

PLAN OF MERGER
STOWE FIRE DISTRICT No. 3 and TOWN OF STOWE

WHEREAS, Stowe Fire District No. 3 was established in 1991 to create a public water system and to distribute potable water in the “Lower Village” area of Stowe;

WHEREAS, Stowe Fire District No. 3 is governed by an elected Prudential Committee (“Prudential Committee”);

WHEREAS, the Town of Stowe is a municipal corporation, body politic and instrumentality of the State of Vermont owning, controlling and operating a municipal water system under the management and control of the Stowe Water Commission (“Stowe Water Department”);

WHEREAS, Stowe Fire District No. 3 purchases treated water from, and its system operations and certain administrative functions are provided by, the Stowe Water Department pursuant to written agreements between the two entities;

WHEREAS, the Prudential Committee and the Town of Stowe Selectboard (“Selectboard”) believe independently and collectively that merging Stowe Fire District No. 3 into the Town of Stowe will be an efficient and more cost effective means to expand, operate and maintain a municipal water system serving the service territory of Stowe Fire District No. 3;

NOW THEREFORE, the parties agree to the following plan of merger (“Plan”) and to each seek approval from their respective voters for this Plan.

Merger of the Stowe Fire District No. 3 into Town of Stowe

§ 1. MERGER

Stowe Fire District No. 3 is hereby merged into the Town of Stowe, and Stowe Fire District No. 3 shall, except as hereinafter provided, cease to exist as a political entity or body corporate upon and consistent with the terms of approval of the merger by the General Assembly.

§ 2. ASSETS TRANSFERRED AND LIABILITIES ASSUMED

(a) Upon the effective date of the merger, all of the right, title and interest of Stowe Fire District No. 3 in and to the assets and property of Stowe Fire District No. 3, both real and personal, of whatever kind, nature, and description, shall transfer to and become assets and property of the Town of Stowe without any further act, deed, or instrument being necessary. To the extent that Stowe Fire District No. 3 is, as of a date one month prior to the effective date of merger, unable to document, to the reasonable satisfaction of the Town of Stowe, that Stowe Fire District No. 3 has record marketable title to all of its real estate, title to and exclusive possession of all of its physical property and assets, and, to the extent that water lines, pumps, reservoirs, valves, shut-offs, curb stops and any other assets comprising or appurtenant to the water system of Stowe Fire District No. 3 are located on, under or within property owned by any entity or person(s) other than Stowe Fire District No. 3, valid easements, rights of way, or access rights over, upon, across and through said private properties, Stowe Fire District No. 3 shall be

obligated to pursue in good faith and to cure, to the reasonable satisfaction of the Town of Stowe, all such title or access “defects” on or before the effective date of merger. In the event Stowe Fire District No. 3 is unable, by the stated deadline, to cure any identified title or access “defects”, the Town of Stowe may nonetheless close on the merger and accept from Stowe Fire District No. 3 such title and access rights as it then holds and possesses.

(b) Upon the effective date of the merger, all the liabilities, obligations, and indebtedness of Stowe Fire District No. 3 shall be assumed by and become the liabilities, obligations, and indebtedness of the Town of Stowe without any further act, deed or instrument being necessary, except such consents, approvals or actions of the lienholders or mortgagees of Stowe Fire District No. 3 as may be required.

§ 3. SETTLEMENT OF FIRE DISTRICT AFFAIRS; FINANCES

(a) Prior to the effective date of the merger, Stowe Fire District No. 3 shall not incur any additional indebtedness or financial obligations and shall settle so far as possible its financial affairs. On the effective date of the merger, Stowe Fire District No. 3 shall turn over to the Clerk of the Town of Stowe all records, books, documents, and personal property of Stowe Fire District No. 3 for the attention of the proper offices and departments of the Town of Stowe. Any funds (cash, investments, deposits, accounts, and receivables) in the possession or under the control of Stowe Fire District No. 3 on the effective date of the merger, and any monies or other revenues thereafter received by or addressed or made payable to

Stowe Fire District No. 3, shall be transferred, endorsed to and deposited in the Town of Stowe Water Fund.

(b) If, at the effective date of merger, Stowe Fire District No. 3 has bonds or other long-term debt obligations or instruments outstanding, and its accumulated funds transferred to the Town of Stowe Water Fund pursuant to paragraph 3(a) are insufficient to fully retire (i.e., pay principal and interest payments thereof as the same come due from time to time until maturity) those long-term debt obligations, the current and any future water ratepayers, water customers, water users whose properties are located within the present boundaries of Stowe Fire District No. 3 and the owners of any lots within said boundaries classified as "R0" (collectively, "FD Customers") shall be obligated to pay a surcharge, in addition to regular water rates, until sufficient funds are accumulated by the Town to retire the aforementioned long term debt obligations. The surcharge shall be determined and apportioned among FD Customers consistent with the formula detailed in Article 5.2 of the Stowe Fire District No. 3 Amended and Restated Rules, Regulations, and Schedule of Rates and Charges, adopted November 12, 2001.

§ 4. INSURANCE COVERAGE

At all times prior to the effective date of the merger, Stowe Fire District No. 3 shall maintain in full force and effect all insurance policies in its name now in effect, shall fully cooperate with the Town of Stowe to assure that insurance coverage continues on and after the merger date without gaps in said coverage, and shall take no actions or fail to take any action which, either alone or through the

passage of time, shall cause any insurance coverage of Stowe Fire District No. 3 now in effect to lapse, expire, or terminate until after the date of merger.

§ 5. CONTINUATION OF ORDINANCES, RULES, AND REGULATIONS

On the effective date of the merger, all ordinances, rules, and regulations of the Stowe Fire District No. 3 shall be repealed and cease to be in effect, as will the two agreements between Stowe Fire District No. 3 and the Town of Stowe, and thereafter, the ratepayers, customers and users of the former Stowe Fire District No. 3 shall be ratepayers, customers and users of the Stowe Water Department, and the terms, conditions, rates and other provisions for the delivery and sale of water to said ratepayers, customers and users shall be governed by the ordinances, rules, rates and regulations pertaining to the delivery and sale of water to ratepayers, customers and water users of the Stowe Water Department, subject to Section 3(b) above.

§ 6. CESSATION OF THE PRUDENTIAL COMMITTEE

On the effective date of the merger, the Prudential Committee of Stowe Fire District No. 3 shall cease to exist. The Prudential Committee shall, until the General Assembly acts on the Plan of Merger, operate and manage Stowe Fire District No. 3 as it has been operated, but shall not: (1) make any contracts, agreements or other commitments to pursue, install or construct capital improvements to its infrastructure; (2) expend, commit or dissipate in any way any accumulated capital reserve fund or funds of Stowe Fire District No. 3; (3) take any

action or failure to act under circumstances reasonably foreseeable to be contrary to the intent or spirit of this Plan of Merger.

§ 7. COSTS OF MERGER

(a) Each party shall bear its own costs and expenses related to developing, negotiating and consummating this Plan of Merger including but not limited to their respective attorneys' fees and the costs and expenses of warning and conducting meetings of the respective voters of Stowe Fire District No. 3 and Town of Stowe at which meetings this Plan of Merger shall be presented for approval by the voters, and any challenges or appeals thereto.

(b) If this Plan of Merger is approved by the respective voters of the parties, the Town of Stowe shall be responsible for the costs to submit the same to the General Assembly for its approval.

§ 8. SEVERABILITY

If any provision of this enactment shall for any reason be held invalid, such invalidity shall not affect the remaining provisions, which shall be given effect without the invalid provision. To this end, the provisions of this charter are severable.

NOTICE OF PUBLIC HEARINGS

PLAN OF MERGER

TOWN OF STOWE

and

STOWE FIRE DISTRICT #3

The voters of the Town of Stowe, Vermont (“Town”) and the voters of Stowe Fire District #3 (SFD3) are hereby notified that Public Hearings are scheduled to take comment and input on the Plan of Merger approved by the Town Selectboard and the Prudential Committee of SFD3. The Plan provides for SFD3 to transfer all its assets and liabilities to the Town, and for the Town to assume full responsibility for all water service to the SFD3 service area. The Plan requires voter approval and legislative approval. Upon merger, SFD3 will cease to exist.

A full copy of the Plan is available for inspection in the following locations:
In the Town – Town Clerk’s Office; Public Safety Building; and Stowe Arena.

In SFD3 –DeNoia’s Dry Cleaners; Stowe Quick Mart; Stowe Jolley & Car Wash and FD Clerk residence at 742 S. Main Street.

Copies of the plan are also available on the Town of Stowe website (www.townofstovevt.org) and may be picked up at the Town Clerk’s Office.

PUBLIC HEARING #1

FEBRUARY 11, 2019

5:30 PM Akeley Building Theater

PUBLIC HEARING #2

FEBRUARY 25, 2019

5:30 PM Akeley Building Theater

**STOWE FIRE DISTRICT #3
PRUDENTIAL COMMITTEE**

**TOWN OF STOWE
SELECTBOARD**

By: Elizabeth C. Bushnell
Duly Authorized
Dated: January 28, 2019

By: William
Duly Authorized
Dated: January 28, 2019

DATED AT Stowe, Vermont this _ day of January, 2019.

STOWE FIRE DISTRICT NO. 3

TOWN OF STOWE

By: *Robert C. Busby*
Chair, Prudential Committee
Duly Authorized

By: *MA*
Town Manager
Duly Authorized

Approved as to Form:

Approved as to Form:

J. Paul Giuliani
J. Paul Giuliani, Esq.
Counsel for
Stowe Fire District No. 3

Robert E. Fletcher
Robert E. Fletcher, Esq.
Counsel for
Town of Stowe