



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

**Capital Debt Affordability Advisory Committee
Minutes of Meeting of Friday, October 14, 2022**

CDAAC Members Attending

BETH PEARCE, CDAAC Chair, State Treasurer
DOUG HOFFER, State Auditor
KRISTIN CLOUSER, Secretary of Administration
DAVID KIMEL, Former Chair, Vermont Municipal Bond Bank
THOMAS KAVET, Legislative Economist
DAVID COATES, CPA, Managing Partner, KPMG (Retired)
PREMILA PETERS, CFA, CPA, President, Data Innovations

Also Attending

JEFF CARR, Economic & Policy Resources, Inc.
TOM HUESTIS, Public Resources Advisory Group
CATHERINE BENHAM, Joint Fiscal Office
SARAH CLARK, Joint Fiscal Office
DAN DICKERSON, Joint Fiscal Office
NICOLAS KRAMER, Department of Finance & Management
ASHLYNN DOYON, State Treasurer's Office
OWEN DOHERTY, State Treasurer's Office
SCOTT BAKER, State Treasurer's Office

Ms. Pearce called the meeting to order at 2:33 p.m.

The Agenda for the meeting was approved unanimously following a motion by Mr. Kimel and seconded by Mr. Coates.

The minutes of the September 23, 2022 meeting were approved unanimously following a motion by Mr. Coates and seconded by Mr. Kimel.

Ms. Clouser reviewed the Capital Expenditure Summary. She explained that the \$140 million of unexpended proceeds are actually closer to \$25-30 million when the amount of obligated funds and the FY22 appropriations are factored in.

Mr. Huestis reviewed the five authorization scenarios that were prepared. These included the base case (same amount as last biennium, a 5% increase, a 5% decrease, a 10% decrease, and an amount which results in the same amount of debt outstanding after 10 years as is currently outstanding). All scenarios are prepared assuming that the full amount of authorized but unissued debt is issued in the first year. All scenarios resulted in the State being out of

compliance with the Debt per capita guideline for the full ten years, and the Debt as a percent of personal income for the first two years.

The committee discussed the possibilities of a one-year recommendation, and of including a recommendation on the use of the Capital Expenditure Cash Fund (CECF). Ms. Clouser expressed her concerns with that, explaining that the two-year recommendation has been helpful in the past, and it may cause some difficulty. Mr. Hoffer also commented that even the base case would be like a decrease due to inflation.

After further discussion, Mr. Kimel made a motion to recommend a one year authorization of \$54 million of bond issuance and up to \$7 million to be used from the CECF to be used for short-term projects (such as for design, feasibility studies, etc.). In addition, the Committee will be making a recommendation of no less than \$54 million in the second year of the biennium. Ms. Peters seconded the motion. The vote was unanimous, with Ms. Clouser abstaining.

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

A discussion followed around the language dictation the use of the CECF with some concern that the legislature may not abide by the recommendation if it is too prescriptive.

A motion was made by Mr. Kimel to revise the previous motion to eliminate the prescriptive language (the use of the CECF for design, feasibility studies, etc.), which was seconded by Mr. Coates. The motion passed unanimously.

The meeting was adjourned at 4:35 p.m. following a motion by Ms. Peters and seconded by Mr. Coates.