



Vermont
Bond Bank



20 | ANNUAL
19 | REPORT

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Vermont
Bond Bank

Transmittal Letter

Dear Governor Scott & Members of the General Assembly:

The Staff and Directors of the Vermont Municipal Bond Bank (d/b/a Vermont Bond Bank) are pleased to submit to you our Annual Report for the 2019 calendar year.

The Vermont Bond Bank's mission as an instrumentality of the state is to finance social and physical infrastructure for governmental units across Vermont. Our legislative purpose includes the mandate to "foster and promote by all reasonable means" access to long-term debt financing while, to the extent possible, reducing related costs to taxpayers and residents.

Our activities are undertaken through our Pooled Loan Program and participation in the Clean Water and Drinking Water State Revolving Funds in partnership with the Department of Environmental Conservation.

The Pooled Loan Program is the primary focus of the Bond Bank. At the end of 2019 our portfolio consisted of 488 loans with a total outstanding balance of \$558 million across 198 borrowers. This activity is supported by our strong bond rating of "Aa2" and "AA+" from Moody's and S&P, respectively.

Over the course of the year, the Bond Bank loaned \$57.9 million for new projects within the Pooled Loan Program. This included 24 loans with a median size of just over \$1 million. Among other impacts, the loans supported 300 thousand square feet of facility improvements and impacted over 83 thousand Vermonters.

A highlight to the year was the Bond Bank's recognition as The Bond Buyer's Small Issuer Deal of the Year. The award was presented in recognition of the dual public goals served by the bonds that include both public infrastructure and quality investment opportunities.

The following pages of this report include more information on the Bond Bank's impact over the course of the past year as well as an overview of the pooled loan portfolio as of December 31, 2019.

Thank you for your continued support in helping us to finance critical infrastructure through the state.

Sincerely,



Michael Gaughan
Executive Director & Secretary



David Kimel
Board Chair

Directors & Officers

Michael Gaughan

Executive Director & Secretary

David Kimel
Board Chair

Debbie Winters
Treasurer

State Treasurer Beth Pearce
Ex-Officio

David Coates
Mary Alice McKenzie

What's in a Name?

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November 2019 Newsletter

Nearly fifty years ago, the Vermont General Assembly established the first bond bank in the country. The establishing act (Title 24, Chapter 119) followed a period of facilities construction across the state when the ability to secure long-term debt financing was at risk.

The solution embodied in the Bond Bank was a state instrumentality with a mission to “foster and promote by all reasonable means” access to long-term debt financing while, to the extent possible, reducing related costs to taxpayers and residents. Over the ensuing years, the Bond Bank has financed billions of dollars in local investment by purchasing and “banking” the bonds and notes of governmental units.

Now, more than ever, we are committed to this mission. This is driven by our daily interaction with Vermonters looking to improve their communities through social and physical infrastructure investment. Providing loans will always be our primary function, but in conversations with Vermonters we’ve come to realize that our mission is also served by facilitating efficient capital.

Efficient capital starts with the capital plan and ends in an expected place with the funding of a project. In between those two events is the process of selecting a funding source, which is where our experience can transform capital spending into efficient capital spending. In some cases, this means pay as you go (PAYGO); in other cases, it means partial loan forgiveness through both the Clean Water and



Vermont Bond Bank

Drinking Water State Revolving Fund programs, which the Bond Bank administers for municipal systems. In each case, we’ve been able to learn from the diversity of our experiences in identifying best practices while developing an intimate knowledge of applicable financing sources.

Coincident with our fresh approach to fulfilling our mission is the adoption of a new but still familiar name. In recognition of our work across villages, towns, cities, school districts, fire districts, and other governmental units, **the Vermont Municipal Bond Bank is now the Vermont Bond Bank.**

Alongside this name change are new borrower resources. In the short term, these include an online application, an interactive and exportable loan database, and streamlined information about our programs. In the long term, we have more ambitious plans to build out technical assistance programming that will be undertaken with new staff.

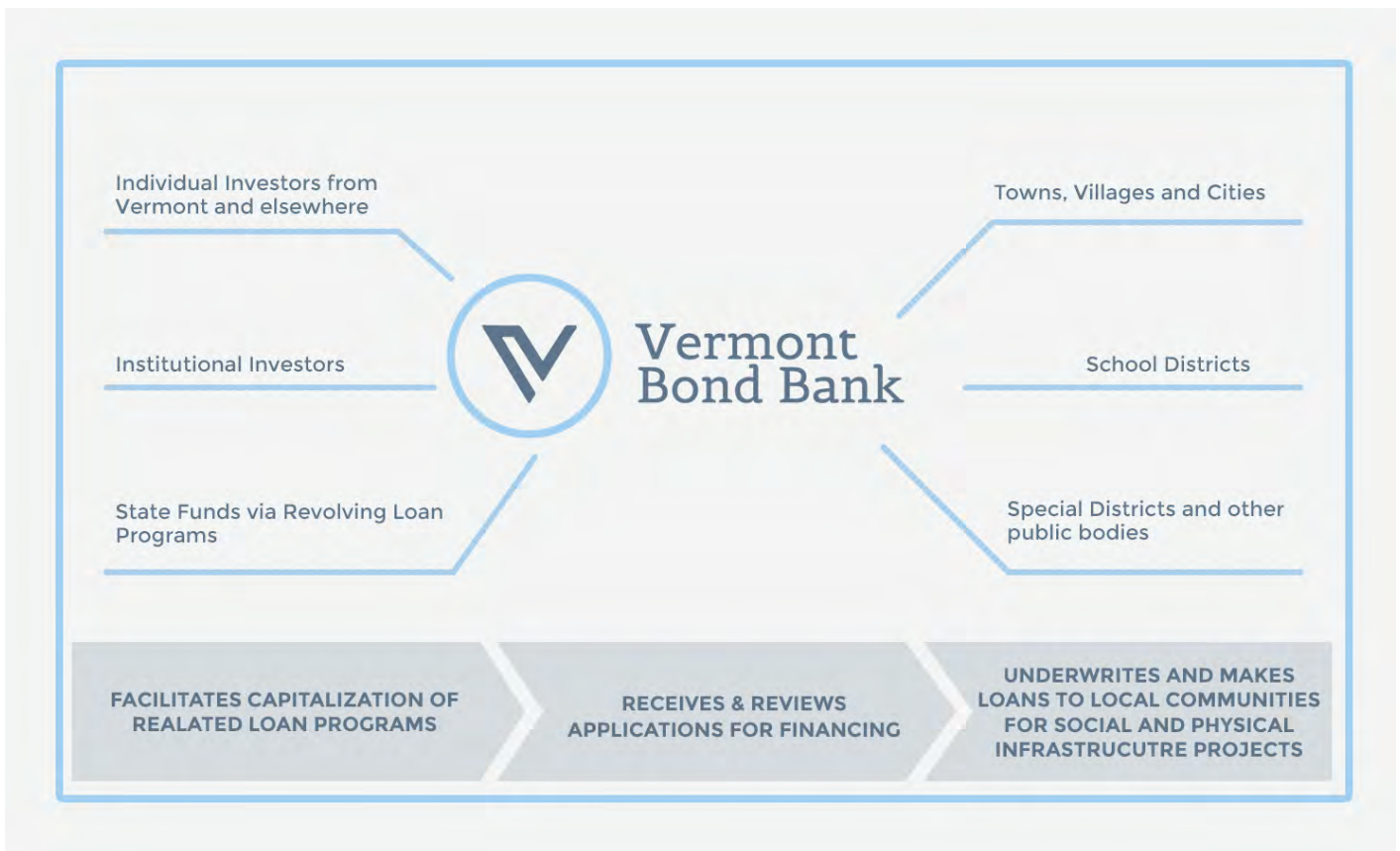
The Vermont Bond Bank began at a time when infrastructure needs were great throughout the state. As we move into our fiftieth year and again face this dynamic, we look forward to growing our valued partnerships around the state.

Michael Gaughan, Executive Director
Vermont Bond Bank

What We Are

Nearly fifty years ago, the Vermont General Assembly established the Bond Bank to provide loans for local infrastructure projects following a period of facilities construction across the state when the ability to secure long-term debt financing was at risk.

The solution embodied in the Bond Bank was a state instrumentality with a mandate to “foster and promote by all reasonable means” access to long-term debt financing while, to the extent possible, reducing related costs to taxpayers and residents.

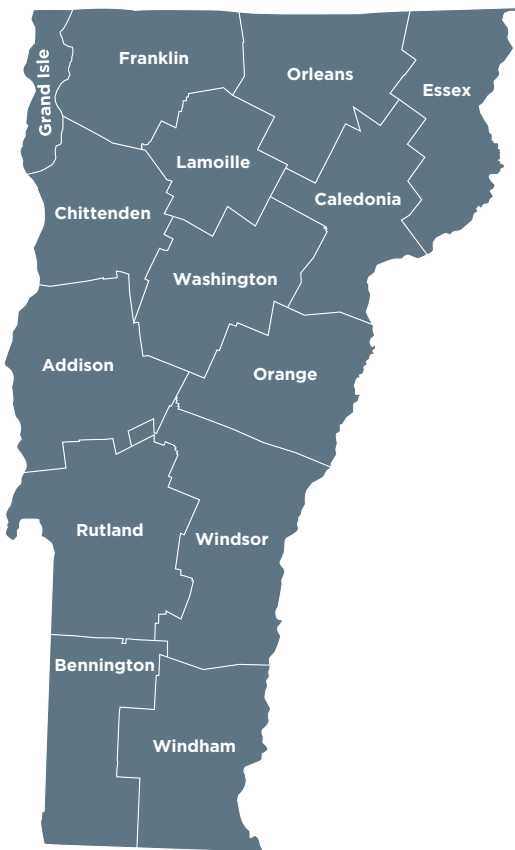


Over the ensuing years, the Bond Bank has financed billions of dollars in local investment by purchasing and “banking” the bonds and notes of governmental units. Loans made by the Bond Bank are primarily financed through the issuance of tax-exempt bonds.

The Bond Bank is governed by a five-member Board of Directors with four appointed by the Governor and the State Treasurer serving as an ex-officio member.

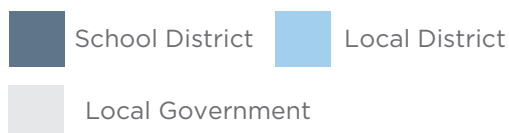
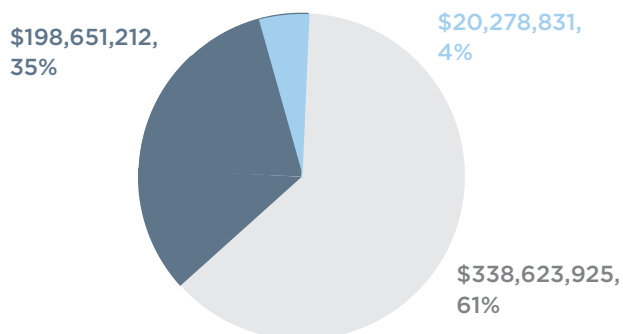
Who We Serve

The Bond Bank's pooled loan program makes loans to governmental units around the state, which include any county, municipality, school district, or other public body.
All data below as of 12/31/2019.

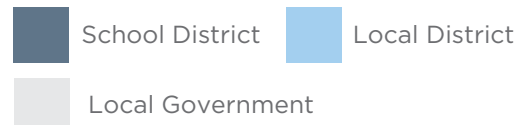
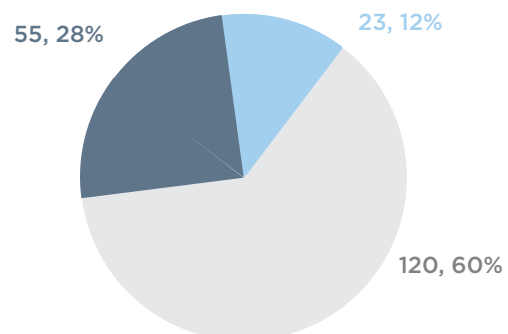


Addison	Essex	Orange	Windham
Total Amount \$41,062,896	Total Amount \$110,000	Total Amount \$17,769,336	Total Amount \$64,574,145
Borrowers 13	Borrowers 1	Borrowers 12	Borrowers 22
Bennington	Franklin	Orleans	Windsor
Total Amount \$18,965,601	Total Amount \$51,459,674	Total Amount \$8,112,651	Total Amount \$61,433,836
Borrowers 9	Borrowers 13	Borrowers 8	Borrowers 22
Caledonia	Grand Isle	Rutland	
Total Amount \$6,862,582	Total Amount \$5,257,647	Total Amount \$39,683,041	
Borrowers 9	Borrowers 5	Borrowers 25	
Chittenden	Lamoille	Washington	
Total Amount \$140,886,458	Total Amount \$38,702,440	Total Amount \$62,673,656	
Borrowers 29	Borrowers 6	Borrowers 24	

Outstanding Balance



Borrowers



Our Impact

The Bond Bank's pooled loan program contributes to community well-being by financing social and physical infrastructure. The Bond Bank instituted a voluntary impact reporting program as part of the Pooled Loan Program in 2019.

► *Impact Highlights*



Who: Town of Chittenden
Population: 1,245
Loan Amount: \$150,000
Infrastructure Type: Transportation Issue

The Town of Chittenden needed to replace an existing 19-foot span arch culvert (Bridge #22) built in the early 1900's on East Creek. The arch was at the end of its useful life and threatened a timesaving connection to the Route 4 arterial. The project began in July 2019 and will be completed in 2020.

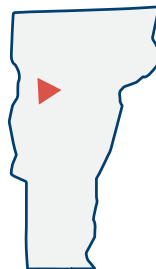
Solution

The Bond Bank's was able to provide the Town a loan as part of the summer loan pool. The loan leveraged a VTrans Highway Structures Grant and funds contributed from the Town's highway budget.



Over the course of 2019 Vermont Bond Bank financed projects:

- Impacted 83,000 Vermonters
- Saved 500,000 kWh
- Renovated or constructed 300,000 square feet of facilities
- Enhanced 1,000 student seats
- Improved 16 miles of road or streetscape
- Resulted in 2 new fire trucks



Who: City of Winooski
Population: 7,232
Loan Amount: \$3,410,000
Infrastructure Type: Recreation

The City of Winooski is an energetic community that is benefitting from significant investment activity. The City is wholly located within an Opportunity Zone as well as geographically qualifying for other federal community investment eligibilities.

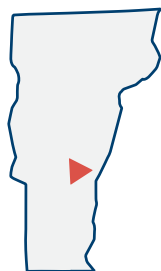
In recent years, reopening the community pool emerged as an important community priority. The original City-owned pool facility was constructed in 1972. In 2016 the City closed the facility due to extensive and expensive repair needs. A City charted and community driven pool Commission concluded reconstruction of the existing facility was the preferred alternative.

Impact Highlights

Reconstruction of the proposed Myers Pool facility will include a new competition and family pool with concrete deck and filter systems, a fully renovated bathhouse, new community space and timber frame shade structure. Construction is estimated to be completed by June 2020.

Solution

Total project cost is estimated to be \$3.8 million. The Bond Bank's loan allowed cost effective financing that will leverage grants and fundraising to support the project.



Who: Hartford School District
Population: Approximately 1,500
Loan Amount: \$5,400,000
Infrastructure Type: School Facilities

Hartford School District is the home of the Regional Alternative Program ("RAP"), which provides services to special needs children as well as the Hartford Autism Regional Program ("HARP"), a program designed to meet the specialized needs of children with autism and other developmental disabilities.

The RAP is currently housed in an historic 17 thousand square foot brick school building that was built in 1912. The intent of the project was to consolidate locations of the programs through the co-location of the two programs while modernizing the building for related



The building will be fully renovated with the result of allowing the programs to be co-located. The project is estimated to be completed by Fall 2020.

Solution

The District used the Bond Bank for the entirety of financing related to project.

2019 Bond Bank Transactions

The Bond Bank issued \$56.37 million in bonds during 2019 to support new loans through the Pooled Loan Program.

In December, the Bond Bank received *The Bond Buyer's* “Deal of the Year” award for small issuers.

The Bond Buyer is the only independent information resource serving the entire municipal finance community and presents the award annually to the “most outstanding municipal finance transactions” that exemplify “creativity and resourcefulness.”



The Bond Bank’s winning transaction was its summer 2019 bond issuance in support of the summer loan pool. The innovation in the offering was to designate the bonds as “Local Investment Bonds” in recognition of the dual public goals served by the bonds that include both public infrastructure and quality investment opportunities.

Central to the Local Investment Bonds concept is disclosure within the Official Statement that gives voice to the social and environmental importance of the projects that were financed.

State Revolving Loan Fund Activity

The Vermont Department of Environmental Conservation and the Vermont Municipal Bond Bank jointly administer the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund programs. Both programs are funded through a combination of Environmental Protection Agency dollars and state matching funds.

In 2019, the Bond Bank provided credit review and financial underwriting on:

- ▶ 71 loan agreements or amendments reviewed and approved
- ▶ \$25.4 million in loan agreements or amendments reviewed and approved

The above activity will help to upgrade infrastructure in 47 communities.

In addition, the Bond Bank provides on-going loan servicing of the portfolio to ensure loan repayment and timely processing of payment requests during construction. The portfolio includes \$232.2 million in loans.



CLEAN WATER STATE REVOLVING FUND

Program provides low-interest loans for water quality protection projects to make improvements to wastewater treatment systems, control pollution from stormwater runoff, and protect sensitive water bodies.



DRINKING WATER STATE REVOLVING FUND

Program provides subsidized low-cost financing to municipal and privately-owned public water systems for capital improvements that improve public health protection and facilitate compliance with the Safe Drinking Water Act.

Pooled Loans Made in 2019

Loan Pool	Borrower	Project Description	Loan Amount
2019 Series 1	South Burlington City	City hall and community facilities	14,000,000
2019 Series 1	St. Albans City	Sidewalk construction & TIF Project	4,450,000
2019 Series 1	Stowe Town	Village sidewalk replacement & underground utilities	6,600,000
2019 Series 2	Barre City	Water and wastewater projects	2,500,000
2019 Series 2	Barre City	Wastewater biosolids project	900,000
2019 Series 2	Barre City	Equipment purchases, civic center improvements, city hall heating systems, and Keith Avenue parking lot	560,000
2019 Series 2	Charlotte Town	Library addition	600,000
2019 Series 2	Charlotte Town	New ambulance	275,000
2019 Series 2	Chester Town	Paving project	300,000
2019 Series 2	Chittenden Town	Bridge construction	150,000
2019 Series 2	Corinth Town	Fire station	850,000
2019 Series 2	Dummerston Town	Gravel pit purchase	1,000,000
2019 Series 2	Enosburg Falls Village	Paving project	490,000
2019 Series 2	Fairfax Town	Water meter replacement	120,000
2019 Series 2	Hartford Town School District	Wilder School Renovation	5,427,360
2019 Series 2	Maple Run Unified School District	Safety and security upgrades to Bellows Free Academy	5,722,153
2019 Series 2	Mill River Unified Union School District	Buildings & Grounds Energy & Efficiency Project	2,300,000

Pooled Loans Made in 2019 Continued

Loan Pool	Borrower	Project Description	Loan Amount
2019 Series 2	Putney Town	Acquisition of gravel pit	1,000,000
2019 Series 2	Shelburne Town	New library building construction, renovate town hall, site improvements	3,900,000
2019 Series 2	Swanton Village	Purchase of two fire trucks	1,341,516
2019 Series 2	West River Modified Union Education District	Replacement of wood chip burner and Leland and Gray Mid/High	450,000
2019 Series 2	Windsor Town	Road, sidewalk and drainage improvements	500,000
2019 Series 2	Winooski City	Pool reconstruction	3,417,000
2019 Series 2	Winooski City	Design engineering costs for the Main Street redevelopment	1,088,011

Pooled Loans Outstanding As of 12/31/2019

Borrower	County	Loan Balance
Addison Central School District	Addison	1,464,500
Addison Northwest School District	Addison	10,995,000
Albany Town	Orleans	250,000
Barre City	Washington	15,571,099
Barre Town	Washington	659,910
Barre Unified Union School District	Washington	40,000
Barstow Unified Union School District	Rutland	270,000
Barton Village	Orleans	3,122,416
Bellows Falls Village	Windham	185,000
Bennington Town	Bennington	2,880,000
Berlin Town	Washington	55,000
Bethel Town	Windsor	135,000
Bolton Town	Chittenden	20,000
Bradford Town	Orange	359,891
Brandon Fire District #1	Rutland	1,340,000
Brandon Town	Rutland	2,360,568
Brattleboro Town	Windham	18,640,000
Brighton Town	Essex	110,000
Bristol Town	Addison	1,104,618
Brookline Town	Windham	110,000
Burlington City	Chittenden	19,401,934

Pooled Loans Outstanding As of 12/31/2019

Borrower	County	Loan Balance
Cabot Town	Washington	578,141
Cabot Town School District	Washington	80,000
Calais Town	Washington	50,000
Cambridge Town School District	Lamoille	1,830,000
Castleton Fire District #3	Rutland	1,404,271
Castleton Town	Rutland	1,125,000
Champlain Valley School District	Chittenden	29,833,128
Champlain Water District	Chittenden	4,451,659
Charlotte Town	Chittenden	1,537,500
Chelsea Town	Orange	1,229,445
Chester Town	Windsor	3,188,878
Chittenden County	Chittenden	450,000
Chittenden Town	Chittenden	150,000
Colchester Fire District #1	Chittenden	760,000
Colchester Fire District #2	Chittenden	659,547
Colchester Fire District #3	Chittenden	365,000
Colchester Town	Chittenden	3,045,000
Colchester Town School District	Rutland	4,117,647
Cold Brook Fire District #1	Windham	2,405,000
Corinth Town	Orange	850,000
Danby-Mt. Tabor Fire District #1	Rutland	440,064

Pooled Loans Outstanding As of 12/31/2019

Borrower	County	Loan Balance
Danville Fire District #1	Caledonia	775,670
Derby Center Village	Orleans	680,975
Derby Line Village	Orleans	460,000
Derby Town	Orleans	400,000
Dummerston Town	Windham	1,000,000
East Calais Fire District #1	Washington	95,377
East Montpelier Town	Washington	1,155,000
Edward Farrar Utility District	Washington	2,704,224
Enosburg Falls Village	Franklin	3,295,000
Enosburgh-Richford Unified Union School District	Franklin	1,275,000
Essex Junction Village	Chittenden	3,640,000
Essex Town	Chittenden	4,830,000
Essex Westford Educational Community Unified Union School District	Chittenden	4,390,000
Fairfax Town	Franklin	120,000
Ferrisburgh Fire District #1	Addison	45,000
Georgia Town	Franklin	770,000
Georgia Town School District	Franklin	2,160,000
Grand Isle Consolidated Water Dist	Grand Isle	1,205,147
Grand Isle Town	Grand Isle	1,662,500
Greater Upper Valley Solid Waste Management District	Windsor	980,000

Pooled Loans Outstanding As of 12/31/2019

Borrower	County	Loan Balance
Green Mountain Unified School District	Windsor	1,054,640
Guilford Town	Windham	58,500
Halifax Town	Windham	30,000
Hardwick Town	Caledonia	1,101,667
Hartford Town	Windsor	11,309,796
Hartford Town School District	Windsor	13,906,810
Harwood Unified Union School District	Washington	4,500,000
Hinesburg Town	Chittenden	4,477,084
Hubbardton Town	Rutland	140,000
Huntington Town	Chittenden	720,100
Jamaica Town	Windham	637,500
Jericho Town	Chittenden	540,000
Jericho Underhill Water District	Chittenden	380,000
Johnson Village	Lamoille	1,143,530
Killington Town	Rutland	988,640
Lamoille North School District	Lamoille	14,329,692
Lamoille South Unified Union School District	Lamoille	1,140,000
Lincoln Town	Addison	561,500
Ludlow Mt Holly Unified Union School District	Rutland	160,000
Ludlow Town	Windsor	1,587,531

Pooled Loans Outstanding As of 12/31/2019

Borrower	County	Loan Balance
Ludlow Village	Windsor	20,000
Lyndon Town	Caledonia	885,650
Lyndonville Village	Caledonia	1,487,312
Manchester Town	Bennington	7,400,000
Maple Run Unified School District	Windham	10,316,225
Marshfield Village	Washington	212,215
Mendon Town	Rutland	278,000
Middlebury Town	Addison	21,888,750
Middlesex Town	Washington	400,000
Mill River Unified Union School District	Rutland	6,142,500
Milton Town	Chittenden	2,008,000
Milton Town School District	Chittenden	2,290,000
Missisquoi Valley School District	Franklin	2,860,000
Montgomery Town	Franklin	250,000
Montpelier City	Washington	15,904,720
Montpelier Fire District	Washington	280,000
Montpelier Roxbury School District	Washington	8,198,780
Moretown Town	Washington	450,000
Morrisville Village	Lamoille	2,285,000
Mount Ascutney School District	Windsor	355,000
Mount Mansfield Unified Union School District	Chittenden	5,382,906

Pooled Loans Outstanding As of 12/31/2019

Borrower	County	Loan Balance
Mt Abraham Unified School District	Addison	1,424,263
Mt. Anthony Union High School District #14	Bennington	1,845,000
New Haven Town	Addison	290,000
Newfane Town	Windham	162,500
Newport City	Orleans	295,000
North Bennington Village	Bennington	100,000
North Branch Fire District No. 1	Windham	1,530,000
North Country Union High School District No. 22	Orleans	2,115,000
North Hero Town	Grand Isle	1,165,000
Northern Mountain Valley Unified Union School District	Franklin	3,623,750
Northfield Town	Washington	5,049,351
Norwich Town	Windsor	1,426,000
NW Vermont Solid Waste Management District	Franklin	400,000
Orange Southwest School District	Orange	70,000
Orleans Southwest Union Elementary School District	Caledonia	436,050
Orleans Village	Orleans	789,261
Otter Valley Unified Union School District	Rutland	3,291,000

Pooled Loans Outstanding As of 12/31/2019

Borrower	County	Loan Balance
Oxbow Unified Union School District	Orange	1,254,000
Paine Mountain School District	Orange	1,960,000
Patricia A. Hannaford Career Center	Addison	630,000
Peacham Fire District #1	Caledonia	191,233
Pittsfield Town	Rutland	355,000
Pittsford Town	Rutland	470,105
Plainfield Town	Washington	359,218
Poultney Village	Rutland	1,195,000
Pownal Town	Bennington	1,399,548
Putney Town	Windham	2,975,489
Quarry Valley Unified Union School Districts	Rutland	1,490,000
Randolph Town	Orange	6,170,000
Readsboro Town	Bennington	229,154
Richford Town	Franklin	827,040
Richmond Town	Chittenden	1,135,000
Rivendell Interstate School District	Orange	2,575,000
Rochester Town	Windsor	615,182
Rochester-Stockbridge Unified School District	Windsor	195,000
Rockingham Town	Windham	3,229,058

Pooled Loans Outstanding As of 12/31/2019

Borrower	County	Loan Balance
Rockingham Town School District	Windham	8,201,803
Royalton Town	Windsor	75,000
Rutland City	Rutland	6,420,700
Rutland Town	Rutland	1,260,000
Rutland Town School District	Rutland	380,000
Salisbury Town	Addison	793,334
Shaftsbury Town	Bennington	1,000,000
Shelburne Town	Chittenden	9,025,000
Shoreham Town	Addison	200,932
Shrewsbury Town	Rutland	160,000
Slate Valley Unified Union School District	Rutland	495,000
South Burlington City	Chittenden	23,930,000
South Burlington City School District	Chittenden	3,862,975
South Hero Fire District #4	Grand Isle	185,000
South Hero Town	Grand Isle	1,040,000
Southwest Vermont Union Elementary School District	Bennington	3,866,200
Springfield Town	Windsor	3,090,000
Springfield Town School District	Windsor	12,800,000
St. Albans City	Franklin	29,414,192
St. Albans Town	Franklin	170,000

Pooled Loans Outstanding As of 12/31/2019

Borrower	County	Loan Balance
St. Johnsbury Town	Caledonia	1,820,000
St. Johnsbury Town School District	Caledonia	155,000
Stannard Town	Caledonia	10,000
Stockbridge Town	Windsor	40,000
Stowe Town	Lamoille	17,974,218
Strafford Town	Orange	636,667
Sunderland Town	Bennington	245,700
Swanton Village	Franklin	6,294,693
Taconic & Green Regional School District	Rutland	1,310,000
Thetford Town	Orange	90,000
Thetford Town School District	Orange	651,000
Townshend Town	Windham	380,000
Tri Town Water District #1	Addison	950,000
Twin Valley Unified Union School District	Windham	4,415,677
Underhill Town	Chittenden	35,000
Vergennes City	Addison	715,000
Waitsfield Town	Washington	684,500
Wallingford Fire District #1	Rutland	699,469
Warren Town	Washington	437,122
Washington Central Unified Union School District	Washington	310,000

Pooled Loans Outstanding As of 12/31/2019

Borrower	County	Loan Balance
Waterbury Town	Washington	4,655,000
Weathersfield Town School District	Windsor	2,270,000
West River Modified Union Education District	Windham	1,625,000
West Rutland Town	Rutland	3,390,077
Westminster Fire District #3	Windham	60,000
White River Valley Unified School District	Windsor	1,900,000
Williamstown Town	Orange	1,923,333
Williston Town	Chittenden	6,459,115
Wilmington Town	Windham	60,000
Wilmington Water District	Windham	676,393
Windham Northeast Union Elementary School District	Windham	570,000
Windham Southeast School District	Windham	7,306,000
Windsor Central Modified Union School District	Windsor	466,667
Windsor County	Windsor	800,000
Windsor Town	Windsor	4,728,333
Winooski City	Chittenden	7,042,511
Winooski School District	Chittenden	65,000
Woodstock Town	Windsor	490,000
Worcester Town	Washington	244,000

