

Agenda Summary
October 23, 2024

Agenda Item A-4
SED Revolving Line of Credit

Summary: Stowe Electric Department Annual Line of Credit with Union Bank is up for renewal. SED's line of credit is for a one-year term and was approved by the Stowe Electric Commission at the October 16, 2024 meeting. Enclosed is the signed resolution from the Electric Commission, and a memo from Jackie Pratt and Sarah Juzek.

Town Plan Impact: N/A

Fiscal Impact: According to the memo, "This year's \$1.5MM revolving line of credit is being offered by Union Bank with a fixed interest rate of 5.91%, up from 5.88% for the November 2023-October 2024 term."

Recommendation: Move to approve the enclosed Line of Credit F/O/B the Stowe Electric Department and the Tax Certificate Current Expense Borrowing.

Signatures required following approval.



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: REVOLVING LINE OF CREDIT
DATE: OCTOBER 23, 2024

Stowe Electric Department's annual Line of Credit with Union Bank is up for renewal. SED's line of credit is for a one-year term and was approved by the Stowe Electric Commission at the October 16, 2024 meeting. This year's \$1.5MM revolving line of credit is being offered by Union Bank with a fixed interest rate of 5.91%, up from 5.88% for the November 2023-October 2024 term.

Stowe Electric requests that the Selectboard vote to approve SED's revolving line of credit by adopting the following recommended motion:

Move to approve and sign the enclosed Line of Credit F/O/B the Stowe Electric Department and the Tax Certificate Current Expense Borrowing.

Following approval, Union Bank will send the document to all Selectboard and Commission members for electronic signature. The line of credit should be in place for November 1, 2024.

TOWN OF STOWE ELECTRIC DEPARTMENT
RESOLUTION RE:
CURRENT EXPENSE BORROWING

WHEREAS, the Commissioners of the Town of Stowe Electric Department (“Commission”), are authorized and empowered to borrow money on the credit of the Town of Stowe Electric Department (“Department”) to defray the cost of current expenses and the Selectboard is authorized and empowered to borrow money on the credit of the Town of Stowe to defray the cost of current expenses; and

WHEREAS it is hereby found and determined by the Commission that in order to carry out the responsibilities placed upon it, it is necessary and expedient for the Department to have sufficient funds to meet its current expenses as the same come due; and

WHEREAS, the Department has been and is now providing essential governmental services and funds are needed to timely meet its operating expenses relating to the delivery of said essential governmental services; and

WHEREAS current funds of the Department may not be available to pay in full when due all current expenses (“current expense deficit”) and it is necessary to borrow money for a term not to exceed one year to satisfy said current expense deficit and to pay operational costs and expenses of the Department on a timely basis, said borrowing to be repaid principally from the revenues of the Department; and

WHEREAS, in order to have sufficient funds to satisfy the reasonably anticipated current expense deficit, the Department believes that an amount of \$1,500,000 over the course of the period from November 1, 2024, through October 31, 2025, is reasonably expected to be required to defray potential current expense deficits; and

WHEREAS, Union Bank has expressed an interest in lending funds to the Town for the benefit of the Department provided the borrowing is backed by the full faith and credit of the Town of Stowe (“Town”); and

WHEREAS, to accommodate such borrowing the Town, acting by and through its Selectboard, is requested approve borrowing up to \$1,500,000.00 from UNION BANK evidenced by a single Current Expense Note (“Note”), a copy of which is attached hereto, having a maturity not to exceed one year and the proceeds of which shall not be used to refund or replace an obligation previously issued for the same purpose.

THEREFORE, BE IT RESOLVED, that the Commission hereby requests that the Selectboard and the Town Treasurer each proceed forthwith to authorize and complete said transaction and issue the Note for the benefit of the Department and authorize the Department to draw so much of the principal amount of the Note as the Department

determines to be necessary from time to time during the term of the Note to supplement its operating revenues and pay its operating expenses in a timely manner; and

BE IT FURTHER RESOLVED that the Commission affirms and agrees with the Town 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 Note together with any and all related fees and expenses required to be paid to Union Bank under the terms of the 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 and issuance of the Note;

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 proceeds of the Note is 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 Tax Certificate, 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, covenants with the Town that during the time the Note remains extant the Department will use the proceeds of the Note and conduct its business and affairs in strict compliance with the provisions of the Tax Certificate and represents and warrants to the Selectboard and the Town that the assertions and representations in the Tax Certificate required to be made by the Town are true and accurate.

DATED this 16th day of October 2024.

TOWN OF STOWE ELECTRIC DEPARTMENT COMMISSIONERS

Larry Lackey, Chair

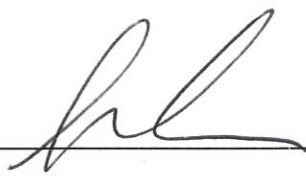


Sara Teachout, Vice-Chair



Mark Gilkey, Commissioner

, or at least a majority thereof

Attest:  _____, Clerk

STE24-002 SED Resol RevLOC \$1.5 FINAL 24-10-15 .docx

**RESOLUTION AND CERTIFICATION
SHORT TERM OPERATING LINE OF CREDIT
FOR THE BENEFIT OF
STOWE ELECTRIC DEPARTMENT
2024-2025**

RESOLVED, that at a duly called and warned meeting of the Town of Stowe Electric Department Board of Commissioners (“Commission”) of the Town of Stowe Electric Department (“Department”) held October 16, 2024, at which a quorum of the Commission was present and voting, it was determined that during the period from November 2024 through October 2025 the District requires readily available funds to pay its ongoing operating expenses as the same come due and that the Department’s timely receipt of operating revenues, charges and rates (“Operating Revenues”) to pay such operating expenses cannot be assured;

BE IT FURTHER RESOLVED that the continued operation and functioning of the Department as a provider of reliable electric utility services within the service territory of the Department is an essential governmental service and function and the capacity of the Department to meet its operating expenses as the same come due is necessary to support those essential governmental services and functions;

BE IT FURTHER RESOLVED that in order to assure that funds are readily available to meet the operating expenses of the Department during the referenced time period, the Commission discussed and unanimously approved a resolution (“Commission’s Resolution”) that endorses the borrowing of funds for the benefit of the Department by the Town of Stowe (“Town”), acting by and through its elected Selectboard (“Selectboard”), and requesting that the Town borrow funds for and on behalf of the Department by executing and delivering a Current Expense Note, dated November 1, 2024 (“Note”) payable to the Union Bank, a draft of which is attached hereto, securing a revolving line of credit having a maximum principal balance of \$1,500,000 and having a maturity of not more than one year from the Note’s date of issue (“Borrowing”);

BE IT FURTHER RESOLVED that the Commission’s Resolution, a copy of which is attached hereto, specifically obligates the Department to pay all principal and interest on the Note when and in the full amount then due from its Operating Revenues and other Department funds, to reimburse the Town for any costs and expenses it incurs in approving or documenting the Borrowing, including its reasonable attorneys’ fees, and to use the proceeds of the Borrowing only for the permitted purposes specified in and in full accord with the Bank Documents (defined below);

BE IT FURTHER RESOLVED that the Selectboard adopts, confirms, and authorizes the execution and delivery of the Note and the following documents, all in the form as presented to the Selectboard at its meeting on October 23, 2024, the Tax Certificate, and the Municipal Bond Post-Issuance Compliance Procedure (collectively, “Bank Documents”);

BE IT FURTHER RESOLVED that the Chair, Willam Adams, is hereby authorized and directed to execute and deliver the Bank Documents, and the Treasurer is requested to sign as necessary; and

BE IT FURTHER RESOLVED that the Note when issued and delivered pursuant to the

Resolution shall be a valid and binding general obligation of the Town payable according to the terms and tenor thereof from unlimited ad valorem taxes duly assessed on the grand list of the Town, as established by law;

BE IT FURTHER RESOLVED that all acts and things previously done by lawfully constituted officers of the Department and the Town, and of the Commission and the Selectboard in, about or concerning the expenditure of the proceeds of the Note are ratified and confirmed;

BE IT FURTHER RESOLVED that the Department is authorized to request advances of funds under the Note as the needs of the Department require up to the stated original principal amount of the Note but not in excess thereof; and

BE IT FURTHER RESOLVED that the undersigned Selectboard members, by adopting, and the Selectboard members and Treasurer by signing this Resolution hereby certify as follows:

We are, respectively, the duly elected Selectboard members of the Town of Stowe and its duly elected Treasurer, that the Note is issued pursuant to our lawful authority, that no proceeding related to the issuance or delivery of the Note has been taken other than as shown in the forgoing recitals, that neither our authority nor any of our actions have been amended or repealed, and that we are not aware of any litigation threatened or now pending in any federal or state court of competent jurisdiction seeking to enjoin the issuance of the Note or the payment by the Department of its Operating Expenses, affecting the validity of the apportionment or assessment of taxes, if necessary, to pay the same when due, questioning or contesting the corporate existence of the Town or our respective title of any of us to our office;

We further certify to and covenant with Union Bank, its successors and assigns, that:

1. No Note proceeds (including investment proceeds thereof) will be used (directly or indirectly) in any trade or business carried on by any person other than the Department not used to make or finance any loan to any person;
2. During calendar year 2024, the Town will not issue debt of any sort aggregating \$10,000,000.00 or more;
3. The Town will file when and as required with the Treasury Department or Internal Revenue Service information returns relating to the issuance of the Note and other debt obligations of the Town; and
4. The Town will comply with, perform, maintain, and keep each and every covenant, representation, certification, and undertaking made by it in the Tax Certificate, the execution and delivery of which is hereby authorized.

[SIGNATURE PAGE FOLLOWS]

Dated: _____

SELECTBOARD, TOWN OF STOWE, VERMONT

Willam Adams, Chair

Francis "Paco" Aumand, Vice Chair

Nicholas Donza

Jo Sabel Courtney

Ethan Carlson

ATTEST:

Penny Davis
Town Clerk & Treasurer