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3 **Resolution Relating to**
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RESOLUTION _____

Sponsor(s): Bram Kranichfeld

Introduced: 9-12-2011

Referred to: _____

Action: _____

Date: _____

Signed by Mayor: _____

6 **APPROVAL OF AMENDMENT**
7 **No. 5 TO THE HIGHGATE OPERATING**
8 **AND MANAGEMENT AGREEMENT**
9

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13 **CITY OF BURLINGTON**

14 In the year Two Thousand Eleven.....
15 Resolved by the City Council of the City of Burlington, as follows:
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17 That WHEREAS, Burlington Electric Department ("BED") is a 7.7% owner of the Highgate
18 Converter Station ("Facility") which connects the VELCO and Hydro-Quebec transmission
19 systems in Highgate, Vermont; and
20

21 WHEREAS, BED, along with the other owners of the Facility (CVPS, GMP, VPPSA,
22 and VEC), known collectively as the Highgate Joint Owners ("HJO"), entered into an Operating
23 and Management Agreement ("Agreement") with VELCO when the facility was constructed;
24 and
25

26 WHEREAS, VELCO, per the Agreement, is responsible for all maintenance and
27 operation of the Facility; and
28

29 WHEREAS, on June 28, 2011, BED included \$2.7 million in the bond approved by
30 voters to cover the costs of upgrading the control systems at the Facility, and the Facility is
31 considered by ISO New England to be critical to maintaining electric reliability in northern
32 Vermont; and
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34 WHEREAS, the Agreement currently has a fixed thirty (30) year term that expires in
35 2015; and
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37 WHEREAS, the HJO have agreed to an amendment to the Agreement that would remove
38 the thirty (30) year term limitation and provide for the HJO to appoint a Project Manager for as
39 long as the facility remains operational ("Amendment No. 5" attached hereto); and
40

41 WHEREAS, Amendment No. 5 does not change the present operating situation but
42 instead merely helps to clarify that VELCO continues to be responsible for all maintenance and
43 operation of the Facility for as long as the HJO continues to appoint it to act in such a capacity;
44 and
45

46 WHEREAS, at its regular meeting on August 10, 2011, the Burlington Board of Electric
47 Commissioners voted to approve Amendment No. 5 to the Agreement.
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49 NOW, THEREFORE, BE IT RESOLVED by the City Council that Amendment No. 5 to
50 the Highgate Converter Station Operating and Management Agreement between the HJO,
51 including BED, and VELCO is hereby approved; and

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**Resolution Relating to
APPROVAL OF AMENDMENT
No. 5 TO THE HIGHGATE OPERATING
AND MANAGEMENT AGREEMENT**

BE IT FURTHER RESOLVED that Barbara L. Grimes, BED General Manager, and/or her designee(s), be and hereby is authorized to execute Amendment No. 5 to the Highgate Converter Station Operating and Management Agreement and all associated documents on behalf of the City of Burlington.

Amendment No. 5 to
Highgate Operating and Management Agreement

This Amendment, dated as of the ___ day of _____, 2011, is by and among Vermont Electric Power Company, Inc. ("Project Manager"), and the Owners whose names appear on the signature pages to this Amendment and amends that certain Highgate Operating and Management Agreement dated as of August 1, 1984, as amended by Amendment No. 1 thereto dated as of April 1, 1985, Amendment No. 2 thereto dated as of November 13, 1986, Amendment No. 3 thereto dated January 1, 1987, and Amendment No. 4 thereto dated December 1, 2008 (the "Operating Agreement"). Terms used in this Amendment have the meaning defined in the Operating Agreement unless otherwise defined in this Amendment.

Preliminary Statement

Pursuant to the Operating Agreement, the Owners have appointed and employed Project Manager to act as their agent with respect to the supervision, direction and control of the management and operation of the Project for a period of thirty years from December 31 of the year in which the Project was Commissioned. In light of the fact that the converter terminal will be refurbished by the close of the year 2012 to extend its life for an additional thirty years, the Project Manager and Owners desire to amend the Operating Agreement by extending its Term to the date when the Project is decommissioned, unless the Owners and Project Manager agree to terminate the Operating Agreement at an earlier date or to extend its term to a date subsequent to the Project's decommissioning.

