



STATE OF VERMONT  
OFFICE OF THE STATE TREASURER

**Capital Debt Affordability Advisory Committee  
Minutes of Meeting of Monday, September 16, 2019**

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**CDAAC Members Attending**

BETH PEARCE, CDAAC Chair, Vermont State Treasurer  
DOUG HOFFER, Vermont State Auditor  
SUSANNE YOUNG, Secretary of Administration  
DAVID COATES, CPA, Managing Partner, KPMG (Retired)  
SARA BYERS, President, Leonardo's of Vermont  
DAVID KIMEL, Chair, Vermont Municipal Bond Bank  
MICHAEL GAUGHAN, Executive Director, Vermont Municipal Bond Bank  
THOMAS KAVET, Legislative Economist

**Also Attending**

BRAD FERLAND, Deputy Secretary of Administration  
MICHAEL MIDDLEMAN, Department of Finance and Management  
JEFF CARR, Economic & Policy Resources, Inc.  
MAURA COLLINS, Vermont Housing Finance Agency  
TOM HUESTIS, Public Resources Advisory Group  
WILL KRIEWALD, State Treasurer's Office  
SCOTT BAKER, State Treasurer's Office

Ms. Pearce called the meeting to order at 10:00 a.m.

**Mr. Coates made a motion to approve the minutes, as amended, of the September 9, 2019 meeting, which was seconded by Mr. Gaughan and passed unanimously.**

The Committee discussed their level of compliance with statute. Mr. Hoffer stated that statute requires the Committee to consider the economic and fiscal impact of infrastructure spending and the infrastructure needs of the state when developing its annual estimate. Mr. Kimel expressed his belief that the Committee is meeting all requirements. This will be discussed further in future meetings.

Mr. Huestis reviewed some of the options for the use of bond premiums. He reminded the Committee that the statute was changed in 2012 to allow for using the bond premium to fund projects. Prior to that, it was used to pay debt service. Mr. Coates recommended that we go back and calculate the amount of bond premium that the State has generated since moving to use the amount for funding projects in order to show how much has been available in additional resources. The Treasurer's Office and PRAG will gather that information for the next meeting.

Ms. Pearce presented examples of the PayGo Debt Policies and Practices of some municipalities.

Mr. Ferland suggested de-authorizing the premium in order to lower the amount of debt issuance.

The Committee discussed the creation of a Working Group to develop a formal recommendation on the use of bond premium and PayGo policy. This group will report back to CDAAC in the first quarter of 2020, and will include each of the following (or their designee):

- Secretary of Administration
- Department of Finance and Management representative
- State Treasurer
- CDAAC Committee Member, other than a State employee
- Joint Fiscal Office representative

**Mr. Gaughan made a motion to form the Working Group, which Ms. Byers seconded. The Committee approved the motion unanimously.**

The Committee reviewed the draft of the CDAAC report and suggested some edits, including mention of the working group, revisiting the guidelines before next year's recommendation, the updated Moody's pension numbers, mention of the Committee's direction under the statute, and an update on the Clean Water funding. A revised draft will be sent out later in the week and another meeting will be scheduled in order to accept the final report.

Ms. Collins asked if all the Rating Agencies included the Housing Bonds as part of the State's Net Tax Supported Debt. There were no other public comments.

**The meeting was adjourned at 11:16 a.m. following a motion by Mr. Kimel, seconded by Ms. Byers.**