



BOARD MEETING

December 6, 2024 – 2:30 p.m.

100 Bank St, Suite 401 / Burlington VT and via Zoom

[Recording Link](#)

DRAFT MEETING MINUTES

Board Members Participating & Voting: Fritz Burkhardt, Ken Linsley, Anita Bourgeois, Scott Baker (as designee for Treasurer Pieciak), Sean Cousino (as designee for Interim Secretary Saunders), Sean Brown (as designee for Secretary Clark), Mario Hankerson, Peter Moino (as designee for Secretary Samuelson), and Neal Robinson

Board Members Absent: Lauren Wobby and Ken Gibbons

Staff Participating: Michael Gaughan, Elizabeth King, and Ken Linge

Guests: Lawrence Bauer – Norton Rose, Matt Hughey – Norton Rose, Kara Sweeny – PretiFlaherty, and Bonnie Martinolich – PretiFlaherty

The meeting was called to order by Mr. Burkhardt at 2:30 p.m.

Administrative

Mr. Burkhardt asked for any changes to the meeting agenda.

Review and Approval of Prior Meeting Minutes

Mr. Burkhardt asked for any changes to the meeting minutes.

Motion: Mr. Linsley moved and Ms. Bourgeois seconded the motion to approve the April 19, 2024 meeting minutes. The minutes were approved unanimously vote.

Consideration of the Northeastern Vermont Regional Hospital Application

Mr. Gaughan provided an overview of the transaction and summarized materials provided by the borrower. PFM then presented its credit analysis of financing request.

Mr. Estrada noted PFM's positive recommendation for approving the transaction.

Mr. Bauer introduced the approval and authorizing resolutions.

Motion: Mr. Robinson moved and Mr. Hankerson seconded a motion to adopt the attached resolutions approving the Northeastern Vermont Regional Hospital financing and resolution certifying the transaction. The motion was approved unanimously following a roll call vote.

Mr. Moino left the meeting at 2:55 p.m.

Appointment of PretiFlaherty as General Counsel

Mr. Gaughan introduced representatives from the firm. Ms. Sweeney and Ms. Martinolich introduced the firm.

Motion: Mr. Robinson moved and Mr. Brown seconded the motion authorizing the Executive Director to execute the engagement letter. The motion passed unanimously following a roll call vote.

Review of Finance Committee Meeting

Mr. Gaughan and Mr. Burkhardt discussed the proceedings of the May, August, and November 2024 Finance Committee meetings. Included in the discussion was a description of the Committee's review of the FY 2025 budget and decision to recommend to the full board.

Distressed Borrower Review

Mr. Gaughan provided an overview of VEHBFA conduit borrowers that had missed debt service coverage covenants and updates on resolutions with their lenders and/or requirements under the bond documents.

Annual Meeting

Mr. Burkhardt stepped down as chair of the meeting and asked for a nominating slate of officers.

Motion: Mr. Robinson and Mr. Brown seconded a motion to reappoint the current slate of officers. All members in attendance approved the motion.

Annual Ratification of Prior Acts

Mr. Burkhardt explained the purpose of the Ratification of Prior Acts.

Motion: Mr. Baker moved and Mr. Robinson seconded a motion that the Board of Directors of the Vermont Educational and Health Buildings Financing Agency (“Agency”) met at a duly warned meeting on December 6, 2024. The Board of Directors considered all prior acts of the Agency taken during calendar year 2024 and reaffirmed all such actions and endeavors undertaken. The motion was approved unanimously.

Mr. Moino rejoined the meeting at 3:35 p.m.

Guests left the meeting at 3:36 p.m.

FY 2025 Budget Adoption

Mr. Gaughan reviewed the strategic goals underlying the budget and Ms. King presented the budget as well as related assumptions.

Motion: Mr. Linsley moved and Ms. Bourgeois seconded a motion to approve the budget as presented. The motion was approved unanimously.

Board Restructuring

Mr. Gaughan discussed downsizing the board from 13 members via legislation change. Members expressed favorable views of the change. Mr. Brown indicated he would follow-up with any concerns of the administration.

There being no other business to come before the Board, Mr. Baker moved and Mr. Linsley seconded a motion to adjourn.

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

RESOLUTION RELATING TO THE ISSUANCE AND AWARD
OF NOT TO EXCEED \$16,500,000
VERMONT EDUCATIONAL AND HEALTH BUILDINGS
FINANCING AGENCY REVENUE BOND
(NORTHEASTERN VERMONT REGIONAL HOSPITAL PROJECT) 2024 SERIES A

WHEREAS, Northeastern Vermont Regional Hospital, Inc. (the “Corporation”) is a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of Vermont, and is an eligible institution within the meaning of such term as used in the Act (hereinafter mentioned), which owns and operates an acute care, critical access hospital in St. Johnsbury, Vermont; and

WHEREAS, the Corporation desires to (i) pay, or reimburse itself for paying, a portion of the cost of an expansion and renovations to the Corporation’s main hospital facility in St. Johnsbury, including approximately 16,000 square feet of new and renovated space involving the approximately 5,800 square feet expansion of its Emergency Department, the replacement of an existing chiller, and the approximately 5,000 square feet expansion and improvement of its laboratory and pharmacy (the “Project”); (ii) paying capitalized interest on the Bond (hereinafter defined); and (iii) finance the payment of all or a portion of certain expenses incurred in connection with the issuance of the Bond; and

WHEREAS, the Corporation has made application to Vermont Educational and Health Buildings Financing Agency (hereinafter sometimes called the “Agency”) for assistance under Title 16, Chapter 131, Sections 3851-3862, Vermont Statutes Annotated, as amended (the “Act”), for interim financing to pay all or a portion of the costs of the Project by the Agency’s issuance of its Revenue Bond (Northeastern Vermont Regional Hospital Project) 2024 Series A (the “Bond”) and the Agency’s lending to the Corporation sufficient funds for accomplishing, with other available funds, such purpose; and

WHEREAS, Passumpsic Savings Bank, as representative of the lenders (the “Purchaser”), has agreed to purchase the Bond, the net proceeds of which will be used, with other available moneys, to pay (or reimburse the Corporation for paying) all or a portion of the cost of the Project and to pay certain costs of issuance of the Bond, subject to the terms and conditions set forth in the term sheet executed by the Purchaser and the Corporation attached hereto as Exhibit A (the “Commitment Letter”); and

WHEREAS, the Agency has considered such application of the Corporation and all other pertinent information, data and other materials respecting the need for, and the feasibility and the desirability of financing all or a portion of the costs of the Project and has determined that such financing is necessary and desirable and will effectuate the purposes of the Act and otherwise serve the public interest; and

WHEREAS, the Agency will certify to the Governor of the State, prior to the issuance of the Bond, that in its opinion the Project is needed and will provide adequate revenue derived from rents or otherwise to repay the Bond and the interest thereon when due; and

WHEREAS, the Agency will not be obligated to pay the principal of and redemption premium, if any, and interest on the Bond or any purchase thereof except from the revenues and funds derived from the related Loan Agreement (as hereinafter defined) or the related promissory note delivered in accordance therewith, and neither the faith and credit nor the taxing power of the State of Vermont or of any political subdivision thereof is pledged as security for the payment of the principal of or redemption premium, if any, or the interest on the Bond or any purchase thereof; and

WHEREAS, in connection with the issuance of the Bond and the implementation of the Project, the Corporation anticipates that it will obtain a loan from United States Department of Agriculture – Rural Development to refinance the Bond at its maturity (the “USDA Obligation”); and

WHEREAS, the incurrence of the USDA Obligation is expected before the Agency’s Revenue Refunding Bond (Northeastern Vermont Regional Hospital Project) 2016 Series A, currently owned by the Purchaser, is no longer outstanding; and

WHEREAS, as a consequence, the Corporation, the Purchaser the Agency have determined that it is necessary to amend certain Corporation covenants in the Bond Purchase Agreement, dated April 1, 2016 (the “2016 Bond Purchase Agreement”), by and among the Corporation, the Purchaser the Agency to take the USDA Obligation into account; and

WHEREAS, there have previously been presented to the staff of the Agency forms of the following documents relating to the issuance of the Bond:

- a. the Bond Purchase Agreement (the “Bond Purchase Agreement”), among the Agency, the Corporation, and the Purchaser, including the form of Bond;
- b. the Loan Agreement (the “Loan Agreement”), between the Agency and the Corporation, pursuant to which the Agency will lend the proceeds of the Bond to the Corporation, including the form of said promissory note;
- c. the Mortgage, Assignment of Rents, Security Agreement and Fixture Filing (the “Mortgage”) from the Corporation to the Agency, for the benefit of the Purchaser;
- d. the Assignment of Mortgage, Assignment of Rents Security Agreement and Fixture Filing (the “Mortgage Assignment”) from the Agency to the Purchaser; and
- e. the Amendment to the 2016 Bond Purchase Agreement (the “2016 Amendment”); and

WHEREAS, the Agency has determined that the Corporation is financially responsible and capable of fulfilling its obligations under the documents referred to above;

NOW, THEREFORE, THE BOARD OF VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY HEREBY RESOLVES, as follows:

Section 1. Capitalized words and terms used in this Resolution and not defined herein shall have the same meanings in this Resolution as such words and terms are given in the Bond Purchase Agreement or the Loan Agreement, as the case may be.

Section 2. Pursuant to the authority granted to it by the Act, the Agency hereby authorizes the issuance of not to exceed \$16,500,000 aggregate principal amount of its Vermont Educational and Health Buildings Financing Agency Revenue Bond (Northeastern Vermont Regional Hospital Project) 2024 Series A, dated as of such date, maturing on such date in such year not later than 2027 and in such principal amount and bearing interest at such rate or rates, all as determined by the Chairman, the Treasurer or the Executive Director of the Agency (each, a “Delegate”) prior to the award of the Bond.

Section 3. The Bond shall be subject to redemption at such times, upon such terms and conditions, and at such prices (no such price to exceed 102% of the principal amount of the Bond being redeemed, provided that notwithstanding such maximum price, a make-whole or cost-of-funds premium shall be permitted if, in the opinion of the Agency’s financial advisor, such premium is consistent with comparable, privately placed bonds), all as determined by a Delegate prior to the award of the Bond.

Section 4. The proceeds of the Bond shall be applied in accordance with the Bond Purchase Agreement.

Section 5. The forms, terms and provisions of the Bond Purchase Agreement, the Loan Agreement, the Mortgage, the Mortgage Assignment and the 2016 Amendment (collectively, the “Agency Documents”) are hereby approved in all respects, and each Delegate is hereby authorized and directed to execute and deliver the Agency Documents in substantially the forms presented to this meeting together with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary and appropriate; such execution and delivery to be conclusive evidence of the approval and authorization thereof by the Agency.

Section 6. The form of the Bond set forth in the Bond Purchase Agreement is hereby approved in all respects, and any Delegate is hereby authorized and directed to execute, by facsimile or manual signature, the Bond in definitive form, which shall be in substantially the form presented to this meeting together with such changes, modifications and deletions as such Delegate, with the advice of counsel, may deem necessary and appropriate and consistent with the Bond Purchase Agreement; such execution and delivery to be conclusive evidence of the approval and authorization thereof by the Agency.

Section 7. The Agency hereby awards the Bond to the Purchaser in the aggregate principal amount determined pursuant to Section 2 of this Resolution and at the interest rate or rates determined pursuant to said Section 2 at a purchase price equal to 100% of the principal amount of the Bond.

Section 8. Upon its execution in the form and manner set forth in the Bond Purchase Agreement, the Bond shall, upon due and valid execution and acceptance of the Bond Purchase Agreement and the Loan Agreement by the proper parties thereto, be delivered to the Purchaser

against payment therefor in accordance with and subject to the provisions of the Bond Purchase Agreement.

Section 9. The Delegates are each hereby appointed Agency Representatives, as that term is defined in the Loan Agreement, with full power to carry out the duties set forth therein.

Section 10. Each Delegate is authorized and directed (without limitation except as may be expressly set forth herein) to take such action (including the holding of one or more public hearings as may be required by applicable law) and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Agency Documents.

Section 11. This Resolution shall take effect immediately upon its passage.

RESOLUTION APPROVING CERTIFICATION
TO THE GOVERNOR

WHEREAS, the Board of Vermont Educational and Health Buildings Financing Agency (herein sometimes called the “Agency”) has adopted a resolution authorizing the issuance and sale of not to exceed \$16,500,000 aggregate principal amount of its Vermont Educational and Health Buildings Financing Agency Revenue Bond (Northeastern Vermont Regional Hospital Project) 2024 Series A (the “Bond”); and

WHEREAS, all or a portion of the proceeds of the Bonds will be used to (i) pay, or reimburse Northeastern Vermont Regional Hospital, Inc. (the “Corporation”) for paying, all or a portion of the cost of an expansion and renovations to the Corporation’s main hospital facility in St. Johnsbury, including approximately 16,000 square feet of new and renovated space involving the approximately 5,800 square feet expansion of its Emergency Department, the replacement of an existing chiller, and the approximately 5,000 square feet expansion and improvement of its laboratory and pharmacy (the “Project”); (ii) paying capitalized interest on the Bond; and (iii) to finance the payment of all or a portion of certain expenses incurred in connection with the issuance of the Bond; and

WHEREAS, Section 3856 of Title 16, Vermont Statutes Annotated, as amended, provides that no bond of the Agency may be issued to acquire or construct any facilities unless the Agency first certifies to the Governor of the State of Vermont that in its opinion such facilities are needed and will provide adequate revenue derived from rents or otherwise to repay such bond and the interest thereon when due; and

WHEREAS, the Board has considered pertinent information, data and other materials respecting the need for and the feasibility and desirability of issuing the Bond; and

WHEREAS, the Board has examined the financial records of the Corporation relating to its ability to make payments under the Loan Agreement mentioned in said resolution to repay the Bond and the interest thereon when due; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), provides that, under such circumstances, approval of an “applicable elected representative” following a duly noticed public hearing must be obtained prior to the issuance of obligations such as the Bond if such obligations are to be treated as qualified bonds for purposes of the Code; and

WHEREAS, the Agency conducted a duly noticed public hearing on December 3, 2024; and

WHEREAS, the Governor is the “applicable elected representative” for purposes of Section 147(f)(2)(C) of the Code; and

WHEREAS, there has been prepared and submitted to the Board a form of certification to the Governor (with a form of approval by the Governor) required under the Act and the Code; and

WHEREAS, the Board has examined and considered said form of certification; now, therefore;

BE IT RESOLVED, by the Board of Vermont Educational and Health Buildings Financing Agency that the certification, including said form of approval, in connection with the issuance of not to exceed \$16,500,000 aggregate principal amount of Vermont Educational and Health Buildings Financing Agency Revenue Bond (Northeastern Vermont Regional Hospital Project) 2024 Series A is hereby approved in substantially the form presented to this meeting, with such changes, insertions and omissions as may be approved by the Chairman, Treasurer, Secretary or Executive Director of the Agency, his signing of such certification to be conclusive evidence of his approval of any such changes, insertions and omissions, and said Chairman, Treasurer, Secretary or Executive Director is hereby authorized and directed to sign said certification in the name of and on behalf of the Agency and to deliver or cause to be delivered said certification to the Governor of the State of Vermont.

December __, 2024

Honorable Philip Scott
Governor, State of Vermont
Pavilion Office Building
109 State Street
Montpelier, Vermont 05602

Re: NOT TO EXCEED \$16,500,000 VERMONT EDUCATIONAL AND HEALTH
BUILDINGS FINANCING AGENCY REVENUE BOND
(NORTHEASTERN VERMONT REGIONAL HOSPITAL PROJECT) 2024 SERIES A

Dear Governor Scott:

Vermont Educational and Health Buildings Financing Agency (the “Agency”) proposes to its Revenue Bond (Northeastern Vermont Regional Hospital Project) 2024 Series A (the “Bond”), on behalf of Northeastern Vermont Regional Hospital, Inc. (the “Corporation”), a private, nonprofit corporation incorporated and existing under the laws of the State of Vermont, and an eligible institution within the meaning of said term as defined in Section 3851 of Title 16, Vermont Statutes Annotated, as amended, to provide funds to the Corporation for the purpose of (i) paying, or reimbursing Corporation for paying, all or a portion of the cost of an expansion and renovations to the Corporation’s main hospital facility in St. Johnsbury, including approximately 16,000 square feet of new and renovated space involving the approximately 5,800 square feet expansion of its Emergency Department, the replacement of an existing chiller, and the approximately 5,000 square feet expansion and improvement of its laboratory and pharmacy (the “Project”); (ii) paying capitalized interest on the Bond; and (iii) paying certain costs incurred in connection with the issuance of the Bond.

The Agency proposes to enter into a Loan Agreement with the Corporation providing for the loan of the proceeds of the Bond to the Corporation, which Loan Agreement requires the Corporation, among other things, to make payments sufficient to pay the principal of and premium, if any, and interest on the Bond or any purchase thereof as the same becomes due and payable. The Corporation will bear all costs incurred in connection with, and will pay certain costs and expenses of the Agency relating to, the Project. Further, at the request of the Corporation, the Agency has accepted the proposal of Passumpsic Savings Bank to purchase the Bond.

Based on the foregoing and, among other things, the commitment of Passumpsic Savings Bank, to purchase the Bond, in compliance with the provisions of Section 3856 of Title 16, Vermont Statutes Annotated, as amended, the Agency hereby certifies that that it has conducted a duly noticed public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended, and that in its opinion, the Project is needed and the Corporation will generate sufficient revenues from all operations to meet its obligations under the Loan Agreement in order to repay the Bond and the interest thereon when due.

Vermont Educational and Health
Buildings Financing Agency

Executive Director

[LETTERHEAD OF STATE OF VERMONT
OFFICE OF THE GOVERNOR]

December __, 2024

Vermont Educational and Health Buildings Financing Agency
100 Bank Street, Suite 401
Burlington, Vermont 05401

**RE: VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING
AGENCY REVENUE BOND (NORTHEASTERN VERMONT REGIONAL
HOSPITAL PROJECT) 2024 SERIES A**

Ladies and Gentlemen:

I hereby approve the issuance of the above Bond for purposes of Section 147(f) of the Internal Revenue Code of 1986, as amended.

Governor Philip Scott