Agenda summary
November 4, 2026

Agenda Item No. B-2
Stowe Electric Reimbursement Resolution

Summary: See enclosed for a memo from Jackie Pratt, SED GM, requesting Selectboard approval of the enclosed Reimbursement Resolution related to the financing of the Smith Falls hydro project.

The resolution would authorize SED to finance/reimburse costs incurred this Fall and Winter with their Vermont Bond Bank's Energy Efficiency and Renewable Energy (EERE) loan that is scheduled to be closed in Spring next year.

The resolution was approved by the Electric Commission on 10/27.

Town Plan & Policy Impact: N/A

Fiscal & HR Impact: N/A

Recommendation: Move to adopt the "Declaration of Intent to Reimburse Certain Expenditures from Proceeds of Indebtedness" as presented.

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To: Stowe Selectboard
From: J. Pratt, General Manager & S. Juzek, Director of Finance
Date: November 4, 2026

Subject: EERE Reimbursement Resolution

Earlier this fall, both the Stowe Electric Commission and the Stowe Selectboard approved a $2.4MM revenue-backed loan through the Vermont Bond Bank's Energy Efficiency and Renewable Energy (EERE) program. The proceeds from this loan will be used to finance portions of the hydro construction that will be reimbursable through IRS Direct-Pay Investment Tax Credit (ITC) program.

Because the EERE loan program is offered in collaboration with USDA's Rural Utilities Service division, there is a requirement that the loan be paid out to the borrower over a relatively short period of time. We've worked with the VT Bond Bank to establish a 9-month withdrawal period for Stowe Electric's EERE loan. However, with the 2026 construction season winding down, we will not have any large bills coming due again until spring. Upon advice of the Bond Bank, SED's management team has determined that a spring closing date for the loan would better align with our funding needs and ensure we are staying within the 9-month withdrawal period required under the USDA RUS program. As a result, we are asking the Stowe Electric Commission and the Selectboard to approve a "Reimbursement Resolution."

This Reimbursement Resolution will allow us to finance costs incurred this fall and over the winter months with the EERE loan funds once closing is completed in the spring. While we will need to temporarily float costs covered under the resolution using cash, it is a better option than either not being able to draw EERE funds for 2026 expenses, or misaligning the withdrawal period with our expenditures and leaving us short on funds in 2027.

The reimbursement period will allow financing of hydro project expenses incurred 60 days prior to approval of the Resolution through actual loan closing in March or April 2027. This ensures SED is able to replenish cash on hand in the spring. The Stowe Electric Commission approved the Reimbursement Resolution at their October 27, 2026, meeting. We respectfully request the Selectboard adopt the Resolution at their November 4, 2026, meeting.

Recommended Motion

> *I make a motion to adopt the "Declaration of Intent to Reimburse Certain Expenditures from Proceeds of Indebtedness" as presented.*

DECLARATION OF OFFICIAL INTENT
TO REIMBURSE CERTAIN EXPENDITURES
FROM PROCEEDS OF INDEBTEDNESS

WHEREAS, the Town of Stowe (the "Issuer") through its Electric Department intends to construct improvements to its infrastructure for capital improvements namely to repair and restore the Smith's Falls Dam & Hydro facility (the "Project"); and

WHEREAS, the Issuer expects to pay certain capital expenditures (the "Reimbursement Expenditures") in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis;

WHEREAS, the Issuer reasonably expects that for that part of the Project consisting of design and construction costs, debt obligations in an amount not expected to exceed $2,400,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, the Issuer declares its reasonable official intent to reimburse prior expenditures for the above-described part of the Project with proceeds of a subsequent borrowing:

NOW THEREFORE, the Issuer declares:

Section 1. The Issuer finds and determines that the foregoing recitals are true and correct, and that all of the capital expenditures covered by this Resolution were or will be made not earlier than 60 days prior to the date of this Resolution.

Section 2. This declaration is made solely for the purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Issuer to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. The Issuer hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures, within 18 months of either the date of the first expenditure of funds by Issuer for such Project or the date that such Project is placed in service, whichever is later (but in no event more than three years after the date of the original expenditure of the Issuer's funds for such Project), and to allocate an amount not to exceed $2,400,000 of the proceeds thereof to reimburse itself for its expenditures in connection with the Project.

Section 4. The Issuer's debt obligations for the aforementioned purpose will not be "private activity bonds" within the meaning of Section 141 of the Internal Revenue Code of 1986.

Section 5. All prior actions of the officials and agents of Issuer that are in conformity with the purpose and intent of this Resolution and in furtherance of the Project shall be and the same hereby are in all respects ratified, approved and confirmed.

Section 6. All other resolutions of the legislative body of the Issuer, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

Section 7. It is hereby found that all discussions and deliberations of the legislative body of the Issuer leading to the adoption of this Resolution occurred at one or more meetings of the legislative body conducted pursuant to public notice and open to public attendance.

Section 8. This declaration shall take effect from and after its adoption.

The undersigned, Town Clerk of the Town of Stowe, hereby certifies that the foregoing is a full, true and correct copy of the declaration of the Board of Electric Commissioners adopted at a meeting held on _____ __, 2026 and of the Selectboard of the Town of Stowe adopted at a meeting held on _____ __, 2026 and that said declaration has not been amended, modified or revoked.

ATTEST:

_____ Date: _____ __, 2026
Town Clerk