



# Vermont Bond Bank

## **BOARD MEETING**

January 30<sup>th</sup>, 2020 – 12:30 p.m.  
CCV – Winooski, VT

## **MEETING MINUTES**

**Board Members Participating & Voting:** Beth Pearce, David Coates, David Kimel (by phone), Debbie Winters, and Mary Alice McKenzie

**Board Members Absent:** None

**Staff Participating:** Ashley Lucht and Michael Gaughan

**Guests:** Ashlynn Doyon – State Treasurer’s Office, Jeff Smith – Omnicap (by phone), Joe Abramson – Morgan Stanley. Meghan Burke - Mintz Levin (by phone), and Zach Solomon – Morgan Stanley

The meeting was called to order by Ms. Winters at 12:35 p.m.

### Administrative

Ms. Winters asked if there were any changes or additions to the agenda.

### Approve Prior Meeting Minutes

Ms. Winters asked for any comments on the prior meeting minutes. Ms. Pearce noted she would not vote as she did not attend the meeting.

*Motion: Mr. Coates moved and Ms. McKenzie seconded, the motion to approve the meeting minutes of the December 18, 2019. The minutes were approved unanimously with abstentions noted.*

### 2020 Retirement Plan

Mr. Gaughan introduced the topic.

*Motion: Ms. McKenzie moved and Mr. Coates seconded, the motion to authorize and approve a contribution equal to 10.00% of wages for all eligible employees for 2020, under the terms of the SEP Plan adopted December 18th, 2018.*

## 2019 Audit Engagement

Mr. Gaughan introduced the engagement letter for services of Mudgett Jennett & Krogh- Wisner.

*Motion: Mr. Coates moved and Ms. Pearce seconded a motion to accept and to authorize the Board Chair to sign the engagement. The motion was approved unanimously.*

## VSCS Refunding Transaction

Mr. Gaughan provided an overview of the transaction and noted that the refunding resulted in \$5.35 million in NPV savings for the VSCS.

Mr. Gaughan also noted efforts to reduce costs of issuance on this transaction, which contributed directly to increased savings. Morgan Stanley answered questions related to bond distribution.

## Consideration of 2009 Series 2 Refunding

Mr. Gaughan provided an overview of the strategy concerning the refunding of the 2009 Series 2 bonds. He noted the small scale of remaining principal provides limited opportunities for debt refinancing and that equity would be efficient if the savings for borrowers were indexed to the 2020 Series 2 transaction.

*Motion: Mr. Coates moved and Ms. Pearce seconded, a motion to adopt the resolution authorizing the refunding (shown as Exhibit A to these minutes). The motion was approved unanimously.*

## Consideration of 2020 Winter Loan Pool Applicants

Mr. Gaughan and Ms. Lucht provided commentary on the credit summaries prepared by the Bond Bank staff, which accompany each loan application. The board members discussed each application and asked follow-up questions.

Mr. Coates and Ms. McKenzie indicated they would recuse themselves from the vote on Colchester Fire District #3 as residents. Ms. Winters indicated she would be recusing herself from voting on Missisquoi Valley School District as a resident.

*Motion: Ms. Pearce moved and Mr. Coates seconded, a motion to accept the following borrowers and related loans into the Winter Bond Pool with recusals as noted. The motion was approved unanimously.*

- *Town of Chester*
- *Colchester Fire District #3*
- *Town of Killington*
- *Lamoille North Modified Unified Union School District*
- *Town of Milton School District*

- *Missisquoi Valley School District*
- *Northern Mountain Valley Unified Union School District*
- *Town of Rutland School District*
- *Town of Sharon*
- *St. Johnsbury School District*

*Motion: Ms. Pearce moved and Mr. Coates seconded the motion to add the Town of Chester and St. Johnsbury School District to the watch list. The motion was approved unanimously.*

#### Executive Director's Offering Summary

Mr. Gaughan provided the Board an update on key strategic considerations of the winter 2020 bond offering. He discussed a new loan pricing methodology that would result in lower costs for borrowers. Also included in the discussion was a recommendation for selling group members and a cost-benefit analysis of an equity contribution for costs of issuance.

*Motion: Ms. Pearce moved and Mr. Coates seconded a motion to accept the Executive Director's recommendation on underwriters and selling group members. The motion was approved unanimously.*

#### Authorization of Bonds and Form of Series Resolution

Mr. Gaughan introduced the Bond Bank resolution for the bond sale as prepared by Mintz Levin as bond counsel for the Bond Bank.

*Motion: Ms. Pearce moved and Ms. McKenzie seconded a motion to adopt the resolution as follows:*

*Resolved,*

*I. That the Board of Directors of the Vermont Municipal Bond Bank (d/b/a the Vermont Bond Bank) hereby (i) authorizes the issuance of not to exceed \$27,000,000 aggregate principal amount of 2020 Series 1 Bonds (Local Investment Bonds) (the "2020 Series 1 Bonds") pursuant to the 1988 General Bond Resolution, (ii) approves and adopts the Series Resolution for the 2020 Series 1 Bonds (the "2020 Series 1 Resolution") in substantially the form presented at this meeting with such changes as may be deemed necessary or desirable by the Executive Director with the approval of the Chair, and (iii) authorizes the Executive Director in consultation with the Chair to determine whether to make an equity contribution towards the costs of issuance for the 2020 Series 1 Bonds and to determine the amount of any such contribution. The definitive form of the 2020 Series 1 Resolution shall be evidenced conclusively by delivery of a copy thereof certified by each of the Executive Director and Chair.*

*II. That the Board of Directors of the Vermont Municipal Bond Bank hereby authorizes the Executive Director and the Chair to take any and all actions necessary or desirable to effectuate such financing.*

*The motion passed unanimously.*

At 1:40 p.m., Ms. Burke and Mr. Smith left the meeting.

#### Market Outlook

Mr. Solomon and Mr. Abramson as representatives of Morgan Stanley reviewed the market outlook headed into the transaction for the bond pool.

At 2:09 p.m., Mr. Solomon and Mr. Abramson left the meeting.

#### Quarterly Policy Review

Mr. Gaughan introduced proposed changes to the Disaster Recovery Plan that were administrative in nature. He indicated that no board action was requested other than to review the updates.

#### Enterprise Risk Management Review

Mr. Gaughan presented the quarter Enterprise Risk Management review to the Board and highlighting potential risks related to potential legislative changes. Mr. Gaughan discussed potential implications of the changes and efforts to mitigate related risks.

### School Construction Financing Updates

Mr. Gaughan provided an overview of inquiries of the Bond Bank related to potential school construction spending.

*Motion: Mr. Coates moved and Mr. Pearce seconded, a motion to go into executive session to discuss the potential award of future contracts. The motion was approved unanimously.*

At 2:10 p.m., the Board went into Executive Session. All remaining guests stayed in the room at the Board's invitation.

At 3:15 p.m., the Board came out of Executive Session.

### Standing Hold for Executive Session

*Motion: Mr. Coates moved and Ms. McKenzie seconded, a motion to go into executive session to discuss personnel matters. The motion was approved unanimously.*

At 3:16 p.m., the Board went into Executive Session. Mr. Gaughan and Ms. Lucht left the room. Ms. Doyon remained in the room.

At 3:24 p.m., the Board came out of Executive Session.

### Website Updates

Mr. Gaughan provided a preview of the loan database search that will go live within the next week.

*There being no other business to come before the Board, on a motion by Ms. Pearce and seconded by Mr. Kimmel, the meeting adjourned at 3:25 p.m.*

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These Minutes were approved by the Board of Directors at a duly warned meeting\_\_\_\_\_.