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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 Public Hearing on Wednesday, November 5, 2014
Governor's Conference Room, 109 State Street, Montpelier

Committee Members Attending

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

Also Attending

PETER ADAMCZYK, Vermont Energy Investment Corporation
SCOTT BAKER, Vermont State Treasurer's Office
ERIC BLATT, Vermont Department of Environmental Conservation
CHRIS CAMPANY, Windham Regional Commission
CHRIS COCHRAN, Vermont Agency of Commerce & Community Development
CHLOE COLLINS, Vermont League of Cities and Towns
CHRIS D'ELIA, Vermont Banker's Association
GEORGE DEMAS, ESQ., Vermont Housing Finance Agency (via telephone)
SHAUN FIELDER, Vermont Rural Water Association
ROD FRANCIS, Town of Brattleboro
BOB GIROUX, Vermont Municipal Bond Bank
STEVE GREENFIELD, Vermont Economic Development Authority
GWENDOLYN HALLSMITH, Public Banking Institute
KAREN HORN, Vermont League of Cities and Towns
JOHN KIERNAN, Phelps Engineering
WINSLOW LADUE, Vermont Department of Environmental Conservation
TOM LITTLE, ESQ., Vermont Student Assistance Corporation
DAVE OLSON, People's United Bank
BILL SHEPELUK, Waterbury Town/Village
RHONDA SHIPPEE, USDA Rural Development
STEPHEN WISLOSKI, Vermont Deputy State Treasurer

Treasurer Pearce called the meeting to order at 11:04 a.m.

Ms. Pearce opened the meeting by welcoming everyone who had been attending the Local Investment Advisory Committee meeting. She said that the public hearing was being held at this time due to the fact that those in attendance may have ideas of how private activity bonds could be used. She said that there is an excess capacity of private activity bond capacity because the State has struggled with finding additional ways to use them.

Mr. Wisloski explained that Private Activity Bonds are allocated to each State on a per capita basis, although there is a floor. Because of this floor, Vermont actually receives almost five times the amount that it would if it were strictly based on population. He also said that the State has hundreds of millions of dollars in private activity bonds which are expiring because there have been very limited ways to use them. He then explained some of the ways that PABs can be used.

Ms. Pearce said that during the period from 2001 – 2010, the State issued approximately \$2.7 Billion in PABs, including \$1.5 Billion issued by VSAC, \$959 Million by VHFA, and \$85 Million by VEDA.

A discussion ensued regarding the minimum size bond issue that would be feasible. Mr. Giroux replied that it would take about \$15 Million for the VMBB. Mr. Greenfield said it used to be \$4-5 Million for VEDA, but now a private placement can be structured for as little as \$1.5-2 Million.

Mr. Wisloski then reviewed the advantages and disadvantages of PABs. The main advantage is the cheaper borrowing rate obtained from issuing tax-exempt bonds. Mr. Giroux stated that tax-exempt financing costs are roughly 2/3 that of taxable financing. The disadvantages of PABs are that they have limited uses and have ongoing compliance regulations.

Ms. Pearce asked if there were any additional public comments, and there were none.

The hearing was adjourned at 11:58 a.m.