



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

Capital Debt Affordability Advisory Committee
Minutes of Meeting of Wednesday, September 19, 2018

CDAAC Members Attending

BETH PEARCE, CDAAC Chair, Vermont State Treasurer
SUSANNE YOUNG, Secretary of Administration
SARA BYERS, President, Leonardo's of Vermont
MICHAEL GAUGHAN, Executive Director, Vermont Municipal Bond Bank
DAVID COATES, CPA, Managing Partner, KPMG (Retired) and VT Business Roundtable (via telephone)
DOUG HOFFER, Vermont State Auditor (via telephone)
DAVID KIMEL, Chair, Vermont Municipal Bond Bank (via telephone)

Also Attending

JEFF CARR, Economic & Policy Resources, Inc.
TOM HUESTIS, Public Resources Advisory Group
CHRISTINE FAY, Public Resources Advisory Group (via telephone)
BRAD FERLAND, Deputy Secretary of Administration
MICHAEL MIDDLEMAN, Agency of Administration
WILL KRIEWALD, State Treasurer's Office
SCOTT BAKER, State Treasurer's Office

Ms. Pearce called the meeting to order at 9:31 a.m.

Ms. Byers made a motion to approve the minutes of the August 20, 2018 meeting, which was seconded by Mr. Gaughan and passed unanimously.

Mr. Baker and Mr. Huestis reviewed the nine debt issuance scenarios that were prepared for the Committee throughout the 2018 process, including the four new scenarios which were prepared for this meeting.

Mr. Hoffer stated that the Debt Per Capita median is a good starting point to review our ratios, but we do not need to strictly adhere to staying below this since many Aaa states have ratios higher than the median.

Mr. Kriewald presented several non-capital expenditure models to illustrate the type of return that could occur, and potential savings over financing projects with debt. The Committee discussed the levels to which this model could be funded and the potential benefits.

Each of the Committee members shared their thoughts on the debt authorization level they felt was appropriate to recommend, with a fair consensus around the 7% reduction level (\$61.59 million per year or \$123.18 million for the biennium).

Ms. Byers made a motion to recommend the authorization level of \$123,180,000 for the fiscal year 2020-21 biennium, which was seconded by Mr. Kimel. The motion passed.

Ms. Young made a motion to include a statement in the CDAAC report that the Committee sees the potential benefit of funding infrastructure needs, including projects which do not necessarily meet the parameters of tax-exempt capital debt, on a pay-as-you-go basis, and that the Committee will meet later in the year to present this concept to the Legislature. The motion was seconded by Mr. Gaughan and passed unanimously.

The meeting was adjourned at 10:32 a.m. following a motion by Ms. Byers, seconded by Ms. Young.