



BOARD MEETING

November 5th, 2018 – 2:00 pm
Hampton Inn - Colchester, VT

DRAFT MEETING MINUTES

Board Members Participating & Voting: James Potvin, Fritz Burkhardt, Ken Gibbons, Anita Bourgeois, Steve Wisloski via phone, Stuart Wepler, Scott Baker (as designee for State Treasurer Beth Pearce), David Beatty (as designee for Secretary Susanne Young), Emily Byrne (as designee for Secretary Dan French)

Board Members Absent: Ken Linsley, Secretary Gobeille or designee

Staff Participating: Michael Gaughan

Guests: James Foley, Jr. (Lynch & Foley), Carol Lyon (St. Johnsbury Academy), June Matte (PFM) via phone, Matt Hughey (Norton Rose Fulbright) via phone

The meeting was called to order by Mr. Potvin at 2:00 pm. Mr. Potvin indicated that the schedule would be modified to consider the St. Johnsbury Academy application first.

Consideration of Financing Application from St. Johnsbury Academy

June Matte and Joe DaBreo from PFM provided an overview of the transaction and their written analysis. Mr. DaBreo stated PFM's positive recommendation to the Board for the transaction.

Mr. Wepler asked Carol Lyon from St. Johnsbury Academy to clarify the status of their capital campaign, which she provided.

Mr. Foley asked PFM for clarification on the reasoning and analysis related to the negative pledge of the core campus real estate. Ms. Matte indicated that this would be a positive for the academy and that the bank would undertake its own analysis and diligence as well.

Matt Hughey from Norton Rose Fulbright then introduced the TEFRA notice, Resolution, and Governor's approval. Mr. Potvin asked Mr. Hughey for clarification of past practices of VEHBFA related to the order of approving transactions either before or after the TEFRA hearing. Mr. Hughey indicated that the Board has followed both potential paths historically.

Motion: Mr. Burkhardt moved and Mr. Wepler seconded the motion to adopt the resolution approving the St. Johnsbury Academy refinancing and recommend the transaction to the Governor for approval. The motion was approved unanimously.

Motion: Mr. Wepler moved and Mr. Gibbons seconded the motion to ratify the TEFRA approval. The motion was approved unanimously.

Approve January 25th, 2018 Board Minutes

The Board discussed clarification of names within the prior minutes and then moved to approved the prior minutes.

Motion: Ms. Bourgeois moved and Mr. Gibbons seconded the motion to approve the January 25th, 2018 meeting minutes. The minutes were approved unanimously.

Review of Fiscal Committee Reports

Finance Committee members provided an update on their April 27th, 2018 and August 16th, 2018 meetings.

Mr. Potvin described the events of the April 27, 2018 finance committee meeting that included a review the first quarter investment results as well as proposed contract with Lumesis. Mr. Gaughan provided an overview of Lumesis' services and history. Mr. Potvin indicated that the committee had expressed favorable review of Lumesis contract and voted to bring before full board.

Mr. Potvin then discussed the August 16, 2018 finance committee meeting that included a review the first quarter investment results as well as a discussion of auditor results with the auditor. In addition, the Committee reviewed recommendations to change investment positions and modify investment targets.

Mr. Potvin indicated that the auditor did not make note of special issues that the board would need to address.

Mr. Burkhardt provided insight into the conversations with the financial advisor related to the reallocation of assets and summary of the new allocation amounts shown below.

VEHBFA INVESTMENT TARGETS										
Investment Type	Prior Allocation (%)				First Proposed Allocation (%)			Adopted Allocation (%)		
	From	To	Target	Actual	From	To	Target	From	To	Target
Large / Mid Company US Stock	10	14	12	24	15	25	20	15	25	20
Small Company US Stock	3	7	5	4	1	5	3	1	5	3
International Stock	4	8	6	4	2	8	4	2	8	4
Specialty Stock	5	9	7	3	1	5	3	1	5	3
Total Equities	22	38	30	35	19	43	30	19	43	30
Fixed Income Investments	45	65	56	59	35	55	45	45	65	60
Preferred stock	0	5	4	5	5	25	20	0	10	5
Cash	0	15	10	2	0	10	5	0	15	5
Fixed Income Investments	45	85	70	66	40	90	70	45	90	70

Audit Review

Following the conversation in the Finance Committee report, a motion was made in the following form.

Motion: Mr. Gibbons moved Mr. Wepler seconded a motion to accept the audit. The motion was approved unanimously.

Lumesis Contract

Following the conversation in the Finance Committee report, a motion was made in the following form.

Motion: Mr. Burkhardt moved Mr. Ogorzalek seconded a motion to enter into a contract with Lumesis for up to \$6,000 per year as well as any fees associated with adding new issuances. The motion was approved unanimously.

Equipment Lease Program

Mr. Gaughan described any updated strategy for the equipment lease program. Mr. Gibbons and Ms. Bourgeois indicated concerns with unknown demand for the program and its viability. Mr. Wepler indicated his opinion that VEHBFA should continue to monitor potential demand, but wait for to take further action.

Board Succession & Upcoming Annual Meeting

Mr. Potvin indicated his intent to step down as Board chair. Mr. Gaughan provided an update on the upcoming terms that would need renewal from the board appointed members.

Mr. Foley suggested the formation of an ad hoc committee to help select a new chair. Mr. Gaughan indicated that the transition would take place at the annual meeting, to be scheduled for January, when the full slate of officers would be elected.

Motion: Mr. Baker made a motion to adjourn. The motion passed unanimously.

These Minutes were approved by the Board of Directors at a duly warned meeting on -
_____.