

Agenda Summary
December 23, 2024

Agenda Item A-2

Stowe Electric General Obligation Refunding Bonds VT Transco Equity Purchase

Summary: Enclosed is a memo from Jackie Pratt, SED General Manager, stating “In 2014 Stowe voters approved a bond for the purchase of equity ownership in Vermont Transco, LLC (VELCO). In December 2014, former Stowe Electric General Manager E. Burt secured \$400,020 in funding for the VELCO equity purchase through Union Bank using a “10+10” loan that matures in December 2024. This means that the first 10-year note established in 2014 is complete and we will require a new note in 2024 to complete financing of the equity purchase.

The interest rate for the initial 10 years was 4.1% and will increase to 6.75% for the next 10 years. Because this borrowing was already approved by voters, the process for renewing the second half of this financing simply requires the Stowe Electric Commission and the Stowe Selectboard to sign documents for the next 10-year loan term beginning in 2024. The Stowe Electric Commission approved the loan and signed paperwork at their meeting on December 18, 2024. Loan documents for Selectboard signatures are attached.”

Town Plan Impact: N/A

Fiscal Impact: The loan amount is \$244,654.03 at a fixed interest rate of 6.75% for a 120-month term.

Recommendation: Move to endorse the enclosed Resolution and Certificate document, Continual Disclosure Undertaking document, and Capital Improvement Note for Stowe Electric Department to secure a Capital Improvement Note to finance the acquisition of equity ownership in Vermont Transco LLC.

Signatures Required



435 Moscow Rd, PO Box 190 Stowe, VT
802-253-7215
www.StoweElectric.com

TO: STOWE SELECTBOARD

FROM: J. PRATT, GENERAL MANAGER & S. JUZEK, DIRECTOR OF FINANCE

RE: 2014 SED LOAN RENEWAL

DATE: DECEMBER 23, 2024

SUMMARY

In 2014 Stowe voters approved a bond for the purchase of equity ownership in Vermont Transco, LLC (VELCO). In December 2014, former Stowe Electric General Manager E. Burt secured \$400,020 in funding for the VELCO equity purchase through Union Bank using a “10+10” loan that matures in December 2024. This means that the first 10-year note established in 2014 is complete and we will require a new note in 2024 to complete financing of the equity purchase.

The interest rate for the initial 10 years was 4.1% and will increase to 6.75% for the next 10 years. Because this borrowing was already approved by voters, the process for renewing the second half of this financing simply requires the Stowe Electric Commission and the Stowe Selectboard to sign documents for the next 10-year loan term beginning in 2024. The Stowe Electric Commission approved the loan and signed paperwork at their meeting on December 18, 2024. Loan documents for Selectboard signatures are attached.

RESOLUTION AND CERTIFICATE
(General Obligation)

WHEREAS, inter alia, at a meeting of the Selectboard of the Town of Stowe (herein called the “Town”) at which all or a majority of the members were present and voting, which meeting was duly noticed, called and held on January 31, 2014, as appears of record, it was unanimously found and determined that the public interest and necessity required the acquisition of additional equity ownership in Vermont Transco LLC (“Transco”), as provided in 30 V.S.A. §604, and it was further found and determined that the cost of such acquisition would be too great to be paid out of ordinary annual income and revenue, and that a proposal for providing such improvements and the issuance of obligations of the Town to pay for the cost of the same should be submitted to the legal voters at the 2014 annual meeting thereof, and it was so ordered, all of which action is hereby ratified and confirmed; and

WHEREAS, pursuant to the foregoing action, the annual meeting of the Town was warned and held on March 4, 2014, at the place and time appointed therefor, submitting a proposition of business (Article 5) to be voted upon by Australian ballot between the hours stated in the Warning, all as appears by reference to Exhibit A-1 attached hereto; and

WHEREAS, the said Warning was duly recorded, published and posted, and said meeting was duly convened and conducted, all as appears of record, and which proceedings are hereby ratified and confirmed in all respects; and

WHEREAS, immediately upon closing of the polls and after counting of the ballots cast, the results as set forth in Exhibit A-1 hereto were declared by the moderator, all as appears of record, and pursuant to which the Town is carrying forward the authorized improvements, and the incurrence of the debt authorized thereby, and pursuing the same diligently to completion; and

WHEREAS, by Order entered on August 22, 2014, in Docket No. 8325, the Public Service Board of the State of Vermont approved the issuance by the Town of up to \$420,000 to finance the acquisition of additional equity ownership interests in Transco; and

WHEREAS, pursuant to the direction of the Selectboard, the Town solicited offers for the purchase of its \$400,020 face amount Electric Department Capital Improvement Note (the “2014 Note”), the proceeds thereof to be expended for the purpose of purchasing additional equity ownership interests in Transco; and

WHEREAS, the Selectboard caused the 2014 Note to be awarded and sold to Union Bank at a price of par and upon the terms and conditions set forth therein, to be executed and delivered to the Union Bank upon the price and terms stated, and to be fully registered as the law provides; and

WHEREAS, the 2014 Note specified that quarterly payments of principal and interest were required to be made over a term of ten (10) years at which time the entire amount of the 2014 Note was to become due and payable in full; and

WHEREAS, Union Bank has offered to amortize the remaining outstanding principal balance of the 2014 Note over an additional ten-year period such that the refunded Note would be scheduled to mature in December 2034 on such terms and conditions as set forth in the proposal which is attached hereto and marked Attachment B ("Refunding Note"); and

WHEREAS, Union Bank offered to purchase the Refunding Note at a price of par, upon terms and conditions set forth in Exhibit B attached hereto, and instructed that said Refunding Note be issued initially in registered form, which said offer, being found to be in the best interest of the Town, was accepted; and

WHEREAS at a meeting of the Selectboard at which all or a majority of the members were present and voting, which meeting was duly noticed, called and held on December __, 2024 the Selectboard determined the Union Bank's proposal on the terms and conditions set forth in the Refunding Note, substantially in the form attached hereto as Exhibit C, to be in the best interest of the Town; and

THEREFORE, be it resolved that the Selectboard accepts the proposal made by Union Bank and directs its members to proceed forthwith to cause the Refunding Note by and between the Town and the Union Bank dated December __, 2024, to be executed and delivered to the Union Bank upon the price and terms stated therein, and further authorizes its Chair to execute and deliver the Continuing Disclosure Undertaking and requests that the Treasurer execute the Refunding Note, the Continuing Disclosure Undertaking and the Registration Certificate; and

BE IT FURTHER RESOLVED, that the Selectboard and the current officeholders of the Town as their signature appear hereon, resolve and certify, as respectively indicated below, to and for the benefit of Union Bank as follows:

1. The Refunding Note, as issued and delivered pursuant to law and this Resolution, is and shall continue to be the valid and binding general obligation of the said Town, payable according to law and the terms and tenor thereof from unlimited ad valorem taxes on the grand list of all taxable property of the Town as established, assessed, apportioned and provided by law; and

2. That in addition to all other taxes, there shall annually be assessed and collected in the manner provided by law each year until the Refunding Note, or any obligations issued to refund or replace the same, and the interest thereon, are fully paid, a tax, rate charge or assessment sufficient to pay the interest on the Refunding Note, or other obligations and such part of the principal as shall become due; and
3. That the Town expressly incorporates into this Resolution each and every term, provision, covenant and representation set forth at length in the Continuing Disclosure Undertaking (Exhibit E) and the Transco notification and confirmation (Exhibit F) delivered in connection with the issuance and sale of the Note, execution and delivery of each of which is hereby authorized, ratified and confirmed in all respects, and the covenants, representations and undertakings set forth at length in the Continuing Disclosure Undertaking and Transco notification and confirmation are incorporated herein by reference; and
4. That all acts and things heretofore done by the lawfully constituted officers of the Town, and any and all acts or proceedings of the Town and of its Board of Electric Commissioners and its Selectboard in, about or concerning the 2014 Transco equity ownership interest acquisition described and of the issuance of evidence of debt in connection therewith, are hereby ratified and confirmed; and
5. That in connection with the sale of the Refunding Note to Union Bank, execution and delivery of the Refunding Note, this Resolution and Certificate, Continuing Disclosure Undertaking, and Transco notification and confirmation and incidental documents, all attached hereto or referred to therein, are authorized; and
6. That S,P & F Attorneys, PC, bond counsel to the Town be authorized and empowered to take possession of said documents for delivery to Union Bank, and to complete said documents by the inclusion of appropriate dates and ministerial changes at the direction of the Selectboard of the Town or its designated officer; and to acknowledge receipt of the proceeds of said Note on behalf of the Town; and
7. That the issuance of the Refunding Note is approved for all purposes under applicable law and, to the extent required, the warning, the results of the meeting identified above, and the issuance of the Refunding Note is hereby validated to the fullest extent permitted pursuant to 17 V.S.A. §2662, and 24 V.S.A. §1757; and
8. That the Town Treasurer and the Controller of the Stowe Electric Department,

and either of them, was authorized to open, establish and maintain one or more accounts at Union Bank in connection with the deposit and disbursement of the proceeds of the Refunding Note; and

We, the undersigned Selectboard, Town Clerk and Treasurer, hereby certify that we as such officers have (as appropriate) signed this Resolution and Certificate, the Refunding Note, the Continuing Disclosure Undertaking, and the Registration Certificate. We also certify that the Refunding Note is duly registered in the office of the Town Treasurer as prescribed by law.

The undersigned officers of the Town who are executing these presents, hereby certify that we are the duly chosen, qualified and acting officers of the Town as undersigned; that the Refunding Note is issued pursuant to said authority; that no other proceedings relating thereto have been taken; and that no such authority or proceeding has been repealed or amended. By attesting hereto, the Town Clerk of the Town of Stowe hereby certifies that the officers executing these presents are the duly elected, qualified and serving officers of the Town of Stowe as indicated by their respective offices.

We acknowledge that information the Town has furnished Union Bank will be relied upon by Union Bank in assessing its purchase of the Refunding Note. We represent that all information the Town has provided in connection with the Refunding Note, and all certifications, statements, representations and records identified or referred to therein are true, accurate and complete to the best of our knowledge. We further represent that the Town has disclosed to Union Bank all information material to the offering of the Refunding Note and has not failed to disclose any information it deems material for such purpose.

We further certify that all matters, approvals and transactions embodied in this Resolution and Certificate have occurred in full compliance with all applicable public bidding, procurement, open meeting and public records access laws and regulations.

We further certify that no litigation is pending or threatened affecting the validity of the Refunding Note nor the levy and collection of taxes, charges or assessments to pay it, nor the works of improvement financed by the proceeds of the Refunding Note, and that neither the corporate existence of the Town nor the title of any of us to our respective offices is being questioned.

Dated: December __, 2024

ATTEST:

TOWN OF STOWE

Clerk

By: _____
William W. Adams II, Chair

Francis "Paco" Aumand, Vice Chair

Dominick Donza

Jo Sabel Courtney

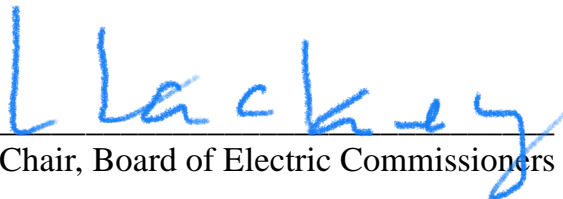
Ethan Carlson

Being all or a majority of the Selectboard

And By: _____
Penny Davis
Its Treasurer

Approved and adopted in concurrence by the Town of Stowe Board of Electric Commissioners at a duly convened meeting thereof held on December 18, 2024.

ATTEST:



Chair, Board of Electric Commissioners

No. R-1

\$244,654.03

UNITED STATES OF AMERICA
STATE OF VERMONT
TOWN OF STOWE ELECTRIC DEPARTMENT
CAPITAL IMPROVEMENT NOTE
(SERIES 2024A)
DECEMBER 27, 2024

FOR VALUE RECEIVED, the Town of Stowe (hereinafter called the “Town”), a body corporate and a political subdivision of the State of Vermont, promises to pay to Union Bank, or registered assigns, the sum of Two Hundred Forty-Four Thousand Six Hundred Fifty-Four Dollars and Three Cents (\$244,654.03), together with interest on the unpaid balance at the rate of seven percent (6.75000%) per annum, in forty (40) quarterly installments of \$8,366.35 each commencing February 1, 2025.

Commencing on the date hereof, interest shall accrue on the outstanding principal balance of this Note at the above-specified rate. The Town shall make quarterly payments of principal and interest under this Note on the first day of February, May, August and November of each year, beginning with the first day of February 2025 and on the date the entire amount of this Note becomes due and payable in full.

Both principal and interest on this Note are payable in lawful money of the United States at Union Bank in the Town of Morristown, State of Vermont. Final payment of the interest and principal of this Note shall be made upon surrender of this Note for cancellation.

This Note is issued by the Town for the purpose of refinancing the Town’s 2014 acquisition of equity ownership in Vermont Transco LLC under and by virtue of No. M-9 of the Acts of 1995 as amended, Chapter 14 and 79 of Title 30, and Chapter 53 of Title 24, Vermont Statutes Annotated, and resolutions duly adopted by its Selectboard and Board of Electric Commissioners.

This Note is transferable only upon presentation to the Treasurer of the Town with a written assignment duly acknowledged or proved. No transfer hereof shall be effectual unless made on the books of the Town kept by the Treasurer as transfer agent and noted hereon by the Treasurer with a record of payments as provided hereon.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuing of this Note have been done, have happened, and have been performed in regular and due form, as required by such law and vote, and for the assessment, collection and payment hereon of a tax to pay the same when due the full faith and credit of the Town are hereby irrevocably pledged.

IN TESTIMONY WHEREOF, the Town has caused this Note to be signed by its Selectboard and its Treasurer and its seal to be affixed hereto as of December 27, 2024.

TOWN OF STOWE

(SEAL)

By: _____

Selectboard

And By: _____
Town Treasurer

CONTINUING DISCLOSURE UNDERTAKING

Re: Town of Stowe Capital Improvement Note (Series 2024A)
Dated as of December 27, 2024 (the “Note”)

Within thirty (30) days following a request by Union Bank (the “Bank”), the Town of Stowe (the “Town”) agrees to furnish the Bank with its most recent financial statements, explanatory notes and other financial and operating information as the Bank may request. In addition, the Town agrees to notify the Bank immediately of any material event which has or may have an effect upon its financial condition or its ability to perform fully and timely any covenant, obligation or undertaking set forth in the Note. As used herein, a material event is any one of the following:

- (a) Actual or anticipated delinquency or default of payment of principal or interest on the Note or any other debt obligation of the Town;
- (b) Any actual or anticipated default or breach on the part of the Town with respect to any term or provision of the Note or like obligation to which the Town is a party;
- (c) Unscheduled draws on debt service reserves which reflect financial difficulties for the Town;
- (d) Unscheduled draws on any letter of credit, guarantee or similar credit enhancement which reflects financial difficulties for the Town;
- (e) Substitution of any entity furnishing the Town with credit or liquidity enhancement, or the failure of such entity to perform;
- (f) Adverse tax opinions or events affecting the tax-exempt status of any obligation of the Town;
- (g) Modification of the rights of any person owning a legal or beneficial interest in the Note;
- (h) The actual or contemplated call, redemption, refunding or defeasance of the Note, or the sale, release or substitution of the improvements financed by the Note; or
- (i) Any change in the credit rating of the Town.

Dated this 27th day of December, 2024.

TOWN OF STOWE

By: _____
Chair, Selectboard

And By: _____
Town Treasurer

No. R-1

\$244,654.03 TOWN OF STOWE ELECTRIC DEPARTMENT
CAPITAL IMPROVEMENT NOTE DATED DECEMBER 27, 2024

CERTIFICATE OF REGISTRATION

It is hereby certified that this note is a registered note, the principal and interest due thereon payable only to the holder of record as appears in the office of the Treasurer of the issuing Town. This note may be transferred by presentation of the same with an assignment in writing signed by the registered holder. Presentation shall be made to the Treasurer of the Town at the office of the Treasurer of the Town who shall record such transfer in the records of the Town and on the note. The name and address of the original registered owner of this note is Union Bank, P.O. Box 667, Morrisville, VT 05661.

Dated as of 27th day of December, 2024.

Town Treasurer



December 5, 2024

REVISED December 11, 2024

REVISED December 17, 2024

Town of Stowe Electric Department
Town of Stowe
Attn: Sarah Juzek, Director of Finance
PO Box 190
Stowe, VT 05672

DELIVERED ELECTRONICALLY

Union Bank is pleased to offer the following terms for a Capital Improvement Note to finance the acquisition of equity ownership in Vermont Transco LLC. The initial purchase originated on December 29, 2014, with a term of 10 years on a 20-year amortization. The proposed financing is for the second term of 10 years when the loan will be mature on December 27, 2037.

Borrower:	Town of Stowe Electric Department and the Town of Stowe
Loan Amount:	\$244,654.03
Loan Date:	December 27, 2024
Maturity Date:	December 27, 2034
Term:	120 Months
Amortization:	120 Months
Payment:	Quarterly principal and interest payments of \$8,366.35. Other payment options include monthly, quarterly or semi-annual and are at the discretion of the borrower.
Prepayment Penalty:	No
Interest Rate:	6.75% fixed

If there is a change in the Federal Corporate Tax Rate applicable to Union Bank during the timeframe the note is outstanding, the bank reserves the right to adjust the interest rate in order to maintain the same yield on the note which was applicable immediately prior to such change in Federal Corporate Tax Rates.

In the event the Electric Department accepts the terms, the following loan documents will need to be executed by the Commissioners and the Select Board:

- Note(s)
- Borrowing Resolution
- Registration Record
- Continuing Disclosure Undertaking
- Signed Acceptance of Union Bank's Proposal Letter

20 LOWER MAIN STREET | P.O. BOX 667 | MORRISVILLE, VERMONT 05661

UBLOCAL.COM | 1.802.888.6600

Member FDIC  Equal Housing Lender 

We will also require copies of the following items:

- Copies of Select Board Minutes and Commissioners' Minutes Awarding Bid to Union Bank
- Opinion of Counsel
- Most recent Annual report
- Copy of Ballot **(Satisfied)**
- Copy of Public Utility Commission Approval **(Satisfied)**
- Vote Certificate **(Satisfied)**
- Copy of original Warning

The borrower will be responsible for all legal fees associated with this loan (if applicable). Legal fees could include the preparation of an Opinion or Counsel and/or the necessary loan documents.

We reserve the right to cancel this commitment letter and to terminate our obligation hereunder if the loan fails to close on or before **January 24, 2025**.

Thank you for the opportunity. Please do not hesitate to call if you have any questions.

Sincerely,

Tina Norton,
Vice President

Please indicate your acceptance of the terms and conditions by signing below and returning to my attention.

By:  _____
Duly Authorized Agent

General Manager, Town of Stowe Electric Department

TOWN OF STOWE ELECTRIC DEPARTMENT
ELECTRIC COMMISSION RESOLUTION
RE: 2014 VT TRANSCO LLC EQUITY REFUNDING

WHEREAS, pursuant to actions taken by the Town of Stowe Selectboard (“Selectboard”) at its meeting duly noticed, called and held on January 31, 2014, it was unanimously found and determined that the public interest and necessity required the acquisition of additional equity ownership in Vermont Transco LLC (“Transco”), as provided in 30 V.S.A. §604, and it was further found and determined that the cost of such acquisition would be too great to be paid out of ordinary annual income and revenue of the Town of Stowe (“Town”), and that a proposal for providing such improvements and the issuance of obligations of the Town to pay for the cost of the same should be submitted to the legal voters at the 2014 annual meeting; and

WHEREAS, pursuant to the foregoing action, the annual meeting of the Town was warned and held on March 4, 2014, at the place and time appointed therefor, submitting a proposition of business (Article 5) to be voted upon by Australian ballot between the hours stated in the Warning; and

WHEREAS, immediately upon closing of the polls and after counting of the ballots cast, the results as set forth in Exhibit A-1 hereto were declared by the moderator, all as appears of record, and pursuant to which the Town carried forward the authorized improvements, and the incurrence of the debt authorized thereby, and pursuing the same diligently to completion; and

WHEREAS, the Selectboard caused the 2014 Note to be awarded and sold to Union Bank at a price of par and upon the terms and conditions set forth therein, to be executed and delivered to the Union Bank upon the price and terms stated, and to be fully registered as the law provides; and

WHEREAS, the 2014 Note specified that quarterly payments of principal and interest were required to be made over a term of ten (10) years at which time the entire amount of the 2014 Note was to become due and payable in full; and

WHEREAS, Union Bank has offered to amortize the remaining outstanding principal balance of the 2014 Note over an additional ten-year period such that the refunded Note would be scheduled to mature in December 2034 on such terms and conditions as set forth in the proposal which is attached hereto and marked Attachment B (“Refunding Note”); and

WHEREAS, Union Bank offered to purchase the Refunding Note at a price of par, upon terms and conditions set forth in Exhibit B attached hereto, and instructed that said Refunding Note be issued initially in registered form, which

said offer, being found to be in the best interest of the Town, and said offer is to be taken up and considered by the Selectboard at its meeting on December 23, 2024; and

WHEREAS, the issuance of the 2014 Note was and the issuance of Refunding Note, if approved, will be for the direct benefit of Stowe Electric Department (“Department”) and undertaken with the express understanding that the obligations, including specifically the obligation to pay interest and principal on the Refunding Note as the same come due from time to time until final maturity of the Refunding Note and timely and complete performance of the covenants agreed to by the Town in connection with the issuance of the Refunding Note including the Refunding Note, the Continuing Disclosure Undertaking and the Registration Certificate (collectively, the “Bank Documents”), shall be obligations of the Department; and

WHEREAS, copies of the Bank Documents and the Resolution and Certificate to be considered by the Selectboard at its meeting duly noticed, called and held on January 23, 2024, have been presented to the Stowe Electric Commission (“Commission”) at or prior to its meeting duly noticed, called and held on January 16, 2024:

THEREFORE, be it resolved that the Commission hereby requests that the Selectboard and the Town Treasurer each proceed forthwith to authorize and complete said refunding transaction and execute and deliver the Bank Documents for the benefit of the Department on the terms and conditions set forth in the respective Bank Documents; and

BE IT FURTHER RESOLVED that the Commission affirms and agrees that the Department shall be primarily responsible for making and shall make when and in the full amount then due all payments of principal and interest on the Refunding Note together with any and all related fees and expenses required to be paid to Union Bank under the terms of the Refunding Note; and

BE IT FURTHER RESOLVED that the Department is obligated to and shall reimburse the Town for any expenses it incurs, including legal fees, in connection with the approval, execution and delivery of the Bank Documents and;

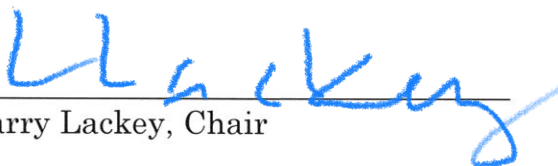
BE IT FURTHER RESOLVED that all acts and things heretofore done by the lawfully constituted officers of the Department in, about, or concerning the expenditure of the proceeds of the Refunding Note are hereby specifically ratified and confirmed; and

BE IT FURTHER RESOLVED that the Commission, in acknowledgement of the fact that the Town, as a condition of the loan by Union Bank, is required to

execute and deliver a Continuing Disclosure Undertaking, which the members of the Commission hereby acknowledge having received and read, whereby the Town certifies certain information to be true and accurate and it commits and pledges to perform certain acts or to refrain from doing certain acts all to the benefit of Union Bank, hereby covenants with the Town that during the time the Refunding Note remains extant the Department will use the proceeds of the Refunding Note and conduct its business and affairs in strict compliance with the provisions of the Continuing Disclosure Undertaking and represents and warrants to the Selectboard and the Town that the assertions and representations in the Continuing Disclosure Undertaking required to be made by the Town are true and accurate.

DATED this 18th day of December 2024.

TOWN OF STOWE ELECTRIC DEPARTMENT
COMMISSIONERS


Larry Lackey, Chair


Sara Teachout, Vice-Chair


Mark Gilkey, Commissioner

, or at least a majority thereof

Attest: , Clerk