

# DRAFT

## MUNICIPAL EQUIPMENT LOAN FUND COMMITTEE MEETING MINUTES December 19, 2024

Committee Members Present: Gavin Boyles, Deputy State Treasurer  
Via phone: Andrew Collier, Commissioner, Dept of Motor Vehicles  
Daniel Batsie, Deputy Commissioner, Dept of Public Safety  
Jayna Morse, Director, Agency of Transportation

Treasurer's Staff Members Present: Jeremiah Breer, CFO, Office of The State Treasurer  
Justin St. James, Chief Counsel, Office of The State Treasurer  
John Booth, Director, Treasury Operations  
Via phone: George Steelman, Financial Director, Treasury Operations

- Meeting called to order by Deputy Treasurer Boyles at 2:05 PM.
- Deputy Commissioner Batsie informed the Committee that he would need to exit meeting to escort Legislators at approximately 2:30PM.
- Deputy Treasurer Boyles suggested altering the Agenda in order to review Loan Applications earlier prior to Deputy Commissioner Batsie's departure. Deputy Commissioner Batsie made the motion and Director Morse seconded. Motion was passed without opposition. Commissioner Collier abstained.
- Deputy Treasurer Boyles reviewed the minutes and asked if there were any comments or changes. There were none. Deputy Commissioner Batsie moved to approve the minutes and Director Morse seconded. Motion was passed without opposition.
- Financials were presented by Mr. Steelman. The original seed money for the MELF program provided by the State was \$2M. The balance sheet is currently in a strong position with \$3.9M in assets which includes \$2.0M in cash and \$1.9M in outstanding loans. All loans are performing as expected with no delinquencies. Retained earnings are \$1.91M. The statutory limit for annual loan capacity is \$1.5M and the program is under this threshold. Revenue at 9/30/24 is \$23K with less than \$1K in Operating revenue and bank interest of \$23K. The cash account is currently generating interest at a 4.5% rate. The fund continues to have the capacity to make additional loans and the 2% interest rate is starting to increase interest in the program. Deputy Treasurer Boyles reminded the Committee that two or more municipalities applying to jointly purchase vehicles or equipment can receive interest free loans. The seasonality of Loan Applications was noted as the June Meeting usually approves more loans in a greater amount than the December meeting. Mr. Booth explained that the speculation was that post-Town Meeting Day, budgets and their needs were better defined and therefore more applications were submitted. Deputy Treasurer Boyles asked the Committee if there were any questions regarding the financials, there were none.
- Mr. Steelman advised there were six loan applications: four from traditional municipalities and two from "covered municipalities." Loan applications totaled \$717,961. The loan applications were presented as follows:

Applicant	Amount	Equipment	
HYDE PARK	\$110,000	2024 Alexis Side Control Pumper	•
JERICO	\$150,000	2024 John Deere Loader	•
ROCKINGHAM	\$150,000	2024 John Deere 672G Motor Grader	•
VERGENNES	\$110,000	2023 Freightliner Truck Chassis & Body	•
LUDLOW ELECTRIC	\$83,000	CAT 416 Loader/Backhoe	•
ECFiber	\$114,961	AWP Bucket Truck	•
			•
Total	\$717,961		•

- The difference between the traditional Municipal Loan users and the Ludlow Electric and ECFiber was noted. The analysis sheets adjusted some metrics to accommodate for the different types of entities involved (e.g. to account for the fact that neither Ludlow Electric nor ECFiber has the authority to collect taxes)
- Deputy Treasurer Boyles suggested considering the four traditional Municipalities as a slate and reviewing them prior to reviewing the other two. Deputy Commissioner Batsie made the motion and Director Morse seconded. Motion was passed without opposition.
- Deputy Treasurer Boyles suggested approval of the four traditional Municipalities as a slate and reviewing them prior to reviewing the other two. Deputy Commissioner Batsie made the motion and Commissioner Collier Morse seconded. Motion was passed without opposition. After voting on this motion, Deputy Commissioner Batsie excused himself from the meeting.
- Mr. Steelman reviewed the Balance Sheets, Profit & Loss Statements and credit ratios of Ludlow Electric to provide some perspective on how the risk metrics differ from traditional municipalities and how each application presented presents separate risks. The entities lack taxing authority and provided varying degrees of evidence of their cashflow/profit sustainability and liquidity.
- Deputy Treasurer Boyles asked if the Fund had ever lent to similar entities. Mr. Booth stated that to his knowledge the Fund had never lent to any entity other than a State of Vermont Village or Town.
- Director Morse asked about the risk of the loans in event of default or absorbing into other entities. Mr. Steelman observed that all loans are secured with the asset purchased and Mr. St. James could not think of an instance where this had occurred without previous obligations being honored.
- Director Morse observed that given the novelty of the loan applications in question, the lack of taxing authority, greater level of risk, and the ability of Ludlow Electric and ECFiber to borrow from other sources, the committee could opt to defer consideration until more information could be gathered. Deputy Treasurer Boyles echoed these considerations and noted that lending in December to these entities would also impact availability of funds in the June meeting, when more applications are typically filed. Mr. St. James noted that the Committee could defer consideration for up to one year. Commissioner Collier voiced similar concerns and moved to defer consideration. Director Morse seconded. The motion was passed without opposition.

- Deputy Treasurer Boyles asked if the Statute changes needed to be reviewed by the Committee and voted upon in the meeting. Mr. St. James stated that, as a legal matter, they do not. Deputy Treasurer Boyles asked the Committee to review the changes outside of the meeting and respond with any changes.
- Commissioner Collier made a motion to adjourn and Director Morse seconded. Motion was passed without opposition.
- The meeting adjourned at 3:03 PM.

Respectfully Submitted,  
George Steelman  
Financial Director, Treasury Operations