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STATE OF VERMONT
OFFICE OF THE STATE TREASURER

DRAFT

Local Investment Advisory Committee (LIAC)

6/8/2021

LIAC Members Present:

BETH PEARCE, Vermont State Treasurer

CASSIE POLHEMUS, Vermont Economic Development Authority Designee

MAURA COLLINS, Vermont Housing Finance Agency

MICHAEL GAUGHAN, Executive Director, Vermont Municipal Bond Bank

TOM LITTLE, Vice President and General Counsel, Vermont Student Assistance Corporation Designee

DAVID CORLISS, Efficiency Vermont Designee

LIAC Members Not Present:

MICHAEL GAUGHAN, Executive Director, Vermont Municipal Bond Bank

Also Attending:

Ashlynn Doyon, Office of the Vermont State Treasurer

Will Kriewald, Office of the Vermont State Treasurer

Scott Baker, Office of the Vermont State Treasurer

Thad Richardson, Vermont Economic Development Authority

CALL TO ORDER:

Ms. Pearce called the meeting to order at 10:01 a.m.

ITEM 1: Approval of June 4, 2020 Minutes

Ms. Collins made a motion to approve the minutes from June 4, 2020. Ms. Polhemus seconded the motion. The Committee approved the motion to approve the minutes unanimously.

ITEM 2: Review of Request from Vermont Economic Development Authority

Ms. Polhemus recused herself from this discussion.

Mr. Richardson reviewed VEDA's request for an extension of the interest rate modification on VEDA's \$10,000,000 note due the State of Vermont.

Ms. Collins noted that 1% is a good interest rate given the current market environment and that floor rates have been an obstacle to using LIAC dollars in the past. Mr. Corliss agreed with Ms. Collins' comments.

Ms. Pearce said that due to the timing of the original issuance, the State of Vermont already took a hit on rates for the first five years and also noted that the floor rate of 2.43% was supposed to be in case interest rates went up.

Mr. Richardson asked for clarification about what would happen when the note matures in 2025. He said that it may make sense for VEDA to repay the note now, if they cannot get a market rate.

Ms. Pearce explained that the fixed rate was something that VEDA wanted at the time and that she has a fiduciary responsibility to the State in terms of what the State is earning out of this fund.

Ms. Collins asked whether LIAC has successfully loaned out 10% of the States cash.

Mr. Kriewald responded that there is currently \$27 million loaned out, but that up to \$39 million is committed and so we are in line with the 10% threshold.

Ms. Collins requested a standing report every time the committee meets that details committed vs. spent dollars. Mr. Corliss agreed with this request.

Mr. Kriewald noted that the Treasurer's Office Annual Report contains a chart with this information and it is posted to the website.

Ms. Pearce suggested that this discussion was part of a larger question about whether the LIAC needs to be re-tooled given the current environment.

Mr. Corliss asked for an analysis of the traditional set of borrowers for the fund as well as the alternative sources of capital available so that the committee can understand whether LIAC is competitive in the market.

Mr. Little moved that the interest rate modification for VEDA (1%) be extended through January 31st, 2022 and that the committee do comprehensive analysis as to the market conditions associated with LIAC dollars. Ms. Collins seconded the motion. Ms. Polhemus abstained from the vote. Ms. Pearce, Ms. Collins, Mr. Little, and Mr. Corliss voted in favor. The motion passed.

ITEM 4: Other Business

Ms. Polhemus thanked the committee for the thoughtful conversation, especially regarding the tug between LIAC's purpose and the risk return standpoint. She said that it would be helpful as a committee member to have a more comprehensive understanding going forward.

Ms. Pearce noted that the competitive rate has definitely changed. She also stated that although there have not been any other formal requests for use of LIAC dollars, she has had several conversations and also thinks that we need to take a look at the allowable sectors identified in the legislation.

ITEM 5: Public Comment

N/A

ITEM 4: Adjourn

Ms. Polhemus made a motion to adjourn. Ms. Collins seconded the motion. The committee unanimously agreed to adjourn at 11:01 a.m.