



Vermont Bond Bank

BOARD MEETING

June 25th, 2020 – 9:30 a.m.
Via Zoom

MEETING MINUTES

Board Members Participating & Voting: David Coates, David Kimel, Debbie Winters, Mary Alice McKenzie, and Scott Baker (as designee for the State Treasurer)

Board Members Absent: None

Staff Participating: Ashley Lucht and Michael Gaughan

Guests: Joe Abramson – Morgan Stanley, Meghan Burke - Mintz Levin, and Zach Solomon – Morgan Stanley

The meeting was called to order by Mr. Kimel at 9:30 a.m.

Administrative

Mr. Kimel asked if there were any changes or additions to the agenda.

Approve Prior Meeting Minutes

Mr. Kimel asked for any comments on the prior meeting minutes.

Motion: Ms. Winters moved and Mr. Coates seconded, the motion to approve the meeting minutes of the March 23rd, 2020 and April 22nd, 2020 board meetings. The minutes were approved unanimously following a roll call vote.

US Bank Non-Resolution Account Authorization

Mr. Gaughan introduced the topic.

Motion: Mr. Coates moved and Ms. Winters seconded, the motion to authorize the Executive Director to enter into an agreement with US Bank. The motion passed unanimously following a roll call vote.

Update on Barnett FD Legal Decision

Board members discussed the outcome of recent court decision with Mr. Foley.

SRF Loan Review

Ms. Lucht provided an overview of the credit considerations for the proposed SRF loans. Members asked questions to which Mr. Gaughan and Ms. Lucht responded.

Motion: Mr. Coates moved and Ms. McKenzie seconded, a motion to approve the loans listed below with conditions as noted. The motion was approved following a roll call vote.

Borrower	Loan Number	Amount	Conditions
Town of Bethel	RF3-388-3.0	\$2,800,000	None
City of Burlington	RF1-249-3.0	\$425,000	None
Town of Lyndonville	RF3-387-3.0	\$2,532,500	None
Town of St. Johnsbury	WPL-221-2.0	\$534,600	None
Town of West Rutland	RF3-389-3.0	\$730,000	None

Consideration of 2020 Summer 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.

Ms. Winters indicated she would recuse himself from the vote on the City of South Burlington.

Motion: Mr. Coates moved and Ms. Winters seconded, a motion to accept the following borrowers and related loans into the Summer Bond Pool with recusals as noted. The motion was approved unanimously following a roll call vote.

- *Town of Bridgewater*
- *Village of Enosburg Falls*
- *Town of Hartford*
- *Town of Manchester*
- *Town of Monkton*
- *City of Rutland*
- *Rutland Town School District*
- *City of St. Albans*
- *City of South Burlington*
- *City of Winooski*
- *Winooski School District, Inc.*

Motion: Ms. McKenzie moved and Mr. Baker seconded the motion to add the City of South Burlington and Winooski School District, Inc. to the watch list. The motion was approved unanimously following a roll call vote.

Executive Director's Offering Summary

Mr. Gaughan provided the Board an update on key strategic considerations of the summer 2020 bond offering. 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.

Mr. Gaughan also disclosed that his father, who is in Ohio, was employed by Raymond James but not in the public finance division. The firm is included in the proposed selling group.

Motion: Mr. Baker moved and Ms. McKenzie seconded a motion to accept the Executive Director's recommendation on underwriters and selling group members. The motion was approved unanimously following a roll call vote.

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: Mr. Coates moved and Mr. Baker 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 \$56,000,000 aggregate principal amount of 2020 Series 2 Bonds (Local Investment Bonds) (the "2020 Series 2 Bonds") pursuant to the 1988 General Bond Resolution, (ii) approves and adopts the Series Resolution for the 2020 Series 2 Bonds (the "2020 Series 2 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 2 Bonds and to determine the amount of any such contribution. The definitive form of the 2020 Series 2 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 following a roll call vote.

At 10:49 a.m., Ms. Burke 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 11:10 a.m., Mr. Solomon and Mr. Abramson left the meeting.

Annual Watch List & Monitoring Review

Mr. Gaughan gave the board an update on the status of current watch list borrowers and shared portfolio wide medians. He indicated plans to publish the median annual going forward.

Motion: Mr. Coates moved and Ms. Winters seconded the motion to remove Montpelier-Roxbury School District from the watch list. The motion was approved unanimously following a roll call vote.

Executive Session

Motion: At 11:19 am, Mr. Baker moved that the Vermont Bond Bank Board enter into executive session pursuant to V.S.A. § 3 I 3, for the purpose of discussing potential contracts, labor relations, and receiving confidential attorney-client communications; and also because premature general public knowledge of the information to be discussed in the session would clearly place Vermont Bond Bank at substantial disadvantage. The motion passed following

The Board exited the session at 11:26 pm.

Motion: Mr. Coates moved and Ms. McKenzie seconded the motion to allow the Executive Director to name the Vermont Bond Bank in a settlement with the IRS related to retirement contributions made prior to 2018. The motion was approved unanimously following a roll call vote.

Quarterly Policy Review

Mr. Gaughan provided an overview of proposed changes to the By-laws and Cyber Security Policy.

Motion: Mr. Coates moved and Ms. Winters seconded the motion to adopt the amended By-laws. The motion was approved unanimously following a roll call vote.

Motion: Mr. Coates moved and Ms. Winters seconded the motion to adopt the Cyber Security Policy-laws. The motion was approved unanimously following a roll call vote.

Mr. Gaughan provided an overview of proposed changes to the Employee Handbook. Mr. Coates asked that members provide question to Mr. Gaughan following the meeting.

Enterprise Risk Management Review

Mr. Gaughan presented the quarterly Enterprise Risk Management review to the Board and highlighted potential risks related to ongoing COVID-19 fallout and reduced risk due to efforts to better organize portfolio wide data.

New Office Space

Mr. Gaughan provided an update on a potential office space and the partnership opportunity with a non-profit organization.

There being no other business to come before the Board, on a motion by Mr. Coates and seconded by Mr. Kimmel, the meeting adjourned at 11:41 a.m.

These Minutes were approved by the Board of Directors at a duly warned meeting_____.

DRAFT