

MICHAEL S. PIECIAK
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LOCAL INVESTMENT ADVISORY COMMITTEE

DRAFT MINUTES

December 16, 2024

LIAC Members Present:

Mike Pieciak, Vermont State Treasurer
Tom Little, Vermont Student Assistance Corporation Representative
Cassie Polhemus, Vermont Economic Development Authority
Michael Gaughan, Vermont Bond Bank
Maura Collins, Vermont Housing Finance Agency

Also Attending:

Ashlynn Doyon, Office of the Vermont State Treasurer
Justin St. James, Office of the Vermont State Treasurer
Gavin Boyles, Deputy Treasurer
George Steelman, Office of the Vermont State Treasurer
Jeremiah Breer, Office of the Vermont State Treasurer
Nick Koleszar, Office of the Vermont State Treasurer
Peter Samson, Vermont Economic Development Authority
Bill Niquette
Doug Nedde
Mayor Kristine Lott, Winooski
Chris Halnon, East Rise Credit Union
Thad Richardson, Vermont Economic Development Authority

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Item 1: Call to Order and Approval of September 25, 2024 Minutes

Treasurer Pieciak called the meeting to order at 9:00 a.m. and noted that the meeting packet included an overview of the geographic distribution across Vermont of LIAC investments. The document was assembled at the request of Maura Collins at a previous committee meeting.

Ms. Collins noted that she hopes that geographic distribution will be taken into account when considering future requests. Mr. Gaughan asked a question about whether or not the distribution of the municipal assistance loans with the Bond Bank were included in these maps because they have a wide geographic distribution. Treasurer Pieciak replied that those loans were not included in the maps presented.

Ms. Polhemus noted that the solar project in Orange County may not close and so that would affect the limited concentration in Orange County as well.

After that discussion, **Mr. Little moved to approve the minutes of the September 25, 2024 meeting. Ms. Polhemus seconded. The committee voted unanimously to approve the minutes with no further discussion or additions.**

Item 2: VEDA \$10 million Loan Repayment Request

Mr. Breer presented the VEDA request to the committee. VEDA has had a \$10M credit facility out with LIAC for about a decade that has been interest-only payments with a balloon payment that is due in January 2025. They approached the Treasurer's office with a request to renegotiate the balloon payment and after a series of conversations, the Treasury staff recommendation is to offer a 5-year term, amortized over a 10-year schedule at an interest rate of 2%.

Ms. Collins asked how the interest rate of 2% was arrived at because it is not consistent with the investment policy for that term. Mr. Breer replied that the investment policy does say that 1.5% would be appropriate for this term, but that since this was a refinancing of sorts and the credit facility has been out for some time, staff landed on 2% and that represents an improvement over their current rate.

Ms. Collins noted that the history of this rate was that the LIAC program used to have an interest-rate floor because it was such a low-rate environment and that this rate was adjusted at the start of the pandemic due to market conditions. She would be supportive of offering VEDA the rates articulated in the current investment policy so that they could pass that savings on to their borrowers. Mr. Breer indicated that if the committee were in favor of a 1.5% rate than treasury staff would be amenable.

Mr. Little moved to recommend to the Treasurer that he approve the VEDA refinancing at an interest rate of 1.5%. Ms. Collins seconded the motion. The motion was approved unanimously with Ms. Polhemus abstaining from the vote.

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Item 3: Winooski Hotel Project Application

Mr. Breer detailed that East Rise Credit Union has agreed to be the intermediary for this project, which means that they will be taking on the credit risk. The term of the loan is 10 years, amortized on a 25-year schedule, with the first two years being interest-only, with an interest rate of 1.5%. East Rise is adding on 2% for their margin so the total interest rate for the project is 3.5%. Staff has reviewed the financial statements for East Rise and deems that they fit the criteria for the Bank in Vermont program as well.

Mr. Little reminded the committee that they heard extensive testimony from the project developers at a previous meeting. Mr. Niquette noted that all of the details in the package presented to the committee in December remain consistent. Mr. Halnon added that East Rise appreciates having LIAC funds in the project stack in order to provide some debt service relief and bring the project together. Mr. Nedde highlighted the sustainability components of the project – the building will be LEED rated elite platinum.

Mr. Gaughan made a motion to approve the staff recommendation of a 10-year, \$5M credit facility, amortized over 25 years at 1.5%, with the first two years interest-only. Mr. Little seconded the motion. There was no further discussion, and the committee voted unanimously to approve the recommendation.

Mayor Lott thanked the committee for their support of the application.

Item 4: Common Roots Application

Mr. Breer presented the Common Roots project as a \$250,000 loan to VEDA with a 20-year term, amortized over the same period, with an interest-rate of 2%. VEDA will add 3% to the margin, for a total interest rate to the borrower of 5%. Common Roots is a non-profit in South Burlington that does work in childcare and food insecurity. This credit facility would allow them to purchase land at an optimal price for a project to come later.

Mr. Samson noted that the future project will be a \$10 million dollar project with a farm store featuring local product, a commercial kitchen and daycare, with a focus on food education and food insecurity. The location is on Spear St. In South Burlington at the entrance to a residential neighborhood. Ms. Polhemus noted that she thinks this project aligns with the LIAC's social equity goals.

Ms. Collins noted that she had several questions about the project, though she was impressed by the work of this non-profit. Most notably, that this parcel of land is adjacent to a residential neighborhood and already has some of the water and sewer requirements that could support housing. She wonders if this is the highest and best use of this piece of land. She also noted that in terms of social equity, this is a high-income neighborhood and wonders why the applicant is not able to raise the required funds without the support of LIAC.

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Mr. Samson replied that the parcel is not zoned for residential. Treasurer Pieciak suggested that if there were some outstanding questions, perhaps the project should be brought back for consideration at a future meeting. Mr. Little agreed that the discussion should rollover into the January meeting.

Item 6: Public Comment

There were no members of the public present for comment.

Item 7: Adjournment

Mr. Little made a motion to adjourn the meeting. Ms. Polhemus seconded the motion. The committee voted unanimously to adjourn at 10:00 a.m.