



BOND BANK FLEXIBLE FUND

The Vermont Bond Bank (“Bond Bank”) is requesting feedback and expressions of interest (“REI”) for a subsidized and highly flexible small loan program from towns, cities, villages, school districts, fire districts, and other bodies considered to be governmental units under Vermont statute.

We hope that representatives from governmental units will take a few minutes to review our rationale and vision – and respond through the linked form.

Responses to the REI can be submitted online via the following form and are due by *Friday, September 16th*.

<https://forms.gle/39kMFWPzdcIH7EXV6>

Respondents to the REI will be given first notice as to the availability of related loans and priority consideration in the application process.

Purpose

The current influx of federal support presents a unique opportunity to address long-standing community goals. The reach of these dollars, however, is decreasing alongside increasing costs.

Additionally, long-standing community priorities are being given a fresh look given the influx of dollars and the interdisciplinary nature of related project do not always match requirements of conventional financing.

We see an opportunity to develop an innovative revolving loan program that would provide relatively quick access to small loans that would help communities meet acute needs and address long-standing goals.

In short, we aim to meet this unique moment and lay a foundation for Vermont communities to be supported in their best ambitions both now and for years to come!

Background

Historically, the Bond Bank has subsidized bond level costs of issuance for the Pooled Loan Program. This has the effect of lowering costs for borrowers, however, the economy of scale achieved in our program results in costs of issuance per community that are very low.

The Bond Bank is committed to ongoing support for borrowers whenever possible and believes those funds could be better used in a new flexible lending program.

In a sense, rather than spread a small benefit broadly over time, the new program would give communities access to rightsized financing when their needs are most acute.

Program Details

Funds available for the program in year one would be limited to approximately \$300 thousand. Though over time, with contributions and repayments, the fund would grow.

Funds could be used for a variety of purposes, including some that are limited by the requirements of tax-exempt bonds.

Potential uses might include, among other uses, affordable and/or workforce housing, energy efficiency, equipment, recreation, renewable energy, and other economic development.

The future development of the program would be driven by the interest and needs of stakeholders – as well as by the impact of the loans on community development.

Potential Terms

- Amount: \$10,000 to \$400,000
- Term: 2 to 8 years
- Prepayment: Continuous with no penalty
- Rate: 0 to 1 percent
- Local Authorization: Bond or note that is a general obligation of the governmental unit

Bond Bank Disclosure

The Bond Bank reserves the right to not move forward with the small loan program, modify terms, and otherwise depart from the description of activities described above.