



5.3 SUSPENSION OF PRINCIPAL ADVANCES THAT MAY BE ADVANCED UNDER THIS LOAN. If Borrower fails to provide to Lender evidence of any of the insurance coverage under any loan agreement or security agreement securing this Note within five (5) days after demand by Lender or if Borrower fails to provide to Lender any of the Financial Statements or any of the tax returns required annually by either Borrower or any Co-Borrower or any Guarantor of this loan as may be required under the provisions of the mortgage securing this Note by such applicable date and time required under the mortgage securing this Note (the "Document Due Date") as determined by the Lender in its sole judgment, Lender may suspend any advances of principal to which Borrower may be entitled under this Loan until such time as Borrower shall cure such failure, in Lender's sole determination. The imposition of this remedy shall not, however, constitute a waiver of default or demand by Lender.

6. PREPAYMENT.

Borrower may prepay the loan in whole or in part at any time without penalty or charge.

All prepayments of principal shall be accompanied by and applied first to the payment of costs and expenses, then to unpaid late charges and prepayment fees, then to accrued and unpaid interest and the balance on account of the unpaid principal. Any partial prepayments shall not affect the Borrower's obligation to make the regular installments required hereunder until the loan is fully paid

7. PREJUDGMENT REMEDY WAIVER.

BORROWER ACKNOWLEDGES AND REPRESENTS THAT THE LOAN EVIDENCED BY THIS NOTE IS A COMMERCIAL TRANSACTION AND THAT THE PROCEEDS OF THE LOAN SHALL NOT BE USED FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES. BORROWER AND ANY SUBSEQUENT ENDORSER, GUARANTOR OR OTHER ACCOMMODATION BORROWER HEREBY VOLUNTARILY WAIVE ANY RIGHTS TO NOTICE OR HEARING UNDER CHAPTER 903A OF THE CONNECTICUT GENERAL STATUTES AS NOW OR HEREAFTER AMENDED, OR AS OTHERWISE REQUIRED BY ANY LAW WITH RESPECT TO ANY PREJUDGMENT REMEDY WHICH THE HOLDER VIAY ELECT TO USE OR WHICH IT MAY AVAIL ITSELF. THE BORROWER FURTHER WAIVES, TO THE GREATEST EXTENT PERMITTED BY LAW, THE BENEFITS OF ALL PRESENT AND FUTURE VALUATION, APPRAISEMENT, EXEIVIPTION, STAY, REDEMPTION AND MORATORIUM LAWS. THE BORROWER FURTHER WAIVES ANY REQUIREMENTS THAT LENDER OBTAIN A BOND OR ANY SIMILAR DEVICE IN CONNECTION WITH THE EXERCISE OF ANY REMEDY OR THE ENFORCEMENT OF ANY RIGHT HEREUNDER PERTAINING TO THE LOAN.

8. DELAY IN ENFORCE

The liability of Borrower and any subsequent endorser, guarantor or other accommodation Borrower under this Note is unconditional and shall not be affected by an extension of time, renewal, waiver or any other modification whatsoever, granted or consented to by the holder. Any failure by the holder to exercise any right it may have under this Note is not a waiver of the holder's right to exercise the same or any other right at any other time.

9. CHANGES.

No agreement by the holder to change, waive or release the terms of this Note will be valid unless it is in writing and signed by Borrower and the holder.

10. WAIVER, JURY TRIAL.

BORROWER AND ANY SUBSEQUENT ENDORSER, GUARANTOR OR OTHER ACCOMMODATION BORROWER WAIVE PRESENTMENT, DEMAND AND NOTICE OF DISHONOR, TOGETHER WITH ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS NOTE OR UNDER ANY AGREEMENT, INSTRUMENT OR OTHER DOCUMENT CONTEMPLATED HEREBY OR RELATED HERETO AND IN ANY ACTION DIRECTLY IR INDIRECTLY RELATED TO OUR CONNECTED WITH THE OBLIGATIONS PROVIDED FOR HEREIN, OR ANY CONDUCT RELATING TO THE ADMINISTRATION OR ENFORCEMENT OF SUCH OBLIGATIONS OR ARISING FROM THE DEBTOR/CREDITOR RELATIONSHIP OF THE PARTIES HERETO. THE BORROWER ACKNOWLEDGES THAT THIS WAIVER MAY DEPRIVE IT OF AN IMPORTANT RIGHT AND THAT SUCH WAIVER HAS KNOWINGLY AND VOLUNTARILY VEEN AGREED TO BY THE BORROWER.

11. CONNECTICUT LAW.

The provisions of this Note shall be governed by the laws of the state of Connecticut.

12. JURISDICTION AND VENUE.

Any action or proceeding to enforce or defend any rights under this Note or under any agreement, instrument or other document contemplated hereby or related hereto; directly or indirectly related to or connected with the Loan or the administration or enforcement thereof; or arising from the debtor/creditor relationship of the Borrower and the Lender shall be brought only in the Superior Court of Connecticut or the United States District Court for the District of Connecticut. The parties hereto agree that any proceeding instituted in either of such courts shall be of proper venue, that such courts shall have personal jurisdiction over the parties and that any and all pleadings, summons, motions and other process in such proceeding shall be fully and effectively served when transmitted by United States Mail (registered or certified), postage and registry fees prepaid. Any judgment or decree obtained in any such action or proceeding may be filed or enforced in any other appropriate court.

13. RIGHT OF SET-OFF.

Upon the occurrence of any Event of Default, the Lender shall have the right to set-off against the Loan all of Borrower's deposits, credits and property now or hereafter in the possession or control of the Lender, its agent or bail or in transit to it. The Lender may apply the same, or any part thereof, to the Loan without prior notice or demand.

14. INVALIDITY.

If any provision of this Note or the application of any provision to a person or circumstance shall be invalid or unenforceable, neither the balance of this Note nor the application of the provision to other persons or circumstances shall be affected.

15. JOINT AND SEVERAL LIABILITY, BINDING EFFECT

This Note and all obligations hereunder, to the extent signed by more than one party, shall be the joint and several obligations of each Borrower, and any endorsers or other accommodation Borrowers, and each provision hereof shall apply to each and all jointly and severally. The provisions of this Note are binding on the successors and assigns of Borrower and shall inure to the benefit of the Lender, its successors and assigns and to subsequent holder of this Note.

16. INTERPRETATION.

Captions and headings used in the Note are for convenience only. The term "Borrower" and any pronoun referring thereto as used herein shall be construed in the masculine, feminine or neuter as the context may require. The singular includes the plural and the plural includes the singular. "Any" means any and all.

17. RECOVERY OF PAYMENT.

To the extent the Loan is reduced or paid in full by reason of any payment to the Lender by Borrower such prepayment shall reserve the principal of this Note which may be again advanced by the Lender under the provisions of the Loan Agreement upon which interest may be charged at the applicable rate set forth in this Note and shall be considered part of the Loan evidenced by this Note, payable in full on the maturity Date and all terms and provisions of this Note shall thereafter apply to same.

18. NO VIOLATIONS OF GOVERNMENTAL PROHIBITIONS. Neither the making of the Loan, nor the receipt of Loan proceeds by Borrower, violates any Law applicable to Borrower, including, without limitation, any of the Terrorism Laws. Neither the making of the Loan, nor the receipt of Loan proceeds by Borrower (a "Principal Party") violates any of the Terrorism Laws applicable to any of the Principal Parties. To Borrower's best knowledge, no holder of any direct or indirect equitable, legal or beneficial interest in Borrower or any Principal Party is the subject of any of the Terrorism Laws. No portion of the Loan proceeds will be used, disbursed or distributed by Borrower for any purpose, or to any Person, directly or indirectly, in violation of any Law including, without limitation, any of the Terrorism Laws. As used in this Agreement, the term "**Terrorism Laws**" means Executive Order 13224 issued by the President of the United States of America, the Terrorism Sanctions Regulations (Title 31 Part 595 of the U.S. Code of Federal Regulations), the Terrorism List Governments Sanctions Regulations (Title 31 Part 596 of the U.S. Code of Federal Regulations), and the Foreign Terrorist



Organizations Sanctions Regulations (Title 31 Part 597 of the U.S. Code of Federal Regulations), and all other present and future federal, state and local laws, ordinances, regulations, policies and any other requirements of any Governmental Agency (including, without limitation, the United States Department of the Treasury Office of Foreign Assets Control) addressing, relating to, or attempting to eliminate, terrorist acts and acts of war, each as hereafter supplemented, amended or modified from time to time, and the present and future rules, regulations and guidance documents promulgated under any of the foregoing, or under similar laws, ordinances, regulations, policies or requirements of other States or localities.

19. **COMPLIANCE WITH GOVERNMENTAL PROHIBITIONS.** No portion of the Loan proceeds will be used, disbursed or distributed by Borrower for any purpose, or to any Person, in violation of any Law including, without limitation, any of the Terrorism Laws. Borrower shall provide Lender with immediate written notice (a) of any failure of any of the representations and warranties set forth in Section 17 of this Note to be true, correct and complete in all respects at any time, or (b) if Borrower obtains knowledge that Borrower, or any holder at any time of any direct or indirect equitable, legal or beneficial interest in Borrower is the subject of any of the Terrorism Laws. Borrower shall immediately and diligently take, or cause to be immediately and diligently taken, all necessary action to comply with all Terrorism Laws and to cause the representations and warranties set forth in Section 17 of this Note and, if applicable, in Section 3.5 of the Guaranty to be true, correct and complete in all respects.

20. **SECURITY.**

This Note is secured by a Loan and Security Agreement of even date on all assets of the Borrower, including equipment, accounts receivable and other assets of the Borrower as further described in said Loan and Security Agreement.

Signed, Sealed and Delivered in the Presence of:

WITNESSES:

THE THIRD TAXING DISTRICT OF THE CITY OF NORWALK

By: _____
James W. Smith
Its General Manager



Filename: Patriot National Bank - The Third Taxing District -
Variable Rate Commercial Revolving Term Loan Agr
Directory: C:\Users\Jim\AppData\Local\Microsoft\Windows\Temporary
Internet Files
Template: C:\Users\Jim\AppData\Roaming\Microsoft\Templates\Norma
1.dotm
Title: -
Subject:
Author:
Keywords:
Comments:
Creation Date: 6/24/2013 9:48:00 AM
Change Number: 1
Last Saved On:
Last Saved By:
Total Editing Time: 0 Minutes
Last Printed On:
As of Last Complete Printing
Number of Pages: 14
Number of Words: 6,881 (approx.)
Number of Characters: 39,224 (approx.)

CERTIFICATE AND NEGATIVE PLEDGE AGREEMENT

THIS CERTIFICATE AND AGREEMENT is made on June __, 2013, by THE THIRD TAXING DISTRICT OF THE CITY OF NORWALK, a corporate body politic pursuant to the Charter for the City of Norwalk and having an address at 2 Second Street, Norwalk, Connecticut 06855 ("Borrower"), and PATRIOT NATIONAL BANK, a federally chartered national bank with an address at 1177 Summer Street, Stamford, Connecticut 06905 (the "Lender").

Background

A. The Lender has extended a loan facility in the amount of \$3,000,000 (the "Loan") to Borrower, as evidenced by the \$3,000,000 Commercial Promissory Note made by the Borrower as of this date (the "\$3,000,000 Note") and as also extended a Commercial Revolving Loan facility in the amount of \$500,000 (the "Revolving Loan") as evidenced by a \$500,000 Term Revolving Promissory Note of even date (the "Revolving Note"). The Revolving Note and the \$3,000,000 Note are hereinafter collectively referred to as the "Notes" and the Term Loan and Revolving Loan are hereinafter collectively referred to as "Loans". The Notes and other documents evidencing or securing the Notes and Loans are collectively referred to as the "Loan Documents".

B. Borrower, as a public utility company, that owns a certain property known as the Fitch Street Substation Property located on 14 Fitch Street, as more particularly described on Exhibit A ("Fitch Street Property") attached hereto.

C. As a further condition to its providing of the Loans, the Lender has required that Borrower enter into this Agreement.

Agreement

In consideration of the Background which is incorporated by reference, and the representations, covenants, and agreements contained herein, the parties, intending to be bound legally, agree as follows:

1. Borrower covenants not to voluntarily or involuntarily give, grant, sell, warrant, convey, assign, transfer, lease, encumber, mortgage, hypothecate, pledge, suffer or change the title or ownership of, or otherwise transfer, or vest title in the Fitch Street Property or any part or all of the Property. It is the intention of the parties that the Property not be encumbered.

2. In the event that Borrower violates the covenants set forth in this Agreement, such violation shall be deemed to be an Event of Default under the terms of the Loan Documents between Borrower and Lender dated the date hereof; and Lender shall be entitled to all the rights and remedies as set forth in the Note, Loan and Security Agreement or any of the Loan Documents.

3. This Agreement shall remain in full force and effect until the repayment of the indebtedness under the Loans.

4. This Agreement shall be governed by and construed under the laws of the state of Connecticut.

This Agreement was executed on the date first written above.

Signed in the presence of:

BORROWER:
THE THIRD TAXING DISTRICT OF
THE CITY OF NORWALK

By: _____
James W. Smith
Its General Manager

LENDER:
PATRIOT NATIONAL BANK

By: _____
Its



CLOSING CERTIFICATE

This **CLOSING CERTIFICATE** (the "Certificate") is made and entered into as of June ____, 2013, by **THE THIRD TAXING DISTRICT OF THE CITY OF NORWALK**, a special chartered municipal electric company having an address at 2 Second Street, Norwalk, Connecticut 06858 ("Borrower") in favor of **PATRIOT NATIONAL BANK**, a federally chartered national bank having its principal place of business located at 1177 Summer Street, Stamford, Connecticut 06905 ("Lender"). Borrower, on behalf of itself, hereby certifies, represents and warrants to Lender as of the date hereof that:

1. No petition for bankruptcy, whether voluntary or involuntary, or assignment for the benefit of creditors, or any other action involving debtors' and creditors' rights has been filed under the laws of the United States of America of any state thereof, or threatened, by or against Borrower, any Guarantor.

2. There are no claims, litigation or proceedings, pending or threatened, and there are no outstanding judgments, decrees or orders, which, to the knowledge of the undersigned, would materially or adversely affect or have an interest in Borrower's property known as the Fitch Street Substation on Fitch Street, Norwalk, Connecticut ("Fitch Street Property").

3. No proceedings have to the knowledge of the undersigned been threatened or commenced by any authority or would materially or adversely affect the obligations of the Borrower under its obligation with Eaton Corporation to construct and finish the Fitch Street Substation on the Fitch Street Property or the obligations of the Borrower under its obligations for the installation of the electrical incremental facilities to support and service the Cervalis facility located on Norden Place, Norwalk, Connecticut or that would affect or prevent the completion of the installation of the electrical substation on the Fitch Street Property or the construction of the incremental electrical facilities for the Cervalis Norden Facility pursuant to the Cervalis contract.

4. Neither the execution and delivery of the Loan Documents, nor the fulfillment of or compliance with the terms and conditions thereof, is prevented by, limited by, or will conflict with or result in a breach of, or default under, the terms, conditions or provisions of any evidence of indebtedness, agreement or instrument to which Borrower is now a party or by which Borrower is bound.

5. Borrower is current on all of its real estate and personal property taxes with respect to its real estate owned at the Fitch Street Substation any real estate owned by the Borrower or any personal property taxes with respect to any of its equipment.

6. The Borrower and Guarantor are current in all of their obligations for borrowed monies and neither the Borrower nor Guarantor has received any notice of default.

7. Since the date of the financial statements provided by the Borrower and Guarantor to the Lender, there has not been any material adverse change in the business, properties, financial position or adverse change in the business, properties, financial position or results of operations of the Borrower.

8. All information, reports, documents, materials, and financial information given to Lender with respect to the Loan and the Borrower is true, accurate and complete in all material respects to the best of each Borrower's knowledge and belief. A material breach or misrepresentation of any of the certifications and representations contained herein shall constitute an Event of Default under each of the Loan Documents.

9. Borrower represents and warrants that as of the date of this Agreement, neither Borrower, as the owner, nor Eaton Corporation, as the contractor under the Eaton Contract are in default and no event or condition has occurred which but for the giving of notice and/or the expiration of time would be a default under the terms of the Eaton Contract.

10. Borrower represents and warrants that neither Borrower nor Cervalis Holdings, LLC is in default or any of their respective obligations under their Agreements no event or condition has occurred which but for the giving of notice and/or the expiration of any cure period would be a default by either Cervalis or Borrower under the Cervalis Data Center contracts for the Cervalis Norden facility.

11. This Certificate and Affidavit is made with the knowledge that the statements herein made will be relied upon by Lender in making a Loan in the principal amount of \$3,000,000 to the Borrowers in this Certificate an affidavit is made by each of the undersigned for purpose of inducing Lender to make the Loan and to consummate and close the Loan transaction contemplated thereby.

IN WITNESS WHEREOF, the undersigned has caused this Certificate to be executed and delivered as of the date and year first above written.

WITNESSES:

BORROWER:
THE THIRD TAXING DISTRICT OF THE CITY
OF NORWALK

By: _____
James W. Smith
Its General Manager

Subscribed and sworn to before me
this ____ day of June, 2013.

Commissioner of the Superior Court
Notary Public
My Commission expires:

**Third Taxing District
Financial Highlights
July-May 2013**

	Jul-May-13	Jul-May-12	\$ Change	% Change
Total Income	9,210,975	9,220,618	(9,643)	0%
Total Expense	9,060,890	8,932,295	128,595	1%
Net Ordinary Income	150,085	288,323	(138,238)	-48%
Other Income	186,497	103,952	82,545	79%
Other Expense	-	-	-	0%
Net Income before Rate Stabilization	336,582	392,275	(55,693)	-14%
Rate Stabilization	(1,512)	144,184	(145,696)	-101%
Net Income	335,070	536,459	(201,389)	-38%

CASH BALANCES FY 2013

	May
ACCTS	
Operating Accounts	833,312
Capital Improvements Fund	1,321,032

Power Supply	Current Fiscal Year-to-Date	Last Fiscal Year-to-Date
Energy Cost	\$ 5,705,996.00	\$ 5,541,367.00
Budget Energy Cost	\$ 5,472,501.00	\$ 5,956,769.00
Energy Cost Cents/KWH	10.601	10.758

(73)

Third Taxing District
Profit & Loss Prev Year Comparison
 July 2012 through May 2013

	Jul '12 - May 13	Jul '11 - May 12	\$ Change	% Change
Ordinary Income/Expense				
Income				
440-00 · Residential Sales	2,527,878.10	2,433,365.94	94,512.16	3.88%
442-01 · Large Commercial Sales	580,578.29	538,651.88	41,926.41	7.78%
442-02 · Small Commercial Sales	1,788,084.85	1,742,173.75	45,911.10	2.64%
445-01 · Water Pollutn Contrl Plnt Sales	670,924.55	653,451.64	17,472.91	2.67%
445-02 · Flat Rate	81,907.39	81,630.64	276.75	0.34%
557-00 · Purchased Power Adjustment	3,561,601.32	3,771,344.52	-209,743.20	-5.56%
Total Income	9,210,974.50	9,220,618.37	-9,643.87	-0.11%
Cost of Goods Sold				
555-00 · Electrical Power Purchased	6,250,080.62	6,289,689.04	-39,608.42	-0.63%
Total COGS	6,250,080.62	6,289,689.04	-39,608.42	-0.63%
Gross Profit	2,960,893.88	2,930,929.33	29,964.55	1.02%
Expense				
403-00 · Depreciation Expense	426,410.48	407,000.00	19,410.48	4.77%
408-00 · Taxes	268,609.64	255,061.10	13,548.54	5.31%
540-00 · Other Power Generation Expense	69,168.32	46,702.66	22,465.66	48.1%
565-00 · Transmission Expenses	1,462.50	0.00	1,462.50	100.0%
580-00 · Distribution Expenses	56,540.95	42,552.18	13,988.77	32.87%
590-00 · Maintenance Expenses	360,203.13	326,580.05	33,623.08	10.3%
900-00 · Customer Accounts & Service	382,643.22	363,499.25	19,143.97	5.27%
920-00 · Administrative Expenses	1,245,770.27	1,201,211.15	44,559.12	3.71%
Total Expense	2,810,808.51	2,642,606.39	168,202.12	6.37%
Net Ordinary Income	150,085.37	288,322.94	-138,237.57	-47.95%
Other Income/Expense				
Other Income				
418-00 · Dividends	6.25	0.12	6.13	5,108.33%
419-00 · Interest Income	58,462.11	82,660.63	-24,198.52	-29.28%
420-00 · Gain/(Loss) on Investments	-22,949.30	-73,189.33	50,240.03	68.64%
421-00 · Norden Project Income	54,694.90	59,167.81	-4,472.91	-7.56%
422-00 · Load Shed Capacity Revenue	0.00	3,900.52	-3,900.52	-100.0%
423-00 · Gain/(Loss) from Sale of FA	2,032.50	5,122.30	-3,089.80	-60.32%
424-00 · Energy Conservation Fund Income	93,892.22	26,289.68	67,602.54	257.15%
425-00 · Miscellaneous Income	358.12	0.00	358.12	100.0%
Total Other Income	186,496.80	103,951.73	82,545.07	79.41%
Other Expense				
Total Other Expense	0.00	0.00	0.00	0.0%
Net Other Income	186,496.80	103,951.73	82,545.07	79.41%
Net Income before Rate Stabilization	336,582.17	392,274.67	-55,692.50	-14.2%
Rate Stabilization	-1,511.79	144,184.31	-145,696.10	-101.05%
Net Income	335,070.38	536,458.98	-201,388.60	-37.54%

Third Taxing District
Profit & Loss Prev Year Comparison
May 2013

	May 13	May 12	\$ Change	% Change
Ordinary Income/Expense				
Income				
440-00 · Residential Sales	96,135.26	182,179.83	-86,044.57	-47.23%
442-01 · Large Commercial Sales	32,029.72	42,619.80	-10,590.08	-24.85%
442-02 · Small Commercial Sales	93,947.44	134,739.66	-40,792.22	-30.28%
445-01 · Water Pollutn Contrl Plnt Sales	23,582.90	55,731.14	-32,148.24	-57.69%
445-02 · Flat Rate	7,308.31	7,263.31	45.00	0.62%
557-00 · Purchased Power Adjustment	152,256.64	244,593.60	-92,336.96	-37.75%
Total Income	405,260.27	667,127.34	-261,867.07	-39.25%
Cost of Goods Sold				
555-00 · Electrical Power Purchased	457,153.10	447,383.54	9,769.56	2.18%
Total COGS	457,153.10	447,383.54	9,769.56	2.18%
Gross Profit	-51,892.83	219,743.80	-271,636.63	-123.62%
Expense				
403-00 · Depreciation Expense	39,426.31	37,000.00	2,426.31	6.56%
408-00 · Taxes	469.37	646.04	-176.67	-27.35%
540-00 · Other Power Generation Expense	0.00	3,154.02	-3,154.02	-100.0%
580-00 · Distribution Expenses	6,823.49	3,932.87	2,890.62	73.5%
590-00 · Maintenance Expenses	28,156.14	35,503.29	-7,347.15	-20.69%
900-00 · Customer Accounts & Service	36,337.25	35,621.51	715.74	2.01%
920-00 · Administrative Expenses	131,060.98	112,280.64	18,780.34	16.73%
Total Expense	242,273.54	228,138.37	14,135.17	6.2%
Net Ordinary Income	-294,166.37	-8,394.57	-285,771.80	-3,404.25%
Other Income/Expense				
Other Income				
419-00 · Interest Income	0.00	9,990.17	-9,990.17	-100.0%
420-00 · Gain/(Loss) on Investments	0.00	-6,723.19	6,723.19	100.0%
421-00 · Norden Project Income	4,404.38	6,969.86	-2,565.48	-36.81%
422-00 · Load Shed Capacity Revenue	0.00	909.54	-909.54	-100.0%
424-00 · Energy Conservation Fund Income	7,471.92	25,867.13	-18,395.21	-71.11%
Total Other Income	11,876.30	37,013.51	-25,137.21	-67.91%
Other Expense				
Total Other Expense	0.00	0.00	0.00	0.0%
Net Other Income	11,876.30	37,013.51	-25,137.21	-67.91%
Net Income before Rate Stabilization	-282,290.07	28,618.94	-310,909.01	-1,086.38%
Rate Stabilization	11,164.52	17,355.89	-6,191.37	-35.67%
Net Income	-271,125.55	45,974.83	-317,100.38	-689.73%

Preliminary Unaudited - Internal Use Only - Modified Cash Basis

75

Third Taxing District
Profit & Loss Statement
Explanation of Major Variances
Jul-May 2013 vs. Jul-May 2012

1. Decrease in Fuel Adjustment rate of approximately \$209K from 2012 to 2013 is due to the fact the fuel adjustment rate was decreased from .082 to .066
2. The \$22K increase in other Power Generation is due to work performed by Miratech on the generators as well as the timing of fuel purchases from Santa Buckley and maintenance work done by H.O. Penn.
3. The \$33K increase in maintenance expense is due to an increase in payroll from the storm as well as the storm work performed by KTI Utility.
4. Administrative expenses increased approximately \$22K due to the fact that Jim and George both worked in July-2012 together, Jim also had approved relocation expenses during the current period of \$10K. Additional payroll costs were also related to the storm that was incurred. These amounts will be offset in June. Approximately \$10K to date was spent marketing for the 100th anniversary .
5. The \$67K increase in energy conservation fund income is due to the fact that spending on energy projects is down as well as in Nov-12 the District received a \$30K payment from the CMEEC RMB Clean Energy Project.

Fitch Street Substation and Cervalis Data Center Financing Plan

Substation Project Budget	Budget	Paid to 06/20/2013	Balance Required	Data Center Project Budget	Paid to 06/20/2013	Balance
Land	\$ 1,075,000	\$ 1,070,648	\$ 4,352	3/C 35KV Underground Cable	\$ 157,460	\$ 117,540
Siting	\$ 200,000	\$ 171,796	\$ 28,204	3/C 35KV Aerial Cable	\$ 19,076	\$ 305,924
Owner's Engineer	\$ 85,000	\$ 31,033	\$ 53,967	35KV 1200-amp Circuit Breaker		\$ 50,000
Engineering	\$ 85,000	\$ 85,361	\$ (361)	Protective Relay Package and Controls		\$ 20,000
ISO-NE Approvals	\$ 66,000		\$ 66,000	15MVA Substation Transformer with LTC	\$ 290,263	\$ 71,737
Other Legal	\$ 25,000		\$ 25,000	Riser Structures (Switches, Arms, Insulators and Accessories)		\$ 60,000
Accounting	\$ 25,000	\$ 1,500	\$ 23,500	Substation Structure with Fuses	\$ 25,650	\$ 34,350
CMEEC	\$ 15,000		\$ 15,000	6-inch duct bank with 4 conduit	\$ 133,041	\$ 66,959
Contingency	\$ 422,397		\$ 422,397	Triangle St Bridge duct upgrade		\$ 10,000
Sub Total	\$ 2,000,397	\$ 1,360,338	\$ 640,059	Engineering	\$ 121,108	\$ 28,892
Turnkey Contract	\$ 4,223,967	\$ 1,478,388	\$ 2,745,579	Contingency	\$ 535	\$ 199,465
Total	\$ 6,224,364	\$ 2,838,726	\$ 3,385,638	Total	\$ 747,133	\$ 964,867

Total of Both Projects \$ 7,936,364
Remainder to be Spent \$ 4,350,505

77