

# Knowledge Bites

**Wednesday July 26**  
**12:00-12:45 p.m.**  
**Zoom**  
**with Ken Linge,**  
**VT Bond Agency**

***Learn while you lunch!***

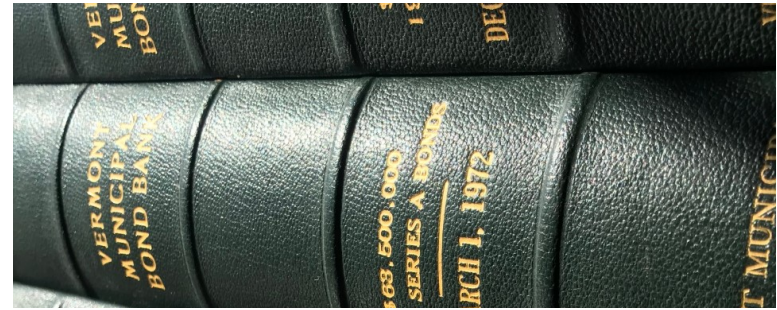
## **Webinar: VT Bond Agency**

Meet Ken Linge from the VT Bond Agency and learn how they partner with VT communities to fund their projects.





Vermont  
Bond Bank



GENERAL OVERVIEW - SUMMER 2023

# VBB at a Glance

Established by state statute in 1970 as an “instrumentality exercising public and essential governmental functions”

Serve governmental units (Cities, Towns, School Districts, Fire Districts, Municipal Utilities, etc.) statewide

Nearly \$600 million in loans outstanding in Pooled Loan Program

Over \$230 million in loans outstanding in the State Revolving Fund Administered in Partnership with DEC

# VBB Mission and Vision

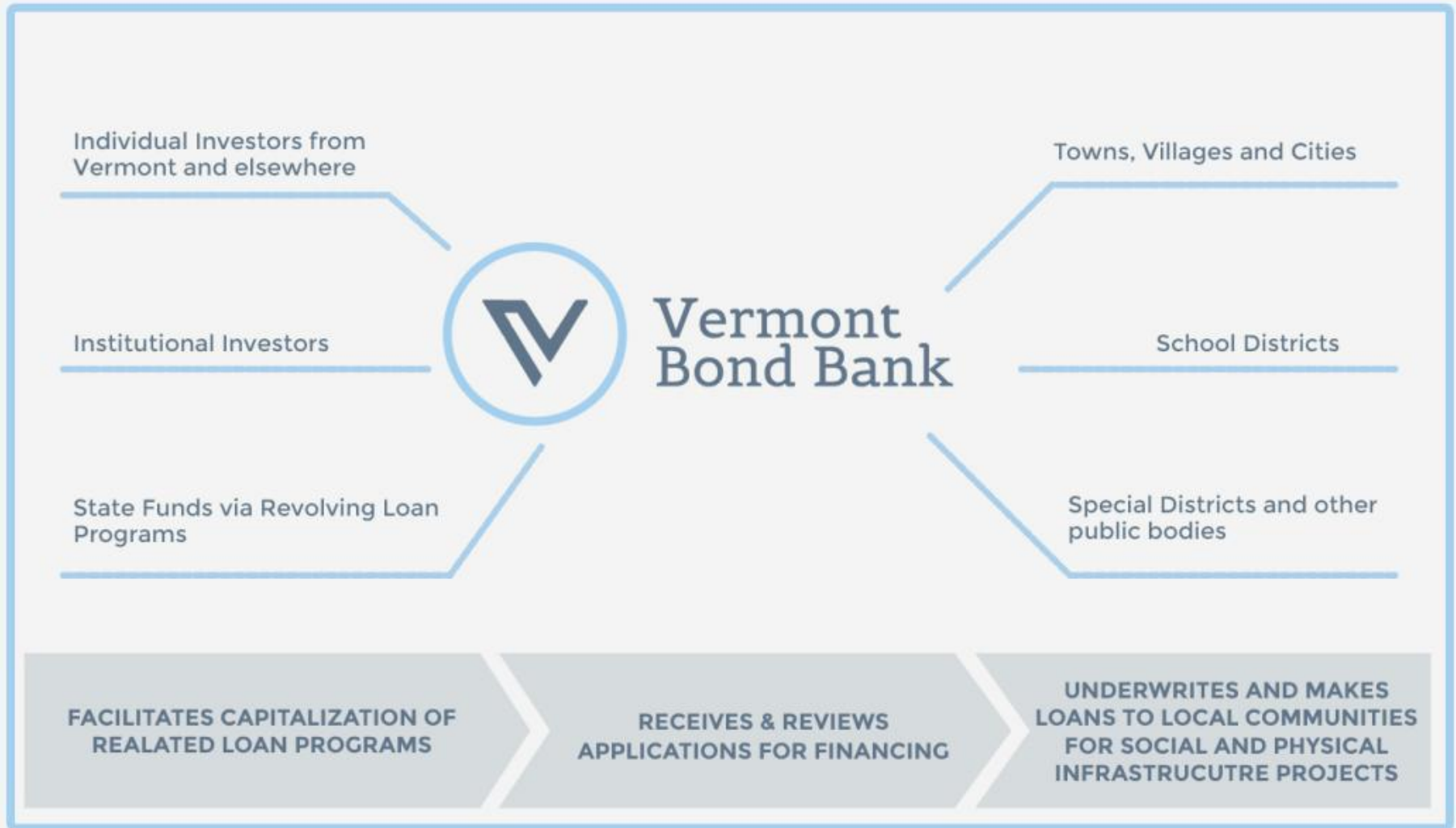
## Mission

To assist Vermont's municipalities and other qualified public bodies in gaining access to affordable, innovative and appropriate financing to meet their capital needs.

## Vision

To support Vermont's municipalities and other qualified bodies in making informed and knowledgeable financing decisions for present and future generations.

# How We Work



# Bond Bank History

REQUISITION AS TO LOANS FROM LOAN ACCOUNTS

January 11, 1971

Bankers Trust Company  
1 Battery Park Plaza  
New York, New York

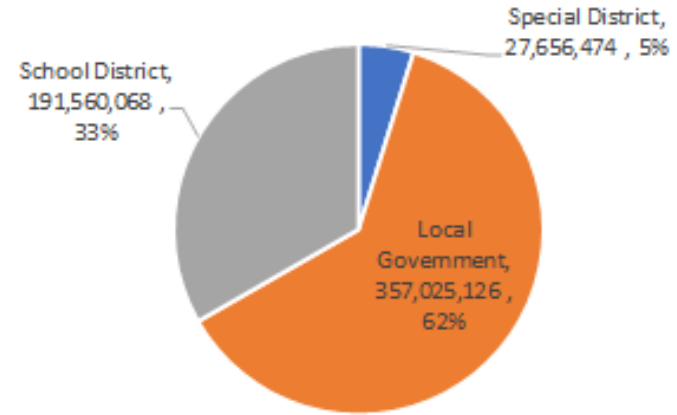
Gentlemen:

Pursuant to Section 503 of the General Bond Resolution of the Vermont Municipal Bond Bank adopted on December 21, 1970, you are hereby instructed to pay from the following loan accounts the amounts to the respective municipalities as shown below:

<u>Loan Accounts</u>	<u>Amounts</u>	<u>Municipalities</u>
Berkshire Town School District	\$ 260,000	Berkshire Town School District
Berlin Town School District	520,000	Berlin Town School District
Brighton Town School District	370,000	Brighton Town School District
Cabot Town School District	430,000	Cabot Town School District
Calais Town School District	215,000	Calais Town School District
Castleton Town School District	700,000	Castleton Town School District
Charleston Town School District	400,000	Charleston Town School District
Charlotte Town School District	300,000	Charlotte Town School District
Clarendon Town School District	440,000	Clarendon Town School District
Colchester Town School District	1,500,000	Colchester Town School District
Dover Town School District	575,000	Dover Town School District
Essex Town School District	1,235,000	Essex Town School District
Essex Junction Graded School District	3,160,000	Essex Junction Graded School District
Grand Isle Town School District	135,000	Grand Isle Town School District
Hartland Town School District	500,000	Hartland Town School District
Hinesburg Town School District	450,000	Hinesburg Town School District
Peacham Town School District	90,000	Peacham Town School District
St. Albans Town School District	300,000	St. Albans Town School District
St. Johnsbury Town School District	1,035,000	St. Johnsbury Town School District
Shelburne Town School District	1,120,000	Shelburne Town School District
Sherburne Town School District	465,000	Sherburne Town School District
South Burlington Town School District	1,440,000	South Burlington Town School District
South Burlington Town School District	440,000	South Burlington Town School District
Sunderland Town School District	200,000	Sunderland Town School District
Underhill Graded School District, Inc.	325,000	Underhill Graded School District, Inc.
Wilmington Town School District	655,000	Wilmington Town School District
Braintree-Randolph UHSD No. 2	970,000	Braintree-Randolph UHSD No. 2
Woodstock UHSD No. 4	870,000	Woodstock UHSD No. 4
Missisquoi Valley UHSD No. 7	345,000	Missisquoi Valley UHSD No. 7
Missisquoi Valley UHSD No. 7	2,000,000	Missisquoi Valley UHSD No. 7
Mt. Mansfield UHSD No. 17	3,875,000	Mt. Mansfield UHSD No. 17
Lamoille UHSD No. 18	680,000	Lamoille UHSD No. 18

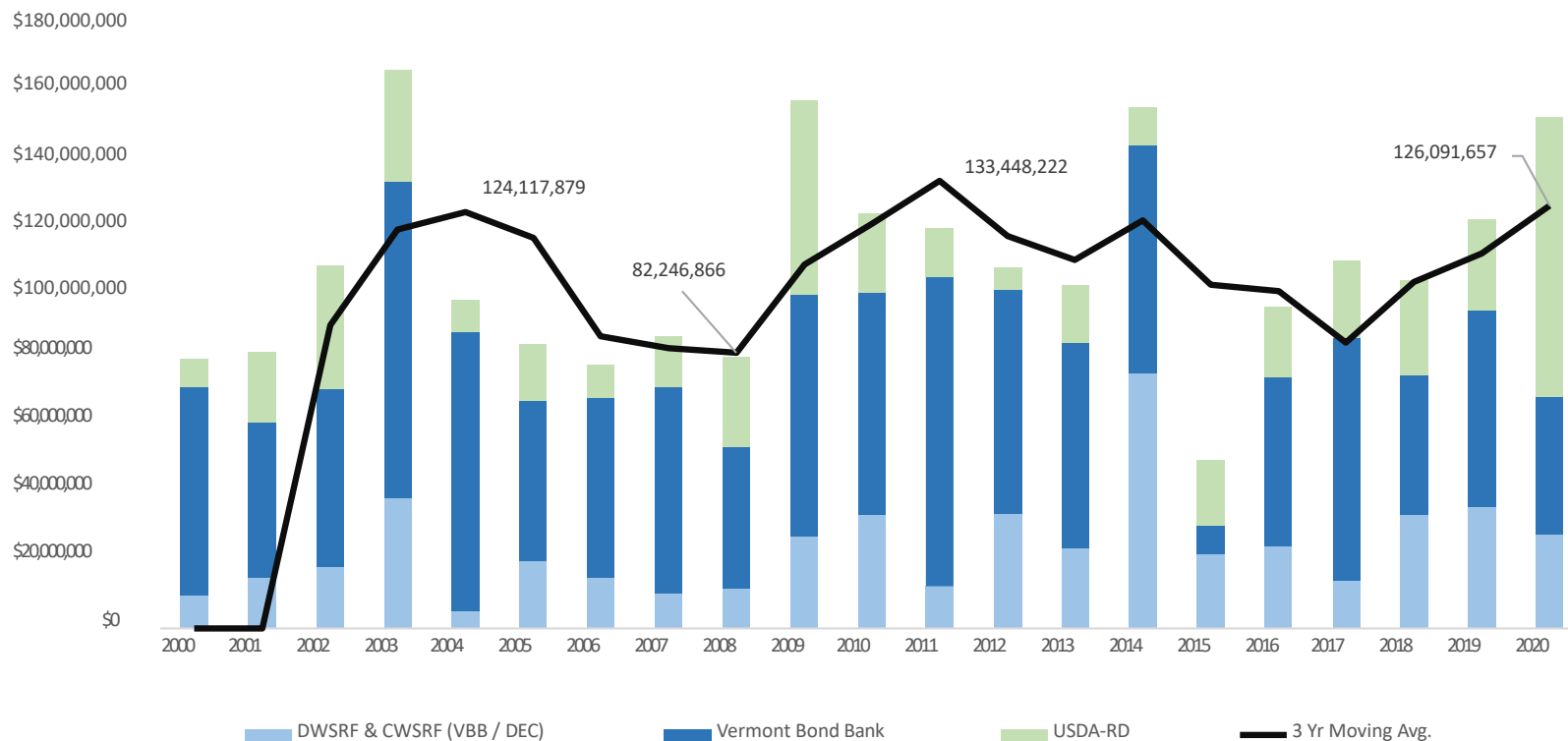
- Creation followed period of school construction spending financed with short term borrowing
- Bond Bank provided long term financing solution
- First bond issue in 1971 exclusively provided loans to local schools

**LOANS OUTSTANDING AS OF JULY 5, 2023**



# VT Infrastructure Loans from Public Lenders

## Municipal Lending & Related Assistance (Real \$)



### DWSRF & CWSRF (VBB/DEC)

\$511.43 million

### Vermont Bond Bank

\$1.24 billion

### USDA-RD

\$510.29 million

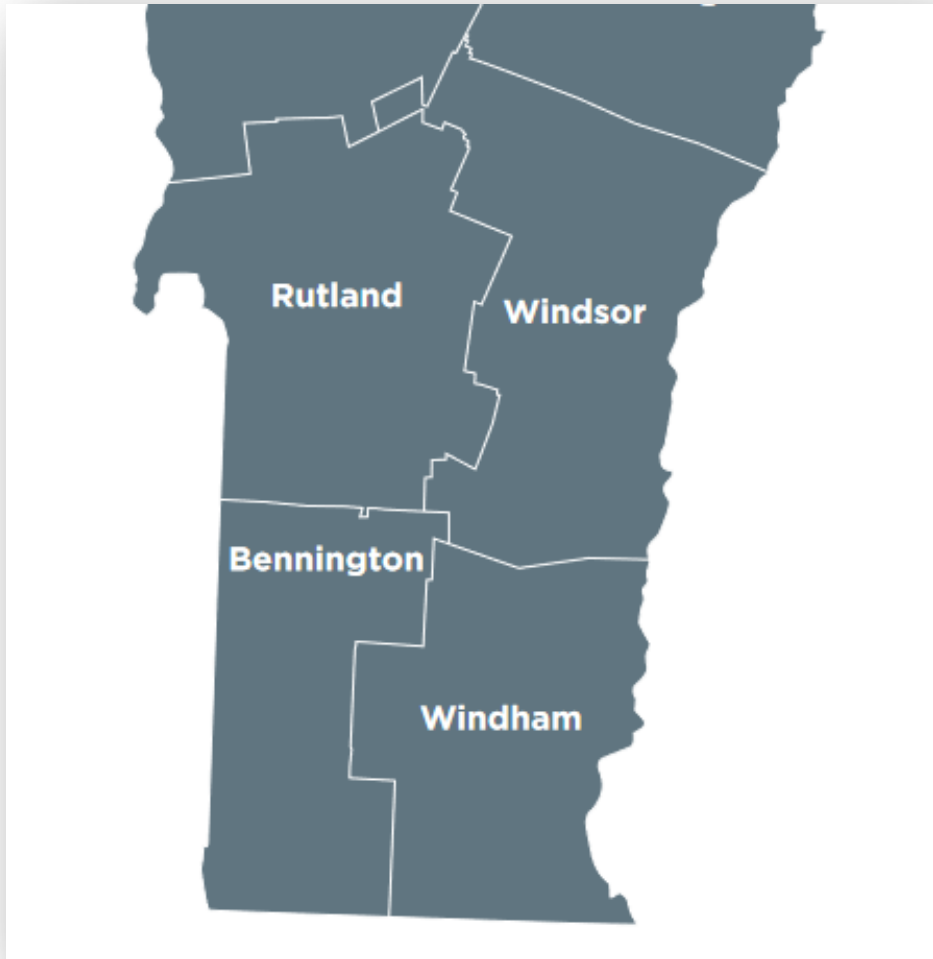
Above data includes total assistance provided by three organizations (adjusted for inflation)

- VTBB – Loans
- USDA-RD – Loans and related grants
- VBB / DEC – SRF Loans with forgiveness

Year based on either date of first repayment, commitment date, or closing depending on source

Municipal includes municipalities, school districts, and special districts

# PLP Loans Outstanding in Southern VT



Rutland County  
\$44,581,035  
(23 Borrowers)

Windsor County  
\$69,714,846  
(24 Borrowers)

Bennington County  
\$22,714,067  
(8 Borrowers)

Windham County  
\$42,563,689  
(17 Borrowers)



# 50 Years of Assisting Vermont Communities

## Provide Funding for:

- towns, cities, counties, incorporated villages, municipal utilities, water districts, fire districts, solid waste districts, and school districts
- all types of physical infrastructure in all of Vermont's 14 counties

- Creating an economy of scale for Vermont's small communities and providing billions of \$ in loans across Vermont through the pooled loan program
- Facilitating hundreds of millions of \$ in water, wastewater, and stormwater infrastructure loans through the SRF program
- Constantly exploring new sources of leverage (like impact premiums), new sources of capital (like USDA's RESP program, the Greenhouse Gas Reduction Fund, etc.), and other capital market innovations to increase the capacity of communities to make infrastructure improvements – and to make improvements affordable
- Began detailed impact reporting and issued first Green Bond in 2017
- Awarded *The Bond Buyer's* "Deal of the Year" award in 2019 for Local Investment Bonds
- Accepted into the NASDAQ Sustainable Bond Network in 2020

# 2022 Bond Bank Impact



**102,000**  
Vermonters Impacted



**4,000**  
Student Seats Enhanced



**508,000**  
SQ FT Public Facilities  
Upgraded



**200**  
mWH of renewable energy  
annually

## THE BOND BUYER

INDUSTRY TOPICS ▾ WASHINGTON ▾ REGIONS ▾ MARKETS ▾ TECH ▾ NOTICES AND CALENDARS ▾ COMMUNITY ▾

DEAL OF THE YEAR

### Deal of the Year 2019 – Small Issuer: Vermont Municipal Bond Bank

December 4, 2019 12:57 PM 1:29



The Vermont Municipal Bond Bank is the Small Issuer honoree for its \$31.5 million issuance of Local Investment Bonds.

## General Resolution

**Standard & Poor's**

**AA+**

**Outlook** - Stable

**Date** - July 2023

**Document** - S&P Rating Report

## General Resolution

**Moody's**

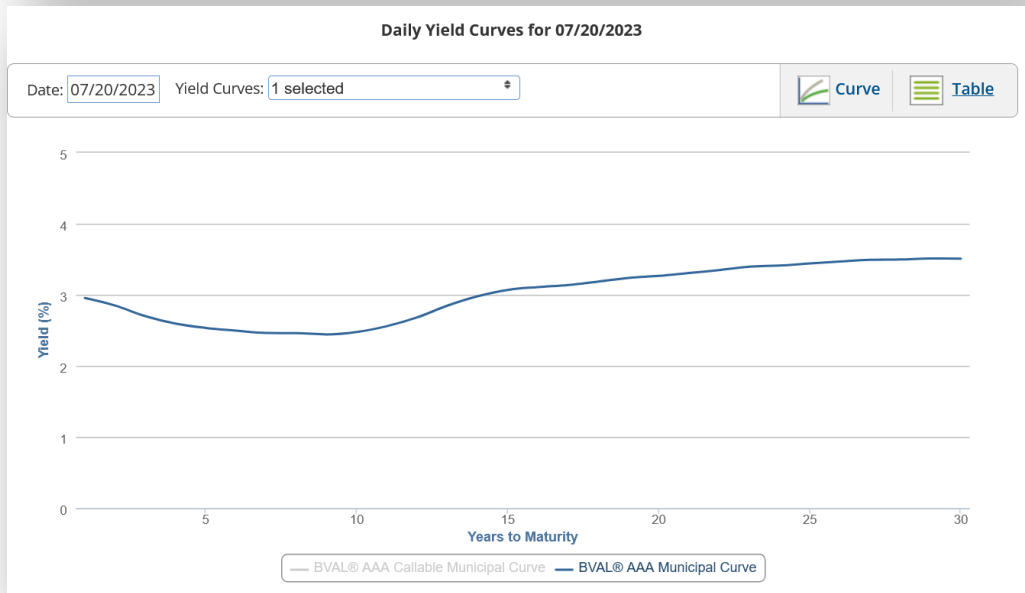
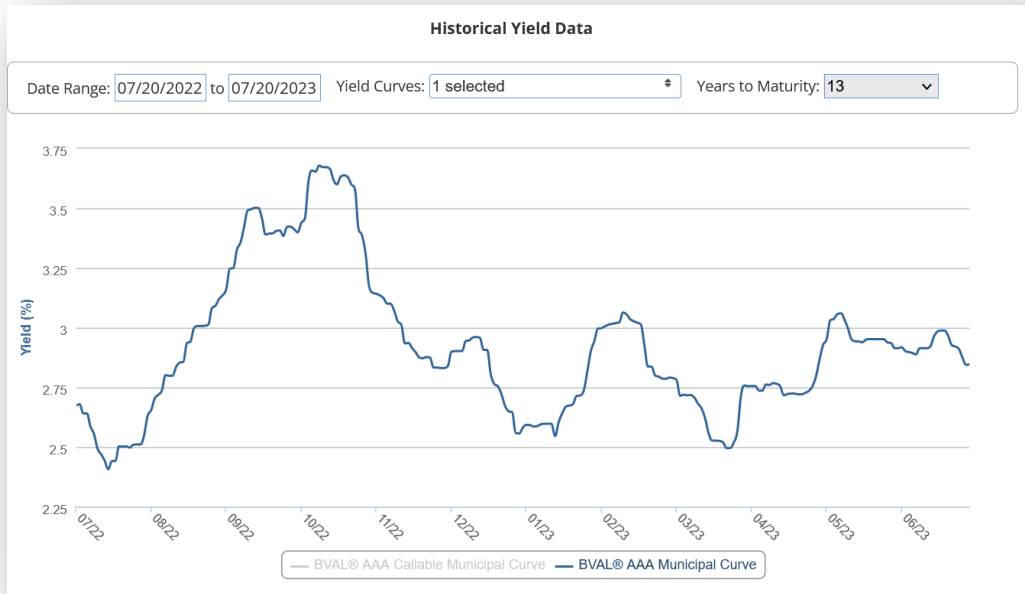
**Aa2**

**Outlook** - Stable

**Date** - July 2023

**Document** - Moody's Rating Report

# PLP Lending Rates / Muni Market Update



## Current Bond Bank NIC Assumptions

10 Year: 2.99%

20 Year: 3.99%

30 Year: 4.19%

# Investing in VT Through the Bond Bank

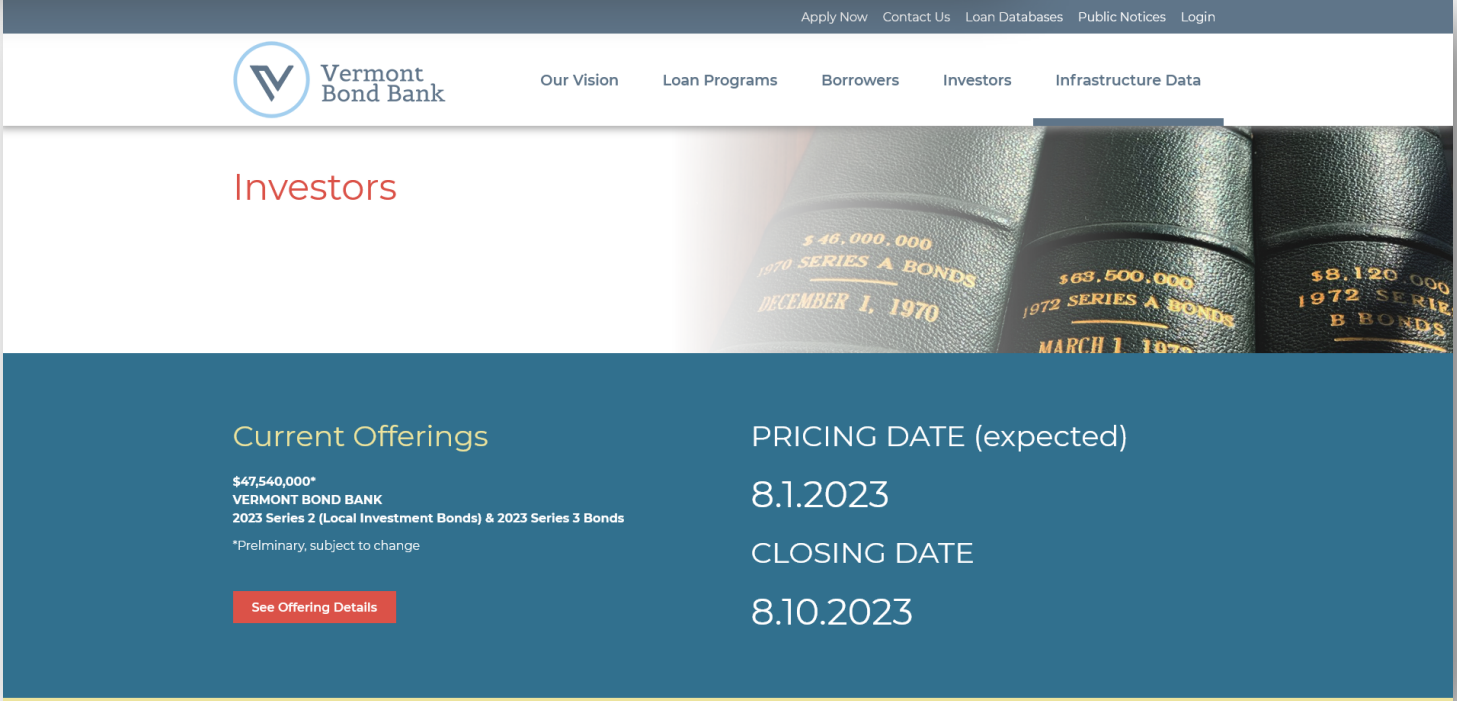


Vermont  
Bond Bank

## Invest in Vermont.

[vtbondbank.org/investors](http://vtbondbank.org/investors)

#builtbyvtbonds

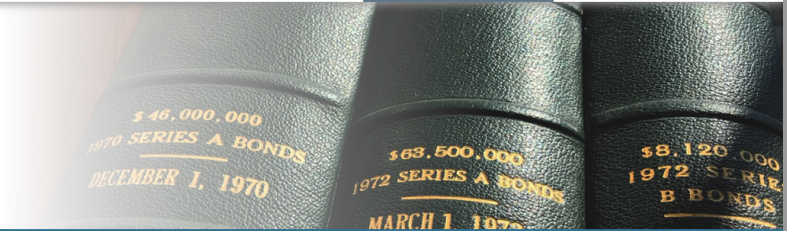


Apply Now Contact Us Loan Databases Public Notices Login

Vermont Bond Bank

Our Vision Loan Programs Borrowers Investors Infrastructure Data

## Investors



### Current Offerings

\$47,540,000\*  
VERMONT BOND BANK  
2023 Series 2 (Local Investment Bonds) & 2023 Series 3 Bonds  
\*Preliminary, subject to change

[See Offering Details](#)

PRICING DATE (expected)  
8.1.2023

CLOSING DATE  
8.10.2023

# Annual Capital Planning Forum

SECOND ANNUAL

## Vermont Capital Planning Forum



An in-person event for governmental units of all sizes and associated professionals to explore Vermont specific best practices in capital planning.



### WHEN

Thursday, April 13<sup>th</sup>  
from 9am to 4pm

### WHERE

Alumni Hall  
20 Auditorium Hill  
Barre, VT

### COST

Free but space limited!  
Register soon to ensure spot.

### TOPICS / AGENDA

- Capital Plan 101
- How to make it happen
- Vermont Capital Planning Awards
- Use of Local Option Tax to Support Capital Investment
- Capital Planning for Climate Change Adaptation

[REGISTER HERE](#)



The University of Vermont

MENU

## VERMONT CLIMATE ASSESSMENT

### Vermont Climate Action Plan SUMMARY



#### The Vermont Climate Action Plan

Vermont and the world are facing the impacts of climate change and it's time to act. The initial Vermont Climate Action Plan, released on December 1, 2021, outlines steps to cut climate pollution and help Vermonters prepare for extreme weather and other impacts caused by climate change.

## State Hazard Mitigation Plan

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### 2023 State Hazard Mitigation Plan Update

The [2023 Draft SHMP Public Webinar](#) on July 12th from 9 - 10:30am is **CANCELLED**.

Due to the severe flooding, we are cancelling the July 12 public webinar on the draft State Hazard Mitigation Plan.





**Stowe Electric Department:**  
Improving resiliency and reliability in a mountainous community with an electric substation upgrade



**Winooski Myers Memorial Pool:**  
Developing of a valuable resource for weathering hot summers

**Bennington Elementary School, Molly Stark Elementary School, and Monument Elementary School:** Improving financial and environmental performance of energy systems – and creating a better learning environment for students

## Bennington Schools Annual Savings (Financial and Environmental)

	Dollars	kWh	gal. propane	lbs of carbon
Bennington ES	\$25,514	74,132	12,736	240,323
Molly Stark ES	\$30,889	77,701	16,848	296,071
Monument ES	\$12,256	33,132	6,409	116,468
<b>TTL</b>	<b>\$68,659</b>	<b>184,965</b>	<b>35,993</b>	<b>652,862</b>

## THE BOND BUYER

INDUSTRY TOPICS ▾ WASHINGTON ▾ REGIONS ▾ MARKETS ▾ TECH ▾ NOTICES AND CALENDARS ▾ COMMUNITY ▾

VERMONT

### Floods test Vermont's climate-resilience efforts to shore up infrastructure

By [Thomas Nocera](#) July 19, 2023, 12:40 p.m. EDT 4 Min Read



As officials in Vermont assess damage from recent floods on a scale not seen since Hurricane Irene battered the state in 2011, they're taking stock for the first time of the effect climate-

**S&P Global**  
Ratings

RatingsDirect®

Bulletin:

### Vermont Flooding And Storm Damage Unlikely To Have Negative Credit Implications

July 17, 2023

CHICAGO (S&P Global Ratings) July 17, 2023--S&P Global Ratings today said that it does not expect an immediate negative credit impact on rated U.S. public finance obligors in Vermont in the wake of last week's storm, which brought torrential downpours and heavy flooding in many parts of the state, including inundating Montpelier, the state capital.

PRIMARY CREDIT ANALYST

**Scott Nees**  
Chicago  
+ 1 (312) 233 7064

# Green Energy and Energy Efficiency Lending

## How can Bond Bank support renewable energy and energy efficiency projects?

- New program emerging late 2023
- Solar installations, storage, and related expenses likely eligible
- Other energy efficiency and long-term cost reduction uses likely eligible too – details TBD
- Complementary with the Bond Bank's Pooled Loan Program and with other subsidies
- Rates and terms TBD



Photo Credit: Ian Albinson, *The Addison County Independent*

# PLP and SRF

## Pooled Loan Program

- Provides access to financing for:
  - Towns, cities, counties, incorporated villages
  - Special Districts (water, fire, solid waste, etc.)
  - School Districts
  - Essentially any type of government institution
- For any type of physical infrastructure:
  - Roads, bridges, sidewalks, streetscapes
  - Water, sewer, stormwater
  - Buildings
  - Energy efficiency projects
  - Equipment
  - Refinance costs not covered by FEMA
  - Refinance USDA debt

## State Revolving Funds

- Provides access to financing for:
  - Towns, cities, counties, incorporated villages
  - Special Districts (water, fire, solid waste, etc.)
- For water system infrastructure:
  - Drinking Water
  - Wastewater
  - Stormwater
- DEC manages the application and prioritization process, and the Bond Bank manages the underwriting and financing process

# PLP Requirements and Terms

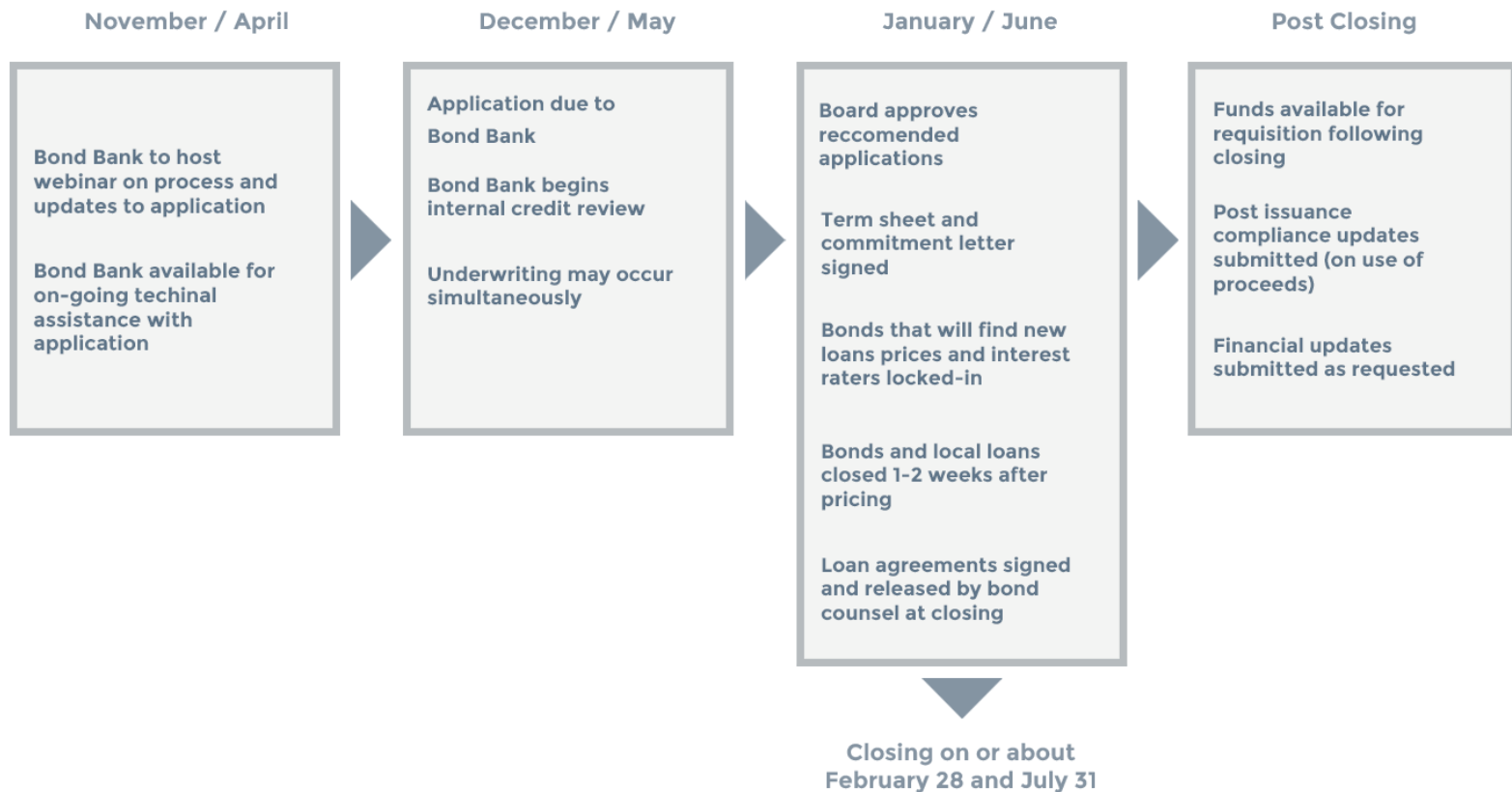
## Program Requirements

- Eligible borrowers are governmental units including: cities, towns, schools, villages and various districts
- Require evidence of voter approval and authority
- Legal opinion from local bond counsel
- Annual report for three years or three years of financial audits (preferred)
- Minimum requirement for financial audit from last completed year
- Term of financing and useful life of asset financed must align

	Description	Notes
<b>Loan Amount</b>	Up to 100% financing of project costs	No loan limits but the overall debt capacity of the borrower will be evaluated during underwriting.
<b>Interest Rate</b>	Market rate based on the Bond Bank's "AA+" rating	The Bond Bank issues bonds to fund loans, which will establish the loan rate. Rates are "locked-in" on the date the bonds are priced.
<b>Loan Term / Amortization</b>	<ul style="list-style-type: none"> <li>• Must match useful life of asset(s) financed up to 30 years</li> <li>• Applicants may request up to 5 years interest only</li> </ul>	Requested term will be reviewed by local bond counsel to ensure statutory compliance. Municipal and school district loans may have level or declining principal payments. Utilities and other qualifying local bonds may have level debt service payments.
<b>Payment Dates</b>	Payments are due semi-annually on May 1st (interest only) and November 1st (interest and principal)	Our bond trustee, US Bank, invoices 45 days prior to payment dates. Borrowers retain the responsibility to make payments with or without invoices.
<b>Underwriting / Credit Review</b>	We will review timing of supporting revenue vs debt service, financial statements, and local economic condition	
<b>Fees</b>	No fees are charged associated with applying receiving loans through the Bond Bank	

# PLP Timeline

VBB Organizes Two Pools Annually – One in Winter and One in Spring



# Illustrative Schedules

Vermont Bond Bank  
 Illustrative Debt Service Schedule  
 Rates as of 1/17/2023



## Brattleboro

SOURCES & USES		DEBT SERVICE SCHEDULE					ANNUAL DEBT SERVICE SCHEDULE			
	Assumptions	Loan Payment	Principal	Coupon	Interest	Series D/S	Principal	Interest	Series D/S	
<i>Sources</i>										
Par	\$4,100,000		4,100,000		1,663,397	5,763,397	4,100,000	1,663,397	5,763,397	
Equity										
Total	\$4,100,000	5/1/2024	0	0.00%	38,369	38,369	6/30/2024	0	38,369	38,369
		11/1/2024	205,000	3.96%	81,251	286,251	6/30/2025	205,000	158,440	363,440
<i>Uses</i>		5/1/2025	0	0.00%	77,189	77,189	6/30/2026	205,000	150,315	355,315
Project	\$4,100,000	11/1/2025	205,000	3.96%	77,189	282,189	6/30/2027	205,000	142,190	347,190
COI		5/1/2026	0	0.00%	73,126	73,126	6/30/2028	205,000	134,065	339,065
Total	\$4,100,000	11/1/2026	205,000	3.96%	73,126	278,126	6/30/2029	205,000	125,940	330,940
		5/1/2027	0	0.00%	69,064	69,064	6/30/2030	205,000	117,815	322,815
Dated Date	3/6/2024	11/1/2027	205,000	3.96%	69,064	274,064	6/30/2031	205,000	109,689	314,689
I-Commencement Date	5/1/2024	5/1/2028	0	0.00%	65,001	65,001	6/30/2032	205,000	101,564	306,564
P-Commencement Date	11/1/2024	11/1/2028	205,000	3.96%	65,001	270,001	6/30/2033	205,000	93,439	298,439
Term	21 Years	5/1/2029	0	0.00%	60,939	60,939	6/30/2034	205,000	85,314	290,314
Amortization Period	20 Years	11/1/2029	205,000	3.96%	60,939	265,939	6/30/2035	205,000	77,189	282,189
Final Maturity	11/1/2043	5/1/2030	0	0.00%	56,876	56,876	6/30/2036	205,000	69,064	274,064
Avg Life	10.24 Years	11/1/2030	205,000	3.96%	56,876	261,876	6/30/2037	205,000	60,939	265,939
		5/1/2031	0	0.00%	52,813	52,813	6/30/2038	205,000	52,813	257,813
<i>Statistics</i>		11/1/2031	205,000	3.96%	52,813	257,813	6/30/2039	205,000	44,688	249,688
Net Interest Cost	3.96%	5/1/2032	0	0.00%	48,751	48,751	6/30/2040	205,000	36,563	241,563
		11/1/2032	205,000	3.96%	48,751	253,751	6/30/2041	205,000	28,438	233,438

# Benchmarking

## Operating Ratios – Governmental Activities

Sub-Category	Draft 2022 Audit	2022 VBB Median	Moody's "A" Pop < 10k*	Notes
Unassigned General Fund Balance as % of Revenue	15.32%	13.6%	45.9%	Indicator of financial resources available to address investments and/or financial resiliency - typically lower in New England communities.
Cash as % of Revenue	133.47%	72.4%	48.4%	Cash available for on-going operations; cash typically higher in VT communities due to
Capital Asset Depreciation (Ratio of Undepreciated Assets to Original Value)	51%			

## Debt Ratios – Governmental Activities

Sub-Category	Draft 2022 Audit	Prior Audit + \$5 mm Debt	Prior Audit + \$10 mm Debt	Prior Audit + \$15 mm Debt	2022 VBB Median	Moody's "A" Pop < 10k*	Notes
Total Long-Term Debt (LTD)	\$19.03 million	\$24.03 million	\$29.03 million	\$34.03 million	\$849k	\$5.76 million	
Debt Service as % of Operating Expenses	10.14%	12.52%	14.86%	17.22%	6.2%	10.5%	Indication as to amount of budget consumed by debt service; higher amounts may indicate crowding out of other spending priorities or alternative capital spending (ex. PAYGO)
Debt Service as % of Revenue	10.16%	12.52%	14.89%	17.25%	5.9%	---	See above
Gov Activities LTD as % of Revenue	103.63%	130.86%	158.08%	185.30%	35.1%	110.0%	Indicator of debt relative to the size of annual spending of a community
Gov Activities LTD as % of Equalized Value	1.18%	1.49%	1.80%	2.11%	0.3%	1.5%	Indicator as to the amount of community wealth that is dedicated to repaying debt
Gov Activities 10-year Debt Payoff	61.01%	56.64%	53.77%	51.75%	83.3%	---	Indicator of how quickly existing debt pays down; may offset higher D/S as a % of operating expenses
Gov Activities Debt per Capita	\$1,781	\$2,249	\$2,717	\$3,185	\$382	---	Indication of how much general obligation debt that is attributed to

\* Source: Moody's Investor Services, "Cities and Counties—US

\*\* All cities median from Moody's



[www.vtbondbank.org](http://www.vtbondbank.org)



# Vermont Bond Bank

Michael Gaughan  
Executive Director

[michael@vtbondagency.org](mailto:michael@vtbondagency.org)

802.861.0073

Ken Linge  
Loan Officer

[ken@vtbondagency.org](mailto:ken@vtbondagency.org)

802.861.0074

Elizabeth King  
Controller

[elizabeth@vtbondagency.org](mailto:elizabeth@vtbondagency.org)

802.861.0075