



BOARD MEETING

June 11th, 2018

47 Maple Street – Burlington, VT

MEETING MINUTES

Board Members Participating & Voting: David Kimel, David Coates, Debbie Winters, Kathryn Boardman, and Beth Pearce

Board Members Absent: None

Staff Participating: Michael Gaughan

Guests: James Foley, Jr. (Lynch & Foley), Zachary Solomon (Morgan Stanley), Paul Guiliani (Prmmer)

The meeting was called to order by Mr. Kimel at 9:00 am.

Approve Prior Meeting Minutes

Approval of Prior Minutes

Motion: Mr. Coates moved and Ms. Winters seconded the motion to approve the meeting minutes of the January 25, 2018, April 12, 2018, May 24, 2018, and June 1, 2018 meeting. The minutes were approved unanimously.

Review of Meeting Agenda

Mr. Kimel allowed the Board the opportunity to provide possible additions and modifications to the order of the agenda. The agenda was kept as presented with the acknowledgement that some items may need to be tabled due to time constraints.

2017 Audit

Mr. Gaughan introduced and presented the 2017 audit as completed by Mudgett Jennett & Krogh-Wisner. In addition to a clean opinion, the auditor made no adjustments to the general ledger balances provided at the start of the audit.

Mr. Coates asked that the auditors present to the board at a later meeting.

Motion: Mr. Coates moved and Ms. Boardman seconded a motion to approve and accept the 2017 audit. The motion was approved unanimously.

2017 Annual Report

Mr. Gaughan introduced and presented the 2017 annual report.

Review SRF Construction Loans

Mr. Gaughan introduced the SRF loans in the amounts shown below. After some discussion, the following motion was made:

Borrower	Loan Number	Amount
Town of Cabot	RF3-357-3.0	\$760,000
North Branch Fire District #1	RF1-197-3.0	\$4,300,000
Town of Poultney	RF3-356-3.0	\$1,115,000
Town of Proctor	RF1-209-3.0	\$320,000
South Hero Fire District #4	RF3-350-2.0	\$780,000

Motion: Mr. Coates moved and Ms. Pearce seconded the motion to approve the SRF loans. The motion was approved unanimously.

Ms. Pearce asked for an outline of how the sponsorship program recently passed by the legislature will be implemented.

Summary of Loan Applications Received

Mr. Gaughan provided an overview of the Loan Applications received for the 2018 Winter Pool. He indicated that the pool includes nineteen (19) loan requests in the total amount of approximately \$32.50 million.

Mr. Kimel asked that Mr. Coates and Ms. Pearce assist the Executive Director in developing formal credit policies prior to consideration of the 2019 winter pool.

Consideration of 2018 Summer Loan Pool Applicants

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

Ms. Boardman indicated she would be recusing herself from voting on South Burlington School District. Ms. Winters indicated she would be recusing herself from voting on Missisquoi Valley Union Middle / High School. Ms. Pearce indicated she would be recusing herself from voting on the City of Barre.

Motion: Ms. Pearce moved and Ms. Boardman seconded the authorization to accept the following borrowers and related loans into the Summer Bond Pool with recusals as noted. The motion was approved unanimously.

- Addison Northwest School District
- City of Barre
- Town of Chester
- Colchester Fire District #3
- Hardwick School District
- Town of Killington
- Mill River Unified Union School District
- Missisquoi Valley Union Middle / High School
- City of Montpelier (Municipal Loan)
- City of Montpelier (Sewer Loan)
- City of Montpelier (Water Loan)
- Montpelier Roxbury Unified Union School District
- Oxbow Union High School #30
- Town of Shelburne
- South Burlington School District
- City of St Albans
- South Burlington School District
- Tri Town Water District #1
- City of Winooski
- City of Vergennes

Motion: Ms. Boardman moved and Ms. Coates seconded to add Addison Northwest School District, Hartwick School District, Town of Killington, and Montpelier Roxbury Unified Union School District to the monitoring list. The motion was approved unanimously.

Executive Director's Offering Summary

Mr. Gaughan provided the Board an update on key strategic considerations of the summer 2018 bond offering. 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: Mr. Coates moved and Ms. Boardman seconded a motion to accept the Executive Director's recommendation on selling group members. The motion was approved unanimously.

Motion: Ms. Pearce moved and Ms. Winters seconded a motion to make an equity contribution for the costs of issuance. 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, bond counsel for the Bond Bank.

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

Resolved,

I. That the Board of Directors of the Vermont Municipal Bond Bank hereby (i) authorizes the issuance of not to exceed \$40,000,000 aggregate principal amount of 2018 Series 2 Bonds (Local Investment Bonds) (the "2018 Series 2 Bonds") pursuant to the 1988 General Bond Resolution, (ii) approves and adopts the Series Resolution for the 2018 Series 2 Bonds (the "2018 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 2018 Series 2 Bonds and to determine the amount of any such contribution. The definitive form of the 2018 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 was approved unanimously.

Transaction Outlook

Mr. Solomon from Morgan Stanley provided an update on market conditions that will precipitate the bond sale and the timing of the offering.

Monitoring List Review

Mr. Gaughan provided a 2018 update the Monitoring List and Top 25 Borrowers. Cold Brook Fire District #1 was discussed and reviewed related to the foreclosure filing by Berkshire Bank against Hermitage and related appointment of a receiver.

Ms. Pearce asked that disclosure counsel to the Bond Bank confirm any requirement for disclosure related to Cold Brook Fire District #1 in the upcoming bond offering.

Motion: Ms. Pearce moved and Ms. Winters seconded a motion to remove Derby Center and City of Burlington from the monitoring list.

Consideration of Strategic Investment Reserve

Mr. Gaughan provided a summary of the opportunity to restructure current QSCB bonds and how restructuring could fund a Strategic Investment Reserve.

Motion: Mr. Coates moved and Ms. Boardman seconded a motion to approve QSCB restructuring and fund the related Strategic Investment Reserve subject to a positive review by the treasurer's office.

Administrative Action Related to Financial Advisor Engagement

Mr. Gaughan updated the Board that the current financial advisor engagement letter ended in 2016 for an additional year.

Motion: Mr. Coates moved and Ms. Boardman seconded a motion authorize the Executive Director to sign the updated engagement.

Job Description

Mr. Gaughan gave an update on the position authorized in the FY 2018 budget and shared a job description. Discussion of the purpose of the position occurred and the board expressed support for the position.

There being no other business to come before the Board, on a motion by Mr. Coates, the meeting adjourned at 11:35 p.m.

These Minutes were approved by the Board of Directors at a duly warned meeting September 18, 2018.