



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

**Capital Debt Affordability Advisory Committee
Minutes of Meeting of Thursday, September 16, 2021**

CDAAC Members Attending

BETH PEARCE, CDAAC Chair, State Treasurer
SUSANNE YOUNG, Secretary of Administration
DAVID KIMEL, Vermont Municipal Bond Bank Chair
THOMAS KAVET, Legislative Economist
DAVID COATES, CPA, Managing Partner, KPMG (Retired)
MICHAEL GAUGHAN, Executive Director, Vermont Municipal Bond Bank
PREMILA PETERS, CFA, CPA, President, Data Innovations

Also Attending

NATHAN MASSE, Economic & Policy Resources, Inc.
TOM HUESTIS, Public Resources Advisory Group
CHRISTINE FAY, Public Resources Advisory Group
CATHERINE BENHAM, Chief Fiscal Officer, Joint Fiscal Office
MIKE MIDDLEMAN, Department of Finance and Management
MAURA COLLINS., Vermont Housing Finance Agency
WILL KRIEWALD, State Treasurer's Office
ASHLYNN DOYON, State Treasurer's Office
SCOTT BAKER, State Treasurer's Office

Ms. Pearce called the meeting to order at 3:33 p.m.

The meeting agenda was approved unanimously following a motion by Mr. Coates and seconded by Mr. Gaughan.

Ms. Pearce introduced Ms. Peters as the newest member of CDAAC, and the remaining participants introduced themselves.

Ms. Pearce gave an update on the progress of the two working groups.

Ms. Pearce reminded the committee that this is the interim year of the biennium recommendation. Ms. Fay reviewed the base case scenario, which showed an annual issuance of \$61.59 million per year for the next ten years (with the exception of FY22 which also included the authorized but unissued amount). This scenario showed that the Debt per Capita was out of compliance, but this has been the case for several years. Debt as a percentage of Personal Income was out of compliance for the first two years, but back in by year three. Debt Service as

a percentage of Revenues was projected to be lower than last year's review and was in compliance for all years.

Ms. Pearce asked the committee if there were any reason to change the current recommendation. Mr. Kimel stated that the job of the committee is to look at the affordability of the authorization amount, and that it may be prudent to consider less given the amount of federal money coming in. Ms. Young questioned whether this amount should be seen as a cap and whether the legislature should consider borrowing less if the full amount is not necessary. Mr. Kavet said that with the recently approved infrastructure money, plus more being proposed, it should at least be considered, along with where any substitution could occur. Mr. Gaughan said that since the federal money is fairly siloed, there should be some language added around the general uncertainty. Mr. Kimel suggested putting together some language but was concerned about stepping over the line of the committee's job. Ms. Benham said the goal is to make investments in critical infrastructure, but that federal funds should be used when prudent and available. Ms. Pearce added that this does present an opportunity for that.

Ms. Pearce read an email from Mr. Hoffer and thanked him for sharing a memo that he had previously written. This will be discussed further at the next Debt Affordability working group meeting.

Ms. Fay reviewed the current draft of the CDAAC report, noting the changes and updates since the last version. A discussion followed regarding the inclusion of the Mental Health Bonds as part of the State's net tax supported debt.

Ms. Pearce noted that the consensus of the committee was to maintain the current level of authorization, but to add some additional language as discussed previously.

Following a motion by Mr. Kimel, which was seconded by Mr. Coates, the minutes of the August 27, 2021 minutes were approved unanimously.

Ms. Pearce asked if anyone from the public wished to comment, but there was none.

The meeting was adjourned at 5:03 p.m. following a motion by Mr. Coates, seconded by Mr. Kimel.