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**DRAFT**

**Capital Debt Affordability Advisory Committee  
Minutes of Meeting of Monday, September 25, 2023**

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**CDAAC Members Attending**

MIKE PIECIAK, CDAAC Chair, State Treasurer  
KRISTIN CLOUSER, Secretary of Administration  
DOUG HOFFER, State Auditor  
DAVID KIMEL, Former Chair, Vermont Bond Bank  
THOMAS KAVET, Legislative Economist  
MICHAEL GAUGHAN, Executive Director, Vermont Bond Bank

**Also Attending**

JEFF CARR, Economic & Policy Resources, Inc.  
TOM HUESTIS, Public Resources Advisory Group  
CHRISTINE FAY, Public Resources Advisory Group  
STEVE WISLOSKI, Public Resources Advisory Group  
SEAN BROWN, Agency of Administration  
CATHERINE BENHAM, Joint Fiscal Office  
NICOLAS KRAMER, Department of Finance & Management  
MAURA COLLINS, Vermont Housing Finance Agency  
ASHLYNN DOYON, State Treasurer's Office  
JEREMIAH BREER, State Treasurer's Office  
SCOTT BAKER, State Treasurer's Office  
EMILY BOWERS, State Treasurer's Office

Treasurer Pieciak called the meeting to order at 8:36 a.m. He reminded the Committee that the Moody's state debt median report had not been published yet, but the CDAAC report needed to be filed by September 30<sup>th</sup>.

**The minutes of the September 11, 2023 meeting were approved unanimously following a motion by Mr. Kimel and seconded by Mr. Gaughan.**

Following up on a discussion from the last meeting, Treasurer Pieciak suggested that the working group continue to meet and report back to the Committee by June 2024. Among the topics that the group should consider are alternate metrics for review and the economic impact of project spending. Mr. Hoffer commented that we can use the data to tell a different story. He said that the statute also needs to be changed to give more flexibility in what information and metrics the Committee reviews.

Treasurer Pieciak agreed, saying that the pensions are a growing proportion of the overall debt. The Treasurer's office will review the statute and suggest changes at the next meeting. Mr. Gaughan also suggested that incorporating an asset depreciation ratio would be helpful. Mr. Kavet said if a State has done a lot of infrastructure spending, that should be recognized, and that we should be developing a different range of metrics. Mr. Hoffer commented that some states that are averse to debt may not have been spending for such things as fixing roads, but they will have to in the future. Treasurer Pieciak agreed that we should look at the useful remaining life of projects.

Treasurer Pieciak asked the Committee if it should stay with the \$54 million recommendation (\$108 million for biennium) since there are no updates to the debt metrics, but state that the Committee will meet again when the data is available. Mr. Kimel stated that he has not seen any evidence that the current recommendation was a bad one. He said they should make it clear that it was based on the information that they had at the time. Treasurer Pieciak noted that this is the second year of the biennium and that any increase which may be recommended at a later date could be added by the House Institutions Committee. The difference is that in the first year, the Administration would need the final number to develop their two year plan. Ms. Clouser agreed that the legislature often makes changes to the Administration's recommendations after they are submitted. Mr. Wisloski commented that historically, CDAAC has not adjusted their recommended amount in the interim year, but last year's report did state that it may possibly increase the recommendation this time. Mr. Hoffer commented that the State's needs are the most important consideration. Ms. Clouser added that there are still capacity issues with the ARPA construction but needs from the flood have skyrocketed. Treasurer Pieciak said that are still a lot of factors at play (uncertainties, a lot of authorized but unissued debt), and that a confirmation of the recommended amount would make sense.

**Mr. Kimel made a motion to reaffirm the Committee's original recommendation and state the continued uncertainty as justification.** Mr. Gaughan asked about the debt issuance of other States. Mr. Huestis responded that overall issuance is down. He said that large states are still issuing debt but not as much as in prior years. **Mr. Gaughan seconded Mr. Kimel's motion.** Treasurer Pieciak suggested issuing a 1-2 page interim report for the September 30<sup>th</sup> deadline, and take time to do the full report. Mr. Kimel agreed to this amendment, which was seconded by Mr. Gaughan. **The motion passed unanimously.** Treasurer Pieciak told the Committee that his office would draft the interim report and circulate it to the Committee.

Treasurer Pieciak asked if any member of the public wished to comment, but there were none.

Treasurer Pieciak said that there would be another meeting scheduled for late October or early November.

**The meeting was adjourned at 9:17 a.m. following the unanimous vote of a motion by Mr. Gaughan and seconded by Mr. Kimel.**