



Rating Action: Moody's Ratings assigns Aa2 to Vermont Bond Bank's 2025 Series 2 and Series 3 refunding bonds; outlook stable

09 Jul 2025

New York, July 09, 2025 -- Moody's Ratings (Moody's) has assigned a Aa2 rating to the Vermont Bond Bank's proposed \$79.5 million 2025 Series 2 (Local Investment Bonds) and proposed \$44 million 2025 Series 3 Refunding Bonds. We maintain the Aa2 rating on the bond bank's outstanding general obligation bonds. As of July 1, 2025 the bond bank had approximately \$686.7 million in general obligation debt outstanding. The outlook is stable.

RATINGS RATIONALE

The Aa2 rating reflects the very large and diverse pool of 198 program participants as of the 2025-1 series issuance. The credit profile includes the enhanced credit quality of the majority of participants (roughly 84%) provided by the Vermont State Aid Intercept Program (Aa2 stable). The rating also incorporates a sufficient default tolerance, the program's strong governance structure including sound legal provisions, and robust management and oversight.

RATING OUTLOOK

The stable outlook reflects strong structural elements of the pool program and the healthy credit quality and significant diversity of the loan pool that will be maintained given strong program management and oversight practices.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Material increase in annual debt service coverage and the pool's default tolerance to at least 20%
- Improvement in the credit quality of the pool participants
- Upgrade of the State of Vermont's issuer rating

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Downgrade of the State of Vermont's issuer rating
- Deterioration in the credit quality of the pool participants
- Significant change in pool participant composition

PROFILE

The Vermont Bond Bank was created in 1969 and under the resolution is authorized to issue bonds in order to provide loans to Vermont (Aa1 stable) local governments for local infrastructure projects.

METHODOLOGY

The principal methodology used in these ratings was Public Sector Pool Programs and

Financings published in August 2024 and available at <https://ratings.moodys.com/rmc-documents/426425>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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