



STATE OF VERMONT  
OFFICE OF THE STATE TREASURER

**Capital Debt Affordability Advisory Committee  
Minutes of Meeting of Monday, October 15, 2020**

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**CDAAC Members Attending**

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

**Also Attending**

BRAD FERLAND, Deputy Secretary of Administration  
JEFF CARR, Economic & Policy Resources, Inc.  
TOM HUESTIS, Public Resources Advisory Group  
CHRISTINE FAY, Public Resources Advisory Group  
WILL KRIEWALD, State Treasurer's Office  
ASHLYNN DOYON, State Treasurer's Office  
SCOTT BAKER, State Treasurer's Office  
MICHAEL MIDDLEMAN, Department of Finance and Management  
Ms. Pearce called the meeting to order at 1:04 p.m.

**The meeting agenda was approved unanimously following a motion by Ms. Byers and seconded by Mr. Coates.**

**Mr. Coates made a motion to approve the minutes from the October 5, 2020 meeting, which was seconded by Ms. Byers. The motion was approved unanimously.**

Ms. Pearce thanked all of the Committee members for their participation. She said that based on the discussions, the same metrics will be used in this year's report and will not include pensions until these have been reviewed by the full committee.

Mr. Hoffer stated that he objects to the Committee making a recommendation on the debt level since the full review by the working group has not been completed.

Mr. Huestis reviewed the debt issuance scenarios. He said that they do not yet include revenue projections associated with the housing and transportation issues but informed the committee of the minor impact that these would have, and that they would be included for the report.

A discussion followed around the bond premium and coupon rates used in the scenarios. The issues of use of premium, PayGo, and debt metrics is ongoing and will be discussed by the working group, which will meet over the next several months.

Mr. Huestis reviewed portions of the CDAAC report draft, including the debt guidelines used in the issue scenarios. Mr. Kavet suggested that if there were changes in the critical metrics, the Committee may want to change their recommendation for the second year of the biennium. Ms. Young said that may be possible since the authorization is for a two-year period, the capital bill is revisited each year. Mr. Ferland added that projects could be paused if circumstances changed, and that the Legislature would expect adjustments in that case.

The Committee discussed the appropriate amount of debt authorization for the biennium. Mr. Hoffer stated that he feels that the Committee is not in compliance with 32 V.S.A. § 1001 (c)(6) & (7), which says that it needs to consider the capital needs and their economic impact, and therefore he objects to the Committee making a recommendation on the debt level since the full review by the working group has not been completed. Ms. Pearce stated that the Committee visited this in the previous year and that Mr. Kimel believed that the Committee had met all requirements. Ms. Pearce said that she appreciates Mr. Hoffer's comments and agreed that the Committee will do more with the working group. Mr. Kavet suggested that the group run more detailed scenarios and provide any updates to the committee's recommendation prior to the next legislative session.

**Mr. Coates made a motion to recommend the same debt level authorization of \$123,180,000 as the prior biennium, and to provide any further recommended updates to the Legislature prior to January 15<sup>th</sup>. The motion, which was seconded by Mr. Kimel, passed unanimously.**

Ms. Pearce asked if there was anyone from the public who wished to comment, but there was none.

**The meeting was adjourned at 2:48 p.m. following a motion by Mr. Coates, seconded by Ms. Byers.**