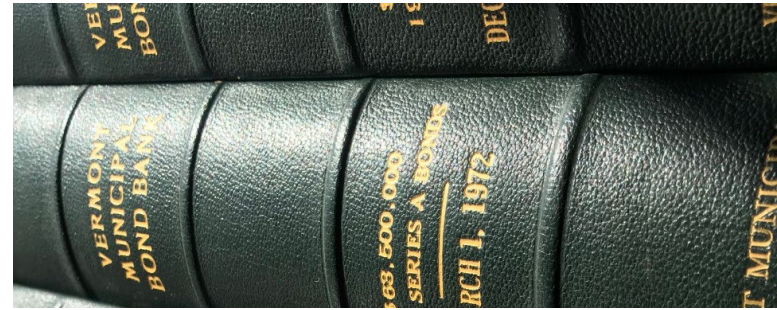




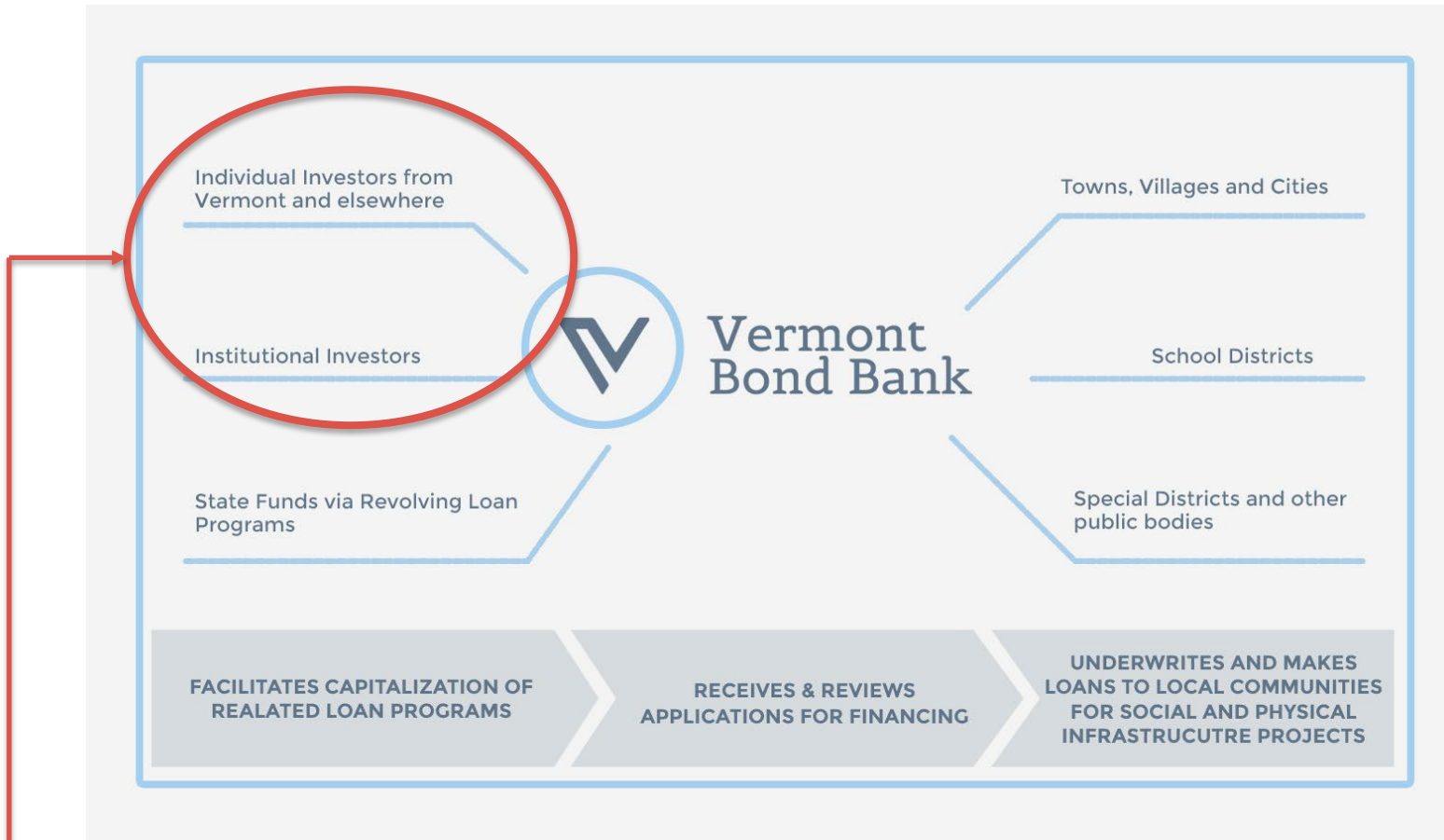
Vermont
Bond Bank



SUMMER 2020 APPLICATION WEBINAR MARCH 26, 2020

www.uberconference.com/vtbbwebinar

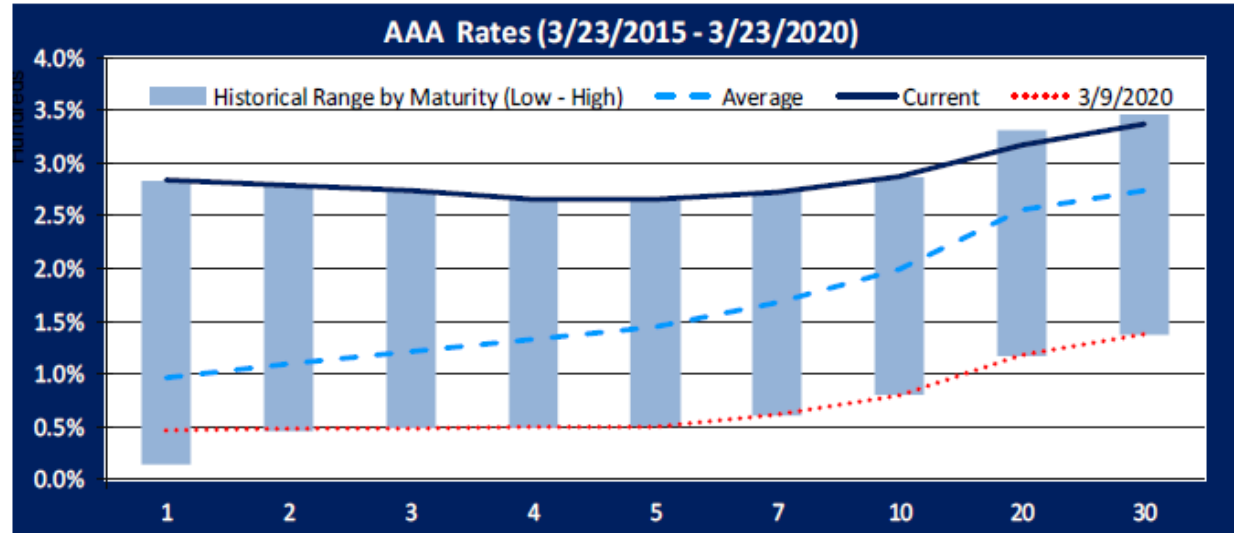
Market Disruption Explained



Massive outflows in municipal fund with \$12 billion leaving market week of March 16th alone; investors hoarding cash across all markets

Market Update

- Disruptions to municipal market have resulted in the primary issuance market essentially “closing”
- All issuers waiting on sidelines for market to stabilize
- Senate Aid deal announced on Wednesday, March 25th includes \$454 billion to make purchases of corporate and municipal debt through Federal Reserve; expected to be leveraged resulting in \$4 trillion+ of capacity
- Details of program TBD, but municipal market reacting positively with 1.00% declines in rates throughout week
- Disruption has been liquidity related but credit issues beginning to emerge
- Primary issuance still TBD



MMD/UST Ratios											
MMD/UST Ratio	3/23/20	3/18/20	3/17/20	3/16/20	3/13/20	3/12/20	3/11/20	3/10/20	3/9/20	3/6/20	3/5/20
1 Year:	2932.71%	1013.30%	591.52%	556.17%	347.68%	313.10%	222.19%	142.86%	151.87%	143.60%	132.01%
2 Year:	1112.36%	310.47%	303.15%	364.55%	233.53%	238.46%	155.53%	110.07%	125.72%	109.84%	107.32%
5 Year:	735.86%	208.02%	200.83%	272.17%	176.62%	209.94%	124.40%	93.38%	105.83%	95.85%	98.83%
10 Year:	388.58%	161.81%	165.62%	237.54%	172.55%	205.55%	138.70%	115.94%	147.59%	115.18%	105.70%
30 Year:	246.76%	139.47%	141.59%	182.46%	151.70%	161.05%	130.40%	119.93%	138.15%	113.10%	100.41%

MMD/UST Ratios											
MMD/UST Ratio	3/4/20	3/3/20	3/2/20	2/28/20	2/27/20	2/26/20	2/25/20	2/24/20	2/21/20	2/20/20	2/19/20
1 Year:	110.31%	97.22%	73.59%	70.08%	62.89%	58.87%	55.90%	55.90%	55.52%	56.66%	56.54%
2 Year:	96.02%	97.55%	75.09%	77.44%	67.73%	63.36%	60.25%	60.12%	58.19%	58.88%	58.16%
5 Year:	87.92%	94.07%	73.26%	76.10%	67.94%	64.88%	63.54%	63.24%	60.50%	60.80%	59.81%
10 Year:	92.47%	97.40%	81.93%	83.67%	77.18%	75.24%	74.40%	75.01%	74.56%	75.44%	74.45%
30 Year:	91.04%	95.70%	87.55%	89.36%	85.74%	85.25%	85.19%	86.66%	87.69%	89.00%	88.34%

COVID-19 Considerations for Borrowers

- Disruptions to revenue and expenses for foreseeable future could impact financial plans that led to bond vote—please review
- How will COVID-19 impact construction timing and season?
- Details of Fed municipal bond support program unknown. Likely to be implemented well before anticipated borrowing in summer but Bond Bank may need to be “day by day” on pricing / closing in July / August.
 - BANs will give flexibility but will also be competing with increased need for cashflow notes given likely revenue disruptions
 - Bond Bank borrowing rates are a best guess currently—anticipate Fed assistance will positively impact rates but TBD

Bond Bank Pooled Loan Program

Purpose of the Program

- Long-term financing to help finance capital projects such as:
 - Purchasing land
 - Constructing and renovating real property
 - Constructing road, streetscape, and other transportation improvements
 - Installing and upgrading water, wastewater and stormwater systems
 - Purchasing equipment
 - Generating electricity and distributing power
 - Generally improving infrastructure

Program Requirements

- Eligible borrowers are governmental units including: cities, towns, schools, villages and various districts
- Require evidence of voter approval and authority
- Legal opinion from local bond counsel
- Annual report for three years or three years of financial audits (preferred)
- Minimum requirement for financial audit from last completed year

Term of financing and useful life of asset financed must align

Considerations of Program

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 (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)

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	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
<hr/>				
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

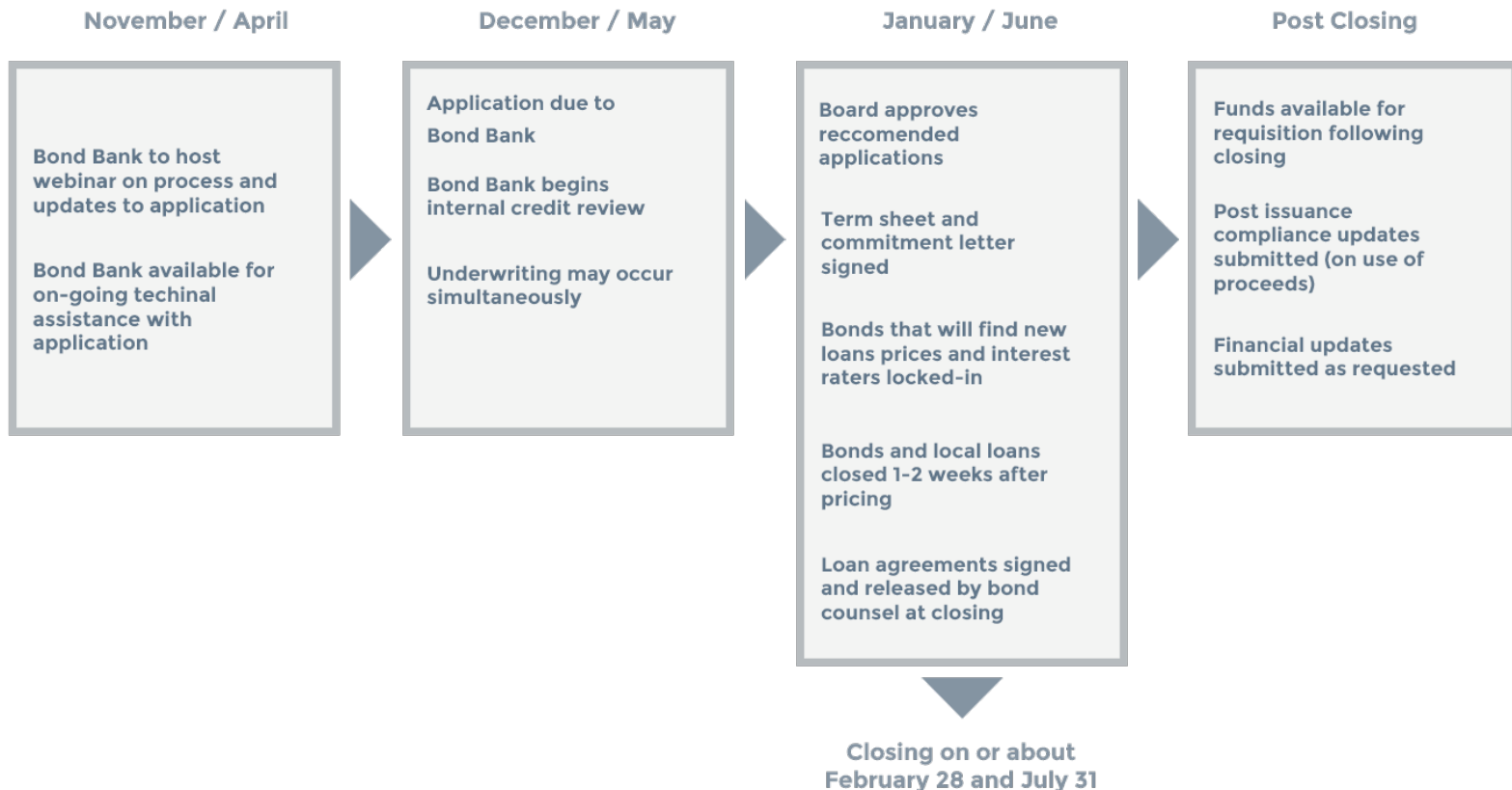
NIC of *remaining maturities* with rebate = 3.68%

	DEBT SERVICE SCHEDULE			
	Principal	Interest	Rebate	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
<hr/>				
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

Illustrative Timeline

Bond Bank Anticipates Winter and Summer Pools from 2018 Forward



SUMMER POOL APPLICATIONS DUE FRIDAY, MAY 1ST

Application Highlights

In preparation, collect/complete/review:

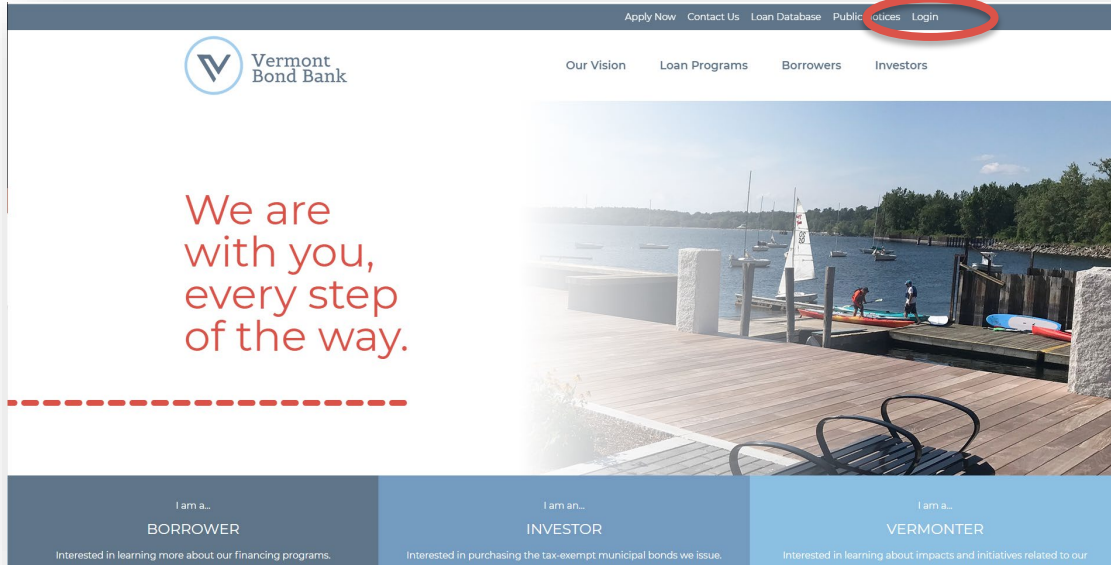
- Audited Financials– minimum one year, three preferred
- List of debt, including capital leases
 - Purpose
 - Year of issue
 - Year of maturity
 - Original amount
 - Current outstanding amount
 - Lender
- Capital Plan
- Complete SoV Auditor’s checklist– <https://auditor.vermont.gov/local>
- 5 largest tax/rate payers; 5 largest employers (GA app only); delinquent taxes/rate payers
- 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
 - <https://vtbondbank.org/borrower-reporting>

Application Highlights

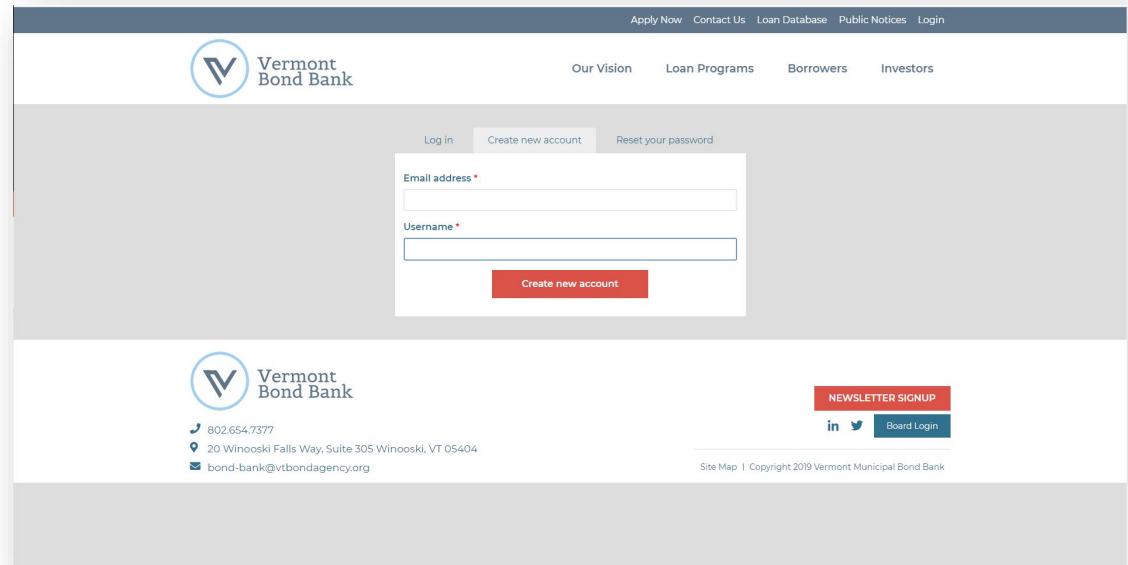
While completing:

- Choose the correct application; may need to complete multiple
- Contact should be the person completing the application and who will be contact throughout the loan process; if want to add an alternative contact, indicate in the 'Is there anything else you would like...' section at the end of the application
- Use of funds- Project 1, 2, 3
 - Brief project description
- Desired P + I payments for each bond
- Impact data
- Debt spreadsheet– download/upload
- Connections– Special District/Enterprise Fund specific
- Save often

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

The screenshot displays the Vermont Bond Bank website interface. At the top, a dark blue navigation bar contains the following links: "Apply Now", "Contact Us", "Loan Database", "Public Notice", and "My Submissions". The "Apply Now" and "My Submissions" links are circled in red, with red arrows pointing to them from the text above. Below this bar, the Vermont Bond Bank logo is on the left, and a secondary navigation row includes "Our Vision", "Loan Programs", "Borrowers", and "Investors". A light green notification banner states: "✓ A partially-completed form was found. Please complete the remaining portions." The main content area features a large image of solar panels in a field with the text "Loan Application Form" overlaid in red. At the bottom, a dark blue footer contains a numbered list from 1 to 11, with the number 1 highlighted, and a "Contact" link centered below it.

Navigating the Application

Apply Now Contact Us Loan Database Public Notices My Submissions

Vermont Bond Bank

Our Vision Loan Programs Borrowers Investors

Sources & Uses

Uses of Funds

PROJECT 1:

PROJECT 2:

PROJECT 3:

Type of Application

- None -

- None -

School District

Governmental Activities

Special District or Enterprise

Have all required permits been received? Yes No

If no, when will the permits be received?

Critical to select correct application type as it will change later pages of application

Apply Now Contact Us Loan Database Public Notices My Submissions

Vermont Bond Bank

Our Vision Loan Programs Borrowers Investors

Date Amount Maturity Date Lender

mm/dd/yyyy

Add row

Anticipated Spending Schedule of Loan Proceeds

	Year 1	Year 2	Year 3
Quarter 1	<input type="text"/>	<input type="text"/>	<input type="text"/>
Quarter 2	<input type="text"/>	<input type="text"/>	<input type="text"/>
Quarter 3	<input type="text"/>	<input type="text"/>	<input type="text"/>
Quarter 4	<input type="text"/>	<input type="text"/>	<input type="text"/>

Save Draft < Back Impact >

Vermont Bond Bank

802.654.7377

20 Winooski Falls Way, Suite 305 Winooski, VT 05404

bond-bank@vtbondagency.org

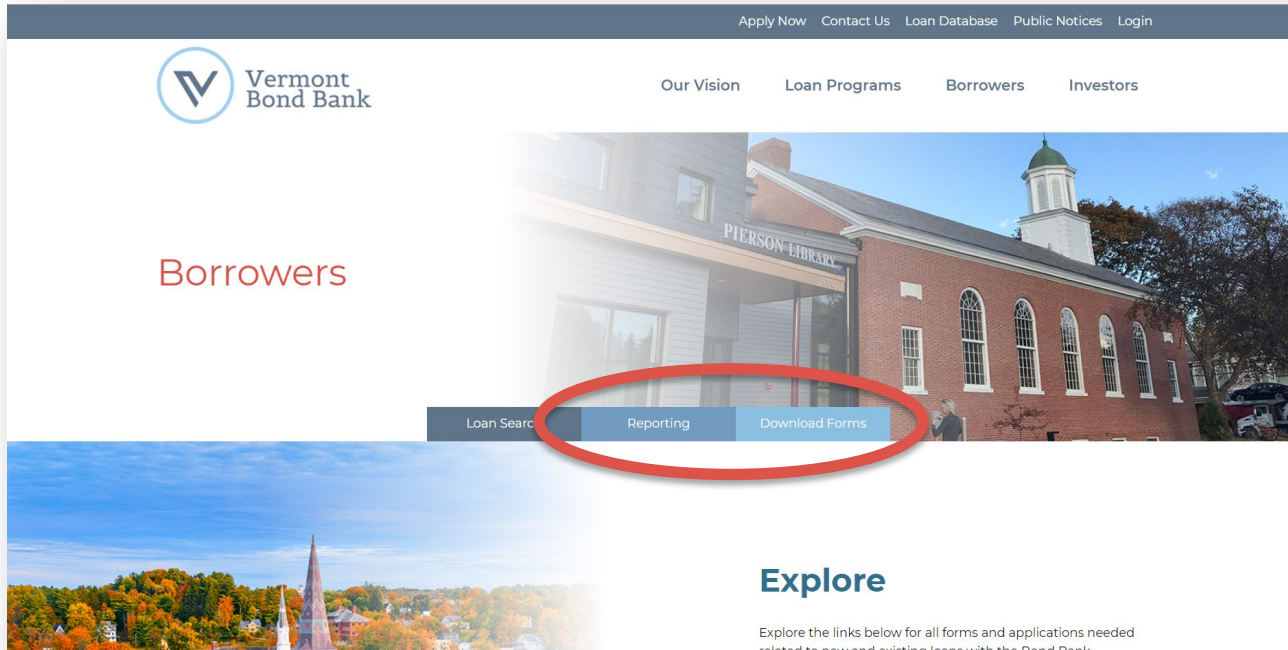
NEWSLETTER SIGNUP

Board Login

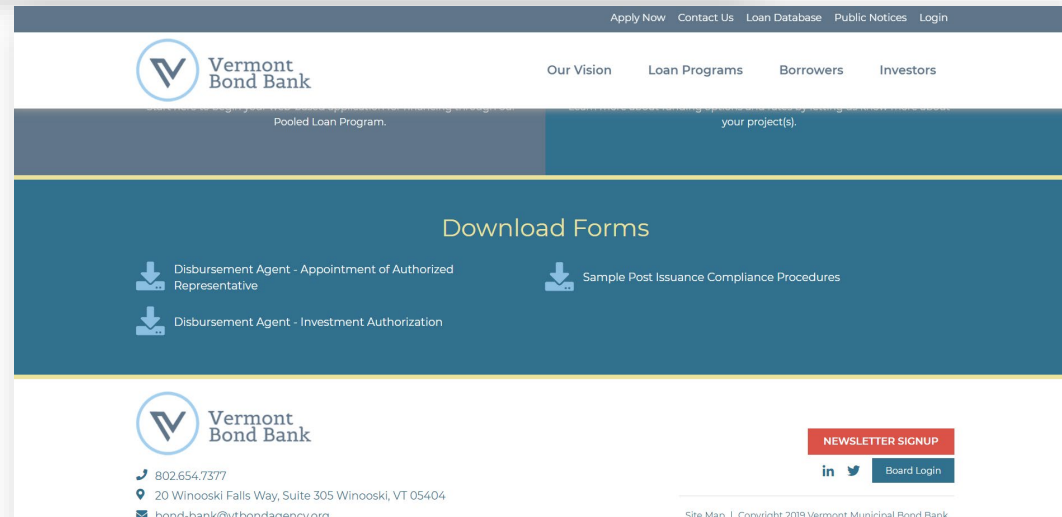
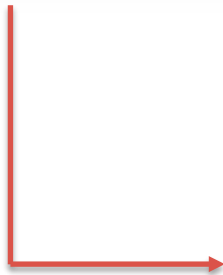
Site Map | Copyright 2019 Vermont Municipal Bond Bank

Can move forward and backward at bottom of page; can also save work if logged in

Post-Closing: Accessing Funds



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



vtbondbank.org/borrowers

Post Closing: Reporting

The screenshot shows the Vermont Bond Bank website. At the top, there is a navigation bar with links for 'Apply Now', 'Contact Us', 'Loan Database', 'Public Notices', and 'Login'. Below this is the Vermont Bond Bank logo and a secondary navigation bar with links for 'Our Vision', 'Loan Programs', 'Borrowers', and 'Investors'. The main content area features a banner image of a document titled 'VERMONT MUNICIPAL BOND BANK'. Below the banner, there is a text block stating: '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 Robert Fillioe at robertf@vtbondagency.org.' Below this text are three tabs: 'Certificate of Project Completion', 'Annual Post Issuance Compliance', and 'Financial Reporting'. The 'Financial Reporting' tab is active. Underneath the tabs, there is a text block: 'Here you will find an example of the Certificate of Project Completion form. Please download and then upload your completed form.' Below this text are two buttons: 'Download PDF Form' and 'Upload PDF Form'. At the bottom of the page, there is a footer with the Vermont Bond Bank logo and a 'NEWSLETTER SIGNUP' button. The URL 'https://vtbondbank.org/borrower-reporting#' is visible in the bottom left corner.

- **Certificate of Project Completion** – Completed when project or projects are completed
- **Annual Post Issuance Checklist** – DUE MARCH 31ST - Online form to be completed annually for all outstanding loans
- **Financial Reporting** – DUE MARCH 31ST – Annual submission of financial statements

Contact Us

New Website
www.vtbondbank.org

Michael Gaughan
Executive Director
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802.861.0073

Ashley Lucht
Director of Capital Planning
ashley@vtbondagency.org
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Bond Bank