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STATE OF VERMONT
OFFICE OF THE STATE TREASURER

DRAFT: NOT YET APPROVED BY COMMITTEE
Private Activity Bond Advisory Committee
Minutes of Meeting on Tuesday, July 1, 2014
Treasurer's Conference Room, 109 State Street, Montpelier

Committee Members Attending

BETH PEARCE, Committee Chair, Vermont State Treasurer
DAVID BEATTY, Secretary of Administration Designee
PAT MOULTON, Secretary of Commerce
LISA VENTRISS, Governor's Appointee (via telephone)

Also Attending

SCOTT BAKER, Vermont State Treasurer's Office
GEORGE DEMAS, ESQ., Vermont Housing Finance Agency (via telephone)
BOB GIROUX, Vermont Municipal Bond Bank (via telephone)
STEVE GREENFIELD, Vermont Economic Development Authority
PAUL GIULIANI, ESQ., Primmer, Piper, Eggleston & Cramer (via telephone)
TOM LITTLE, ESQ., Vermont Student Assistance Corporation (via telephone)
STEPHEN WISLOSKI, Vermont Deputy State Treasurer

Treasurer Pearce called the meeting to order at 10:00 a.m.

Ms. Pearce opened the meeting by saying that Private Activity Bonds (PABs) were widely used in Vermont until 2007. However, they have not been successful lately due to the low interest rate environment and rate compression of taxable vs. tax-exempt bonds, and the fact that most of the use in Vermont was geared towards housing and education, not economic development. The Committee's task is to examine other ways to use this tool.

Ms. Pearce welcomed Ms. Moulton to the Committee, and also noted that Sam Andersen's term has ended, resulting in a vacancy on the Committee for a Governor appointee position.

Ms. Ventriss moved to accept the minutes of the November 22, 2013 minutes, which was seconded by Mr. Beatty. The motion passed unanimously.

Mr. Wisloski explained that private activity volume cap is allocated to states at a rate of \$100 per capita, with a floor of \$296,825,000 for 2014. Vermont makes use of the floor and receives almost 5 times more than they would if it were based solely on population. The issuing entities are surveyed at a public hearing, and an allocation is proposed to the Emergency Board and to the Governor. Based on this survey, the recommendation is to maintain the current course and

ask to grant the Governor as much flexibility as possible to allocate the amount needed of 2014 cap, including from contingency, to the duly constituted agencies.

Ms. Moulton made a motion to recommend to the Emergency Board the current 2014 allocation (\$25 million to VEDA, \$20 million to VMBB, \$251,825,000 Contingency), and to grant authority to the Governor to allocate cap as needed to the duly constituted agencies. Ms. Ventriss seconded the motion. A clarification followed which stated that this would grant the Governor the authority to allocate cap only to the duly constituted agencies. All other entities would require action from the Emergency Board. **The motion passed unanimously.**

Mr. Wisloski then reviewed the history of Private Activity Bonds, and a lengthy discussion followed regarding past uses and potential future uses, including wastewater treatment facilities, sewer projects, solid waste disposal, and local district heating or cooling facilities.

The Committee also discussed ways to inform potential users of the advantages of private activity bonds. The target audiences are Regional Planning Commissions and any other organizations that have contacts with potential developers or municipalities. It was suggested that some of the successful projects be identified and included in a PowerPoint presentation.

Mr. Greenfield then identified some of the impediments of using PABs, including difficulty in marketing and education outreach, the current interest rate environment, the need for a certain size issue to be cost effective, ongoing compliance issues. However, the main positive is to gain a cheaper rate for the project. He also noted that projects may be getting done even without the use of PABs, which is still a good result.

It was decided to target a number of trade association, planning commissions, fire districts, and others to attend an information meeting where Ms. Pearce, Ms. Moulton, Ms. Ventriss could give a presentation on the uses and benefits of using PABs. This would include a couple of case studies, possibly the projects in Ryegate, Casella, Greater Upper Valley Water District, and possibly a resort. The hope is to hold this meeting in September. Mr. Giroux will gather some of the data on these projects.

Ms. Ventriss made a motion to adjourn the meeting, which was seconded by Mr. Beatty. The motion passed unanimously.

The meeting was adjourned at 11:30 a.m.