



Vermont Bond Bank

BOARD MEETING

June 25, 2026 – 9:00 a.m.

In-person and via Zoom

[Recording Link](#)

DRAFT MEETING MINUTES

Board Members Present	Debbie Winters, John McSoley, Scott Baker (as designee for Treasurer Pieciak)
Board Members Absent	Mark Foley, vacancy
Staff Participating	Michael Gaughan, Elizabeth King, Ken Linge, and Nick Koleszar
Guests	Beth Anderson Meghan Burke, Mintz Jeff Smith, Omnicap Kojo Siju, Wells Fargo Kenya Narvaes, Wells Fargo

Administrative

The meeting was called to order at 9:00 a.m. The Board reviewed the agenda, and no changes, revisions, or additions were noted.

The Board reviewed the minutes from the prior meeting.

Motion: McSoley moved; Baker seconded a motion to approve the prior meeting minutes from May 28, 2026. The motion passed unanimously.

Executive Director's Update

Michael Gaughan introduced Beth Anderson, noting that her appointment paperwork had been submitted to the Governor's appointments manager. Beth attended to become familiar with the Bond Bank and meet the Board.

Mr. Gaughan provided a legislative update. He reported that S.328 had been signed by the Governor on June 18 and described the legislation as authorizing special assessment revenue bonds, or land-secured bonds, secured exclusively by special assessment revenues. He noted that the use of the tool includes safeguards.

Mr. Gaughan also discussed the education finance legislation, noting that no funding source for school construction had been identified. He summarized provisions related to school construction debt, subsidy levels, legacy debt associated with consolidation, and the future development of capital project approval criteria by the Education Department. He noted that the timing and criteria could delay large school construction projects, except for projects already approved.

Mr. Gaughan reported that a letter of credit solicitation had been issued for the USDA program and that staff expected to present a recommendation for award at the July meeting.

Mr. Gaughan recognized the Board and staff for significant activity in the Municipal Climate Recovery Fund program. He noted that the Bond Bank had approved 50 loans totaling approximately \$47 million, including some refinancings, and had supported loans in 27 communities. He also noted that funds temporarily used from the ERAF program had been returned.

Summer Loan Pool

Mr. Linge presented the summer loan pool, consisting of 12 unique borrowers and 15 projects totaling approximately \$51 million. Staff reviewed individual borrowers and credit considerations. Staff noted that an audit error had been identified through diligence on the Town of Chester and was expected to be restated.

Staff discussed Colchester School District's second phase of a three-phase project, noting high debt ratios relative to other Vermont school districts but manageable levels compared to national medians and strong demographic and economic indicators.

The Board discussed concentration considerations related to Colchester School District, including the potential future treatment of Phase 3, concentration limits, rating agency perspectives, and the potential effects of changes to the education funding formula and state aid intercept mechanics.

Motion: Baker moved; McSoley seconded a motion to approve the summer loan pool and the additions of Windsor, Rockingham, and Bellows Falls to the watchlist. The motion passed unanimously.

Summer Bond and Refunding Transactions

Mr. Gaughan reviewed objectives for the summer bond sale, including achieving the lowest cost of capital in the current market, diversifying the investor base, encouraging expanded banking relationships, accelerating over-collateralization of the senior lien, and using a method of sale that could accommodate market volatility.

Mr. Gaughan reviewed the new money transaction, noting total proceeds of approximately \$52 million to fund loans and impacts including approximately 70,000 Vermonters, 30,000 square feet, 6,000 student seats, 4.5 miles of road and streetscape improvements, and one fire truck. He reviewed portfolio concentration information, sources and uses, and the senior and subordinate bond structures.

Mr. Gaughan discussed a significant refunding opportunity involving bonds callable on December 1. He explained that the refunding was large enough to stand on its own and that separating the transaction would allow the Bond Bank to select a favorable market window. He further explained that moving refunding bonds into the subordinate structure could accelerate over-collateralization of the senior lien and may have positive rating implications over time.

The Board discussed the target senior coverage level, the effect of legacy bonds on coverage calculations, and the benefits and tradeoffs of moving bonds into the subordinate structure. Mr. Gaughan noted that current coverage would remain below the long-term target but that the proposed approach would move the Bond Bank in the desired direction.

Mr. Gaughan presented the proposed underwriting distribution team. For the new money Series 3 and 4 bonds, staff recommended Wells Fargo as senior managing bookrunner, with Raymond James, Fidelity, Academy Securities, and other syndicate members as discussed. For the refunding Series 5 bonds, staff recommended Morgan Stanley as senior managing bookrunner, with JPMorgan, Stifel, Truist, and other syndicate members as discussed.

Motion: Baker moved; McSoley seconded a motion to approve the proposed underwriting syndicate. The motion passed unanimously.

Market Update

Kojo Siju of Wells Fargo provided a market update. Among other updates, he described the expected pricing window around July 20 as favorable because it was positioned between major economic events.

Bond Resolution

Meghan Burke of Mintz reviewed the bond resolution. She explained that the resolution authorized the two new money bond series and the refunding series, with the refunding expected to occur later to fall within the current refunding period. She noted that the resolution approved the related documents and delegated authority to the Chair and Executive Director to effectuate the transactions.

Ms. Burke noted that the resolution authorized sufficient bonds to fund up to \$55 million of new loans, providing a cushion for any late-arriving loans. She offered to answer questions regarding the documents.

Motion: McSoley moved; Baker seconded a motion to approve the attached bond resolution. The motion passed unanimously.

Watchlist and Monitoring Review

Staff reviewed the watchlist and monitoring process. Mr. Linge reported that the Bond Bank expected to complete monitoring for all borrowers for the year after receiving financials from the remaining borrower. Staff also reported criteria used for watchlist recommendations noting that it was liberal in interpretation and allowed additional focus on specific financial issues identified in monitoring and/or the credit review process.

Staff discussed several watchlist borrowers, including borrowers with MCRF balances, enterprise fund issues, TIF deficits, management turnover, flood-related uncertainty, or other monitoring considerations. Staff recommended removing Bolton, Brandon, Pittsford, Plymouth, and St. Johnsbury School District from the watchlist.

Motion: Baker moved; McSoley seconded a motion to remove Bolton, Brandon, Pittsford, Plymouth, and St. Johnsbury School District from the watchlist. The motion passed unanimously.

SRF Credit Reviews

Staff presented two State Revolving Fund loans. The Board discussed how loan forgiveness levels are determined. Staff explained that the Department of Environmental Conservation determines forgiveness through the prioritization process, including economic factors, disadvantaged community status, the intended use plan, and requirements associated with federal capitalization grants, such as lead service line or emerging contaminant funding.

Motion: McSoley moved; Baker seconded a motion to approve the State Revolving Fund loans shown below. The motion passed unanimously.

Borrower	Loan #	Loan Amount
Brighton	RF3-448-2.0	\$507,400
Shaftsbury	RF3-395-3.0	<u>\$1,770,000</u>

Municipal Climate Recovery Fund Loan

Mr. Linge presented an MCRF loan for Marshfield in an amount up to \$2.2 million. Staff explained that Marshfield had moved from immediate recovery costs to reconstruction projects and needed bridge financing to proceed with work while awaiting FEMA reimbursements. Staff noted that Marshfield appeared to be managing liquidity well and that the loan might be repaid before principal became due, depending on reimbursement timing.

Staff also discussed maintaining sufficient liquidity during the rainy season and indicated that staff would continue to review liquidity and final sizing before closing the loan.

Motion: McSoley moved; Baker seconded a motion to approve the Marshfield MCRF note in an amount up to \$2.2 million. The motion passed unanimously.

Other Business

No executive session was requested. No additional business was raised.

Adjournment

Motion: Baker moved; McSoley seconded a motion to adjourn. The motion passed unanimously.

The meeting adjourned at 10:30 a.m.

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

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