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LOCAL INVESTMENT ADVISORY COMMITTEE MINUTES – 09/25/2024

LIAC Members Present:

Mike Pieciak, Vermont State Treasurer

Peter Walke, Efficiency Vermont Representative

Tom Little, Vermont Student Assistance Corporation Representative

Cassie Polhemus, Vermont Economic Development Authority

Michael Gaughan, Vermont Bond Bank

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

Sam Buckley, Vermont Economic Development Authority

Jon Rauscher

Bill Niquette

Doug Nedde

Mayor Kristine Lott, Winooski

Item 1: Call to Order and Approval of Minutes

Treasurer Pieciak called the meeting to order at 1:30 p.m. and noted that some agenda items would be out of order given scheduling constraints for presenters.

Item 2: Discussion of 2.5% credit facility (long and short-term uses)

Treasurer Pieciak explained to the committee that he has instructed Treasury staff to draft an investment policy for the 2.5% credit facility that was passed in legislation last session, but that he is proposing that the short-term use of the credit facility be to expand the facility to the Bond Bank for short-term loans to municipalities for flood relief efforts as they await FEMA reimbursements. By putting the Bond Bank amount under the 2.5% credit facility, it leaves additional room under the 10% credit facility while we strengthen our vision for what projects we should invest in under the new 2.5%.

He noted that the committee was generally agreeable to this approach.

Mr. Walke asked how much that would leave under the 2.5% credit facility, because there is an expectation that these funds would be used for new activity. Treasurer Pieciak replied that given recent cash projections, the 2.5% credit facility would likely be in the \$25-30 million range and that this did represent new activity because there is climate resilience work being done in new towns as part of flood recovery.

Item 3: Presentations on Winooski Hotel Project

Mayor Lott, Bill Niquette and Doug Nedde presented on the Winooski hotel project, which is economically and financially intertwined with the new housing and parking garage projects as well. (See presentation packet for details.)

Ms. Polhemus asked a question about the reliance on one another for the three projects. Mr. Niquette responded that all three projects are intertwined – for example, the City will own the parking garage and will rely on hotel revenue for parking to pay for the bond and the housing development also needs the parking spaces to support it. The success of each project is contingent upon the others. There will be 83 units of workforce housing and the hotel will be carbon neutral. East Rise has agreed to loan \$28M to the project, contingent upon a \$5M loan from LIAC. Treasurer Pieciak indicated that he would ask the Treasurer's team to do due diligence with East Rise and come back to the committee with a recommendation at a future meeting, possibly next month.

Item 4: Committee Discussion on Rutland City Project

Treasurer Pieciak handed the discussion over to Jeremiah Breer, CFO in the Treasurer's Office, to detail the staff recommendation for the Rutland City Project, whereby, LIAC would have a credit facility with Heritage Family Credit Union that would be used to support smaller loans for new housing projects to revitalize buildings in Downtown Rutland. This project came through the original solicitation for proposals last year and has since evolved to include Heritage Family Credit Union for lending due diligence and risk acceptance. This would be an \$8 million loan over ten years at 2%. Heritage Family Credit Union would take a 2.5% spread.

Mr. Gaughan asked a question about appraisal gaps and ensuring that the parameters of the loans allow for the projects in the program to be successful. Mr. Walke asked a question about equity among developers and making sure that smaller developers have access to these funds as well.

Mr. Gaughan made a motion to approve the staff recommendation for the Rutland City Project and to direct staff to continue with negotiations for the credit facility at terms agreeable to the Treasurer. Ms. Polhemus seconded the motion. The committee voted unanimously to approve the motion.

Item 5: VEDA staff presentations on Benn High and MHG Lowery Road

Peter Samson and Sam Buckley detailed that they were coming back to the committee seeking a \$1.5 million increase for the Benn High project, at a term of 20 years, because project costs had gone up. This increase would be from \$3.9 to \$5.4 million. **Mr. Little made a motion to approve the additional request at terms agreeable to the Treasurer. Mr. Gaughan seconded the motion. Ms. Polhemus abstained. All others voted in favor and the motion was approved.**

Sam Buckley described the request for \$7 million in LIAC financing for a MHG project that would be a community solar development in Barre and Orange that would serve low-income rate payers. The project would serve over 1,000 households, be eligible for a number of tax credits, and add new renewable energy to the grid. **Mr. Gaughan disclosed a conflict and will abstain from the vote. Ms. Polhemus also abstained. Mr. Little made a motion to approve the financing at terms acceptable to the Treasurer. Mr. Walke seconded the motion. The vote was three in favor and two abstaining, to approve the motion.**

Item 6: Expansion of Bond Bank Facility (continuation from Item 2)

Mr. Gaughan explained that the Bond Bank would like to expand its existing MCRF facility by \$5 million, in the wake of a second round of flooding this summer. Treasurer Pieciak clarified that this would amount to \$20 million under the 2.5% credit facility and Mr. Gaughan noted that the loans start amortizing after two years.

Mr. Walke added that there is a great need for flexible funding sources, especially so that communities can prepare projects for Hazard Mitigation Grant proposals.

Ms. Polhemus moved to approve the \$5 million expansion at terms agreeable to the Treasurer. Mr. Walke seconded the motion. The committee voted to approve the motion with Mr. Gaughan abstaining.

Item 7: Public Comment

There were no members of the public present for public comment.

Item 8: Adjournment

Treasurer Pieciak noted that the remainder of the agenda, including other project updates, would be covered at the next meeting given time constraints.

Mr. Gaughan made a motion to adjourn the meeting. Ms. Polhemus seconded the motion. All voted in favor to adjourn the meeting at 3:29 p.m.

