

MICHAEL S. PIECIAK
STATE TREASURER

RETIREMENT DIVISION
TEL: (802) 828-2305



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

UNCLAIMED PROPERTY DIVISION
TEL: (802) 828-2407

ACCOUNTING DIVISION
TEL: (802) 828-2301

DRAFT

Local Investment Advisory Committee (LIAC)

11/16/2023

LIAC Members Present:

MIKE PIECIAK, Vermont State Treasurer

CASSIE POLHEMUS, Vermont Economic Development Authority

MICHAEL GAUGHAN, Vermont Municipal Bond Bank

PETER WALKE, Efficiency Vermont Representative

TOM LITTLE, Vermont Student Assistance Corporation Designee

MAURA COLLINS, Vermont Housing Finance Agency

Also Attending:

Gavin Boyles, Deputy State Treasurer

Ashlynn Doyon, Office of the Vermont State Treasurer

Emily Bowers, Office of the Vermont State Treasurer

Jeremiah Breer, Office of the Vermont State Treasurer

Nick Koleszar, Office of the Vermont State Treasurer

Maura Collins, Vermont Housing Finance Agency (LIAC member, but recused from this meeting)

Ted Brady, Vermont League of Cities and Towns

Ken Linge, Vermont Bond Bank

Elizabeth King, Vermont Bond Bank

CALL TO ORDER:

Treasurer Pieciak called the meeting to order at 3:03 p.m. He added an item to the agenda to discuss the remaining capacity within the 10% credit facility.

ITEM 1: Approval of September 8, 2023 Minutes

Mr. Walke made a motion to approve the minutes from September 8, 2023. Mr. Gaughan seconded the motion. The Committee approved the motion to approve the minutes unanimously, with Ms. Collins abstaining.

ITEM 2: Overview of Vermont Bond Bank's Municipal Climate Recovery Fund Proposal

Treasurer Pieciak introduced the Bond Bank's proposal as one that arose in the wake of the July 2023 flooding response.

Mr. Breer described the proposal as a request from the Bond Bank for \$15 million that would provide loans to municipalities that were impacted by the flooding, as kind of a bridge financing mechanism, as most of the municipalities that would receive this financing will be also be receiving a FEMA reimbursement to pay back the loan. He articulated that the recommendation from staff is to approve the credit facility at terms favorable to the Treasurer, which staff would continue to negotiate with the Bond Bank.

Mr. Gaughan noted that as LIAC member, he was going to abstain from substantial discussion of the loan. He introduced staff from the Bond Bank, as well as Ted Brady from the Vermont League of Cities and Towns, who were in attendance. He did note that in a disaster recovery period, municipalities need structured medium-term financing to bridge that period, especially in an environment when short-term borrowing rates are high. Over the life of the program, there will be \$6 million in savings that will go back into or will not go out of the pockets of those municipalities.

Mr. Brady added that he is hearing that this is a need for many of his members and that there is a large amount of projects that need to be funded while they wait for the FEMA reimbursement.

ITEM 3: Committee Discussion of Vermont Bond Bank Proposal.

Ms. Polhemus asked a question about how far the \$15 million will really go.

Mr. Gaughan replied that he does think that it will be oversubscribed, but that \$15 million is what the Bond Bank thinks it can reasonably handle. He noted that there will be an application period.

Mr. Walke asked if VCLT was going to assist in spreading awareness around the program. Mr. Brady replied, that yes that is the case. Mr. Walke added that because this is about climate resilience, he wants to make sure that it is accessible to everybody, especially smaller communities that may have capacity challenges.

Ms. Collins asked a question about the underwriting for municipalities and whether a municipality could use this for something outside of early flood recovery response, but rather an item on their capital planning list.

Mr. Gaughan replied that they will screen that with underwriting.

Ms. Collins added that she likes the program and that it does support the committee's goals of economic development, climate, and even housing because of the risk of housing units coming offline if they are not adequately served by infrastructure.

Mr. Gaughan added that the Bond Bank is absorbing all administrative costs for the program. Mr. Walke noted that he hesitates to set further precedent in Vermont that new program costs will always be able to be absorbed.

Ms. Collins moved to approve the Bond Bank's application. Ms. Polhemus seconded the motion. The committee voted unanimously to approve the motion, with Mr. Gaughan abstaining.

ITEM 4: Discussion of Remaining LIAC Capacity

Treasurer Pieciak introduced the next phase of discussion around the remainder of the money in the program and asked for committee feedback on the prioritization of those funds. He noted the Climate Infrastructure Financing work that the Treasurer's Office was tasked with over the summer, by the General Assembly.

Ms. Collins noted that she sees some value in holding off on committing more funds to see if there are any key projects that rise to the surface. She asked about the degree of confidence in state deposits over the next 5 or 10 years.

Treasurer Pieciak and Mr. Breer noted that the Treasurer's Office plans to do an updated cash projection for the committee to review in January.

Both Mr. Gaughan and Mr. Walke commented on how LIAC funds may be able to be stacked in order to leverage other types of funding sources for projects.

ITEM 7: Public Comment

There was no public comment entered.

ITEM 8: Adjourn

Ms. Polhemus made a motion to adjourn. Mr. Gaughan seconded the motion. The committee unanimously agreed to adjourn at 4:02 p.m.