DRAFT MEETING MINUTES

Wednesday, July 29, 2026 – 10:01 a.m.

100 Bank St.
Burlington, VT and via Zoom

Recording Link

Board Members Present	Debbie Winters Scott Baker John McSoley Mark Foley
Board Members Absent	Vacancy
Staff Participating	Elizabeth King, Ken Linge, Michael Gaughan, Nick Koleszar
Guests	Thomas Melloni, PFC as General Counsel

Administrative

The meeting was called to order at 10:01 a.m. The Board reviewed the agenda, and no changes, revisions, or additions were noted.

> *Motion: Scott Baker moved; John McSoley seconded a motion to approve the June 25 meeting minutes. The motion passed unanimously.*

Executive Director's Update

Michael Gaughan provided an update on the Bond Bank's disaster reserve benchmarks. He noted that the work is intended to draw attention to local risk retention related to road infrastructure, where a significant share of FEMA-reimbursed damages in Vermont has occurred over the past 15 years. He thanked Nick for assistance with data cleaning and sorting and stated that the benchmarks have been well received and distributed by VLCT.

Mr. Gaughan reported that the Bond Bank's capital planning work was featured in an article by the Pew Foundation. He stated that Pew is also sponsoring an October event in Washington, D.C. on deferred liabilities that will incorporate state financing agencies and bond banks.

Mr. Gaughan also discussed potential membership in the Vermont Business Roundtable. No concerns were raised.

Bond Sale Update

At the request of the Chair, Mr. Gaughan reviewed the prior week's bond sale. He described a volatile market environment influenced by geopolitical events, crude oil prices, Treasury movements, and other market factors. He stated that several large municipal transactions earlier in the week had struggled, and that the Bond Bank faced a decision whether to proceed or delay pricing.

Mr. Gaughan reported that the Bond Bank moved forward with the transaction. He noted that orders were light, but that Wells Fargo's balance sheet and market support were meaningful. He stated that Wells Fargo underwrote a significant portion of the transaction and retained inventory at the end of the day, with market tone improving afterward. He said that negotiated sale and selection of an underwriter able to take down bonds were helpful decisions in the circumstances.

The Board discussed retail participation. Mr. Gaughan stated that retail investors generally do not like volatility and that Vermont retail order priority remained unchanged, with individual retail receiving first priority and Vermont professional retail receiving second priority. He stated that the limited retail participation appeared to reflect market tone rather than access to the bonds.

The Board also discussed flexibility to delay bond sales. Mr. Gaughan explained that refunding transactions generally have more timing flexibility because proceeds do not need to be delivered to borrowers, while new money transactions have less flexibility due to borrower funding needs and closing deadlines. He stated that the upcoming refunding transaction would be monitored on a day-to-day basis and could be delayed if market conditions warranted.

RESP Letter of Credit

Mr. Gaughan reviewed the recommendation to select Truist as the provider of a new standby letter of credit for the USDA loan program. He explained that the USDA loan requires a letter of credit for the amount drawn and that the Bond Bank received four responses to its RFP. He stated that Northfield Savings Bank and Truist provided the strongest responses.

Mr. Gaughan stated that management recommended Truist because its pricing was competitive, it did not require deposits, and it offered capacity to support program growth, including a credit commitment of up to $30 million. He noted that Northfield Savings Bank's capacity was more limited but that management would like to continue developing the relationship for future smaller credit needs.

The Board discussed the proposed term, pricing, ratings matrix, and renewal risk. Mr. Gaughan stated that the proposed letter of credit term is 36 months. In response to a question from Scott Baker, he stated that management would seek two notches of flexibility in the ratings matrix, like the prior JP Morgan arrangement.

> *Motion: Mark Foley moved; John McSoley seconded a motion to approve the resolution authorizing the Truist standby letter of credit. The motion passed unanimously.*

Following the vote, Mr. Gaughan noted for the minutes that management would like to explore placing deposits with Northfield Savings Bank in recognition of its good-faith RFP response and to support future relationship development.

SRF Credit Reviews

Ken Linge reviewed two SRF loan items. For Vergennes, he stated that the project has been underway for some time, that the community has managed project costs through recent choices, and that the project is essential. He described the project as approximately $30 million, with a $13.6 million loan. He noted that the loan would push debt ratios above medians, but that the community had engaged in strong planning, including rate increases and reserve building. He also noted low overlapping debt and ongoing rate work intended to better allocate costs between residential and commercial users.

In response to a question from Mark Foley, Mr. Linge and Mr. Gaughan discussed the planning costs associated with the Vergennes project. Mr. Linge stated that the planning loan amount appeared higher than typical and may include some construction-related or site work elements. Mr. Gaughan stated that management would ask about included costs.

Mr. Linge then reviewed a Shelburne SRF loan item, noting that it reflected a $2 million reduction from a previously approved $10 million loan to an $8 million loan. He stated that the reduction improved the relevant ratios and that no issues were identified.

Motion: Mark Foley moved; John McSoley seconded a motion to approve the below SRF loans. The motion passed unanimously.

Vergennes	RF1-255-3.0	$13,635,189
Shelburne	RF1-264-3.1	$8,200,000

Loan Policies and Procedures

Mr. Gaughan reviewed proposed revisions to the Loan Policies and Procedures related to rate setting. He explained that the changes were driven by the upcoming amortization of the MCRF loan with the state and the expectation that future permanent commitment levels may be lower than the current commitment. He stated that the Bond Bank expects a continued need for MCRF liquidity for recovery and for below-market financing for mitigation, planning, and resilience projects.

Mr. Gaughan stated that the proposed MCRF rate-setting approach would use the AAA Tax Exempt Index for future loans, which he described as below the Bond Bank’s cost of capital and below private bridge lending rates. He also described anticipated grant funding, including potential support from the Robert Wood Johnson Foundation, for planning and engineering related to risk reduction, with rates not expected to exceed 1% for those awards.

Mr. Gaughan also summarized proposed policy language for the energy program, the housing program, and the pooled loan program. He explained that the housing program would generally target a rate approximately 1% below the pooled loan program, and that the pooled loan program clarification reflected the current method for setting borrower rates and accounting for cost of issuance, debt service reserve fund impacts, and related cash flow considerations. He also described the inclusion of a small basis point contribution to MCRF for risk reduction, based on its connection to strengthening the pooled loan portfolio.

> *Motion: Scott Baker moved; John McSoley seconded a motion to approve the revisions to the Loan Policies and Procedures. The motion passed unanimously.*

Executive Session

The Chair noted the standing hold for executive session. No Board member requested that the Board enter executive session.

Other Business

Mr. Gaughan reported that the Bond Bank had been invited to participate in a roundtable on extreme weather with Senator Welch in Washington, D.C., with other senators expected to attend. He stated that the invitation was connected to the work and ideas reflected in the disaster reserve benchmark white paper.

The Board discussed upcoming meeting dates. Mr. Gaughan stated that the next quarterly meeting is scheduled for Thursday, September 24 at 9:00 a.m., and that the annual meeting is scheduled for Thursday, November 19. He stated that the November meeting should be held in person because the Board will elect officers and adopt the budget.

Adjournment

> *Motion: Mark Foley moved; Scott Baker seconded a motion to adjourn. The motion passed unanimously.*

The meeting adjourned at 10:56 a.m.

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