



STATE OF VERMONT  
OFFICE OF THE STATE TREASURER

**DRAFT – NOT YET APPROVED BY COMMITTEE**  
**Capital Debt Affordability Advisory Committee**  
**Minutes of Meeting of Monday, September 25, 2019**

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**CDAAC Members Attending**

BETH PEARCE, CDAAC Chair, Vermont State Treasurer  
BRAD FERLAND, Deputy 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**

STEVE KLEIN, Legislative Joint Fiscal Office  
CATHERINE BENHAM, Legislative Joint Fiscal Office  
JEFF CARR, Economic & Policy Resources, Inc.  
TOM HUESTIS, Public Resources Advisory Group  
CHRISTINE FAY, Public Resources Advisory Group  
SCOTT BAKER, State Treasurer's Office

Ms. Pearce called the meeting to order at 10:07 a.m.

**Mr. Kimel made a motion to approve the minutes of the September 16, 2019 meeting, which was seconded by Ms. Byers and passed unanimously.**

Mr. Baker reviewed the worksheet which detailed the premiums on all bonds issued since it has been used for project funding.

Mr. Huestis gave an overview of the changes to the CDAAC report since the last meeting. It was agreed at the last meeting that the working group will look at PayGo options and use of bond premium, and that the Committee will look to adjust the guidelines for next year.

There was a discussion regarding including the Housing Bond in the calculation of the State's Net Tax Supported Debt. It was decided that it was appropriate to do so since Moody's includes it in their calculation and they are the only Rating Agency that has rated the bond. The Committee also uses Moody's debt metrics in their analysis. Although Moody's also includes the TIBs in their calculation, the Committee views these differently in that there is a dedicated revenue source for these bonds, so has chosen not to.

Mr. Hoffer was unable to attend the meeting, but sent his comments in advance, which the Committee discussed.

A discussion of items to be included or edited within the report included:

- The formation of a Working Group and its membership was approved at the last meeting, and was tasked with looking at PayGo funding structures and options for the use of bond premiums. The group will have ongoing discussions with legislative leadership. This will be mentioned in the report and the transmittal letter.
- A chart showing the inflation adjusted history of debt service paid will be included in the report.
- The State took affirmative action this year in addressing the capital needs of the State by submitting a list of projects and their needs. This will be added to the report and the Committee will take this into consideration for future efforts.
- Some additional changes to the text were suggested by Committee members.

**Mr. Kimel made a motion to approve the CDAAC report, pending the changes which were discussed at the meeting. Mr. Ferland seconded the motion, which passed unanimously.**

Ms. Pearce will send her transmittal letter to the Committee by Friday, and the report will be submitted by Monday, September 30, 2019.

There were no members of the public who wished to comment.

Mr. Gaughan asked whether the working group or the full committee would be reviewing the indicators, and it was confirmed that it would be the full committee.

**The meeting was adjourned at 10:58 a.m. following a motion by Mr. Ferland, seconded by Mr. Coates.**