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3 **Resolution Relating to**

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6 **APPROVING THE PURCHASE OF EQUITY**
7 **IN VT TRANSCO, LLC BY**
8 **BURLINGTON ELECTRIC DEPARTMENT**

RESOLUTION _____
Sponsor(s): **Councilors Shannon,**
Bushor, Aubin, Knodell: Bd. of
Finance _____
Introduced: 12/9/13
Referred to: _____
Action: _____
Date: _____
Signed by Mayor: _____

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13 **CITY OF BURLINGTON**

14 In the year Two Thousand Thirteen.....
15 Resolved by the City Council of the City of Burlington, as follows:

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17 That WHEREAS, Burlington Electric Department (the "Department"), along with Vermont's
18 other electric distribution utilities, has been making major investments in VT Transco
19 ("VELCO") the past several years; and

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21 WHEREAS, the returns on these investments have been 12.5%; and

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23 WHEREAS, at the time of the Fiscal Year 2014 Budget preparation, VELCO was not
24 assuming the issuance of any new equity in Fiscal Year 2014; and

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26 WHEREAS, since then, VELCO has made plans to issue \$30 million of equity in
27 December of 2013; and

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29 WHEREAS, the Department's pro rata share of that equity is approximately \$1,900,000;
30 and

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32 WHEREAS, the Department's cash balances, largely due to significant REC sales
33 revenue, are running well above budget; and

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35 WHERAS, BED's Line-Of-Credit is completely paid off despite projecting a \$1 million
36 balance for the start of the 2014 budget year; and

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38 WHEREAS, the Department has available a significant balance in the Debt Service
39 Reserve Fund, due to a major portion of outstanding bonds scheduled to be paid off on July 1,
40 2014; and

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42 WHEREAS, the Department's purchase of its share of the new equity will not require a
43 bond issue, and will have no budget or rate impact; and

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45 WHEREAS, every dollar of the 12.5% return helps the Department to defray future rate
46 increases; and

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48 WHEREAS, the net savings (income) to be made is close to \$200,000 annually, based on
49 the difference between the 12.5% return and current interest rates on the Department's cash and
50 investment balances; and

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APPROVING THE PURCHASE OF EQUITY
IN VT TRANSCO, LLC BY
BURLINGTON ELECTRIC DEPARTMENT**

WHEREAS, the Electric Commission unanimously approved this investment at its regular meeting on October 9, 2013;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Burlington, Vermont, as follows:

The City hereby approves the Department's purchase of additional shares in VT Transco, LLC ("VELCO") in an amount not to exceed \$1,900,000; and

BE IT FURTHER RESOLVED that the General Manager and Chief Financial Officer of the Department are, and each one of them is, hereby authorized and empowered to execute and deliver such documents and instruments as VELCO may require in connection with this equity purchase, in such form and with such terms as they deem necessary and in the City's best interest.