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**VERMONT PUBLIC POWER SUPPLY AUTHORITY
MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS**
(numbers in bold type correspond with agenda item numbers)

November 3, 2017

Directors present (X indicates attendance in person, P indicates attendance by phone):

X	Evan Riordan, Barton	X	James Pallotta, Ludlow
	Jonathan Elwell, Enosburg	X	Bill Humphrey, Lyndonville
X	Mike Sullivan, Hardwick	X	Craig Myotte, Morrisville
	Carol Robertson, Hyde Park		Stephen Fitzhugh, Northfield
	Joseph Winter, Jacksonville	X	John Morley, Orleans
X	Meredith Birkett, Johnson	X	Reginald Beliveau, Swanton

Alternates present:

Jeff Schulz, Northfield	
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Others present:

Ken Nolan, VPPSA	Crystal Currier, VPPSA	
Thomas Melloni, Paul Frank + Collins P.C.		
G. Russ McCracken, Paul Frank + Collins P.C.		
William F Ellis, McNeil Leddy & Sheahan		

- (1) The meeting was called to order at 9:33 a.m. at the office of the Authority, located at 5195 Waterbury-Stowe Road, Waterbury Ctr., Vermont.
- (2) Chairman Beliveau asked if there were requests for changes and/or modifications to the current agenda. No changes were requested.
- (3) Chairman Beliveau asked if there were public comments and/or individuals who would like to address the Board. There was no public presence and therefore no comments were made.
- (4) The General Manager, the Controller and Thomas Melloni from Paul Frank & Collins, PC (VPPSA’s bond counsel) presented the following documents to the Board:
 - Series 2017 Second Supplemental Resolution to the General Bond Resolution
 - Series 2017 Preliminary Official Statement
 - 2017 Bond Purchase Contract
 - 2017 Escrow Agreement
 - KeyBank Analysis-Bonds Insured, DSRF Cash Funded
 - KeyBank Analysis-Bonds Uninsured, DSRF Cash Funded
 - KeyBank Analysis-Bonds Insured, DSRF Insured

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Mr. Melloni provided a brief background on the original bonds issued in 2009 and indicated the Second Supplemental resolution complements the Original General Bond Resolution approved by the Board in 2009. A brief summary of the transaction includes having the bonds priced within the next two weeks by Keybank Capital Markets, Keybank presenting the numbers to VPPSA management (including debt service savings at that time the bonds will be sold), selling the bonds into the market, placing the bond proceeds into escrow account and held by Peoples United as the Escrow agent and closing the transaction within the month.

Director Morley made a motion that the VPPSA Board hereby adopt and approve the Second Supplemental Resolution as presented to this meeting and approves the actions, delegation of authority and execution of agreements and instruments as set form in said Second Supplemental Resolution. The motion was seconded by Director Sullivan.

The General Manager explained the various scenarios included in the cover memo. The recommendation is to issue the bonds that are insured and a debt service reserve fund that is cash funded. The Board did not have objections to this recommendation.

A roll call was taken, and all Members voted in the affirmative and the motion was unanimously Approved.

(5) The General Manager presented VPPSA Policy F7 (Tax Compliance) and VPPSA Internal Operating Procedure F3 (Continuing Disclosure Compliance) to the Board. The Board was informed that as part of the Project #10 refinancing efforts, some significant issues related to VPPSA's compliance with the existing bonds' continuing disclosure requirements were brought to light.

Both VPPSA's bond counsel and Keybank Capital Market's bond counsel have informed VPPSA that the failures could represent a hurdle to selling the new bonds, and could be actionable by the SEC as an enforcement action. Recent rulings by the SEC and IRS have found similar failures to comply with disclosure requirements to be "fraud" under federal law and have resulted in parties being stripped of their tax-exempt status.

Mr. Melloni indicated that there are two elements 1) the continuing disclosure requirements (SEC going after governmental filers for non-compliance) and 2) the official policy related to tax compliance. It was noted that as part of the bond issuance, VPPSA will be issuing a document whereby VPPSA will be certifying that it has a policy related to tax compliance and the absence of such certification raises red flags to the IRS. These policies/procedures are prepared as a preventative measure to ensure that VPPSA is compliant with its tax-exempt status.

Mr. Morley indicated that given the importance of the VPPSA member's requirement to file audited financial statements in a timely manner, it should be incumbent on the VPPSA members to consider including such requirements when issuing an RFP for audit services. A question was raised as to whether there would be financial penalties to the Participants for non-compliance. It was noted that this would warrant further discussion at the December Board meeting.

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(6) Other Business: None

The meeting was adjourned at 9:50 a.m.

Respectfully submitted,

Crystal Currier
Crystal Currier, Secretary