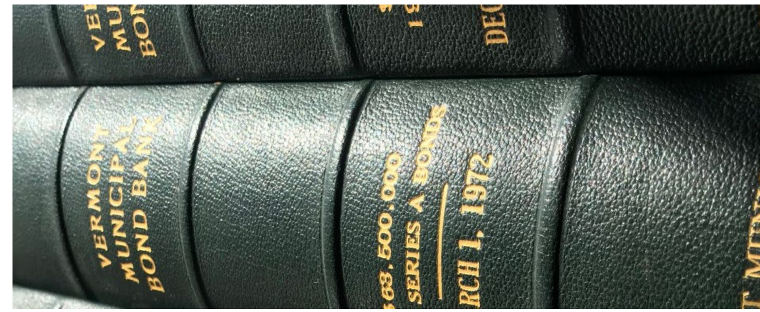
Vermont Bond Bank



SUMMER 2025 APPLICATION WEBINAR
APRIL 29, 2025

Bond Bank Programs

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 FEMA, USDA, etc. debt

State Revolving Funds

- Conducts financial underwriting on all loans
- Manages billing, payments and disbursements, in conjunction with M&T Bank
- Owner of loan agreements

Other Programs

- Flexible Loan Fund
- Energy Projects (EEREP)
- Flood Recovery (MCRF)
- Small Water System Capacity & Resiliency (SCRP)

Support / Technical Assistance

- Capital Planning
- Debt Capacity

Pooled Loan 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 = equitable, low-cost access
- No upfront 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

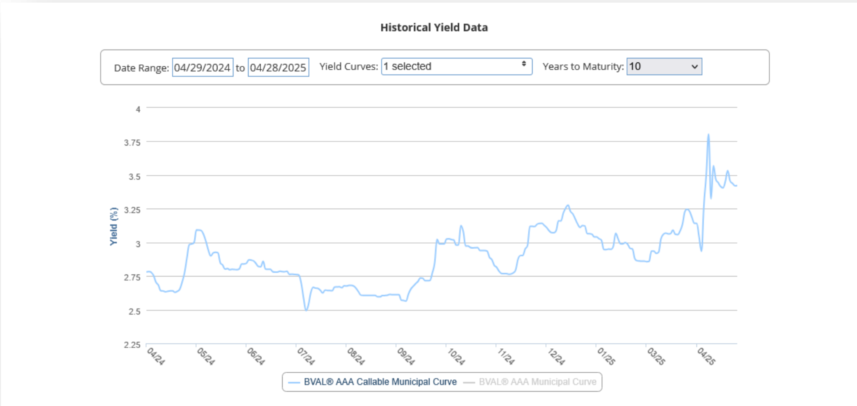
- Must comply with rules for tax-exempt financed (like all tax-exempt loans)
- Availability of funding subject to Bond Bank schedule (typically winter and summer pools)
- Refinancing of redemption subject to Bond Bank approval
- Semi-annual payment of interest on May 1st and November 1st
- Annual payment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

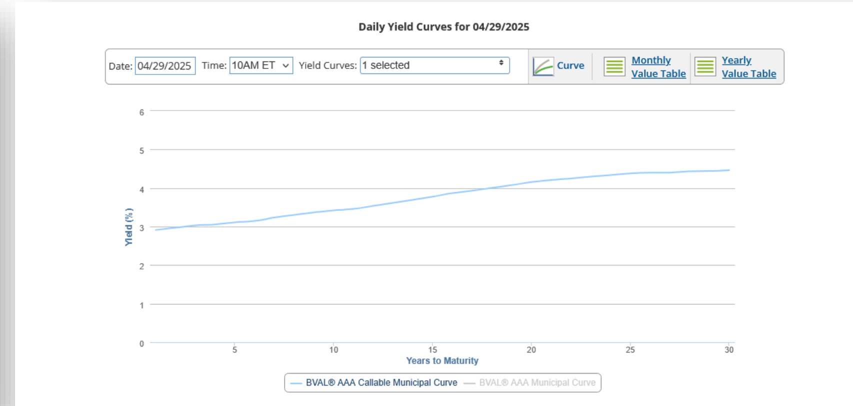
Term of financing and useful life of asset financed must align

PLP 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	• 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	

Market Update





Current Bond Bank Rate Assumptions

10 Year: 3.52%

20 Year: 4.14%

30 Year: 4.53%

Illustrative Schedule – 10 yrs w/ 1 yr def pri

DEBT SERVICE SCHEDULE					ANNUAL DEBT SERVICE SCHEDULE			
Loan Payment	Principal	Interest	Series D/S			Principal	Interest	Series D/S
	1,000,000	**192,084**	**1,192,084**			**1,000,000**	**192,084**	**1,192,084**
11/1/2024	0	10,804	10,804		6/30/2024	0	0	0
5/1/2025	0	16,480	16,480		6/30/2025	0	27,284	27,284
11/1/2025	100,000	16,480	116,480		6/30/2026	100,000	31,312	131,312
5/1/2026	0	14,832	14,832		6/30/2027	100,000	28,016	128,016
11/1/2026	100,000	14,832	114,832		6/30/2028	100,000	24,720	124,720
5/1/2027	0	13,184	13,184		6/30/2029	100,000	21,424	121,424
11/1/2027	100,000	13,184	113,184		6/30/2030	100,000	18,128	118,128
5/1/2028	0	11,536	11,536		6/30/2031	100,000	14,832	114,832
11/1/2028	100,000	11,536	111,536		6/30/2032	100,000	11,536	111,536
5/1/2029	0	9,888	9,888		6/30/2033	100,000	8,240	108,240
11/1/2029	100,000	9,888	109,888		6/30/2034	100,000	4,944	104,944
5/1/2030	0	8,240	8,240		6/30/2035	100,000	1,648	101,648
11/1/2030	100,000	8,240	108,240		6/30/2036	0	0	0
5/1/2031	0	6,592	6,592		6/30/2037	0	0	0
11/1/2031	100,000	6,592	106,592		6/30/2038	0	0	0
5/1/2032	0	4,944	4,944		6/30/2039	0	0	0
11/1/2032	100,000	4,944	104,944		6/30/2040	0	0	0
5/1/2033	0	3,296	3,296		6/30/2041	0	0	0
11/1/2033	100,000	3,296	103,296		6/30/2042	0	0	0
5/1/2034	0	1,648	1,648		6/30/2043	0	0	0
11/1/2034	100,000	1,648	101,648		6/30/2044	0	0	0

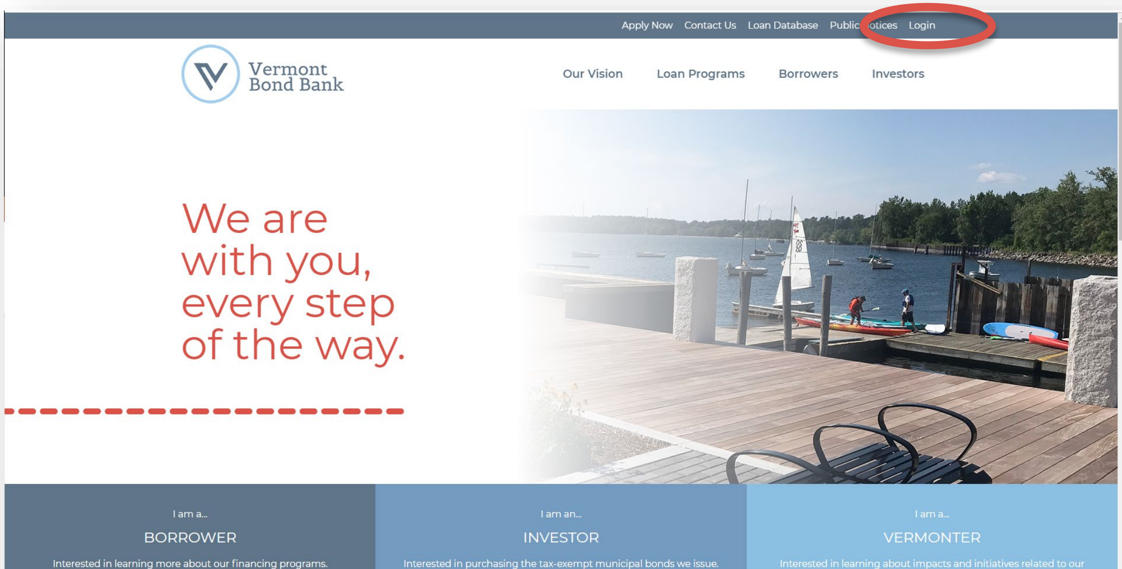
Illustrative Schedule – 10 yrs w/ 0 yr def pri

DEBT SERVICE SCHEDULE					ANNUAL DEBT SERVICE SCHEDULE			
Loan Payment	**Principal**	**Interest**	**Series D/S**			**Principal**	**Interest**	**Series D/S**
	1,000,000	**155,503**	**1,155,503**			**1,000,000**	**155,503**	**1,155,503**
11/1/2024	100,000	10,558	110,558		6/30/2024	0	0	0
5/1/2025	0	14,495	14,495		6/30/2025	100,000	25,052	125,052
11/1/2025	100,000	14,495	114,495		6/30/2026	100,000	27,379	127,379
5/1/2026	0	12,884	12,884		6/30/2027	100,000	24,158	124,158
11/1/2026	100,000	12,884	112,884		6/30/2028	100,000	20,937	120,937
5/1/2027	0	11,274	11,274		6/30/2029	100,000	17,716	117,716
11/1/2027	100,000	11,274	111,274		6/30/2030	100,000	14,495	114,495
5/1/2028	0	9,663	9,663		6/30/2031	100,000	11,274	111,274
11/1/2028	100,000	9,663	109,663		6/30/2032	100,000	8,053	108,053
5/1/2029	0	8,053	8,053		6/30/2033	100,000	4,832	104,832
11/1/2029	100,000	8,053	108,053		6/30/2034	100,000	1,611	101,611
5/1/2030	0	6,442	6,442		6/30/2035	0	0	0
11/1/2030	100,000	6,442	106,442		6/30/2036	0	0	0
5/1/2031	0	4,832	4,832		6/30/2037	0	0	0
11/1/2031	100,000	4,832	104,832		6/30/2038	0	0	0
5/1/2032	0	3,221	3,221		6/30/2039	0	0	0
11/1/2032	100,000	3,221	103,221		6/30/2040	0	0	0
5/1/2033	0	1,611	1,611		6/30/2041	0	0	0
11/1/2033	100,000	1,611	101,611		6/30/2042	0	0	0

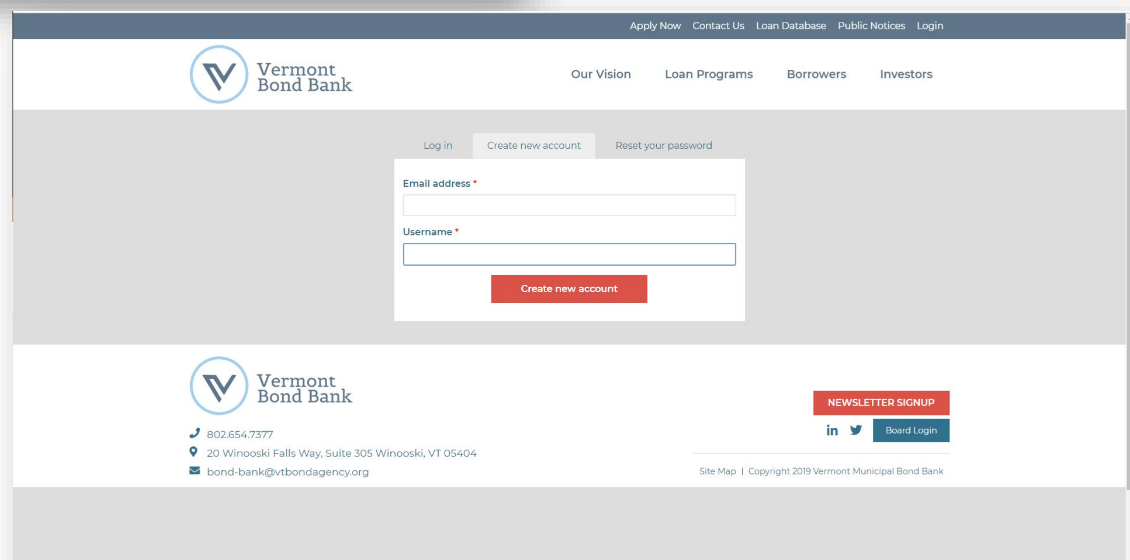
Illustrative Schedule – 10 yrs w/ 4 yr def pri

DEBT SERVICE SCHEDULE				ANNUAL DEBT SERVICE SCHEDULE			
Loan Payment	**Principal**	**Interest**	**Series D/S**		**Principal**	**Interest**	**Series D/S**
	1,000,000	**326,893**	**1,326,893**		**1,000,000**	**326,893**	**1,326,893**
11/1/2024	0	12,138	12,138	6/30/2024	0	0	0
5/1/2025	0	18,515	18,515	6/30/2025	0	30,653	30,653
11/1/2025	0	18,515	18,515	6/30/2026	0	37,030	37,030
5/1/2026	0	18,515	18,515	6/30/2027	0	37,030	37,030
11/1/2026	0	18,515	18,515	6/30/2028	0	37,030	37,030
5/1/2027	0	18,515	18,515	6/30/2029	100,000	35,179	135,179
11/1/2027	0	18,515	18,515	6/30/2030	100,000	31,476	131,476
5/1/2028	0	18,515	18,515	6/30/2031	100,000	27,773	127,773
11/1/2028	100,000	18,515	118,515	6/30/2032	100,000	24,070	124,070
5/1/2029	0	16,664	16,664	6/30/2033	100,000	20,367	120,367
11/1/2029	100,000	16,664	116,664	6/30/2034	100,000	16,664	116,664
5/1/2030	0	14,812	14,812	6/30/2035	100,000	12,961	112,961
11/1/2030	100,000	14,812	114,812	6/30/2036	100,000	9,258	109,258
5/1/2031	0	12,961	12,961	6/30/2037	100,000	5,555	105,555
11/1/2031	100,000	12,961	112,961	6/30/2038	100,000	1,852	101,852
5/1/2032	0	11,109	11,109	6/30/2039	0	0	0
11/1/2032	100,000	11,109	111,109	6/30/2040	0	0	0
5/1/2033	0	9,258	9,258	6/30/2041	0	0	0
11/1/2033	100,000	9,258	109,258	6/30/2042	0	0	0
5/1/2034	0	7,406	7,406	6/30/2043	0	0	0
11/1/2034	100,000	7,406	107,406	6/30/2044	0	0	0
5/1/2035	0	5,555	5,555	6/30/2045	0	0	0
11/1/2035	100,000	5,555	105,555	6/30/2046	0	0	0
5/1/2036	0	3,703	3,703	6/30/2047	0	0	0
11/1/2036	100,000	3,703	103,703	6/30/2048	0	0	0
5/1/2037	0	1,852	1,852	6/30/2049	0	0	0
11/1/2037	100,000	1,852	101,852	6/30/2050	0	0	0

Getting Started with Application



Create an Account to Save Application and Access Completed Applications

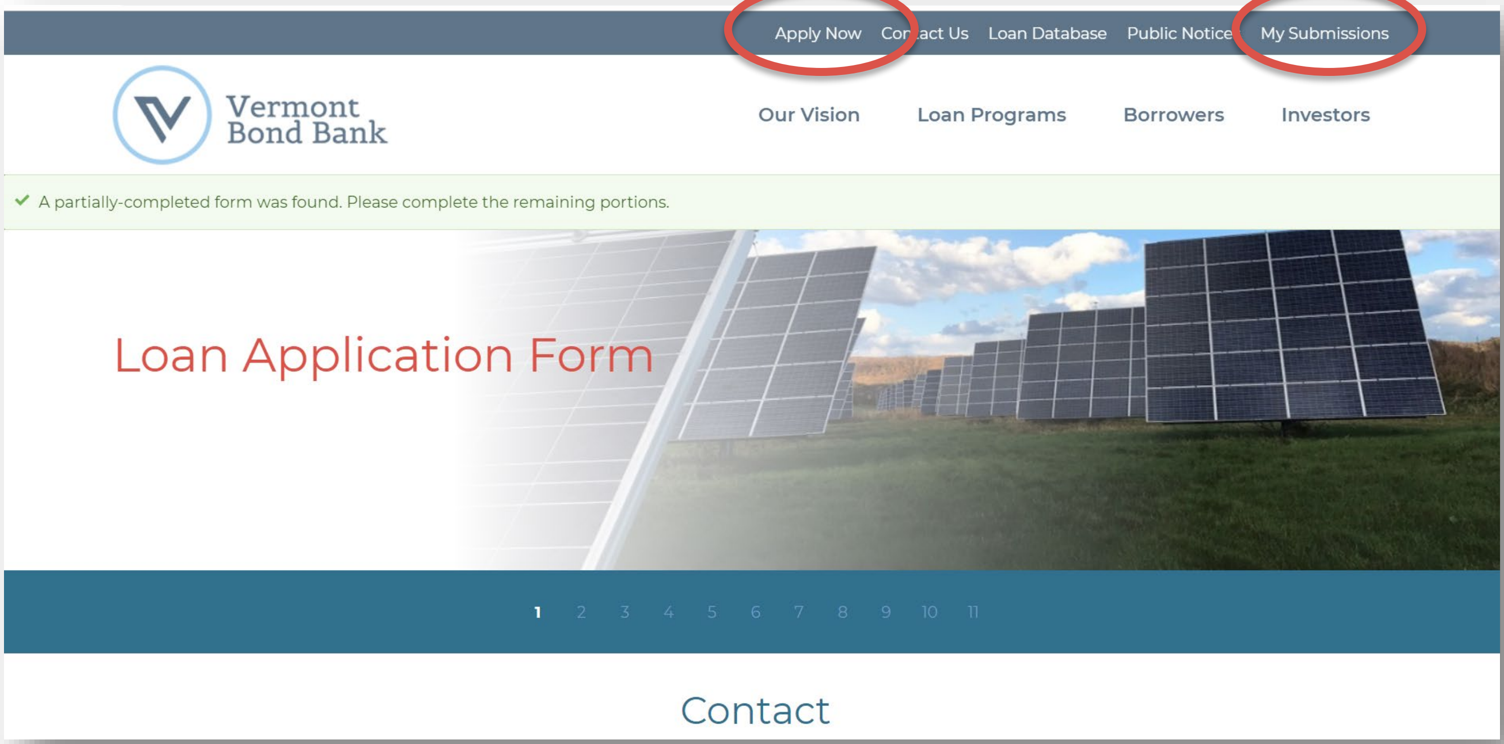


vtbondbank.org/loan-application-form

Completing Application

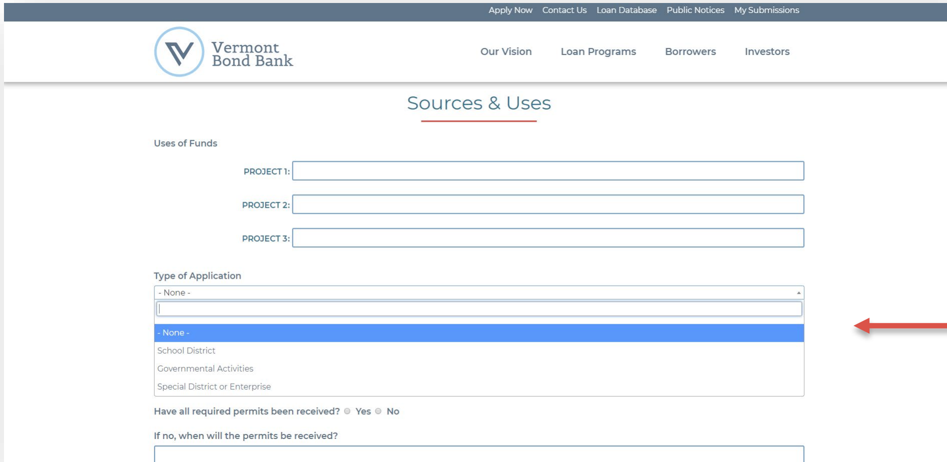
Application can be accessed at "Apply Now"

You will see "My Submissions" Tab Once Logged in

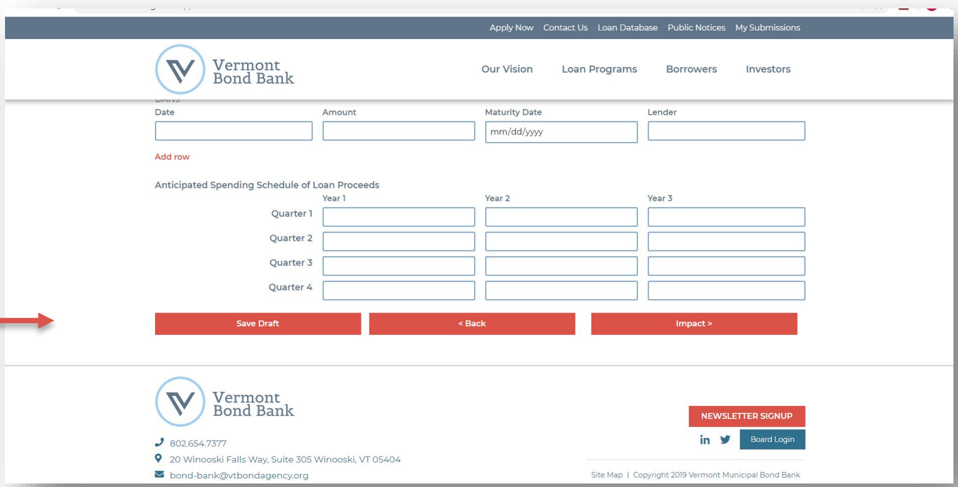


vtbondbank.org/loan-application-form

Navigating the Application



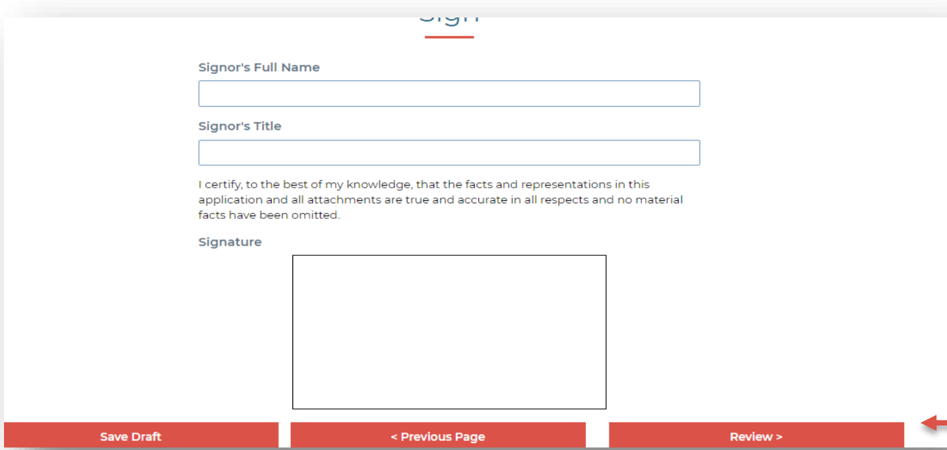
Critical to select correct application type as it will change requested information



Can move forward and backward at bottom of page

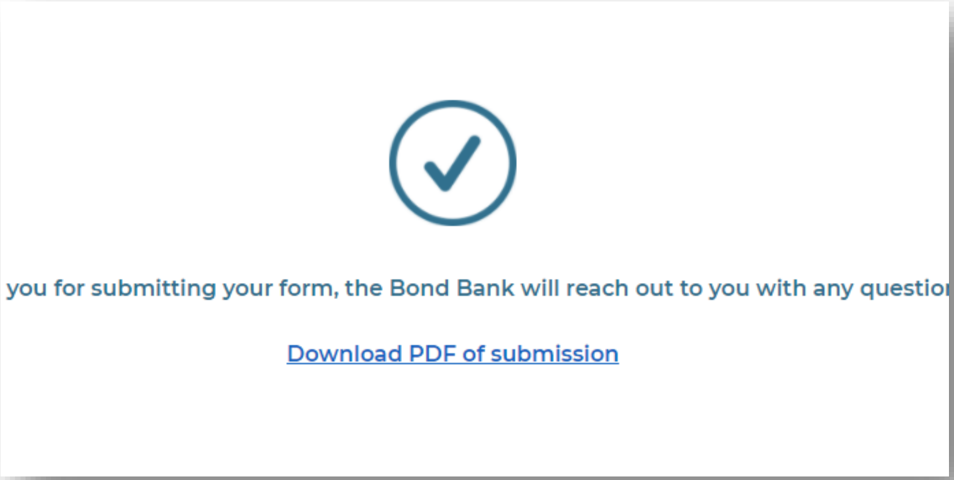
vtbondbank.org/loan-application-form

Submitting the Application



You must review the application prior to submitting

Submittal confirmation and downloadable PDF of application



vtbondbank.org/loan-application-form

Application Highlights

In preparation, collect/complete/review:

- External audited financials– minimum one year, three preferred
- Bond counsel opinion letter (list of approved bond counsels @ https://www.vtbondbank.org/approved-legal-counsels)
- List of debt, including capital leases, on provided spreadsheet
- Capital Plan
- Impact data- details about the project
- Complete State of Vermont Auditor's checklist– https://auditor.vermont.gov/local
- GA apps: 5 largest taxpayers, 5 largest employers, delinquent taxes, muni tax rate, current FY budget
- School Dist. apps: ed spending for past 2 and current years, per pupil spending, current FY financials, HS tax rate
- Special Dist. / Enterprise apps: 5 largest ratepayers, operating rev. and exp. (inc. post-project completion projections), number and type of connections
- Declaration of Official Intent– contact Bond Counsel for template
- 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 – unless using multiple logins.
- Use Chrome or Firefox or Edge, not Windows Explorer
- Contact should be the person completing the application and who will be the contact throughout the loan process. To add an alternate 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 you progress through application – no need to ‘save draft’ at each page
- Review application in its entirety prior to submitting. Once submitted it cannot be edited.
- Submission confirmation
- Save a PDF of application after submission **and email me at ken@vtbondagency.org**

Illustrative Timeline

November / April

- Bond Bank to host webinar on process and updates to application
- Bond Bank available for on-going techinal assistance with application

December / May

- Application due to Bond Bank
- Bond Bank begins internal credit review
- Underwriting may occur simultaneously

January / June

- Board approves reccomended applications
- Term sheet and commitment letter signed
- Bonds that will find new loans prices and interest raters locked-in
- Bonds and local loans closed 1-2 weeks after pricing
- Loan agreements signed and released by bond counsel at closing

Post Closing

- Funds available for requisition following closing
- Post issuance compliance updates submitted (on use of proceeds)
- Financial updates submitted as requested

SUMMER POOL APPLICATIONS DUE MONDAY, MAY 19TH

A Glimpse Into Credit Review / Debt Capacity

Gov. Act. Operating Ratios

Sub-Category	2023 Audit	2023 VBB Median	Moody's "A" Pop < 10k*	Notes
Unassigned General Fund Balance as % of Revenue	17.3%	16.5%	45.9%	Indictor of financial resources available to address investments and/or financial resiliency - typically lower in New England communities.
Cash as % of Revenue	134.5%	61.2%	48.4%	Cash available for on-going operations; cash typically higher in VT communities due to consolidation of cash within GF
Capital Asset Depreciation (Ratio of Undepreciated Assets to Original Value)	53.0%	42.4%	49.7%**	Indicator of relative age of infrastructure from financial accounting perspective

* Source: Moody's Investor Services, "Cities and Counties—US Medians," published May 26, 2022
** All cities median from Moody's

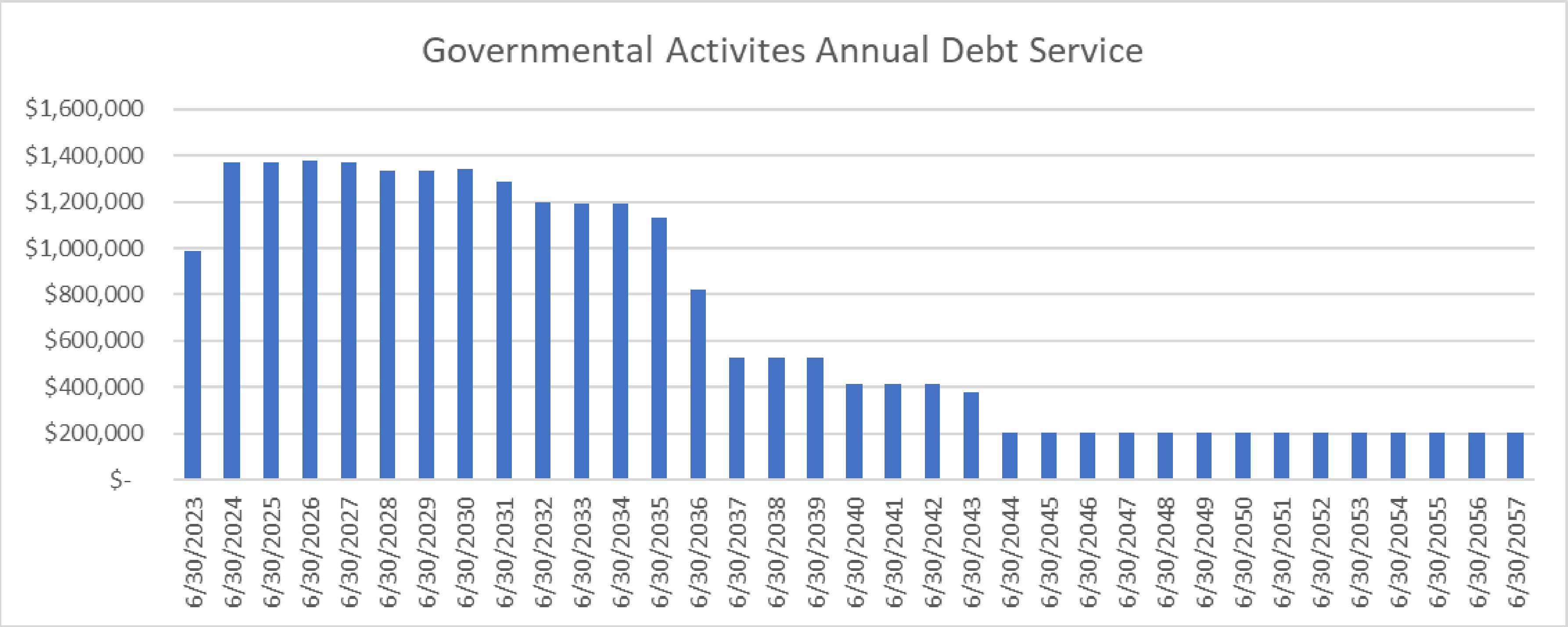
A Glimpse Into Credit Review / Debt Capacity

Gov. Act. Debt Ratios

Sub-Category	2023 Audit	Prior Audit + $5 mm	Prior Audit + $10 mm	Prior Audit + $15 mm	2023 VBB Median	Moody's "A" Pop < 10k*	Notes
Total Long-Term Debt (LTD)	$17.96 million	$22.96 million	$27.96 million	$32.96 million	$775k	$5.76 million	
Debt Service as % of Operating Expenses	7.43%	9.54%	11.66%	13.77%	5.47%	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	7.34%	9.43%	11.51%	13.6%	5.41%	---	See above
Gov Activities LTD as % of Revenue	92.61%	118.39%	144.18%	169.96%	40.83%	110.0%	Indicator of debt relative to the size of annual spending of a community
Gov Activities LTD as % of Equalized Value	0.98%	1.26%	1.53%	1.80%	0.21%	1.5%	Indictor as to the amount of community wealth that is dedicated to repaying debt
Gov Activities 10-year Debt Payoff	73.35%	57.38%	47.12%	39.97%	85.4%	---	Indicator of how quickly existing debt pays down; may offset higher D/S as a % of operating expenses
Gov Activities Debt per Capita	$1,681	$2,148	$2,616	$3,084	$700	---	Indication of how much general obligation debt that is attributed to each person living in town

* Source: Moody's Investor Services, "Cities and Counties—US Medians," published May 26, 2022
** All cities median from Moody's

A Glimpse Into Credit Review / Debt Capacity



Post-Closing

- Notice of closing sent soon after closing
- Authorized representatives form
- Investment authorization form
- Requisition Process
- Compliance (PIC checklist, certificate of project completion, annual financials)
- Repayment (May 1 int. only, Nov. 1 P+I)
- Arbitrage Timeline

Download Forms

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

Certificate of Project Completion | Annual Post Issuance Compliance | Financial Reporting

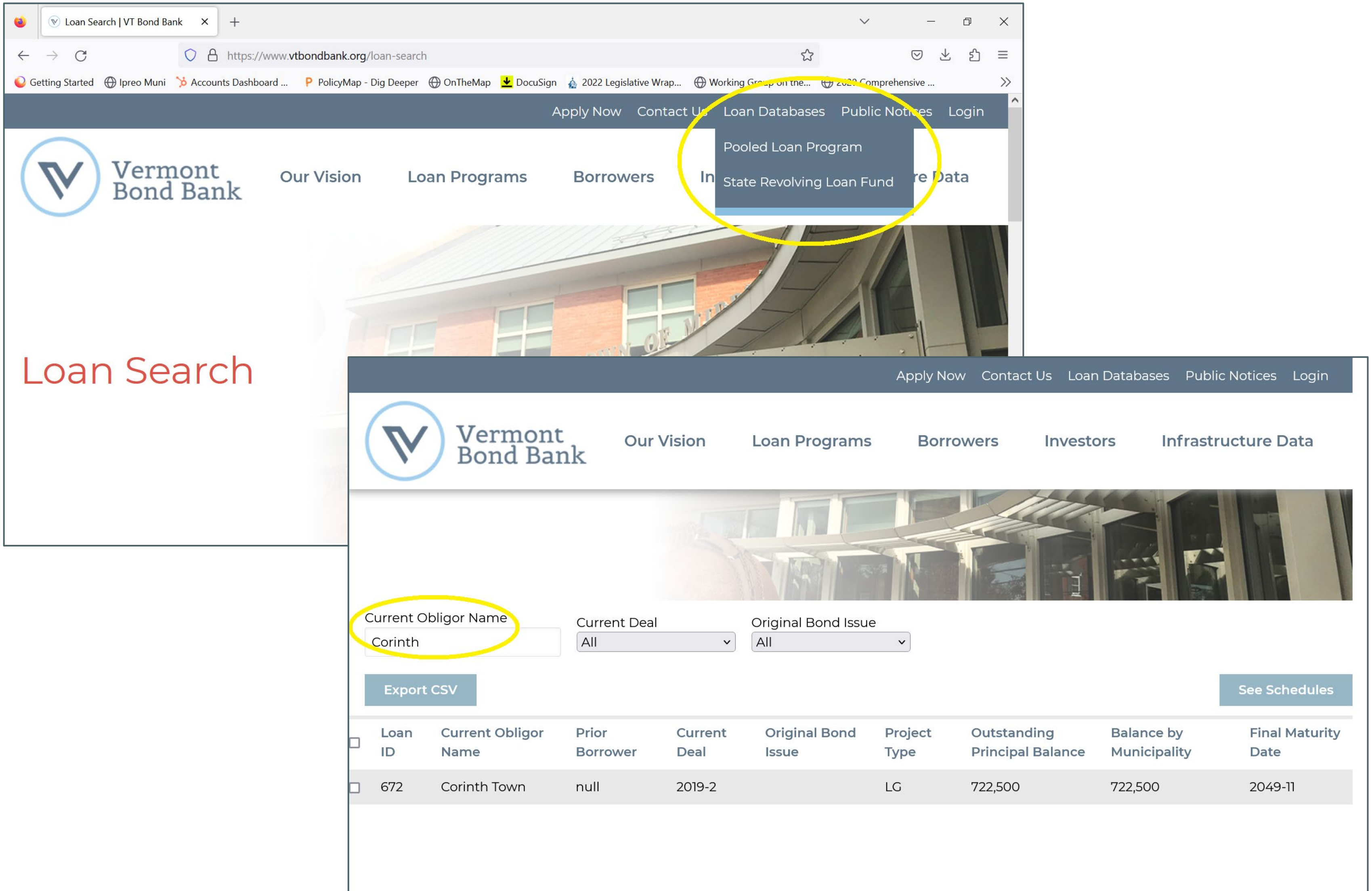
Here you will find an example of the Certificate of Project Completion form. Please download and then upload your completed form.

Download PDF Form | Upload PDF Form

vtbondbank.org/borrowers

Accessing Schedules Online

www.vtbondbank.org/loan-search



Accessing Schedules Online

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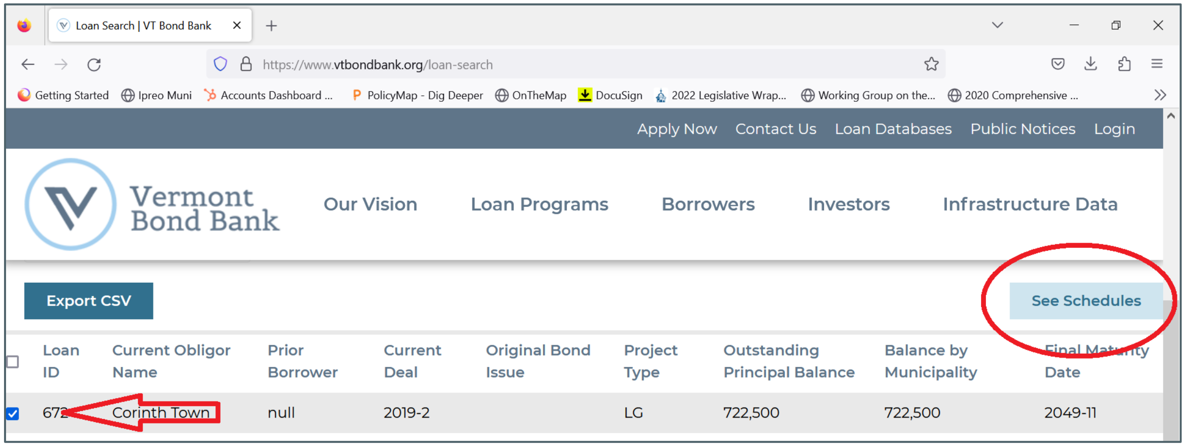

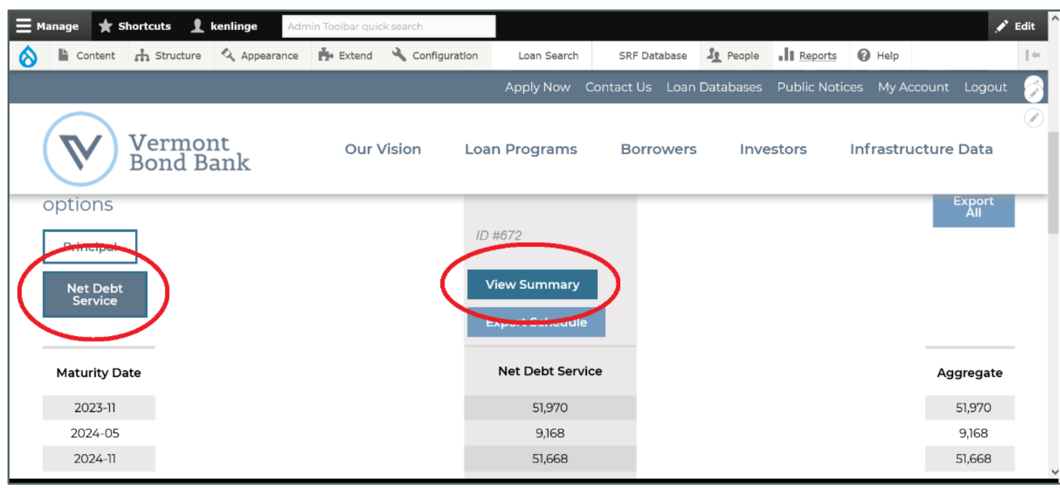

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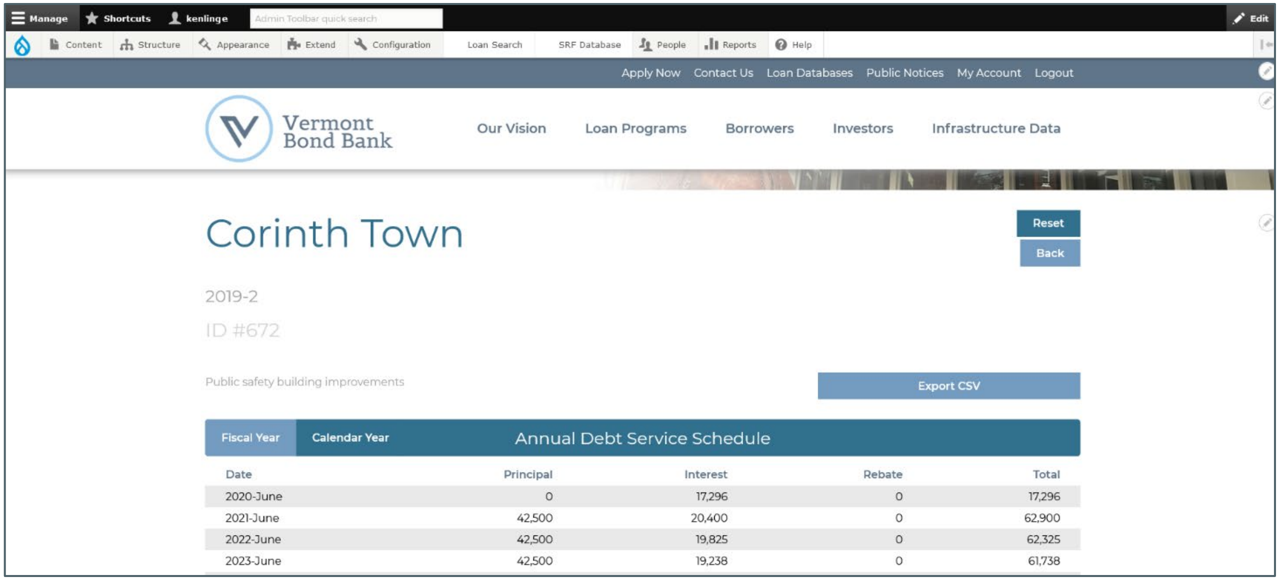
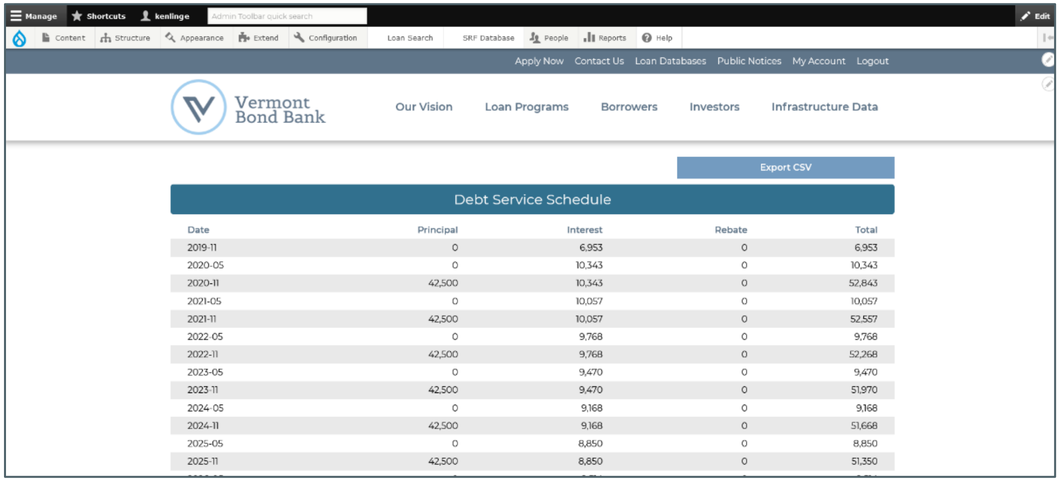


Date	Principal	Interest	Rebate	Total
2020-June	0	17,296	0	17,296
2021-June	42,500	20,400	0	62,900
2022-June	42,500	19,825	0	62,325
2023-June	42,500	19,238	0	61,738



Date	Principal	Interest	Rebate	Total
2019-11	0	6,953	0	6,953
2020-05	0	10,343	0	10,343
2020-11	42,500	10,343	0	52,843
2021-05	0	10,057	0	10,057
2021-11	42,500	10,057	0	52,557
2022-05	0	9,768	0	9,768
2022-11	42,500	9,768	0	52,268
2023-05	0	9,470	0	9,470
2023-11	42,500	9,470	0	51,970
2024-05	0	9,168	0	9,168
2024-11	42,500	9,168	0	51,668
2025-05	0	8,850	0	8,850
2025-11	42,500	8,850	0	51,350

Refinancing

- VBB actively monitors for refinancing opportunities.
- Savings are passed on to borrowers as rebates (see below).
- The 2025-1 series bonds will likely be callable in 8 years.
- VBB notifies borrowers about refunding opportunities and assumes interest.

DEBT SERVICE SCHEDULE				
	Principal	Interest	Rebate	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

DEBT SERVICE SCHEDULE				
	Principal	Interest	Rebate	Debt Service
	3,055,000	1,711,800	(374,749)	4,[illegible]92,051
5/1/2016	0	69,218	0	[illegible]69,218
11/1/2016	135,000	69,218	(3,809)	[illegible]00,409
5/1/2017	0	66,680	0	[illegible]6,680
11/1/2017	135,000	66,680	(3,721)	1[illegible]7,959
5/1/2018	0	64,048	0	[illegible]4,048
11/1/2018	135,000	64,048	(3,870)	1[illegible]5,177
5/1/2019	0	61,341	0	[illegible]1,341
11/1/2019	135,000	61,341	(18,860)	1[illegible]7,481
5/1/2020	0	58,567	0	[illegible]8,567
11/1/2020	135,000	58,567	(21,442)	[illegible]72,125
5/1/2021	0	55,725	0	55,725
11/1/2021	135,000	55,725	(22,528)	[illegible]68,197
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

Green Energy and Energy Efficiency Lending

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

- Energy Efficiency and Renewable Energy Program (EEREP) has launched! www.vtbondbank.org/energy
- Solar installations, storage, electrification, weatherization, and many other uses likely eligible
- Complementary with the Bond Bank's Pooled Loan Program - and with other subsidies (e.g., elective pay)
- Up to 10-year term w/ 2.125% interest
- Email ken@vtbondagency.org to explore

Photo Credit: Ian Albinson, *The Addison County Independent* www.vtbondbank.org

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