

**FINANCING AND LAND USE AGREEMENT
BETWEEN THE
TOWNS OF CALAIS AND EAST MONTPELIER, VT**

This agreement made this 30th Day of June, 2010, by and between the Town of Calais, a Vermont municipality located in Washington County, Vermont, ("Calais") and the Town of East Montpelier, a Vermont municipality located in Washington County, Vermont, ("East Montpelier"). Calais and East Montpelier are referred to collectively herein as "Towns".

WHEREAS, the voters of Calais and East Montpelier, on September 29th, 2009, approved expenditure of not more than Two Million One Hundred Thousand dollars (\$2,100,000) for the purpose of acquiring a parcel of land located on U.S. Route 2 in East Montpelier and constructing thereon an emergency services building; and

WHEREAS, East Montpelier has acquired for eighty-five thousand dollars (\$85,000) a certain 1.52 acre parcel of land from John Hull/Hasland, LLC by Vermont warranty deed recorded in Volume 109 at page 184 of the East Montpelier land records and dated December 2, 2009. ("Land"); and

WHEREAS, East Montpelier has constructed on the Land a building and related improvements to accommodate the provision of fire and ambulance services to the Towns (the "Improvements") for a total cost of two million, fifteen thousand dollars (\$2,015,000); and

WHEREAS, East Montpelier has obtained financing in the principal amount of two million one hundred thousand dollars (\$2,100,000) for the total cost of the Land and Improvements, less the amount of any grants or aid for which repayment is not required, for a term of twenty (20) years ("Debt");

NOW THEREFORE, in consideration of these premises and other good and valuable consideration, the Towns hereby agree as follows:

1. East Montpelier shall be solely responsible for repayment of the Debt, with the financial assistance of Calais as provided in Section 2.

2. Calais shall be obligated to pay to East Montpelier an amount equal to one third of East Montpelier's annual payment for the Debt. East Montpelier shall provide Calais timely notice of the amount due from Calais.

3. The Towns agree to use the Land and Improvements to provide fire and emergency services to the Towns for a term of not less than twenty (20) years, commencing on the commencement date of the Debt.

4. For so long as this agreement remains in effect, no improvements shall be made to the Land and Improvements and the use of the Land and Improvements shall not be changed without the consent of both Towns. One third of the costs of improvements shall be paid by Calais, and two thirds shall be paid by East Montpelier.

5. After full payment of the Debt, if either town wishes to terminate this agreement, it shall give the other town at least one year's written notice. The Towns shall jointly hire an appraiser to determine

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fair market value as defined in 32 V.S.A. § 3481 as now constituted, with Calais paying one third of the cost of the appraiser and East Montpelier paying two thirds of the cost. The appraised value thus determined shall be a beginning point for negotiations between the Towns if one Town wishes to buy the interest of the other.

6. If no agreement is reached for one Town to purchase the other Town's share of the Land and Improvements, the Land and Improvements shall be offered for sale. Either Town may make an offer to purchase the Land and Improvements. Sale of the Land and Improvements shall be subject to compliance by both Towns with 24 V.S.A. §1061 as now constituted. The Towns shall divide the proceeds from the sale according to their financial interest in the Land and Improvements: East Montpelier- two thirds and Calais- one third.

7. In the event of an ambiguity or unanticipated occurrence concerning the rights of the parties under this agreement, Calais shall be deemed to be the legal owner of a one third interest in the Land and Improvements and East Montpelier shall be deemed to be the owner of a two thirds interest.

8. This agreement may be recorded in the Town of East Montpelier Land Records and when so recorded, it shall constitute a lien and a covenant and restriction on the Land and Improvements that shall run with the Land and Improvements until termination of this agreement as provided herein.

Executed at East Montpelier, Vermont this 30th day of June, 2010.

WITNESS

Craig Herman

TOWN OF EAST MONTPELIER

Robert H. Cheek
By: Duly Authorized Agent

Executed at Montpelier, Vermont this 30th day of June 2010.

WITNESS

[Signature]

TOWN OF CALAIS

Denise Wheeler
By: Duly Authorized Agent