



Vermont
Bond Bank



WINTER 2023 APPLICATION WEBINAR
NOVEMBER 15, 2022

Save the Date!

2nd Annual Vermont Capital Planning Forum

When: April 13, 2023

Where: TBD, ~ in person

Cost: Free to attend

Preliminary Topics:

- Capital Planning 101
- Use of Local Option Tax to Support Capital Investment
- Physical resilience to climate events

Vermont Capital Planning Forum



DATE: April 7th & 8th
TIME: 9AM to 1PM
WHERE: Virtual
COST: Free

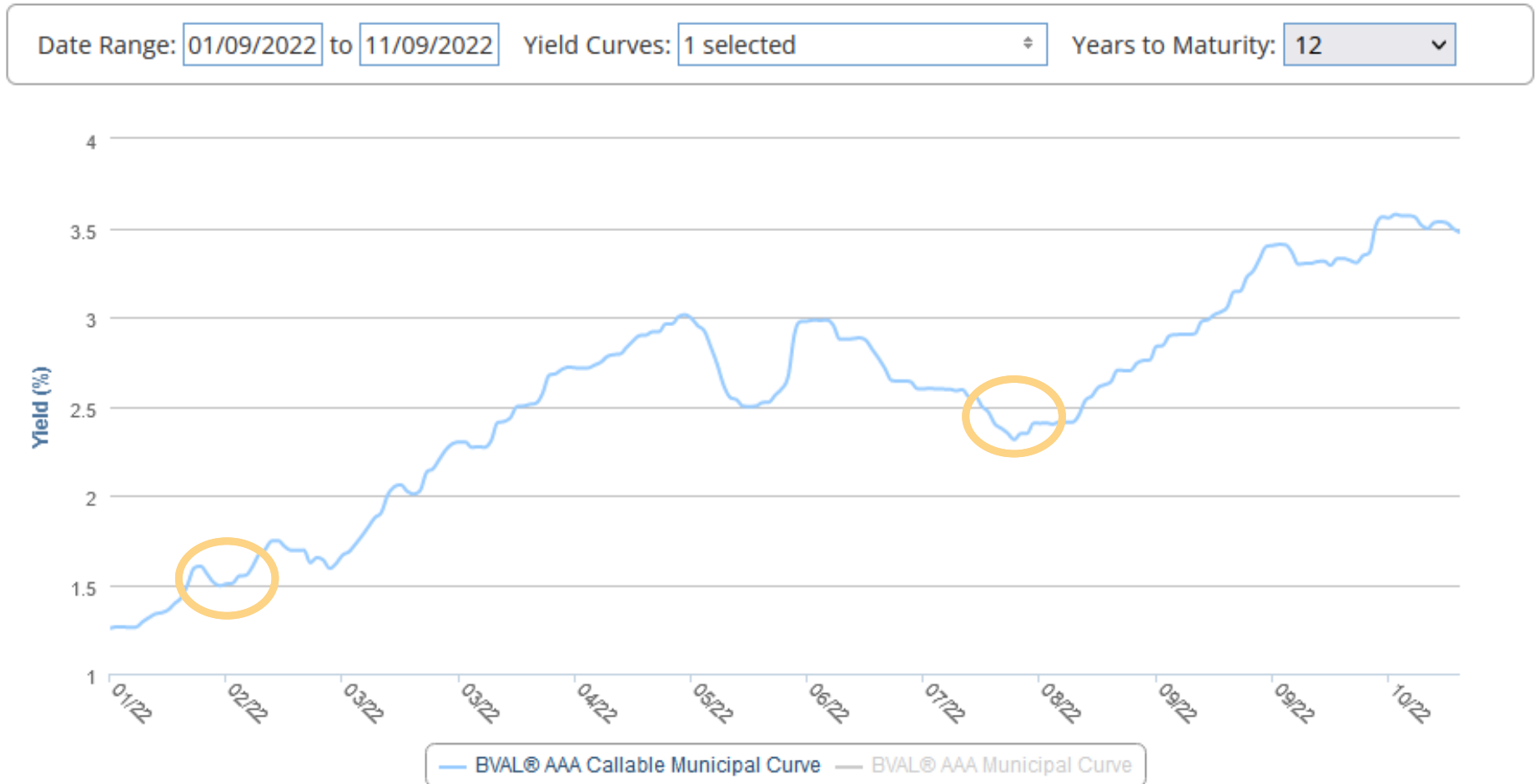


Topics

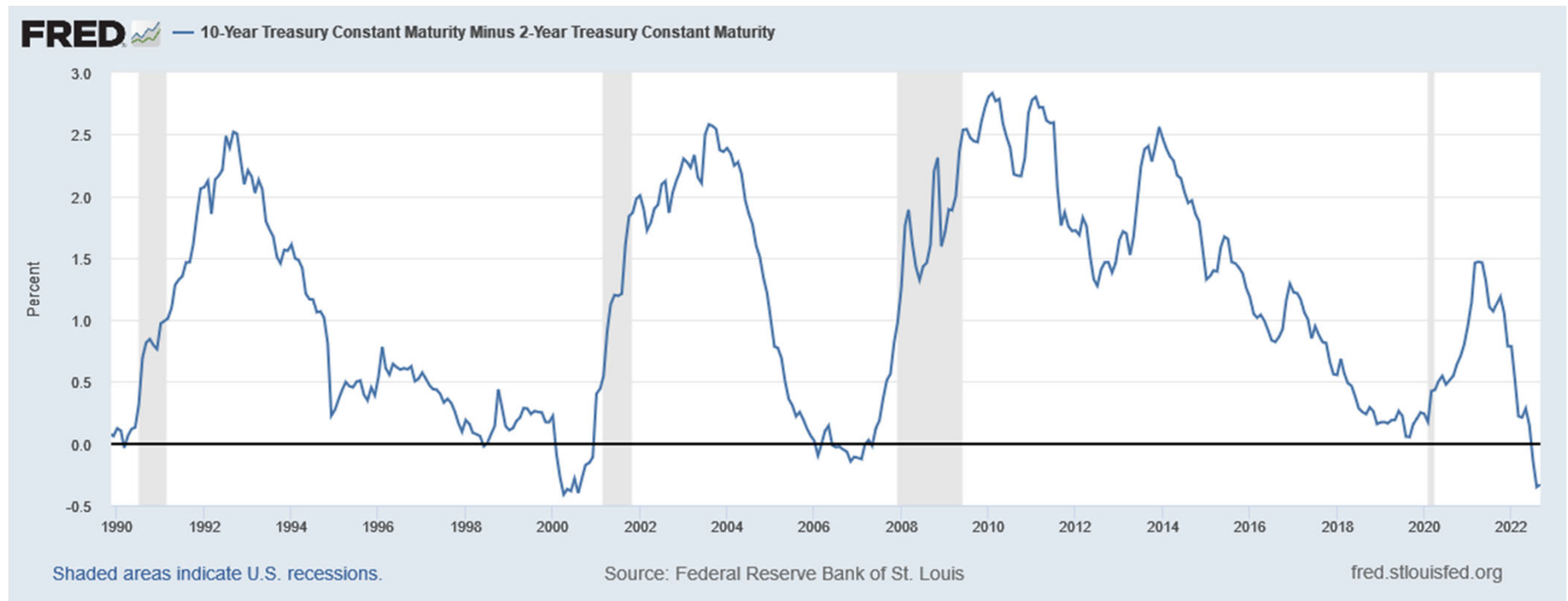
- What is a capital plan?
- Why a capital plan is critical to a healthy community
- Awards for best capital plans
- Best practices from a little big city
- How to get started...and keep going
- Moderated breakout discussions
- Options for funding and financing

[MORE DETAILS](#)

Municipal Market Trends



Bad news is good news?



Bloomberg Market Consensus UST Forecasts³

Tenor	Current ²	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
2Y	4.70	4.41	4.36	4.15	3.88	3.63	3.44	3.27	3.12	3.04
5Y	4.35	4.17	4.11	3.93	3.71	3.52	3.42	3.27	3.16	3.12
10Y	4.12	3.86	3.83	3.72	3.59	3.44	3.39	3.30	3.22	3.19
30Y	4.15	3.90	3.88	3.82	3.72	3.63	3.63	3.54	3.49	3.46

Current Bond Bank Rate Estimates

SHARE

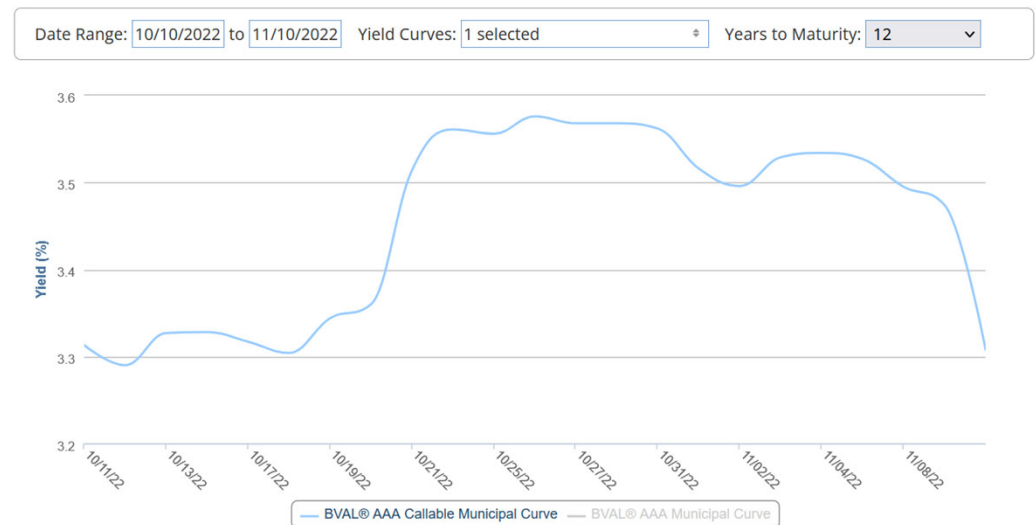


ECONOMY | CENTRAL BANKS

Fed's Brainard Says Rate-Rise Pace Can Slow Soon

Central bank's No. 2 official argues that previous and anticipated rate increases will slow the economy in ways that can't be observed yet

5 Years	3.55%
10 Years	3.81%
15 Years	4.20%
20 Years	4.45%
30 Years	4.74%



Bond Bank Financing Relationships

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 unreimbursed FEMA costs
 - Refinance USDA debt

State Revolving Funds

- Conducts financial underwriting on all loans
- Manages billing, payments and disbursements, in conjunction with Wilmington Trust
- Owner of loan agreements

Program Highlights

Advantages

- Bond Bank maintains AA+ rating with low interest rates passed along to borrowers
- Bond Bank provides technical expertise in organizing, structuring and pricing bonds
- Economies of scale in accessing the capital markets
- No upfront and/or on-going fees
- Streamlined process from application to receipt of funds
- Active market monitoring for refinancing opportunities with savings passed on to borrowers
- Term of financing and amortization will always match (i.e. no "put" or balloon maturity)
- No on-going risk of "catch-up" payments should tax rates change (investors not borrowers own tax risk)

Considerations

- Must comply with rules for tax-exempt financed (like all tax-exempt loans)
- Availability of funding subject to Bond Bank schedule (typically winter and summer pools)
- Refinancing of redemption subject to Bond Bank approval
- Semi-annual payment of interest on May 1st and November 1st
- Annual payment of principal on November 1st
- Funds must be requisitioned from the Disbursement Agent (typically arrive in < 24 hours)

Term of financing and useful life of asset financed must align

Loan Terms

	Description	Notes
Loan Amount	Up to 100% financing of project costs	No loan limits but the overall debt capacity of the borrower will be evaluated during underwriting.
Interest Rate	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.
Loan Term / Amortization	<ul style="list-style-type: none"> • Must match useful life of asset(s) financed up to 30 years • Applicants may request up to 5 years interest only 	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.
Payment Dates	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.
Underwriting / Credit Review	We will review timing of supporting revenue vs debt service, financial statements, and local economic condition	
Fees	No fees are charged associated with applying receiving loans through the Bond Bank	

Life Cycle of Bond Bank Bond

Town of Middlebury – 2008 Series 1 Loan (Refunded by 2015-5 Bonds)

Refunding savings passed along as “rebate” to avoid costs associated with new loan agreement

NIC of *remaining maturities* Prior to Refunding = 4.71%

DEBT SERVICE SCHEDULE			
	Principal	Interest	Debt Service
	3,055,000	1,711,800	4,766,800
5/1/2016	0	69,218	69,218
11/1/2016	135,000	69,218	204,218
5/1/2017	0	66,680	66,680
11/1/2017	135,000	66,680	201,680
5/1/2018	0	64,048	64,048
11/1/2018	135,000	64,048	199,048
5/1/2019	0	61,341	61,341
11/1/2019	135,000	61,341	196,341
5/1/2020	0	58,567	58,567
11/1/2020	135,000	58,567	193,567
5/1/2021	0	55,725	55,725
11/1/2021	135,000	55,725	190,725
5/1/2022	0	52,823	52,823
11/1/2022	135,000	52,823	187,823
5/1/2023	0	49,880	49,880
11/1/2023	135,000	49,880	184,880

11/1/2037	130,000	6,331	136,331
5/1/2038	0	3,166	3,166
11/1/2038	130,000	3,166	133,166

NIC of *remaining maturities* with rebate = 3.68%

DEBT SERVICE SCHEDULE			
	Principal	Interest	Debt Service
	3,055,000	1,711,800	(374,749) 4,392,051
5/1/2016	0	69,218	0 69,218
11/1/2016	135,000	69,218	(3,809) 200,409
5/1/2017	0	66,680	0 66,680
11/1/2017	135,000	66,680	(3,721) 197,959
5/1/2018	0	64,048	0 64,048
11/1/2018	135,000	64,048	(3,870) 195,177
5/1/2019	0	61,341	0 61,341
11/1/2019	135,000	61,341	(18,860) 177,481
5/1/2020	0	58,567	0 58,567
11/1/2020	135,000	58,567	(21,442) 172,125
5/1/2021	0	55,725	0 55,725
11/1/2021	135,000	55,725	(22,528) 168,197
5/1/2022	0	52,823	0 52,823
11/1/2022	135,000	52,823	(23,119) 164,704
5/1/2023	0	49,880	0 49,880
11/1/2023	135,000	49,880	(24,830) 160,049

11/1/2037	130,000	6,331	(6,331) 130,000
5/1/2038	0	3,166	0 3,166
11/1/2038	130,000	3,166	(3,166) 130,000

NIC assumes 11/1/2015 calculation date

Application Highlights

In preparation, collect/complete/review:

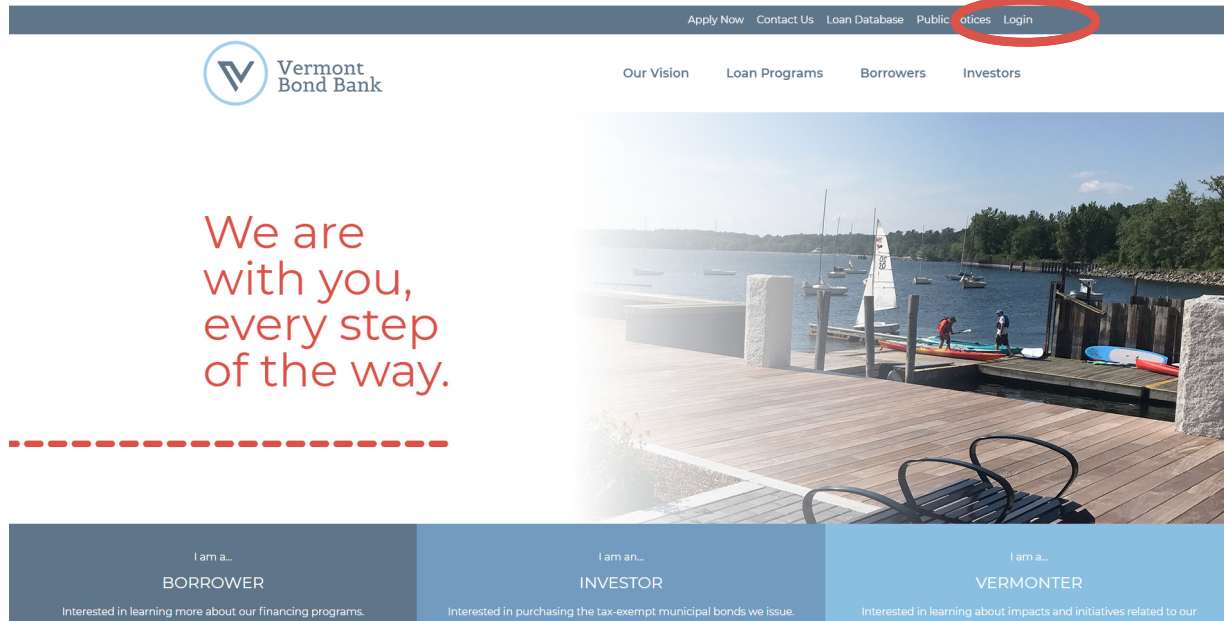
- External audited financials– minimum one year, three preferred
- Bond counsel opinion letter
- List of debt, including capital leases, on provided spreadsheet
- Capital Plan
- Impact data- details about the project
- Complete SoV Auditor’s checklist– <https://auditor.vermont.gov/local>
- 5 largest tax/ratepayers; 5 largest employers (GA app only); delinquent taxes/ratepayers
- Declaration of Official Intent– contact Bond Counsel for template
- Special District/Enterprise specific:
 - Rate structure, post-project revenue/expense projections
- School District specific:
 - Education spending for past two and current years
 - Homestead tax rate for all towns in SD
- Annual Post Issuance Compliance form must be received if current Bond Bank loan participant
 - <https://vtbondbank.org/borrower-reporting>

Application Highlights

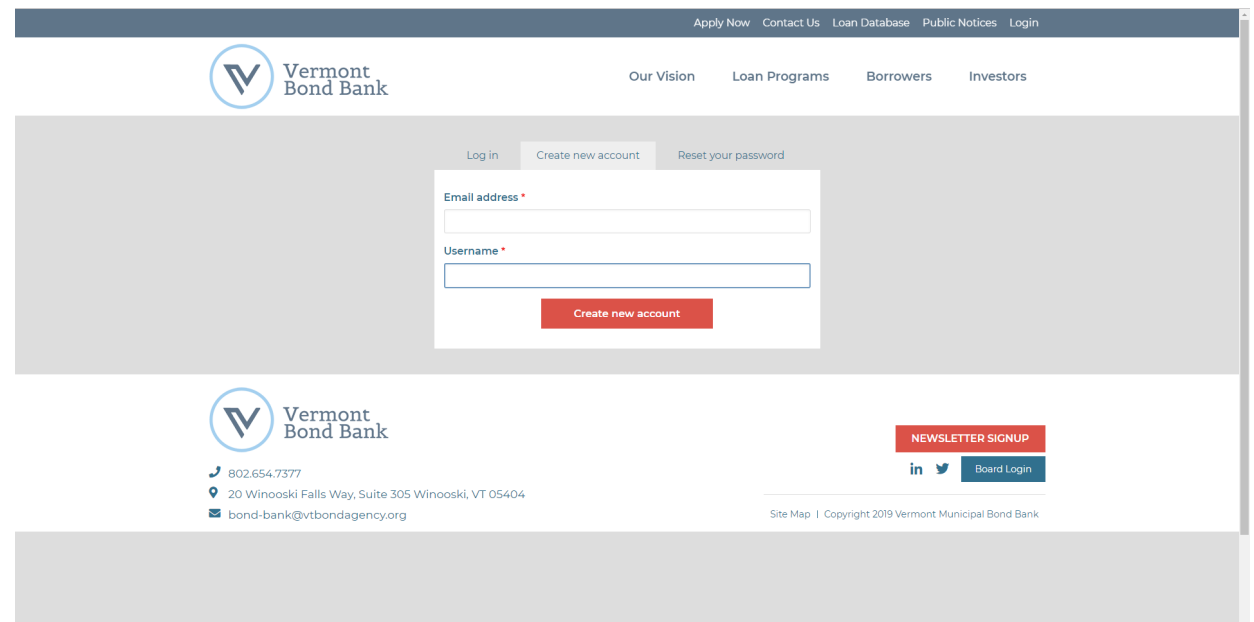
While completing:

- Choose the correct application; may need to complete multiple. Must complete one application and submit before starting another
- Use Chrome or Firefox or Edge, not Windows Explorer
- Contact should be the person completing the application and who will be contact throughout the loan process; to add an alternative contact, use the 'Is there anything else you would like...' at the end of the application
- Use of funds- Project 1, 2, 3
 - Brief project description
- Choose desired loan term and interest-only payments
- Impact data– not all categories will apply to your project
- Debt spreadsheet– download/upload
- Connections– Special District/Enterprise Fund specific
- Will automatically save as progress through application; no need to 'save draft' at each page
- Page number across the top does not correlate to pages completed/remaining
- **NEW!!!!** Review application in its entirety prior to submitting; once submitted it cannot be edited
- **NEW!!!!** Submission confirmation
- **NEW!!!!** Save a PDF of application after submission

Getting Started with Application



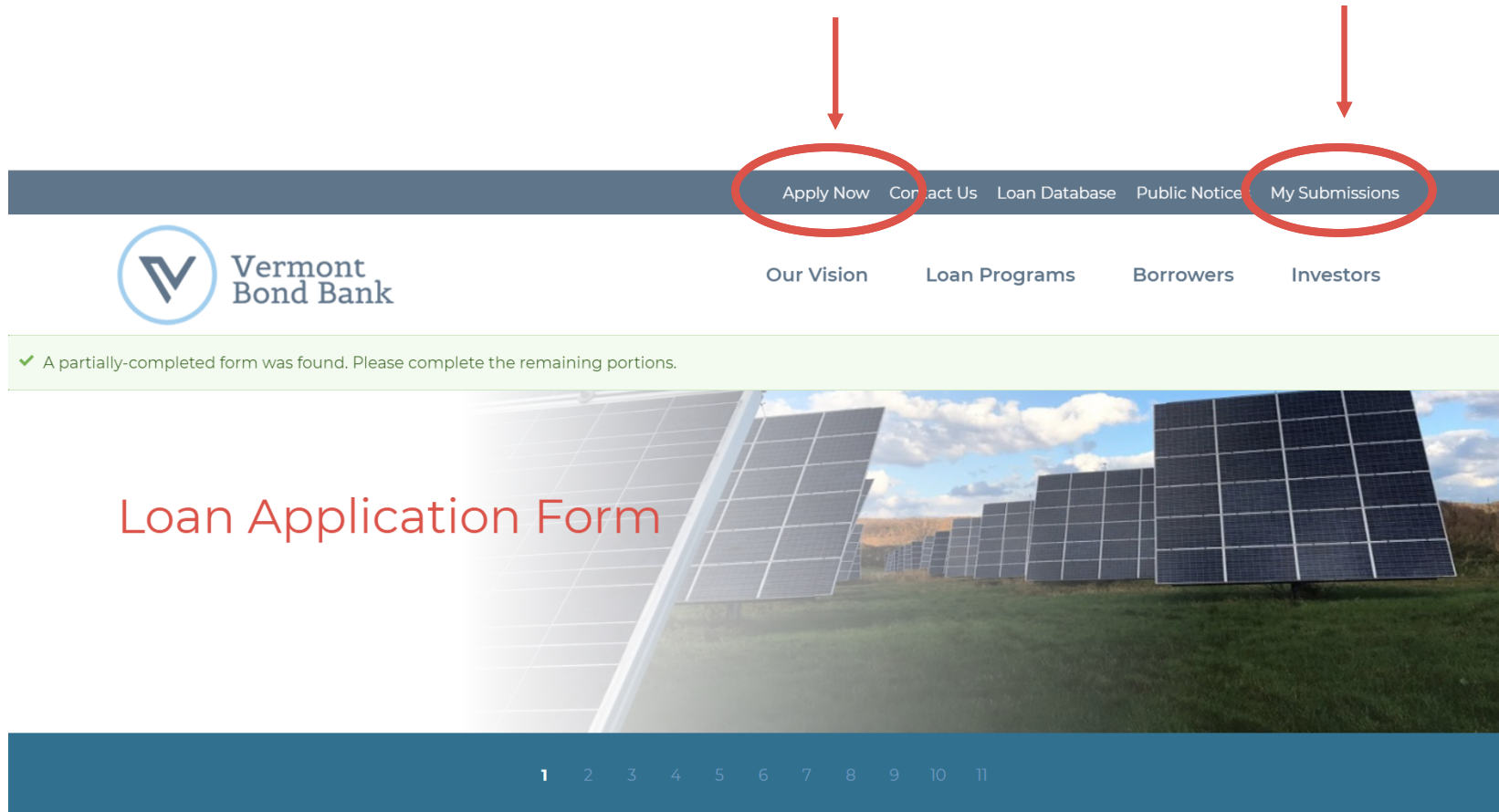
Create an Account
to Save Application
and Access
Completed
Applications



Completing Application

Application can be
accessed at
“Apply Now”

You will see “My
Submissions” Tab
Once Logged in



Contact

Navigating the Application

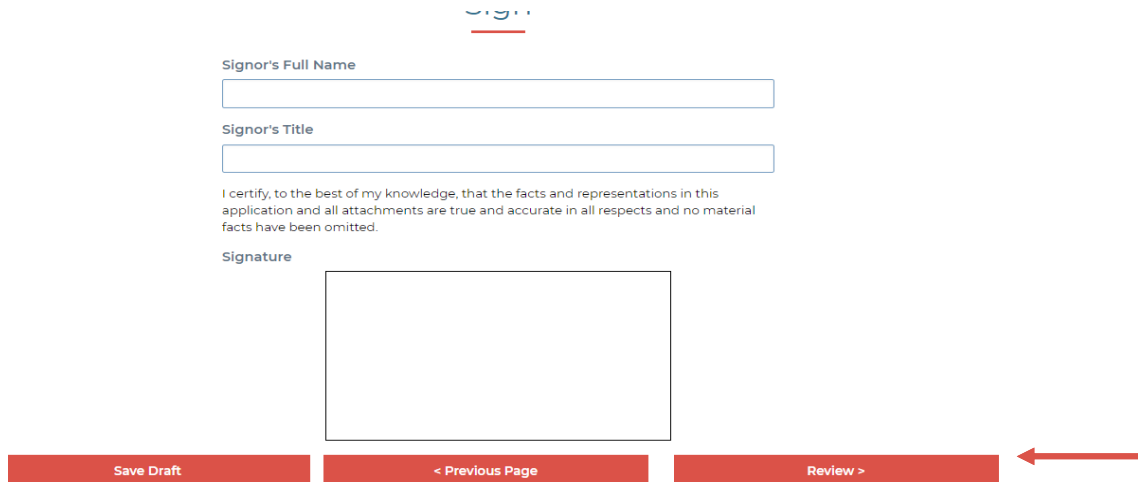
The screenshot shows the 'Sources & Uses' section of the Vermont Bond Bank application form. At the top, there is a navigation bar with links: 'Apply Now', 'Contact Us', 'Loan Database', 'Public Notices', and 'My Submissions'. Below this is the Vermont Bond Bank logo and a secondary navigation bar with links: 'Our Vision', 'Loan Programs', 'Borrowers', and 'Investors'. The main heading is 'Sources & Uses'. Under 'Uses of Funds', there are three input fields for 'PROJECT 1:', 'PROJECT 2:', and 'PROJECT 3:'. Below these is a 'Type of Application' dropdown menu with options: '- None -', 'School District', 'Governmental Activities', and 'Special District or Enterprise'. The 'School District' option is currently selected. Below the dropdown, there is a question: 'Have all required permits been received?' with radio buttons for 'Yes' and 'No'. A text input field follows with the label 'If no, when will the permits be received?'. A red arrow points from the 'Type of Application' dropdown to the text 'Critical to select correct application type as it will change requested information'.

Critical to select correct application type as it will change requested information

Can move forward and backward at bottom of page

The screenshot shows the 'Anticipated Spending Schedule of Loan Proceeds' section of the Vermont Bond Bank application form. At the top, there is a navigation bar with links: 'Apply Now', 'Contact Us', 'Loan Database', 'Public Notices', and 'My Submissions'. Below this is the Vermont Bond Bank logo and a secondary navigation bar with links: 'Our Vision', 'Loan Programs', 'Borrowers', and 'Investors'. The main heading is 'Anticipated Spending Schedule of Loan Proceeds'. Below this is a table with columns: 'Date', 'Amount', 'Maturity Date', and 'Lender'. There is an 'Add row' link below the table. Below the table is a section for 'Anticipated Spending Schedule of Loan Proceeds' with a table for 'Year 1', 'Year 2', and 'Year 3'. The table has rows for 'Quarter 1', 'Quarter 2', 'Quarter 3', and 'Quarter 4'. At the bottom of the form, there are three buttons: 'Save Draft', '< Back', and 'Impact >'. A red arrow points from the text 'Can move forward and backward at bottom of page' to the '< Back' and 'Impact >' buttons. Below the form, there is a footer with the Vermont Bond Bank logo, contact information (802.654.7377, 20 Winooski Falls Way, Suite 305 Winooski, VT 05404, bond-bank@vtbondagency.org), a 'NEWSLETTER SIGNUP' button, and a 'Board Login' button. The footer also includes a 'Site Map' link and a copyright notice: 'Copyright 2019 Vermont Municipal Bond Bank'.

Submitting the Application



The screenshot shows a web form for submitting an application. At the top, there is a logo with the word "Sign" in blue. Below the logo, there are two input fields: "Signor's Full Name" and "Signor's Title". Under these fields, there is a paragraph of text: "I certify, to the best of my knowledge, that the facts and representations in this application and all attachments are true and accurate in all respects and no material facts have been omitted." Below this text is a large rectangular box labeled "Signature". At the bottom of the form, there are three red buttons: "Save Draft", "< Previous Page", and "Review >". A red arrow points from the "Review >" button to the right, towards the text "New! Now you must review the application prior to submitting".

New! Now you must review the application prior to submitting



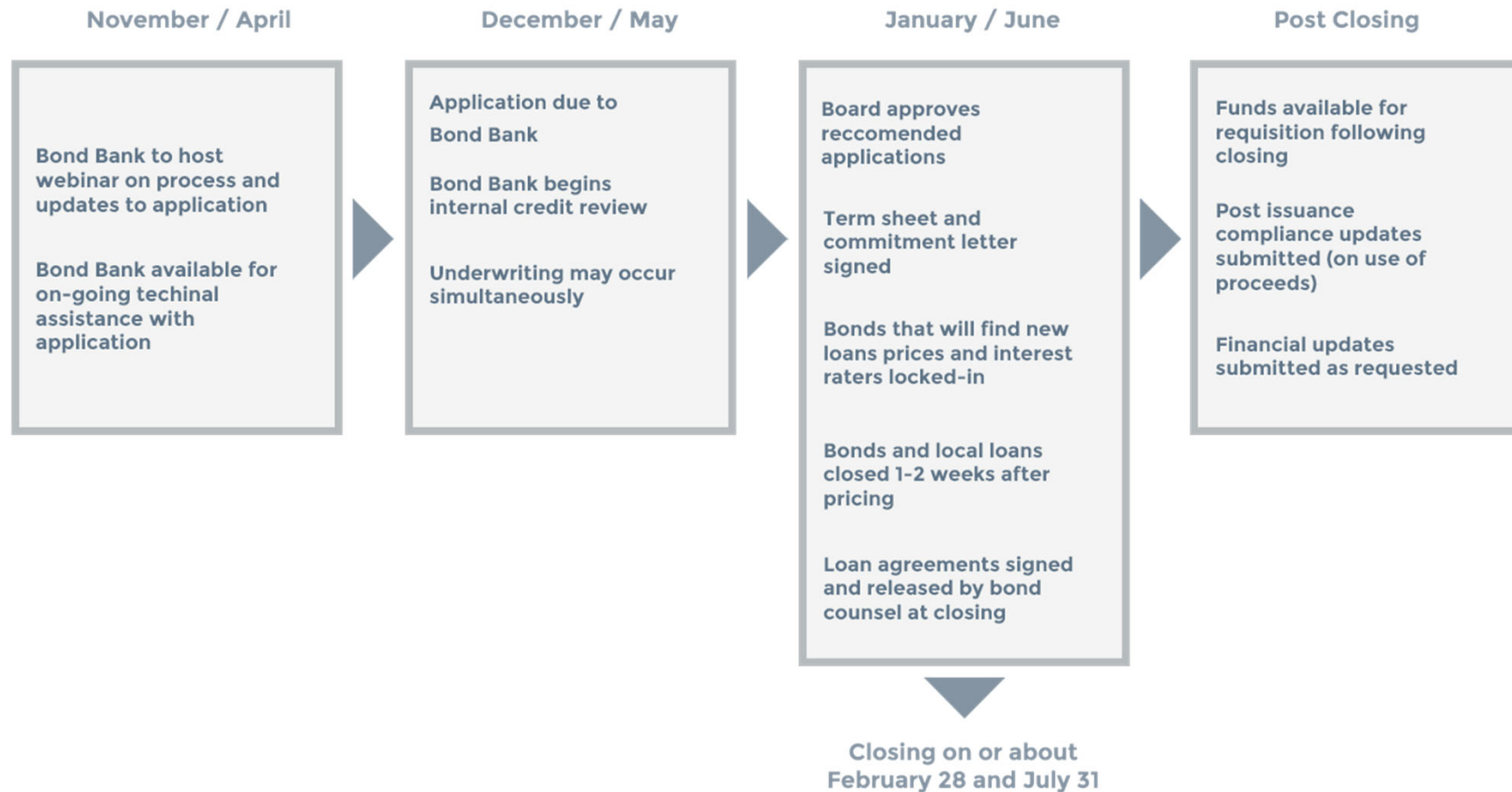
New! Submittal confirmation and downloadable PDF of application

you for submitting your form, the Bond Bank will reach out to you with any question

[Download PDF of submission](#)

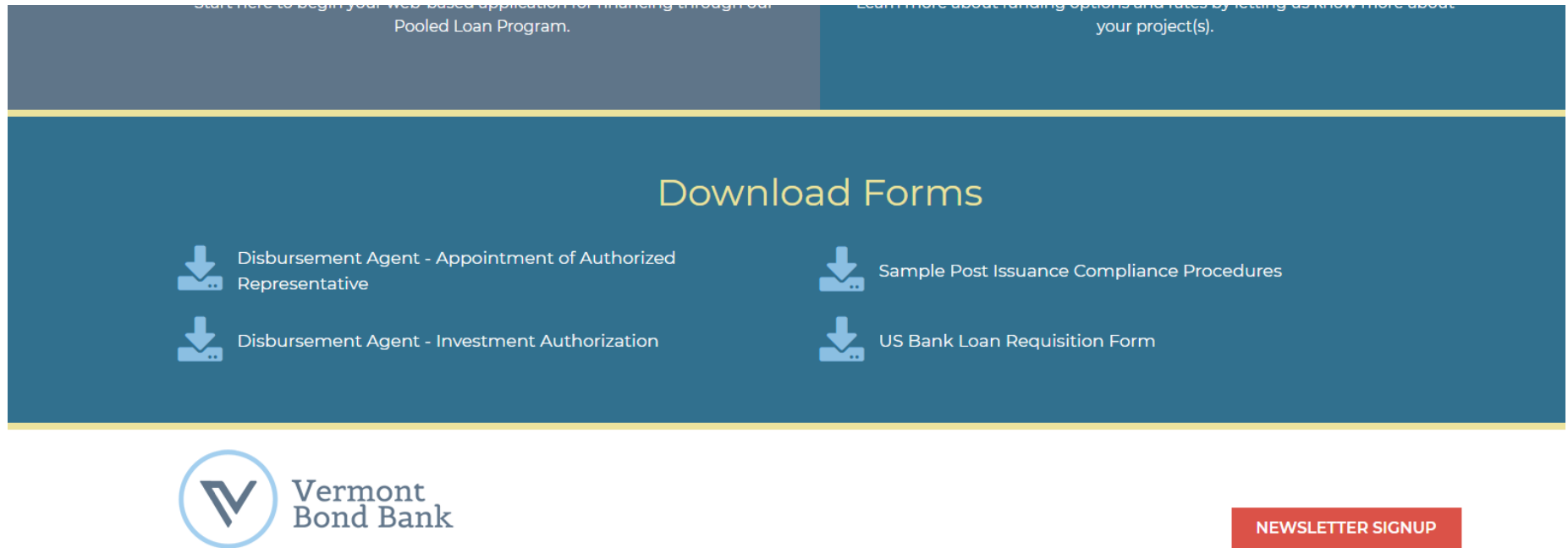
Illustrative Timeline

Bond Bank Anticipates Winter and Summer Pools from 2018 Forward



WINTER POOL APPLICATIONS DUE FRIDAY, DECEMBER 23

Post-Closing: Accessing Funds



The screenshot displays the Vermont Bond Bank website interface. At the top, there are two navigation links: "Start here to begin your web-based application for financing through our Pooled Loan Program." and "Learn more about funding options and rates by letting us know more about your project(s)." Below these links is a large blue section titled "Download Forms". This section contains four download links, each with a download icon (a blue square with a white arrow pointing down):

- Disbursement Agent - Appointment of Authorized Representative
- Disbursement Agent - Investment Authorization
- Sample Post Issuance Compliance Procedures
- US Bank Loan Requisition Form

At the bottom left of the screenshot is the Vermont Bond Bank logo, which consists of a blue circle containing a white stylized 'V' followed by the text "Vermont Bond Bank". At the bottom right is a red rectangular button with the text "NEWSLETTER SIGNUP" in white capital letters.

Borrowers will also be sent directions and forms shortly after loan closing

Post Closing: Reporting



The Bond Bank requires three types of reporting associated with its Pooled Loan Program, please review the required forms on each tab below.

If you have questions please reach out to Ashley Lucht at ashley@vtbondagency.org.

Certificate of Project Completion

Annual Post Issuance Compliance

Financial Reporting

Here you will find an example of the Certificate of Project Completion form. Please download and then upload your completed form.

Download PDF Form

Upload PDF Form



NEWSLETTER SIGNUP

- **Annual Post Issuance Checklist** – DUE MARCH 1ST - Online form to be completed annually for all outstanding loans
- **Financial Reporting** – DUE MARCH 1ST – Annual submission of financial statements
- **Certificate of Project Completion** – Completed when Bond Bank funded project has ‘substantially completed so as to permit efficient use in operations of the borrower’

Contact Us

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