Hardwick Electric Commission

Regular Meeting

Minutes – September 15, 2026

Attendees: Commissioners: Renaud Demers, Myles Kamisher-Koch (Acting Chair), Jake Lester; Staff: Scott Johnstone, Jamie Dailey, and Renae DiGregorio; Public: Sue Gabor, East Long Pond Association.

Acting Chair Kamisher-Koch called a Regular Meeting of the Hardwick Electric Commission to order at 6:03 pm at 20 Church Street, 3rd floor meeting room, in Hardwick having declared quorum present.

Controller DiGregorio requested that Action Items 6 and 7 be removed from the agenda and replaced with a discussion item regarding the capital work completed and remaining for 2026, along with the proposed financing plan that will be on the agenda at the next board meeting for action. The capital work financing discussion was moved to Agenda Item 9A.

Public Comment: No public comments.

The approval of the minutes from the regular August meeting was next on the agenda. Commissioner Lester moved to approve the minutes of the regular meeting on August 18th. Commissioner Demers seconded the motion, and all voted favorably.

Next on the agenda was the approval of the new facility mortgage note of $800,000 serviced by Community National Bank. Controller DiGregorio reviewed the note terms and conditions stating that the proposed $800,000 mortgage is for a 20-year term. The note is serviced with a fixed interest rate of 5.38% for the first five years with annual payments beginning in September of 2027 of $66,149.56. Beginning in 2032, the interest rate will become variable based on the FHLB Classic Advance rate plus a fixed 1.40% margin, with annual payments initially estimated at $66,990.87 through 2045, followed by a final estimated payment in 2046. Commissioner Kamisher-Koch stated that there are several reservations regarding the last 15 years of the note being subject to a variable interest rate.

Controller DiGregorio noted that while the variable-rate component presents an interest-rate risk after the initial five-year fixed period, the financing provides several financial advantages, including no closing costs or loan fees, no required down payment, no appraisal or additional inspection/ test requirements, and more importantly no prepayment penalty. The five-year fixed-rate period provides payment certainty during the initial term, while the lack of a prepayment penalty provides flexibility to refinance, restructure, or pay down the loan if future interest rates or the Department's financial circumstances warrant including using VPPSA as a risk mitigation measure for financing if the risk becomes too high. Controller DiGregorio additionally stated that she explored another financing option that was only offered at a higher rate and several loan requirements that would be costly to the department. Commissioner Kamisher-Koch requested that Hardwick Electric monitors and moves to a fixed rate as soon as possible in the future to avoid uncertainty over that 15-year period. Controller DiGregorio recommended that each year we review all debt service terms and conditions with the budget development to monitor debt service risk and possible actions. All Commissioners agreed that would be necessary and a good addition to the oversight into budget development. Commissioner Lester stated that the financing provides an immediate benefit by avoiding additional demands on available cash and noted the significant benefit of having no loan payment due until September 2027. Controller DiGregorio continued to review the remaining note conditions, including that this is a tax-exempt note and that entering into this agreement Hardwick Electric certifies that the proceeds will only be used to purchase the commercial building. Commissioner Lester made a motion to approve the 20 year note with Community National Bank for $800,000 to acquire 1868 Route 16 land and facilities; and, further approve the real estate borrowing resolution as presented; and, lastly, to approve of the non-arbitrage and use of proceeds certificate as presented. Commissioner Demers seconded the motion, and all voted favorably.

Next on the agenda was a Facilities Update. General Manager Johnstone reported that there has been an abundance of activity to become prepared to purchase 1168 Route 16 in East Hardwick and to sell our current office in Hardwick. Mr. Johnstone stated that he met with the current owner's representative onsite to consider which tools and material would remain with the facility (mostly all is staying). This includes a lot of office furniture, lifts, tools, and much more. In addition, General Manager Johnstone reported that we did receive the full inspection report for the new facility and that the report was generally consistent with expectations for a well-used, approximately 30-year-old commercial building. Mr. Johnstone stated that the items of most significance items in the report were maintenance on garage doors, no smoke detectors, and the hot water system was not in use. The owners have reported that this has been corrected and not an item of concern since the inspection. The estimated repair costs are approximately $10,000–$15,000 during the first six months with the goal that some of these costs may potentially be offset through the sale of surplus equipment. General Manager Johnstone reported that there was prior concern with a few observed cracks on the floor, this was confirmed to be shrinkage cracks with the inspector. Mr. Johnstone stated that we are working on securing building insurance and the crew has been cleaning up the current garage in preparation for the move. The next phase of this purchase will be presenting the mortgage to the select board on 09/17 for mortgage approval with the goal of still closing on 10/16/2026.

Next on the agenda was the proposed capital work and funding discussion. Controller DiGregorio reported that over the last several weeks, the management team has been working on planning the remaining 2026 capital projects. Controller DiGregorio stated that as we have previously discussed, historically, Hardwick Electric has used available operating cash to fund significant capital investments. While this approach avoids borrowing costs, it places additional pressure on the utility's operating cash position and reduces the funds available for day-to-day operations, emergencies, and other financial needs. Maintaining adequate operating cash is increasingly important as the Department moves through the remainder of 2026. Financing these capital investments will reduce the immediate cash-flow impact of the projects and preserve operating cash for essential utility operations and upcoming financial needs, including the anticipated 2025 Rate Case resolution. General Manager Johnstone stated that this is also the model that state regulators are advocating for to spread the cost of the system investments over the life of the investment and minimize rate shock. Controller DiGregorio reported that so far in 2026, we have completed approximately $300,000 in capital investments. The capital work completed includes cutout replacements, pole replacements, transformer replacements, system rewiring, and reconductoring of aging distribution lines. These projects are necessary to address aging infrastructure, improve system reliability, replace deteriorated equipment, and prepare the electric system for future increases in electrical demand associated with electrification. For the remainder of 2026, the team has identified two larger projects that will complete the remaining distribution capital work planned for 2026. These projects include reconductoring lines supporting Greensboro's main circuit and reconductoring work supporting Hardwick's main circuit. Both projects were identified as major priorities in the Engineering System Study completed earlier this year and address aging infrastructure that has become increasingly difficult to maintain. Both lines currently have wire that is approximately 50 years old or older and have experienced significant deterioration. Rather than continuing to maintain increasingly aged infrastructure, we are replacing the existing conductor with new, larger-capacity wire. The new conductor will improve the reliability and capacity of the circuits while also providing additional capacity to accommodate future increases in electric demand and support continued electrification. These projects represent planned, long-term investments in the electric distribution system and will provide benefits to the utility and its customers for many years. Controller DiGregorio emphasized that utilizing capital financing for these projects will also allow Hardwick Electric to preserve available operating cash for ongoing operations, emergencies, and other financial needs rather than using operating funds to pay for long-lived infrastructure investment and allow the cost to be spread over time and more closely aligned with the useful life of the assets and the period over which customers will benefit from the improvements. General Manager Johnstone stated that funding proposals will be ready for the week of the 28th, hoping for a resolution by 10/01 to begin the next phase of these improvements. The commission confirmed that a special meeting 09/30 would be appropriate. Controller DiGregorio confirmed that she will get that scheduled.

The Commission next took up a review of the financial report. Controller DiGregorio reported that July net income at month end was $43,788.61. Power costs for July totaled $362,239.52, coming in significantly below budget projections by $82,913.48. Which of course resulted in a small unfavorable difference in KWH sale projections. Controller DiGregorio reported that overall YTD budget-to-actual performance still remains generally in line with projections, besides power costs. All other operating expense categories are trending slightly below budgeted projections by $109,328.90. Cash on hand at month end was $184,287. Commissioner Kamisher-Koch requested that Controller DiGregorio come to the next board meeting prepared to present more on Hardwick Electrics cash management performance and future impact stimulations for planning purposes to navigate through the 2025 rate case refunds.

The General Managers report was the next item of business. General Manager Johnstone started with an update regarding the VELCO connection from our current office to our new location in East Hardwick. General Manager stated that he has begun conversations with VELCO and the goal is cost sharing with VELCO and HED to move the connection to the new location. General Manager Johnstone then reported that there has been a high volume of activity from Dam Associations around the area. Both East Long (a new association) and Caspian are moving rapidly in assessing and preparing plans for upgrading dams and action plans. Mr. Johnstone reported that he has been meeting with each group and to date, no promises have been made. Each group has objectives in mind (different from one another), and they are trying to put some funding together to advance next steps for their missions. General Manager Johnstone expects that at some point HED will be asked to become a fiscal sponsor for these associations to enable dollars raised to be expended on each facility. Commissioner Lester stated that it would be particularly helpful If each association could form a formal mission document so that the Electric Department can organize and understand what exactly is being asked from them and gauge what level of participation should be warranted. Sue Gabor, in the audience representing the East Long Dam Association, stated that their end goal is to save the Dam and are ready to act quickly and swiftly to champion that mission but they are seeking assistance in that mission. Ms.

Gabor also stated that they have engaged with the local municipality and cannot get any support since there is no ownership of the Damn from their end. Commissioner Lester recommended that the associations also seek other nonprofits to support the mission. Mr. Johnstone and Commissioner Lester requested that the Dam Associations work on a formal document outlining the mission/goals of each association and outline the ask to Hardwick Electric Commission for formal actions to be considered and taken into action items.

At 7:45 pm a motion was made by Commissioner Kamisher-Koch to go into executive session to discuss the negotiating or securing of real estate options regarding the sale terms of the property at 123 N. Main Street in Hardwick, under the provisions of Title 1, Section 313(a)(2) of the Vermont Statutes and to include the general manager and controller in the executive session. Commissioner Lester seconded and all voted in the affirmative.

At 8:14 pm the Commission returned to open session.

At 8:15pm a motion was made to adjourn the regular meeting by Commissioner Demers. Seconded by Commissioner Lester and passed unanimously.

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Recorded by: Renae DiGregorio, Controller Date

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Commissioner: Date