This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 17, 2021

NEW ISSUE

In the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel, under existing law, and assuming continued compliance with various requirements of the Internal Revenue Code of 1986, as amended, (i) interest on the 2021 Series 1 Bonds (as hereinafter defined) will not be included in the gross income of holders of such bonds for federal income tax purposes, and (ii) interest on the 2021 Series 1 Bonds is not a specific tax preference for purposes of computation of the alternative minimum tax imposed on certain individuals. Interest on the 2021 Series 2 Refunding Bonds (as hereinafter defined) will be included in the gross income of the holders of such 2021 Series 2 Refunding Bonds for federal income tax purposes. In the further opinion of Bond Counsel, the Bonds are exempt from State of Vermont personal income taxes and State of Vermont corporate income taxes. See "TAX MATTERS" herein.

Vermont Bond Bank

$31,310,000*
VERMONT BOND BANK

$28,550,000*	$2,760,000*
2021 Series 1 Bonds	**2021 Series 2 Refunding Bonds**
(Local Investment Bonds)	**(Federally Taxable)**

Dated: Date of Delivery **Due: December 1, as shown on the inside cover**

The 2021 Series 1 Bonds (Local Investment Bonds) (the "2021 Series 1 Bonds") and the 2021 Series 2 Refunding Bonds (Federally Taxable) (the "2021 Series 2 Bonds" and together with the 2021 Series 1 Bonds, the "Bonds") of the Vermont Municipal Bond Bank (d/b/a the Vermont Bond Bank) (the "Bond Bank") are issuable only as fully registered bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as the registered Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Bonds will be made in book-entry-only form, in the denomination of $1,000 or any integral multiple thereof. Purchasers of beneficial interests will not receive certificates representing their interest in the Bonds. So long as Cede & Co. is the registered Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

Principal of and semiannual interest will be paid, as set forth herein, directly to DTC by U.S. Bank National Association, as Trustee and Paying Agent, so long as DTC or its nominee, Cede & Co., is the registered Bondholder. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participant as more fully described herein. The Bonds are subject to redemption as more fully set forth herein.

The Bonds are direct and general obligations of the Bond Bank payable out of any revenues or funds subject to the provisions of resolutions now or hereafter pledging particular monies, assets or revenues to particular notes or bonds of the Bond Bank as more fully described in this Official Statement. The Bond Bank does not possess any ad valorem taxing powers. The State of Vermont is not obligated to pay the principal of and interest on the Bonds, and neither the faith and credit nor the taxing power of the State of Vermont is pledged to the payment of such principal and interest.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Locke Lord LLP, Boston, Massachusetts. Omnicap Group LLC, El Segundo, California, serves as financial advisor to the Bond Bank. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York or its custodial agent on or about March 4, 2021.

Morgan Stanley **Citigroup**

February __, 2021

* Preliminary; subject to change.

$28,550,000*
Vermont Bond Bank
2021 Series 1 Bonds
(Local Investment Bonds)

Maturity (December 1)*	Principal*	Interest Rate	Price or Yield	CUSIP† Number
2022	$ 970,000			
2023	1,015,000			
2024	1,060,000			
2025	1,105,000			
2026	1,150,000			
2027	1,200,000			
2028	1,495,000			
2029	1,305,000			
2030	1,350,000			
2031	1,385,000			
2032	1,425,000			
2033	1,735,000			
2034	1,500,000			
2035	1,535,000			
2036	1,540,000			
2037	1,080,000			
2038	1,360,000			
2039	1,085,000			
2040	1,085,000			
2041	1,030,000			

$1,630,000* ____% Term Bonds maturing December 1, 2046* to Yield____% - CUSIP† Number ______

$1,510,000* ____% Term Bonds maturing December 1, 2051* to Yield____% - CUSIP† Number ______

$2,760,000*
Vermont Bond Bank
2021 Series 2 Refunding Bonds (Federally Taxable)

Maturity (December 1)*	Principal*	Interest Rate	Price or Yield	CUSIP† Number
2021	$1,175,000			

$915,000* ____% Term Bonds maturing December 1, 2026* to Yield____% - CUSIP† Number ______

$670,000* ____% Term Bonds maturing December 1, 2031* to Yield____% - CUSIP† Number ______

* Preliminary; subject to change.
† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © CUSIP Global Services. The CUSIP numbers listed above are being provided solely for the convenience of the Bondholders and the Bank makes no representations with respect to such numbers or undertakes any responsibility for their accuracy. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors, including, but not limited to, the refunding or defeasance of such securities or the use of secondary market financial products.

INTRODUCTION TO THE OFFICIAL STATEMENT

The following is furnished solely to provide limited introductory information regarding the $28,550,000* Vermont Municipal Bond Bank 2021 Series 1 Bonds (Local Investment Bonds) (the "2021 Series 1 Bonds") and the $2,760,000* Vermont Municipal Bond Bank 2021 Series 2 Refunding Bonds (Federally Taxable) (the "2021 Series 2 Bonds" and together with the 2021 Series 1 Bonds, the "Bonds") and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing elsewhere in this Official Statement, including the appendices hereto. Investors should read the entire Official Statement to obtain information essential to making an informed decision.

Issuer:	Vermont Municipal Bond Bank (d/b/a the Vermont Bond Bank) (the " Bond Bank")
Purpose:	The 2021 Series 1 Bonds are being issued: (i) to make loans to Governmental Units (defined herein) through the purchase of municipal bonds issued by such Governmental Units, (ii) to fund interest on a portion of the 2021 Series 1 Bonds, (iii) to make a deposit into the Reserve Fund (defined herein) held by the Trustee under the General Resolution (defined herein), and (iv) to pay a portion of the costs of issuance of the 2021 Series 1 Bonds. The 2021 Series 2 Bonds are being issued: (i) to current refund the Bond Bank's outstanding 2010 Series 4 Refunding Bonds (the "Refunded Bonds") and (ii) to pay costs of issuance of the 2021 Series 2 Bonds.
Security:	The Bonds are general obligations of the Bond Bank and are secured on a parity with other bonds issued and to be issued (collectively, the "General Resolution Bonds") under the Bond Bank's General Resolution (defined herein). The General Resolution Bonds are secured by a pledge of the municipal bonds issued by Governmental Units and purchased by the Bond Bank ("Municipal Bonds") and the amounts required to be paid by such Governmental Units to the Bond Bank pursuant to loan agreements for principal and interest on the Municipal Bonds ("Municipal Bonds Payments"). The General Resolution Bonds are further secured under the Act (defined herein) by an intercept by the State Treasurer of State funding to any Governmental Units that are in default on their Municipal Bonds Payments. The General Resolution Bonds are further secured by the Reserve Fund (defined herein). If there is a draw on the Reserve Fund that reduces the amount therein below the Required Debt Service Reserve (defined herein), the State is legally authorized, but not legally obligated, to appropriate annually the amount required to replenish the Reserve Fund. See "SECURITY FOR THE BONDS."
Redemption Provisions:	The 2021 Series 1 Bonds maturing on and after December 1, 20__ are subject to redemption at the option of the Bond Bank, at any time on and after December 1, 20__, in whole or in part, at par plus accrued interest to the date of redemption. The 2021 Series 1 Bonds are also subject to mandatory sinking fund redemption as described herein. The 2021 Series 2 Bonds are subject to redemption prior to maturity at the option of the Bank, in whole or in part, on any business day, at the Make-Whole Redemption Price, plus accrued and unpaid interest up to, but not including, the redemption date, on the 2021 Series 2 Bonds to be redeemed on the date fixed for redemption. See "THE BONDS–Redemption Provisions."
Denominations:	The Bonds will be issued in denominations of $1,000 and integral multiples thereof.
Local Investment Bonds:	The Bond Bank has designated the 2021 Series 1 Bonds as Local Investment Bonds, both to highlight the local impact of the projects capitalized by the 2021 Series 1 Bonds and to alert individual investors to the reduced barriers to investing in Vermont's local communities through the $1,000 denominations referred to above. See "THE BONDS–Designation of 2021 Series 1 Bonds as Local Investment Bonds."
Ratings:	S&P Global Ratings ("S&P") and Moody's Investors Service, Inc. ("Moody's") have rated the Bonds "AA+", and "Aa2", respectively. See "RATINGS."
Principal Payments:	Annually, each December 1, commencing December 1, 2021*.

* Preliminary; subject to change.

Interest Payments:	Semi-annually, each June 1 and December 1, commencing June 1, 2021 for the 2021 Series 2 Bonds and December 1, 2021 for the 2021 Series 1 Bonds.	
Tax Status:	Interest on the 2021 Series 1 Bonds will not be included in the gross income of the holders thereof for federal income tax purposes. Interest on the 2021 Series 2 Bonds will be included in the gross income of the holders of such 2021 Series 2 Bonds for federal income tax purposes. The Bonds are exempt from State of Vermont personal income taxes and State of Vermont corporate income taxes. See "TAX MATTERS."	
Professional Consultants to the Bond Bank:	*Financial Advisor*:	Omnicap Group LLC El Segundo, California
	Bond Counsel:	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. Boston, Massachusetts
	Trustee and Paying Agent:	U.S. Bank National Association Boston, Massachusetts
Registration:	The Bonds initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds.	
Legal Matters:	All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel. The opinion will be substantially in the form attached hereto as Appendix C. Certain legal matters will be passed on for the Underwriters by their counsel, Locke Lord LLP, Boston, Massachusetts.	
Authority for Issuance:	The Bonds are being issued pursuant to the Vermont Bond Bank Law, being Public Act No. 216 of the Laws of Vermont of the 1969 Adjourned Session of the Vermont General Assembly, as amended (the "Act"), the Bond Bank's General Bond Resolution adopted on May 3, 1988 (the "General Resolution") and the Series Resolution authorizing the issuance of the 2021 Series 1 Bonds (the "2021 Series 1 Resolution") and the Series Resolution authorizing the issuance of the 2021 Series 2 Bonds (the "2021 Series 2 Resolution" and together with the 2021 Series 1 Resolution, the "Series Resolutions"), each adopted January 28, 2021.	
Conditions Affecting Issuance:	The Bonds are offered when, as and if issued, subject to the approving legal opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel, and subject to the other conditions contained in the Contract of Purchase between the Bond Bank and Morgan Stanley & Co. LLC, on behalf of itself and Citigroup Global Markets Inc. (together, the "Underwriters").	
Delivery:	The Bonds are expected to be issued on or about March 4, 2021, at DTC on behalf of the Underwriters.	
Book-Entry Only:	The Bonds will be issued as book-entry only securities through DTC.	
Limitations on Offering or Reoffering Securities:	No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Bond Bank. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds offered hereby, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.	
No Litigation:	There is no litigation of any nature now pending, or to the knowledge of the Bond Bank, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Bonds. See "LITIGATION AND OTHER PROCEEDINGS."	
Continuing Disclosure:	The Bond Bank will undertake to provide continuing disclosure with respect to the Bonds. See "CONTINUING DISCLOSURE."	

Questions regarding the Bonds or the Official Statement can be directed to, and additional copies of the Official Statement, the Bond Bank's audited financial reports and the Resolution may be obtained from the Bond Bank's financial advisor, Omnicap Group LLC: (310) 318-3095.

DEBT SUMMARY

The summary data in the table below is furnished solely as a summary and does not purport to be comprehensive. All such data is subject in all respects to more detailed descriptions contained elsewhere in this Official Statement. Investors should read the entire Official Statement to obtain information essential to making an informed decision. See “OUTSTANDING BONDS AND OTHER OUTSTANDING INDEBTEDNESS.”

Outstanding Bonds as of February 1, 2021

General Resolution Bonds	$575,810,000
Other Debt*	91,845,000
Total Outstanding Debt	$667,655,000

* Represents VSCS Program Bonds (as defined herein).

The information set forth herein has been obtained from the Bond Bank and other sources which are believed to be reliable, but information from other than the Bond Bank is not to be construed as a representation by the Bond Bank. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Bond Bank since the date hereof, except as expressly set forth herein. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Bond Bank.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds offered hereby, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. All quotations from and summaries and explanations of provisions of laws, resolutions, the Bonds and other documents herein do not purport to be complete; reference is made to said laws, resolutions, the Bonds and other documents for full and complete statements of their provisions. Copies of the above are available for inspection at the principal office of the Bond Bank. In connection with this offering, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and certain dealer banks and banks acting as agents at prices lower or yields higher than the public offering prices or yields stated on the inside cover page hereof and said offering prices or yields may be changed from time to time by the Underwriters.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the Bond Bank. These forward-looking statements speak only as of the date of this Official Statement and are subject to change without notice. The Bond Bank disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Bond Bank's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

TABLE OF CONTENTS

$31,310,000*
Vermont Bond Bank

$28,550,000*	$2,760,000*
2021 Series 1 Bonds (Local Investment Bonds)	**2021 Series 2 Refunding Bonds (Federally Taxable)**

INTRODUCTORY STATEMENT

This Official Statement is provided for the purpose of setting forth information concerning the Vermont Municipal Bond Bank (d/b/a the Vermont Bond Bank) (the "Bond Bank") in connection with the sale of the 2021 Series 1 Bonds (Local Investment Bonds) (the "2021 Series 1 Bonds") and the 2021 Series 2 Refunding Bonds (Federally Taxable) (the "2021 Series 2 Bonds" and together with the 2021 Series 1 Bonds, the "Bonds"). The Bonds are issued pursuant to the Vermont Bond Bank Law, being Public Act No. 216 of the Laws of Vermont of the 1969 Adjourned Session of the Vermont General Assembly, as amended (the "Act").

The Bonds are to be issued under and are to be secured by the Bank's General Bond Resolution adopted on May 3, 1988 (the "General Resolution") and, for the 2021 Series 1 Bonds, the Series Resolution authorizing the issuance of the 2021 Series 1 Bonds adopted on January 28, 2021 (the "2021 Series 1 Resolution") and, for the 2021 Series 2 Bonds, the Series Resolution authorizing the issuance of the 2021 Series 2 Bonds (the "2021 Series 2 Resolution" and together with the 2021 Series 1 Resolution, the "Series Resoluitons" and collectively with the General Resolution, the "Resolution").

The Bond Bank is a body corporate and politic with corporate succession, and is constituted as an instrumentality exercising public and essential governmental functions of the State of Vermont (the "State").

Pursuant to the Act, the Bond Bank is authorized to issue bonds for, among other purposes, (1) providing funds to enable the Bond Bank to make loans to counties, municipalities or other public bodies of the State, including public school districts (the "Governmental Units"), (2) refunding bonds previously issued by the Bond Bank, and (3) establishing or increasing reserves with which to secure or to pay debt service and all other costs and expenses of the Bond Bank incident to and necessary or convenient to carry out its corporate purposes.

Loans to Governmental Units are made through the direct purchase by the Bond Bank from such Governmental Units of their bonds, notes or evidences of debt constituting either general obligations of the Governmental Units (the "General Obligation Bonds") or obligations of the Governmental Units payable solely out of the earnings or profits derived from the operation of a public utility (the "Revenue Bonds"). General Obligation Bonds and Revenue Bonds are sometimes collectively referred to herein as "Municipal Bonds." A portion of the proceeds of the 2021 Series 1 Bonds will be used to make loans to the Governmental Units identified in Table 1 of Appendix B by the purchase, at an aggregate purchase price of $31,162,955*, of General Obligation Bonds (the "2021 Municipal Bonds") issued by such Governmental Units. For a list of all of the Governmental Units that have Municipal Bonds outstanding that were purchased by the Bond Bank pursuant to the General Resolution and the outstanding balances of such Municipal Bonds, see Table 2 of Appendix B hereto.

Impact of COVID-19 Pandemic. The global pandemic resulting from the outbreak of the strain of coronavirus called COVID-19 has negatively affected national, state, and local economies and global financial markets. In response to the outbreak, the Governor of Vermont declared a State of Emergency on March 13, 2020, which has been extended multiple times, including on February 15, 2021, when it was extended to March 15, 2021.

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* Preliminary; subject to change.

The virus and the resulting actions by national, state and local governments is altering the behavior of businesses and people in a manner that has had and may continue to have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19 will impact the national and state economies and, accordingly, how it will adversely impact the Bond Bank and the Governmental Units.

While all of the fiscal and economic impacts on the Bond Bank and the Governmental Units are not known at this time, the Bond Bank is closely monitoring the COVID-19 pandemic and its impact on the investment earnings of the Bond Bank and financial health of the Governmental Units. The first post-COVID-19 loan payments from Governmental Units due on May 1, 2020 and November 1, 2020 were received on a timely basis to pay outstanding Bonds on June 1, 2020 and December 1, 2020, respectively. In response to the COVID-19 pandemic and as part of an ongoing effort to simplify the loan process, the Bond Bank has instituted a supplemental e-invoice procedure for Governmental Units' payments of loans, which was used for the May 1, 2020 and November 1, 2020 payments and is expected to continue to be used for future payments. The Bank anticipates that the next applications for loans, which are submitted via a secure online portal with an e-signature, will be due in May 2021 and that the Bond Bank's standard schedule of semi-annual financings will continue with the next series of bonds under the General Resolution to be issued in summer 2021. The Bond Bank is continuing to monitor the potential for refunding of outstanding bonds for debt service savings. All of the foregoing is subject to change based on market conditions and considerations of the needs of Governmental Units.

School Consolidation. The Governmental Units include many school districts that receive loans from the Bond Bank to fund projects for public schools. Since 2015, the State has been undergoing a major education reform process which includes a multi-year realignment and consolidation of the pre-k-12 education governance system. Vermont Act 46 (2015) and Act 49 (2017) (together, the "Acts") include incentives to small school districts to merge in order, among others things, to maximize operational efficiencies and provide equity in quality and funding. Pursuant to the Acts, the Vermont State Board of Education also ordered the involuntary consolidation of a series of school districts that did not voluntarily merge. By operation of law, the consolidated school district, whether formed voluntarily or involuntarily, assumes the property and any related debt, including the Municipal Bonds, of the merged school districts. Several school districts objected to school consolidation and sued the Vermont State Board of Education to avoid merger. While none of such districts claimed that its debt is no longer valid, some argued that the forced merger should not be required because it causes existing debt of a school district to become debt of a consolidated school district, which includes a member that had not authorized such other member's debt. The State objected to these claims on the basis that the State Legislature, in adopting Act 46, has authority to transfer the existing debt of a school district to the merged school district as part of the consolidation process. The State prevailed, but some school districts appealed the decision to the Vermont Supreme Court, which heard oral arguments on January 15, 2020. On July 10, 2020, the Vermont Supreme Court affirmed the lower court's decision in favor of the State.

Table 2 of Appendix B and the tables under "THE BONDS - Projects Financed and by the 2021 Series 1 Bonds" reflect the consolidated school districts as of February 1, 2021.

The Bonds. The 2021 Series 1 Bonds are being issued to provide monies which will be used: (i) to make loans to the municipalities in the aggregate amount of $31,162,955* secured by the 2021 Municipal Bonds; (ii) to make a deposit into the Reserve Fund (as hereinafter defined) established with U.S. Bank National Association, as trustee (the "Trustee") pursuant to the General Resolution; (iii) to fund interest on a portion of the 2021 Series 1 Bonds, and (iv) to pay costs of issuance of the 2021 Series 1 Bonds.

The 2021 Series 2 Bonds are being issued to provide monies: (i) to current refund the Bond Bank's $2,695,000 outstanding principal amount of 2010 Series 4 Refunding Bonds (the "Refunded Bonds"); and

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* Preliminary, subject to change.

(ii) to pay costs of issuance of the 2021 Series 2 Bonds. See "SOURCES AND USES OF FUNDS" herein and Appendix B hereto.

Security for the Bonds. The Bonds will constitute general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged for the payment of principal, redemption premium, if any, and interest thereon. The Bonds and other bonds issued or Outstanding on a parity therewith under the General Resolution (collectively, the "General Resolution Bonds") are further secured by the pledge of the Municipal Bonds and the amounts paid by the Governmental Units or required to be paid by the Governmental Units to the Bond Bank pursuant to the Loan Agreements for principal and interest on the Municipal Bonds (the "Municipal Bonds Payments") and the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by the General Resolution, except the Rebate Fund.

Pursuant to the Act, the State Treasurer may intercept State funding to Governmental Units that are in default on their Municipal Bonds Payments to the Bond Bank. The Loan Agreements provide that Municipal Bonds Payments are due to the Bond Bank on the first day of the month prior to the principal and interest payment dates on the General Resolution Bonds. Accordingly, the intercept by the State Treasurer is scheduled to occur prior to the principal and interest payment dates on the General Resolution Bonds. See "SECURITY FOR THE BONDS – Intercept of State Funds and Other Enforcement of Municipal Bonds."

The General Resolution Bonds are further secured by the Vermont Bond Bank Revenue Bond Reserve Fund (the "Reserve Fund"). The Reserve Fund is funded in an amount equal to the least of (i) maximum annual debt service coming due in any year on each series of General Resolution Bonds, (ii) 125% of average annual debt service on each series of General Resolution Bonds or (iii) 10% of the proceeds of each series of General Resolution Bonds (the "Required Debt Service Reserve"). Moneys in the Reserve Fund are applied to the payment of the interest on and principal of General Resolution Bonds, as they become due and payable, to the extent other monies of the Bond Bank, including without limitation, Municipal Bonds Payments and intercepted State funding, if any, are not then available. The Act provides that any draw on the Reserve Fund shall be replenished by appropriation of the General Assembly of the State. While the General Resolution Bonds and the replenishment obligation do not constitute a legally enforceable obligation of the State or create a debt on behalf of the State, Bond Counsel is of the opinion that the State, by its General Assembly, is legally authorized, but not legally obligated, to appropriate annually such sum to restore the Reserve Fund, all to the extent described under "SECURITY FOR THE BONDS – Reserve Fund" herein.

All General Resolution Bonds, notwithstanding their date of issuance, are secured equally and ratably by all of the above. Additional series of General Resolution Bonds may be authorized and issued by the Bond Bank pursuant to the General Resolution on a parity with the Bonds. The Bond Bank has issued $2,282,890,000 in aggregate principal amount of General Resolution Bonds (including General Resolution Bonds issued to refund other General Resolution Bonds). For more information regarding parity General Resolution Bonds, see "OUTSTANDING BONDS AND OTHER OUTSTANDING INDEBTEDNESS" herein. The Bond Bank has not defaulted on its payments of General Resolution Bonds.

The Bond Bank is obligated to pay the principal of and interest on General Resolution Bonds only from pledged revenues or funds of the Bond Bank, and the State is not obligated to pay the principal of or interest thereon and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or interest on General Resolution Bonds.

For information about the State, including a general description of the State's economy, reference is made to the State's most recent official statement or information statement. Copies of such official statement or information statement as well as the State's most recent Annual Financial Report may be obtained upon written request from the office of the State Treasurer, 109 State Street, Montpelier, Vermont 05601-0564.

No representation or warranty is made hereby, as to the timeliness or accuracy of the information contained in any such statements or reports.

Official Statement. There follows in this Official Statement a brief description of the Bond Bank together with summaries of the terms of the Bonds, the Resolution and certain provisions of the Act. All references herein to the Act and the Resolution are qualified in their entirety by reference to such law and such documents, copies of which are available from the Bond Bank, and all references to the Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Resolution. Terms not otherwise defined herein shall have the meanings given such terms in Appendix A and the Resolution.

VERMONT BOND BANK

The Vermont Municipal Bond Bank (d/b/a the Vermont Bond Bank) was created by the Act in 1970 as a body corporate and politic with corporate succession and is constituted as an instrumentality exercising public and essential governmental functions of the State.

Purposes of the Bond Bank

It is the policy of the State, as declared in the Act, to foster and promote by all reasonable means the provision of adequate capital markets for the financing by Governmental Units of their respective public improvements and other municipal purposes from proceeds of their bonds and notes and to assist such Governmental Units in such financing by making funds available at reduced interest costs for orderly financing especially during periods of restricted credit or money supply, particularly for those Governmental Units not otherwise able to borrow for such purposes. In furtherance of this policy, the Bond Bank is empowered to issue its Bonds to make funds available at reduced rates and on more favorable terms for borrowing by such Governmental Units through the purchase by the Bond Bank of their Municipal Bonds.

Each Governmental Unit requesting the Bond Bank to purchase its Municipal Bonds submits an application to the Bond Bank. The Bond Bank underwrites the loans and approves or denies the applications based on creditworthiness. If approved, the Governmental Unit enters into a loan agreement (the "Loan Agreement") with the Bond Bank pursuant to which the Governmental Unit issues Municipal Bonds. The payment of principal and interest on the Municipal Bonds, together with other amounts available under the General Resolution, are required to be sufficient to pay principal, redemption premium, if any, and interest on the Bonds.

The directors of the Bond Bank consider and discuss each application for the purchase of Municipal Bonds in an open meeting and accept or reject each application. In considering each Governmental Unit's application the directors rely on the information contained therein and such additional information as the directors deem relevant and consult with the Executive Director and the Bond Bank's financial consultants.

General Obligation Bonds. The information regarding General Obligation Bonds considered by the directors includes, among other things, the following information supplied by each Governmental Unit: the amount of debt of each Governmental Unit, the amount by which such debt will be increased by the proposed purchase of the Governmental Unit's General Obligation Bonds, the state or local valuation, tax levy and taxes receivable, the population trends and the economic outlook for the community as supplied by the Governmental Unit, any litigation which may affect a Governmental Unit's ability to pay the debt service on its bonds, and any legal analysis with respect thereto. The directors' review of the sources of revenue as set forth above includes the nature of such revenue. Nothing has come to the attention of the directors that leads them to believe that such revenue of the Governmental Units making applications will or could be nonrecurring. In certain cases, the Governmental Unit expects to derive revenues from identified sources to pay its General Obligation Bonds. While the general obligation of the Governmental Unit secures its General Obligation Bonds, the timing of the receipt of Municipal Bonds Payments could be affected by a shortfall in revenues.

Revenue Bonds. The information and other factors regarding Revenue Bonds considered by the directors include, among other things, the following: financial statements for a period of three years prior to the date of the application with at least the most recent year having been audited, certification that certain debt service requirements are expected to be met in the future, Vermont Public Utility Commission approval of new electrical generation capacity construction or construction of electric or transmission facilities, if applicable, the agreement to maintain the coverage of annual net revenues of the project or system to which the proceeds are loaned of not less than 1.25 times the annual debt service on the obligations payable from the subject system, the agreement to limit the issuance of additional bonds to pay for project costs, except when additional bonds are needed to keep the electric system operating or are for other limited purposes, and the agreement to maintain a contingency reserve fund to be funded over not more than four years from revenues at an amount not less than (i) 10% of the operating expenses determined every year based upon the prior fiscal year's actual operating expenses plus (ii) 10% of debt service on such Revenue Bonds for the prior fiscal year. The Bond Bank also requires that (i) the Governmental Unit shall at all times maintain rates, fees or charges which will produce revenues in each year sufficient, together with other moneys available therefor, to pay the debt service in each year on all Revenue Bonds issued for that system which are then outstanding as such Revenue Bonds become due and payable; and (ii) the Governmental Unit comply with certain reporting requirements. The directors may from time to time examine other or different information and impose other or additional requirements on Governmental Units. The directors may also, at their discretion, waive the delivery of information or the requirements imposed on any or all Governmental Units issuing Revenue Bonds. The directors of the Bond Bank may also consider and discuss any litigation which may affect the Governmental Units' ability to pay the debt service on their bonds and any legal analysis with respect thereto. The directors, however, can give no assurance that revenues of any system will be sufficient to meet the obligations of the Governmental Unit on the Revenue Bonds or other obligations of that system.

Under the General Resolution, the Bond Bank has heretofore purchased nine issues of Revenue Bonds in the aggregate principal amount of $31,500,000, of which five issues remained outstanding as of February 1, 2021, in the approximate aggregate principal amount of $12,679,653.

Powers of the Bond Bank

In order to fulfill its purposes, the Bond Bank has, among others, the following powers:

(1) To borrow money and to issue its negotiable bonds or notes and to provide for and secure the payment thereof and to provide for the rights of the holders thereof, and to purchase, hold and dispose of any of its bonds or notes;

(2) To fix and revise from time to time and charge and collect fees and charges for the use of its services or facilities;

(3) In connection with any loan to a Governmental Unit, to consider the need, desirability or eligibility of the loan, the ability of the Governmental Unit to secure borrowed money from other sources and the costs thereof, and the particular public improvement or purpose to be financed by the Municipal Bonds to be purchased by the Bond Bank;

(4) To charge for its costs and services in review or consideration of any proposed loan to a Governmental Unit or purchase of Municipal Bonds of a Governmental Unit, and to charge therefor whether or not the loan is made or the Municipal Bonds are purchased;

(5) To establish any terms and provisions with respect to any purchase of Municipal Bonds by the Bond Bank, including date and maturities of the Municipal Bonds, provisions as to redemption or payment prior to maturity, and any other matters which are necessary, desirable or advisable in the judgment of the Bond Bank;

(6) To enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Bond Bank or pertaining to any loan to a Governmental Unit or any purchase or sale of Municipal Bonds or other investments or to the performance of its duties and execution or carrying out of any of its powers under the Act;

(7) To purchase or hold Municipal Bonds at such prices and in such manner as the Bond Bank deems advisable, and to sell Municipal Bonds acquired or held by it at such prices without relation to cost and in such manner as the Bond Bank deems advisable, all consistent with the policy of the State as declared in the legislative findings of the Act;

(8) To invest any funds or monies of the Bond Bank not then required for loan to Governmental Units and for the purchase of Municipal Bonds in the same manner as permitted for investment of funds belonging to the State or held in the treasury, except as otherwise provided by the Act (however, the General Resolution limits investments to certain securities as hereinafter set forth);

(9) To prescribe any form of application or procedure required of a Governmental Unit for the loan or purchase of its Municipal Bonds and to fix the terms and conditions of that loan or purchase and to enter into agreements with Governmental Units with respect to any loan or purchase; and

(10) To do all things necessary, convenient or desirable to carry out the powers expressly granted or necessarily implied in the Act.

The Act requires approval by the State Treasurer and the Governor to make effective any resolution of the Bond Bank regarding the issuance of bonds. The Bond Bank will obtain such approval with respect to the Bonds prior to the sale thereof.

Organization and Membership of the Bond Bank

The membership of the Bond Bank consists of five directors: the State Treasurer, who is a director ex-officio, and four directors appointed by the Governor with the advice and consent of the State Senate for terms of two years. The four directors appointed by the Governor must be residents of the State and must be qualified voters therein for at least one year next preceding the time of appointment. Each director holds office for the term of their appointment and until a successor shall have been appointed and qualified. A director is eligible for reappointment. Any vacancy in a directorship occurring other than by the expiration of the term is filled for the unexpired term only in the same manner as the original appointment, except that the advice and consent of the Senate is not required if it is not in session.

The directors elect one of their number as Chair. The directors also elect a Secretary and a Treasurer who need not be directors, and the same person may be elected to serve both as Secretary and Treasurer. The powers of the Bond Bank are vested in the directors thereof, and three directors of the Bond Bank constitute a quorum. Action may be taken and motions and resolutions adopted by the Bond Bank at any meeting thereof by the affirmative vote of at least three directors of the Bond Bank, including the director ex-officio. A vacancy in the directorship of the Bond Bank does not impair the right of a quorum to exercise all the powers and perform all the duties of the Bond Bank.

The Bond Bank's membership is as follows:

DAVID R. KIMEL, *Chair*; term expires January 31, 2022.

Mr. Kimel is a resident of the City of St. Albans, Vermont. He is a retired broadcast group owner and business consultant. He is a member of the Vermont Association of Broadcasters Hall of Fame. He is currently the Manager of the Collins Perley Center. Mr. Kimel also sits on the District Six Environmental Board. He holds a Bachelor of Science degree in Business Administration.

DEBORAH WINTERS, *Treasurer*; term expires January 31, 2022.

Ms. Winters is a resident of Swanton, Vermont and an owner of Firetech Sprinkler Corp. She is a member of the board of Directors of the Champlain Valley Exposition. She holds a Bachelor of Science degree in Civil Engineering and Operations Research from Princeton University and a Master of Business Administration from Boston University.

MARY ALICE MCKENZIE; term expires January 31, 2023.

Ms. McKenzie is a resident of Colchester, Vermont and is a consultant. She was formerly the Executive Director of the Boys and Girls Club of Burlington, General Counsel to the Vermont State Colleges, and CEO of McKenzie of Vermont. Ms. McKenzie holds a Bachelor of Arts degree in Business Administration from St. Mary's College and a Juris Doctor degree from Valparaiso University School of Law.

DAVID R. COATES; term expires January 31, 2023.

Mr. Coates is a resident of Colchester, Vermont and a retired partner in the Burlington office of KPMG. He is a past president of the Vermont Society of CPA's and currently serves on the Governor's Council of Economic Advisors. He is a member of the Board of Directors of Green Mountain Power and is also on the Board of Directors of National Life of Vermont.

ELIZABETH PEARCE, *Ex-Officio*.

Treasurer Pearce is a resident of Barre, Vermont and has more than 30 years of experience in government finance at both the state and local levels. She served as Vermont's Deputy Treasurer for more than seven years before assuming her current role as Treasurer. Prior to joining the Vermont State Treasurer's Office, she served as Deputy Treasurer for Cash Management at the Massachusetts State Treasurer's Office from 1999-2003; Deputy Comptroller for the Town of Greenburgh, New York; and Accounting Manager and Financial Operations Manager for the Town of West Hartford, Connecticut. In addition, she has served as a fiscal officer with the Massachusetts Department of Social Services and as a project director for the Massachusetts Executive Office of Human Services. Ms. Pearce has a Bachelor of Arts degree from the University of New Hampshire.

The Executive Director and Secretary to the Bond Bank is as follows:

MICHAEL GAUGHAN, *Executive Director, Secretary.*

Mr. Gaughan is a resident of Burlington, Vermont. He became Executive Director and Secretary of the Bond Bank and Executive Director of the Vermont Educational and Health Buildings Financing Agency on January 2, 2018. He was previously a Director and a Public-Private Partnerships Manager for a national community development finance nonprofit. He also has related experience as a public finance banker focused on governmental, housing, and community facilities transactions. Mr. Gaughan earned a Bachelor of Arts degree from Middlebury College and a Master of City Planning degree from the University of Pennsylvania.

THE BONDS

Description

The Bonds shall be dated their date of delivery, shall mature on December 1 in the years and principal amounts, and shall bear interest at the rates per annum, set forth on the inside cover page of this Official Statement.

The Bonds shall bear interest from their date, payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2021 for the 2021 Series 2 Bonds and December 1, 2021 for the 2021 Series 1 Bonds. The Bonds initially will be issued as one fully registered bond for each maturity of a series in the aggregate principal amount for such maturity and series as set forth on the inside cover page of this Official Statement in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Beneficial ownership in the Bonds may be acquired or transferred only through book-entries made on the records of DTC and its participants in the principal amount of $1,000 or integral multiples thereof. The principal of and interest on the Bonds will be paid by U.S. Bank National Association, as Trustee and paying agent (the "Paying Agent"). As long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, such payments will be made directly to Cede & Co. Interest on any Bond which is payable and is punctually paid or provided for on any interest payment date will be paid to the registered owner at the close of business on the May 15 and November 15 next preceding such interest payment date (the "Record Date").

Designation of 2021 Series 1 Bonds as Local Investment Bonds

The Bond Bank has designated the 2021 Series 1 Bonds as Local Investment Bonds. This designation is intended to reflect the local impact of the projects that are capitalized by the 2021 Series 1 Bonds. Moreover, the designation is also intended to alert individual investors to the reduced barriers to investing in Vermont's local communities through the $1,000 denominations of the Bonds.

The Bond Bank has a history of financing projects similar to those capitalized by the 2021 Series 1 Bonds while providing access to capital for communities throughout Vermont.

The Bond Bank administers a best efforts program to quantify the impact of the Bond Bank's activities and intends to summarize impacts through the Bond Bank's annual report. While the Bond Bank is not required to disclose impacts, it expects to do so on a voluntary basis as data is available.

Estimated impacts for projects anticipated to be financed with the 2021 Series 1 Bonds include:

- Over 150,000 square feet of school facilities renovated or constructed;
- Over 76,000 Vermonters benefiting from improvements;
- Nearly 40,000 square feet of recreational facilities created or renovated;
- Over eight miles of road improvements;
- Over 4,000 student seats enhanced;
- Four fire trucks purchased; and
- Over one mile of streetscape improvements.

Projects Financed by the 2021 Series 1 Bonds*

The 2021 Series 1 Bonds are being issued to make loans to the municipalities in the aggregate amount of $31,162,955. The loan amounts outstanding as of the dates of the issuance of the Bonds, a

* Preliminary, subject to change.

description of the project financed or expected to be financed from such loans, and the location of such projects are as follows:

Loans Financed by the 2021 Series 1 Bonds

Governmental Unit	Amount	Zip Code	Project Description
City of Barre	$1,700,000	05641	Purchase of capital equipment pieces for public works, buildings & community services, and fire department. Improvements to various facilities and systems. Municipal swimming pool refurbishment. Merchants Row design phase.
Barre Unified Union School District	2,750,000	05641	New alternative school building for experiential learning opportunities for up to 30 students.
Town of Bennington	1,067,055	05201	Ladder truck for fire department.
Canaan School District	1,000,000	05903	Renovations of school buildings for ADA compliance, roof, foundation, security upgrades and other repairs.
Champlain Valley School District	6,000,000	05482	Mechanical and other upgrades to reduce energy use; security upgrades, building and grounds repairs, and stormwater management improvements.
Town of Hardwick	275,000	05843	Fire truck.
Town of Hartford	4,020,900	05001	Construction of new outdoor municipal pool and related facilities; improvement to municipal parking lot, public park, sidewalks and streetscapes and related infrastructure improvements.
City of Rutland	4,450,000	05701	Acquisition of athletic facility for public recreation; sidewalk, culverts and other public infrastructure improvements.
Town of Thetford	4,000,000	05075	Road repairs.
Town of Williston	1,400,000	05495	Fire trucks and related equipment.
Town of Woodstock	4,500,000	05091	Renovation and expansion of emergency system building.
Subtotal	$31,162,955		

Book-Entry-Only System

Unless otherwise noted, portions of the description which follows of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of interest and other payments on the Bonds to DTC Participants or Beneficial Owners of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other bond-related transactions by and between DTC, the DTC Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the Bond Bank for inclusion in this Official Statement. Accordingly, the Bond Bank, the Governmental Units and the Underwriters do not and cannot make any representations concerning these matters.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity and series, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all of the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity and series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

The principal of and interest and premium, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Bank or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Bond Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of and interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Bank or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Bond Bank or Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Bond Bank may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In such event, Bond certificates will be printed and delivered.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE BOND BANK BELIEVES TO BE RELIABLE, BUT THE BOND BANK TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

Redemption Provisions

Optional Redemption of the 2021 Series 1 Bonds

The 2021 Series 1 Bonds maturing prior to December 1, 20__ are not subject to redemption. The 2021 Series 1 Bonds maturing on and after December 1, 20__ are subject to redemption at the option of the Bond Bank, at any time on and after December 1, 20__, either as a whole, or in part (and by lot if less than all of a maturity is to be redeemed), from the maturities designated by the Bond Bank at a Redemption Price of par plus accrued interest to the date of redemption.

Notice of such redemption shall be mailed not less than thirty (30) days before the redemption date to the registered owners of any 2021 Series 1 Bonds or portions thereof to be redeemed. Notice of redemption having been given, as aforesaid, the 2021 Series 1 Bonds or portions thereof so called for redemption shall become due and payable on the redemption date and from and after such redemption date, interest on such 2021 Series 1 Bonds shall cease to accrue and become payable.

Optional Redemption of the 2021 Series 2 Bonds with Make-Whole

The 2021 Series 2 Bonds are subject to redemption prior to maturity at the option of the Bank, in whole or in part, on any business day, at the Make-Whole Redemption Price, plus accrued and unpaid interest up to, but not including, the redemption date, on the 2021 Series 2 Bonds to be redeemed on the date fixed for redemption.

The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the 2021 Series 2 Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the 2021 Series 2 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2021 Series 2 Bonds are to be redeemed, discounted to the date on which the 2021 Series 2 Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus ___ basis points.

"Treasury Rate" means, as of any redemption date for a particular 2021 Series 2 Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2021 Series 2 Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

At the request of the Trustee to the Bond Bank, the Make-Whole Redemption Price of the 2021 Series 2 Bonds to be redeemed shall be determined by an independent accounting firm, investment banking firm or financial advisor retained by Bank at the Bank's expense to calculate such Make-Whole Redemption Price. The Trustee and the Bank may conclusively rely on the determination of such Make-Whole Redemption price by such independent accounting firm, investment banking firm or financial advisor and shall not be liable for such reliance.

If the 2021 Series 2 Bonds are no longer registered to DTC or its nominee, any redemption of less than all of a maturity of the 2021 Series 2 Bonds shall be effected by the Paying Agent among owners on a pro-rata basis subject to minimum authorized denominations. The particular 2021 Series 2 Bonds or portions thereof to be redeemed shall be determined by the Paying Agent, using such method as it shall deem fair and appropriate. If the 2021 Series 2 Bonds are registered in book-entry only form and so long as DTC, or a successor securities depository, is the sole registered owner of such 2021 Series 2 Bonds and if less than all of the 2021 Series 2 Bonds of a maturity are called for prior redemption, the particular 2021 Series 2 Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures. However, so long as the 2021 Series 2 Bonds are registered in book-entry form, the selection for redemption of such 2021 Series 2 Bonds shall be made in accordance with the operational arrangements of DTC then in effect. It is the Bank's intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Bank and the Beneficial Owners be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the Bank can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the 2021 Series 2 Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the 2021 Series 2 Bonds will be selected for redemption in accordance with DTC procedures by lot. **The Bank can provide no assurance that DTC, its participants or any other intermediaries, will allocate redemptions of the 2021 Series 2 Bonds of a particular maturity among the Beneficial Owners on such a proportional basis.**

Mandatory Sinking Fund Redemption

The 2021 Series 1 Bonds maturing December 1, 2046* will be subject to redemption prior to maturity by lot on each December 1, under the provisions of the Resolution, at the principal amount thereof

* Preliminary, subject to change.

plus accrued interest to the redemption date, without premium, from sinking fund payments and on the dates, as set forth below:

2021 Series 1 Bonds maturing December 1, 2046*

Year*	Sinking Fund Payment*	Year*	Sinking Fund Payment*
2042	$245,000	2045	$250,000
2043	635,000	2046	250,000
2044	250,000		

The 2021 Series 1 Bonds maturing December 1, 2051* will be subject to redemption prior to maturity by lot on each December 1, under the provisions of the Resolution, at the principal amount thereof plus accrued interest to the redemption date, without premium, from sinking fund payments and on the dates, as set forth below:

2021 Series 1 Bonds maturing December 1, 2046*

Year*	Sinking Fund Payment*	Year*	Sinking Fund Payment*
2047	$250,000	2050	$255,000
2048	255,000	2051	495,000
2049	255,000		

The 2021 Series 2 Bonds maturing December 1, 2026* will be subject to redemption prior to maturity by lot on each December 1, under the provisions of the Resolution, at the principal amount thereof plus accrued interest to the redemption date, without premium, from sinking fund payments and on the dates, as set forth below:

2021 Series 2 Bonds maturing December 1, 2026*

Year*	Sinking Fund Payment*	Year*	Sinking Fund Payment*
2022	$195,000	2025	$185,000
2023	190,000	2026	155,000
2024	190,000		

The 2021 Series 2 Bonds maturing December 1, 2031* will be subject to redemption prior to maturity by lot on each December 1, under the provisions of the Resolution, at the principal amount thereof plus accrued interest to the redemption date, without premium, from sinking fund payments and on the dates, as set forth below:

2021 Series 2 Bonds maturing December 1, 2031*

Year*	Sinking Fund Payment*	Year*	Sinking Fund Payment*
2027	$45,000	2030	$260,000
2028	40,000	2031	285,000
2029	40,000		

* Preliminary, subject to change.

Exchange and Transfer

The Resolution provides that Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same series and maturity of any other authorized denominations.

The Bonds shall be transferable only upon the books of the Bond Bank, which shall be kept for the purpose at the corporate trust office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any Bond the Bond Bank shall issue in the name of the transferee a new registered Bond or Bonds of the same aggregate principal amount and maturity as the surrendered Bond.

In all cases in which the privilege of exchanging bonds or transferring registered bonds is exercised, the Bond Bank shall execute and the Trustee shall deliver bonds in accordance with the provisions of the General Resolution. The Bonds are interchangeable for bonds of like series at the office of the Trustee upon the payment of a charge sufficient to reimburse it for any tax, fee or any other governmental charge required to be paid. The cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Bank or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Bond Bank as an Administrative Expense. See, however, "Book-Entry-Only System" herein for a description of the exchange and transfer provisions applicable to beneficial ownership interests in the Bonds.

SOURCES AND USES OF FUNDS

The proceeds of sale of the Bonds and other available funds are expected to be used and applied as set forth below, rounded to the nearest dollar.

	2021 Series 1 Bonds	2021 Series 2 Bonds
Sources of Funds:		
Principal amount	$	$
[Net] Original Issue Premium/Discount		
Transfer from Reserve Fund		
TOTAL SOURCES	$	$
Uses of Funds:		
Loans to Governmental Units	$	$
Deposit to the Reserve Fund		
Deposit to Escrow Fund for the Refunded Bonds		
To pay interest on a portion of the 2021 Series 1 Bonds		
Costs of Issuance (including Underwriters' Discount)		
TOTAL USES	$	$

In accordance with the provisions of the Act and the Resolution, the funds on deposit in the Reserve Fund at the time of issuance of the Bonds will be at least equal to the Required Debt Service Reserve.

REFUNDING OF THE REFUNDED BONDS

In order to refund the Refunded Bonds, a portion of the proceeds of the 2021 Series 2 Bonds will be deposited in the Escrow Fund to be held by U.S. Bank National Association, as escrow agent (the "Escrow Agent") under an Escrow Agreement dated March 4, 2021 between the Bond Bank and the Escrow Agent. Amounts held in the Escrow Fund will be applied to the purchase of direct obligations of the United States of America (the "Government Obligations") bearing interest and maturing at times sufficient, together with a cash balance, to redeem in full the Refunded Bonds on April 5, 2021, including accrued interest to the redemption date. None of the amounts in the Escrow Fund are available to pay debt service on the Bonds. The refunding of the Refunded Bonds is conditioned upon the issuance of the 2021 Series 2 Bonds.

The arithmetical accuracy of certain computations included in the schedules provided by the Representative on behalf of the Bond Bank relating to computation of anticipated receipts of principal and interest on Government Obligations and the anticipated payments of principal and interest to redeem the Refunded Bonds, was verified by Omnicap Group LLC. Such computations were based solely upon information supplied by the Underwriters on behalf of the Bond Bank.

The portion of the Reserve Fund allocated to the Refunded Bonds will remain on deposit in the Reserve Fund following the issuance of the Bonds.

SECURITY FOR THE BONDS

The following is a brief summary of security for General Resolution Bonds, including the Bonds. For a more detailed description, see Appendix A – "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION" hereto, the Resolution and the Act.

The Bond Bank's obligation to pay the principal of and interest on General Resolution Bonds is subject to the provisions of other resolutions now or hereafter pledging particular monies, assets or revenues to particular notes or bonds. The State is not obligated to pay the principal of or interest on General Resolution Bonds, and neither the faith and credit nor the taxing power of the State is pledged to the payment thereof. General Resolution Bonds are general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged for the payment of the principal or Redemption Price of and interest on General Resolution Bonds.

To secure the payment of the principal or Redemption Price of and interest on General Resolution Bonds, the Bond Bank pledges and assigns for the benefit of the Holders of General Resolution Bonds, all Municipal Bonds and Municipal Bonds Payments. The General Resolution creates a continuing pledge and first lien on the foregoing to secure the full and final payment of the principal or Redemption Price of and interest on all General Resolution Bonds. The Municipal Bonds and the Municipal Bonds Payments, the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by the Resolution (except for any Rebate Fund established in connection with a series of bonds) are pledged for the payment of the principal or Redemption Price of and interest on General Resolution Bonds in accordance with the terms and provisions of the Resolution. The foregoing pledge is subject to the provisions of any other resolutions or indentures pledging and appropriating particular monies, assets or revenues to particular notes or bonds.

There shall at all times be scheduled payments of principal and interest on Municipal Bonds pledged under the General Resolution which, when added to interest and other income estimated by the Bond Bank to be derived from the investment or deposit of money available therefor in any Fund or

Account created by the General Resolution, will be sufficient to pay Debt Service on all Outstanding General Resolution Bonds when due.

Loan Agreements and Municipal Bonds Payments

The Loan Agreement under which a Loan is made to a Municipality must comply with certain terms and conditions, including the following:

(a) the Municipality which is a party to such Loan Agreement must be a Governmental Unit as defined by the Act and the Loan Agreement must be executed in accordance with existing laws;

(b) the Municipality shall, prior to or as soon as practicable upon the issuance of bonds of the Bond Bank issued to make a Loan to the Municipality, issue Municipal Bonds which are valid obligations of the Municipality;

(c) the Municipality shall be obligated to pay Fees and Charges to the Bond Bank at the times and in the amounts which will enable the Bond Bank to pay the amounts specified in "Fees and Charges" below; and

(d) the Bond Bank shall not sell and the Municipality shall not redeem prior to maturity any of the Municipal Bonds prior to the date on which a sufficient amount of Outstanding General Resolution Bonds issued with respect to the Loan to such Municipality are redeemable, and in the event of any sale or redemption prior to maturity of such Municipal Bonds thereafter, the same shall be in an amount equal to the aggregate of (i) the principal amount, interest to accrue to the next redemption date, and redemption premium, if any, needed to redeem a sufficient amount of Outstanding General Resolution Bonds to assure that there shall at all times be scheduled payments of principal and interest on Municipal Bonds pledged under the General Resolution, which, when added to interest and other income estimated by the Bond Bank to be derived from the investment or deposit of money available therefor in any Fund or Account created by the General Resolution, will be sufficient to pay Debt Service on all Outstanding General Resolution Bonds when due, and (ii) the costs and expenses of the Bond Bank in effecting the redemption of the Bonds so to be redeemed, less the amount of monies available in the applicable sub-account or sub-accounts in the Redemption Account and available for withdrawal from the Reserve Fund and for application to the redemption of General Resolution Bonds so to be redeemed in accordance with the terms and provisions of the Resolution, as determined by the Bond Bank.

Pledge of Municipal Bonds and Municipal Bonds Payments

To secure the payment of the principal or Redemption Price of and interest on General Resolution Bonds, the Bond Bank pledges and assigns to the Trustee for the benefit of the Holders of General Resolution Bonds all Municipal Bonds and Municipal Bonds Payments. The pledge of such Municipal Bonds and Municipal Bonds Payments for the benefit of the Holders of General Resolution Bonds shall be valid and binding from and after the date of adoption of the General Resolution, and such Municipal Bonds and Municipal Bonds Payments shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bond Bank, irrespective of whether such parties have notice thereof. The foregoing pledge is subject to the provisions of any other resolutions or indentures pledging and appropriating particular monies, assets or revenues to particular notes or bonds.

Each Governmental Unit is authorized to incur debt and issue bonds for a variety of capital costs and to secure its obligation as a general obligation of such Governmental Unit payable from unlimited ad valorem property taxes. With respect to certain types of capital costs, Municipal Bonds may be secured as a revenue obligation of such Governmental Unit, payable from the revenues of the public utility or other revenue-generating project being financed. In the case of General Obligation Bonds, the Governmental Unit is required by state law to provide annually for the assessment and collection of taxes of an amount sufficient to pay debt service.

Fees and Charges

The Bond Bank shall establish, make, maintain and charge such Fees and Charges to each Municipality to which a Loan is made, and shall from time to time revise such Fees and Charges whenever necessary, so that such Fees and Charges actually collected from each such Municipality will at all times produce monies which, together with other monies available therefor, including any grants made by the United States of America or any agency or instrumentality thereof or by the State or any agency or instrumentality thereof, will be at least sufficient:

(i) to pay, as the same becomes due, the Administrative Expenses of the Bond Bank; and

(ii) to pay, as the same become due, the fees and expenses of the Trustee and Paying Agents.

Intercept of State Funds and Other Enforcement of Municipal Bonds

The Bond Bank shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Loan Agreements and the Municipal Bonds evidencing Loans made by the Bond Bank, including the prompt collection of Municipal Bonds Payments and Fees and Charges and the giving of notice to the State Treasurer of any failure or default of any Municipality in making payments with respect to its Municipal Bonds.

On April 19, 2016, the Act was amended with respect to the provisions relating the State Treasurer's ability to intercept State funding to Governmental Units that are in default on their payment obligations on Municipal Bonds acquired or held by the Bond Bank. Effective July 1, 2016, the Act, as so amended, provides that upon receipt by the State Treasurer of written notice from the Bond Bank (or the Trustee) that a Governmental Unit is in default on the payment of principal or interest on a Municipal Bond acquired or held by the Bond Bank, the State Treasurer will immediately withhold all further payment to the Governmental Unit of any or all funds appropriated and payable by the State to the Governmental Unit, until the default is cured. During the default period, the State Treasurer will make direct payment of all, or as much as is necessary, of the withheld amounts to the Bond Bank, or at the Bond Bank's direction, to the Trustee or paying agent for the bonds, so as to cure, or cure insofar as possible, the default as to the bond or the interest on the bond.

On January 26, 2017, the State Treasurer, the Bond Bank and the Commissioner of the Vermont Department of Finance and Management (the "Commissioner") entered into a State Intercept Memorandum of Agreement (the "Intercept MOA") to establish procedures with respect to the intercept of State funds described above. Under the Intercept MOA, upon any failure of a Governmental Unit to pay a Municipal Bonds Payment in full on the due date thereof (which due date is the first day of the month prior to the principal and interest payment dates on the Bonds), within ten business days the Bond Bank shall notify the State Treasurer of the amount not paid by such Governmental Unit. No later than six business days following the receipt of such notice, the State Treasurer will determine an estimate of the amount of State funds due to such Governmental Unit for the remainder of the fiscal year and work with the Commissioner to intercept and remit such funds to the Trustee. The Intercept MOA further provides that to the extent there remains any unpaid Municipal Bonds Payments with respect to such Governmental Unit as of the end of a fiscal year of the State, State funds available in the next fiscal year with respect to such Governmental Unit would be intercepted.

The payments described in the paragraph above made by the State Treasurer to the Bond Bank (or the Trustee or paying agent for the bonds) will be credited as if made directly by the Governmental Unit. The payment will be offset against any appropriation otherwise payable to the Governmental Unit by the

State during each fiscal year. Upon receipt of the payment, the Bond Bank, or the Bond Bank's trustee or paying agent, will provide written notice of the payment to the Governmental Unit. The Act, as so amended, further provides that no provision thereof shall be construed: (1) to limit, impair, or impede the rights or remedies granted to the holders of bonds issued by the Bond Bank and the Governmental Units; (2) to require the State to continue the payment of State aid or assistance to any Governmental Unit; (3) to limit or prohibit the State from repealing or amending any law relating to State aid or assistance, including the manner and time of payment or apportionment, or the amount of aid or assistance; (4) to create any obligation on the part of the State Treasurer or the State to make any payment on behalf of a defaulting Governmental Unit other than from funds appropriated and payable to a defaulting Governmental Unit by the State.

The Act provides that on the sale and issuance of any Municipal Bonds to the Bond Bank by any Governmental Unit, that Governmental Unit is deemed to agree that on the failure of that Governmental Unit to pay interest or principal on any of the Municipal Bonds owned or held by the Bond Bank when payable, all defenses to nonpayment are waived. If an execution is issued on that Governmental Unit for payment of such Governmental Unit's General Obligation Bonds and if funds are not available in its treasury to make payment, the governing body of that Governmental Unit shall forthwith assess a tax on the grand list of the Governmental Unit, sufficient to make payment with twelve percent interest thereon, and cause the tax to be collected within sixty days; and further, with respect to Revenue Bonds of a Governmental Unit, upon nonpayment and demand on that Governmental Unit for payment, such Governmental Units shall make payment together with twelve percent interest thereon as provided for by the Act, which shall be due and payable within sixty days. Notwithstanding any other law, including any law under which the Municipal Bonds were issued by that Governmental Unit, the Bond Bank upon nonpayment is constituted a holder or owner of the Municipal Bonds as being in default.

Reserve Fund

The Act provides that the Bond Bank shall establish and maintain a special fund called the Vermont Bond Bank Revenue Bond Reserve Fund in which there shall be deposited:

(i) all monies appropriated by the State for the purpose of such fund;

(ii) all proceeds of bonds required to be deposited therein by terms of any contract between the Bond Bank and its Bondholders or any resolution of the Bond Bank with respect to the proceeds of bonds; and

(iii) any other monies or funds of the Bond Bank which it determines to deposit therein.

Monies in the Reserve Fund shall be held and applied solely to the payment of the interest on and principal of General Resolution Bonds, as they become due and payable and for the retirement of General Resolution Bonds. Money may not be withdrawn if it reduces the amount in the Reserve Fund to an amount less than the Required Debt Service Reserve except for payment of interest then due and payable on General Resolution Bonds and the principal of General Resolution Bonds then maturing and payable and for the retirement of General Resolution Bonds in accordance with the terms of any contract between the Bond Bank and its Bondholders and for which payment other monies of the Bond Bank, including without limitation monies from Municipal Bonds Payments or intercepted State funds, are not then available.

Section 4675 of the Act provides that in order to assure the maintenance of the Required Debt Service Reserve in the Reserve Fund, there shall be appropriated annually and paid to the Bond Bank for deposit in the Reserve Fund, such sum as shall be certified by the Chair of the Bond Bank to the Governor or to the Governor-elect, as is necessary to restore the Reserve Fund to an amount equal to the Required Debt Service Reserve. The Act further provides that the Chair shall annually, on or before February 1, make and deliver to the Governor or to the Governor-elect his certificate stating the sum required to restore the

Reserve Fund to the amount aforesaid, that the Governor or Governor-elect shall, on or before March 1, submit a request for appropriation for the sum so certified, and the sum so certified shall be appropriated and paid to the Bond Bank during the then current State fiscal year.

While the General Resolution Bonds and the aforesaid provisions of the Act do not constitute a legally enforceable obligation of the State of Vermont or create a debt on behalf of the State, Bond Counsel is of the opinion that the State of Vermont, by its General Assembly, is legally authorized, but not legally obligated, to appropriate annually such sum as shall have been certified by the Chair of the Bond Bank to the Governor or the Governor elect as is necessary to restore the Reserve Fund to an amount equal to the Required Debt Service Reserve and, upon the making of such appropriations in accordance with the Act, there shall be paid to the Bond Bank for deposit in the Reserve Fund the amounts appropriated.

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OUTSTANDING BONDS AND OTHER OUTSTANDING INDEBTEDNESS

Pursuant to the General Resolution, the Bond Bank has heretofore issued other Bonds for the purpose of purchasing General Obligation Bonds and Revenue Bonds issued by Governmental Units and to establish and maintain the Reserve Fund. The Outstanding series of Bonds are as follows:

Series	**Outstanding as of February 1, 2021**
2008 Series 2 (Federally Taxable)	$ 5,300,000
2010 Series 2 (RZEDB)	4,010,000
2010 Series 3 (QSCB)	1,365,000
2010 Series 4 Refunding	2,695,000
2010 Series 5 (RZEDB)	14,480,000
2011 Series 1 (QSCB)	9,500,000
2011 Series 2	1,470,000
2011 Series 3 (QSCB)	2,940,000
2011 Series 4 Refunding	2,670,000
2011 Series 5	1,675,000
2011 Series 6 Refunding	9,480,000
2012 Series 1	22,545,000
2012 Series 2 (QSCB)	8,855,000
2012 Series 3 Refunding	9,715,000
2012 Series 4	5,370,000
2012 Series 5 Refunding	520,000
2013 Series 1	9,575,000
2014 Series 1	21,735,000
2014 Series 2 Refunding	8,570,000
2014 Series 3	36,110,000
2014 Series 4 Refunding	12,280,000
2015 Series 1 Refunding	19,000,000
2015 Series 2	6,555,000
2015 Series 3 Refunding	1,395,000
2015 Series 4 (Federally Taxable)	9,275,000
2015 Series 5 Refunding	45,340,000
2016 Series 1	34,430,000
2016 Series 2 Refunding	51,455,000
2017 Series 1 Bonds	29,335,000
2017 Series 2 Bonds	5,115,000
2017 Series 3 Bonds	24,495,000
2017 Series 4 Bonds	27,130,000
2018 Series 1 Bonds	7,540,000
2018 Series 2 Bonds	31,035,000
2019 Series 1 Bonds	24,140,000
2019 Series 2 Bonds	30,455,000
2020 Series 1 Bonds	22,365,000
2020 Series 2 Bonds	15,890,000
Total	$575,810,000

In addition to Bonds issued pursuant to the General Resolution, the Bond Bank has issued bonds ("VSCS Program Bonds") pursuant to its General Bond Resolution for Vermont State Colleges System adopted March 30, 2017 (the "General Resolution for VSCS Program Bonds"). As of February 1, 2021, the

Bond Bank has issued two series of VSCS Program Bonds, outstanding in the principal amount of $91,845,000. VSCS Program Bonds are payable from different funds and assets than, and are not on a parity with, the Bonds. None of the funds and accounts established under the General Resolution or any funds of the Bond Bank not held under the General Resolution for VSCS Program Bonds are pledged to secure the VSCS Program Bonds.

AGREEMENT OF THE STATE AND THE BOND BANK

Section 4621 of the Act provides that the State does pledge to and agree with the holders of the bonds or notes of the Bond Bank that it will not limit or restrict the rights vested in the Bond Bank to fulfill the terms of any agreement made with bondholders or noteholders, or in any way impair the rights or remedies of such holders until the bonds or notes, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged, and, under the General Resolution, the Bond Bank covenants that it will not cause the State to take any such action.

BONDS AS LEGAL INVESTMENTS

Under the provisions of Section 4623 of the Act, the Bonds, in the State of Vermont, are securities in which all public officers and bodies of the State and all its municipalities and municipal subdivisions, all insurance companies and associations, and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are or may be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them.

SECURITY FOR PUBLIC DEPOSITS

Bonds or notes of the Bond Bank are authorized security for any and all public deposits in the State.

TAX MATTERS

Federal Tax Matters for the 2021 Series 1 Bonds

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel to the Bond Bank (“Bond Counsel”), is of the opinion that, under existing law, interest on the 2021 Series 1 Bonds will not be included in the gross income of holders of the 2021 Series 1 Bonds for federal income tax purposes. Bond Counsel’s opinion is expressly conditioned upon continued compliance with certain requirements imposed by the Internal Revenue Code of 1986, as amended (the “Code”), which requirements must be satisfied subsequent to the date of issuance of the Bonds in order to ensure that the interest on the 2021 Series 1 Bonds is and continues to be excludable from the gross income of the holders of such Bonds for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the 2021 Series 1 Bonds to be included in the gross income of holders of such Bonds retroactive to the date of issuance of the Bonds. In particular, and without limitation, these requirements include restrictions on the use, expenditure and investment of 2021 Series 1 Bond proceeds and the payment of rebate, or penalties in lieu of rebate, to the United States, subject to certain exceptions. The Bond Bank has provided covenants and certificates as to continued compliance with such requirements.

In the opinion of Bond Counsel, under existing law, interest on the 2021 Series 1 Bonds will not constitute a preference item under Section 57(a)(5) of the Code for purposes of computation of the alternative minimum tax imposed on certain individuals. Bond Counsel has not opined as to any other matters of federal tax law relating to the 2021 Series 1 Bonds. However, prospective purchasers should be aware that certain collateral consequences may result under federal tax law for certain holders of the 2021 Series 1 Bonds. The nature and extent of these consequences depends on the particular tax status of the holder and the holder's other items of income or deduction. Holders should consult their own tax advisors with respect to such matters.

Interest paid on tax-exempt obligations such as the 2021 Series 1 Bonds is generally required to be reported by payors to the Internal Revenue Service ("IRS") and to recipients in the same manner as interest on taxable obligations. In addition, such interest may be subject to "backup withholding" if the 2021 Series 1 Bond holder fails to provide the information required on IRS Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the 2021 Series 1 Bond holder as being subject to backup withholding because of prior underreporting. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the 2021 Series 1 Bonds from gross income for federal tax purposes.

Interest on the 2021 Series 1 Bonds includes any original issue discount, which with respect to a 2021 Series 1 Bond, is equal to the excess, if any, of the stated redemption price at maturity of such 2021 Series 1 Bond over the initial offering price thereof to the public, excluding underwriters and other intermediaries, at which price a substantial amount of all such 2021 Series 1 Bonds with the same maturity was sold. Original issue discount accrues based on a constant yield method over the term of a 2021 Series 1 Bond. Holders should consult their own tax advisors with respect to the computations of original issue discount during the period in which any such 2021 Series 1 Bond is held.

An amount equal to the excess, if any, of the purchase price of a 2021 Series 1 Bond over the principal amount payable at maturity constitutes amortizable bond premium. The required amortization of such premium during the term of a 2021 Series 1 Bond will result in reduction of the holder's tax basis in such 2021 Series 1 Bond. Such amortization also will result in reduction of the amount of the stated interest on the 2021 Series 1 Bond taken into account as interest for tax purposes. Holders of 2021 Series 1 Bonds purchased at a premium should consult their own tax advisors with respect to the determination and treatment of such premium for federal income tax purposes and with respect to the state or local tax consequences of owning such 2021 Series 1 Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds, including legislation, court decisions, or administrative actions, whether at the federal or state level, may affect the tax exempt status of interest on the 2021 Series 1 Bonds or the tax consequences of ownership of the 2021 Series 1 Bonds. No assurance can be given that future legislation, if enacted into law, will not contain provisions which could directly or indirectly reduce or eliminate the benefit of the exclusion of the interest on the 2021 Series 1 Bonds from gross income for federal income tax purposes or any state tax benefit. Tax reform proposals and deficit reduction measures, including but not limited to proposals to reduce the benefit of the interest exclusion from income for certain holders of tax-exempt bonds, including bonds issued prior to the proposed effective date of the applicable legislation, and other proposals to limit federal tax expenditures, have been and are expected to be under ongoing consideration by the United States Congress. These proposed changes could affect the market value or marketability of the 2021 Series 1 Bonds, and, if enacted into law, could also affect the tax treatment of all or a portion of the interest on the 2021 Series 1 Bonds for some or all holders. Holders should consult their own tax advisors with respect to any of the foregoing tax consequences.

Federal Tax Matters for the 2021 Series 2 Bonds

The following discussion briefly summarizes the principal U.S. federal tax consequences of the acquisition, ownership, and disposition of the 2021 Series 2 Bonds for holders who acquire any 2021 Series 2 Bonds in the initial offering and hold such 2021 Series 2 Bonds as "capital assets." It does not discuss all aspects of U.S. federal income taxation which may apply to a particular holder, nor does it discuss U.S. federal income tax provisions which may apply to particular categories of holders, such as partnerships, insurance companies, financial institutions, regulated investment companies, real estate investment trusts, employee benefit plans, tax-exempt organizations, dealers in securities or foreign currencies, persons holding 2021 Series 2 Bonds as a position in a "hedge" or "straddle," an integrated conversion transaction, or holders whose functional currency is not the U.S. dollar. It is based upon provisions of existing law which are subject to change at any time, possibly with retroactive effect. No rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

Except as otherwise explicitly noted below, this summary addresses only "U.S. Holders", that is, individual citizens or residents of the United States, corporations or other business entities organized under the laws of the United States, any state, or the District of Columbia, estates with income subject to United States federal income tax, trusts subject to primary supervision by a United States court and for which United States persons control all substantial decisions, and certain other trusts that elect to be treated as United States persons. This discussion relates only to U.S. federal income taxes and not to any state, local or foreign taxes or U.S. federal taxes other than income taxes.

Interest on the 2021 Series 2 Bonds that is "qualified stated interest" generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting). Generally, "qualified stated interest" means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate and includes the semi-annual interest payments as set forth on the inside cover hereof.

Interest on the 2021 Series 2 Bonds includes any accrued original issue discount. Original issue discount with respect to a 2021 Series 2 Bond is equal to the excess, if any, of the stated redemption price at maturity of a 2021 Series 2 Bond over the initial offering price thereof, excluding underwriters and other intermediaries, at which price a substantial amount of all 2021 Series 2 Bonds with the same maturity were sold, provided that such excess equals or exceeds a de minimis amount (generally ¼% of the stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity). The stated redemption price at maturity of a 2021 Series 2 Bond is the sum of all scheduled amounts payable on the 2021 Series 2 Bond (other than qualified stated interest). A U.S. Holder of a 2021 Series 2 Bond with original issue discount must include the discount in income as ordinary interest for federal income tax purposes as it accrues in advance of receipt of the cash payments attributable to such income, regardless of the U.S. Holder's regular method of tax accounting. Original issue discount accrues based on a constant yield method over the term of a 2021 Series 2 Bond and results in a corresponding increase in the holder's tax basis in such 2021 Series 2 Bond. Holders should consult their own tax advisors with respect to the computation of original issue discount during the period in which any such 2021 Series 2 Bond is held.

An amount equal to the excess, if any, of the purchase price of a 2021 Series 2 Bond over the principal amount payable at maturity generally constitutes amortizable 2021 Series 2 Bond premium. A holder of a 2021 Series 2 Bond may elect to amortize such premium during the term of such 2021 Series 2 Bond by claiming an offset to interest otherwise required to be included in income during any taxable year by the amortizable amount of such premium for the taxable year. Such amortization will result in a corresponding reduction of the holder's tax basis in such 2021 Series 2 Bond. Any election to amortize 2021 Series 2 Bond premium applies to all taxable debt instruments held by the holder at the beginning of the first taxable year to which the election applies and to all taxable debt instruments acquired on or after such date and may be revoked only with the consent of the IRS. Holders of 2021 Series 2 Bonds purchased at a premium should consult their own tax advisors with respect to the determination and treatment of amortizable 2021 Series 2 Bond premium.

Unless a non-recognition provision of the Code applies, upon the sale, exchange, redemption, or other disposition (including a legal defeasance) of a 2021 Series 2 Bond, a U.S. Holder will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts representing accrued but unpaid interest) and such holder's adjusted tax basis in such 2021 Series 2 Bond. Such gain or loss generally will be long-term capital gain or loss if the 2021 Series 2 Bond was held for more than one year. If the U.S. Holder is an individual, long-term gains will be subject to reduced rates of taxation. The deductibility of losses is subject to limitations.

A non-U.S. Holder of 2021 Series 2 Bonds whose income from such 2021 Series 2 Bonds is effectively connected with the conduct of a U.S. trade or business generally will be taxed as if the holder were a U.S. Holder. Otherwise: (i) a non-U.S. Holder who is an individual or corporation (or an entity treated as a corporation for federal income tax purposes) holding 2021 Series 2 Bonds on its own behalf (other than a bank which acquires the 2021 Series 2 Bonds in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business) generally will not be subject to federal income taxes on payments of principal, premium, interest or original issue discount on a 2021 Series 2 Bond, as long as the non-U.S. Holder makes an appropriate filing with a U.S. withholding agent; and (ii) a non-U.S. Holder will not be subject to federal income taxes on any amount which constitutes capital gain upon retirement or disposition of a 2021 Series 2 Bond unless such non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and such gain is derived from sources within the United States.

A 2021 Series 2 Bond held by an individual Non-U.S. Holder who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that at the time of such individual's death, payments of interest with respect to the 2021 Series 2 Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information as to interest on or proceeds from the sale or other disposition of 2021 Series 2 Bonds is required to be reported by payors to the IRS and to recipients. In addition, backup withholding may apply unless the holder of a 2021 Series 2 Bond provides to a withholding agent its taxpayer identification number and certain other information or certification of foreign or other exempt status. Any amount withheld under the backup withholding rules is allowable as a refund or credit against the holder's actual U.S. federal income tax liability.

Certain non-corporate U.S. Holders will be subject to a 3.8% tax, in addition to regular tax on income and gains, on some or all of their "net investment income," which generally will include interest on the 2021 Series 2 Bonds and any net gain recognized upon a disposition of a 2021 Series 2 Bond. U.S. Holders should consult their tax advisors regarding the applicability of this tax.

Under the Foreign Account Tax Compliance Act ("FATCA") and related administrative guidance, U.S. withholding at a rate of 30% will generally be required on interest payments in respect of the 2021 Series 2 Bonds and gross proceeds, including the return of principal, from the sale or other disposition, including redemptions, of the 2021 Series 2 Bonds held by or through certain foreign entities, unless such entity complies with certain requirements including information reporting or is eligible for an exemption. This withholding will apply regardless of whether the payment would otherwise be exempt from U.S. nonresident withholding tax (e.g., under the portfolio interest exemption or as capital gain). A foreign entity will generally claim an exemption from FATCA withholding, if an exemption is available, by properly filling out and giving to the person making payments to it IRS Form W-8BEN-E. 2021 Series 2 Bondholders should consult their tax advisors regarding the application and impact of FATCA.

State Tax Matters for the Bonds

In the opinion of Bond Counsel, under existing law, interest on the Bonds is exempt from State of Vermont personal income taxes and State of Vermont corporate income taxes. Bond Counsel has not opined as to the taxability of the Bonds and the interest thereon under the laws of any state other than Vermont.

LITIGATION AND OTHER PROCEEDINGS

There is no controversy or litigation of any nature now pending, or to the knowledge of the Bond Bank, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Bonds or prohibiting the Bond Bank from making the Loans with the proceeds of the Bonds or any proceeding of the Bond Bank taken with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the Bonds or the existence or powers of the Bond Bank.

APPROVAL OF LEGALITY

All legal matters incident to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel. The opinion will be substantially in the form attached hereto as Appendix C. Each Loan made by the Bond Bank with a portion of the proceeds of the Bonds will be made by the Bond Bank subject to the approval of the Municipal Bonds securing each Loan and to the validity and enforceability of the Loan Agreements entered into by each of the Governmental Units by bond counsel to each of the Governmental Units, and such bond counsel will, at the time of the making of each Loan, provide the Bond Bank with an opinion as to the validity and enforceability of the Municipal Bonds securing the Loan and the Loan Agreement entered into by each Municipality.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission, the Bond Bank will undertake to provide annual reports and notice of certain events with respect to the Bond Bank and any Obligated Person by filing with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (EMMA) system. See the description of this undertaking set forth in Appendix E attached hereto.

FINANCIAL ADVISOR

Omnicap Group LLC, El Segundo, California serves as financial advisor to the Bond Bank. The financial advisor is a municipal advisor registered with the Securities and Exchange Commission and the MSRB, is an independent advisory firm, and is not engaged in the business of underwriting, trading or distribution municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

FINANCIAL STATEMENTS

The financial statements of the Bond Bank for the fiscal year ended December 31, 2019 have been examined by Mudgett, Jennett & Krogh-Wisner, P.C., independent public accountants, as indicated in their report with respect thereto, and are included in Appendix D.

UNDERWRITING

The Bonds are being purchased by the underwriters, for whom Morgan Stanley & Co. LLC is acting as representative, at an aggregate purchase price of $__________ (consisting of the aggregate stated principal amount of the Bonds, plus/less net original issue premium/discount, $_________, less aggregate Underwriters' discount, $_________). The Contract of Purchase for the Bonds provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligations of the Underwriters are subject to certain terms and conditions set forth in the Contract of Purchase. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at prices lower than the public offering prices stated on the inside cover page hereof. The initial public offering prices may be changed from time to time by the Underwriters.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

RATINGS

S&P Global Ratings ("S&P"), 55 Water Street, New York, New York, and Moody's Investors Service, Inc. ("Moody's"), 7 World Trade Center at 250 Greenwich Street, New York, New York have rated the Bonds "AA+", and "Aa2", respectively. Such ratings reflect only the views of such rating agencies and any desired explanation of the significance of such ratings may be obtained from S&P and Moody's, respectively. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any period of time or that such ratings will not be revised or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any revision or withdrawal of the ratings may have an effect on the market price of the Bonds.

MISCELLANEOUS

The quotations from, and summaries and explanations of the Act, the Resolution and the Loan Agreements contained herein do not purport to be complete and reference is made to said law, Resolution and Loan Agreements for full and complete statements of their provisions. The Appendices attached hereto are a part of this Official Statement. Copies, in reasonable quantity, of the Act, the Resolution and prior Official Statements of the Bond Bank may be obtained upon request directed to the Bond Bank or to the Underwriters.

It is the current policy of the Bond Bank to provide copies of the Act, the Resolution and prior Official Statements of the Bond Bank related to a Series of General Resolution Bonds upon request directed to the Bond Bank. In addition, the Bond Bank files with the Trustee a copy of its annual report for each Fiscal Year. The Bond Bank reserves the right at any time to change this policy to comply with law or for any other reason.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Bond Bank and the purchasers or Holders of any of the Bonds.

VERMONT BOND BANK

By:________________________________
Executive Director

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

The following is a brief summary of certain provisions of the General Resolution, including certain terms used in the General Resolution and used and not elsewhere defined in this Official Statement. This summary does not purport to be complete and reference is made to the General Resolution for full and complete statements of its terms and provisions.

"Accountant's Certificate" shall mean a certificate signed by a certified public accountant or a firm of certified public accountants of recognized standing selected by the Bank and satisfactory to the Trustee.

"Accreted Value" shall mean, as of any interest payment date, with respect to any non-interest bearing Bonds, the amount representing the original principal plus the amount of interest that has accrued to such date as specified in the Series Resolution.

"Administrative Expenses" shall mean the Bank's expenses of carrying out and administering its powers, duties and functions, as authorized by the Act, and shall include, without limiting the generality of the foregoing: administrative expenses, legal, accounting and consultant's services and expenses, payments to underwriters or placement agents of the Bonds, payments to pension, retirement, health and hospitalization funds, fees of a Credit Bank or insurer, rebate payments to the United States Treasury Department, and any other expenses required or permitted to be paid by the Bank under the provisions of the Act or the General Resolution or otherwise.

"Aggregate Debt Service" for any period shall mean, as of any date of calculation and with respect to all Bonds, the sum of the amounts of Debt Service for such period.

"Bond" or **"Bonds"** shall mean any Bond or the issue of Bonds, as the case may be, established and created by the General Resolution and issued pursuant to a Series Resolution.

"Bondholders" or **"Holder of Bonds"** or **"Holder"** (when used with reference to Bonds) or the registered owner of any Outstanding Bond or Bonds.

"Credit Bank" shall mean with respect to purchases in connection with tenders of Variable Rate Bonds, the person (other than an Insurer) providing a letter of credit, a line of credit, a guaranty or other credit- or liquidity-enhancement facility, as designated in the Series Resolution providing for the issuance of such Bonds.

"Credit Facility" shall mean with respect to purchases in connection with tenders of Variable Rate Bonds, a letter of credit, a line of credit, a guaranty or another credit- or liquidity-enhancement facility (other than an insurance policy issued by an Insurer), as designated in the Series Resolution providing for the issuance of such Bonds.

"Debt Service" for any period shall mean, as of any date of calculation and with respect to any Series, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series, and (ii) that portion of principal for such Series which would accrue during such period if such principal were deemed to accrue daily in equal amounts from the next preceding principal payment date for such Series (or, if there shall be no such preceding principal payment date, from a date one year preceding the due date of such principal payment or from the date of delivery of such Series of Bonds if such date occurred less than one year prior to the date of such principal payment). Such interest and principal payments for such Series shall be calculated on the assumption that no Bonds (except Variable Rate Bonds actually tendered for payment prior to the stated maturity thereof) of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of the principal payment on the due date thereof; provided, however, that with respect to Variable Rate Bonds tendered for payment before the stated maturity thereof, interest shall be deemed to accrue on the date required to be paid pursuant to such tender, and provided further that with respect to Variable Rate Bonds or variable rate Municipal Bonds interest requirements shall be determined by reference to the maximum interest rate. A Series Resolution may provide that interest expense on Credit Facilities drawn upon to purchase but not to retire Bonds, to the extent such interest exceeds the interest otherwise payable on such Bonds may be included in the determination of Debt Service.

"Fees and Charges" shall mean all fees and charges authorized to be charged by the Bank pursuant to subsection (8) of section 4591 of the Act and charged by the Bank to Municipalities pursuant to the terms and provisions of Loan Agreements.

"Fiduciary" or **"Fiduciaries"** shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

"Fiscal Year" shall mean any twelve (12) consecutive calendar months commencing with the first day of January and ending on the last day of the following December.

"Loan" shall mean a loan heretofore or hereafter made by the Bank to a Municipality pursuant to the Act and more particularly described in the applicable Series Resolution.

"Loan Agreement" shall mean an agreement heretofore or hereafter entered into between the Bank and a Municipality setting forth the terms and conditions of a Loan.

"Municipal Bonds" shall mean the bonds, notes, or other evidence of debt issued by any Municipality and authorized pursuant to the Act and other laws of the State and which have heretofore or will hereafter be acquired by the Bank as evidence of indebtedness of a Loan to the Municipality pursuant to the Act.

"Municipal Bonds Payment" shall mean the amounts paid or required to be paid, from time to time, for principal and interest by a Municipality to the Bank on Municipal Bonds.

"Municipality" shall mean counties, municipalities or other public bodies of the State, including public school districts.

"Outstanding" when used with reference to Bonds, other than Bonds owned or held by the Bank, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of the General Resolution, except: (i) any Bonds cancelled by the Trustee or any Paying Agent at or prior to such date, (ii) any Bonds for the payment or redemption of which monies equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date, provided that if such bonds are to be redeemed, notice of such redemption shall have been given as in Article IV of the Resolution provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the General Resolution, (iv) Bonds deemed to have been paid as provided in (2) under the heading "Defeasance" below and (v) Variable Rate Bonds for which the Purchase Price has been deposited with the Trustee.

“Paying Agent” for the Bonds of any Series shall mean the bank or trust company and its successor or successors, appointed pursuant to the provisions of the General Resolution and a Series Resolution or any other resolution of the Bank adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

“Redemption Price” shall mean, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the General Resolution and the Series Resolution pursuant to which the same was issued.

“Required Debt Service Reserve” shall mean, as of any date of calculation, the sum of amounts of money (or cash equivalent available under a letter of credit, insurance policy or similar security instrument) required to be on deposit in the Reserve Fund pursuant to each Series Resolution which amounts with respect to each Series of Bonds issued under the General Resolution shall be equal to the lesser of: the maximum amount of principal and interest maturing and becoming due in any succeeding calendar year on all Bonds of such Series then Outstanding as of such date of calculation, 125% of average annual Debt Service due on the Bonds Outstanding of such Series, or 10% of the proceeds of any such Series of Bonds. With respect to Variable Rate Bonds, and for purposes of determining the Required Debt Service Reserve, interest requirements shall be determined in the manner set forth in the Series Resolution.

“Variable Rate Bonds” means any Bonds the interest rate on which is not established at the time of issuance of such bonds at a single numerical rate for the entire term of such Bonds a feature of which may include an option on the part of the Holders of such Bonds to tender to the Bank or to any depositary, Paying Agent or other fiduciary for such Holders, or to an agent of any of the foregoing, all or a portion of such Bonds for purchase. No Variable Rate Bonds shall be issued unless (a) such Bonds shall have been rated “A” or higher (without reference to gradations of such categories such as “plus” or “minus”) by Moody’s and S&P, (b) any obligations the Bank may have, other than its obligation on such Bonds (which need not be uniform as to all Holders thereof), to reimburse any person for its having extended a Credit Facility or similar arrangement shall be subordinated to the obligation of the Bank on the Bonds (c) a maximum interest rate is established in the Series Resolution authorizing such Bonds and (d) upon any change in the interest rate of such Variable Rate Bonds, there shall be scheduled payments of principal and interest on Municipal Bonds pledged under the Resolution which, when added to interest and other income under the General Resolution, will be sufficient to pay debt service on all Outstanding Bonds when due.

FUNDS AND ACCOUNTS

The General Resolution establishes the following special Funds and Accounts held by the Trustee:

Revenue Fund
- General Account
- Operating Account
- Interest Account
- Principal Account
- Redemption Account

Reserve Fund

The 2021 Series 1 Resolution establishes a Rebate Fund for the 2021 Series 1 Bonds. Funds maintained in such Rebate Fund are not pledged to secure payments on Bonds and the Bondholders shall have no right in or claims to such money in such Rebate Funds.

Revenue Fund

General Account

The General Resolution provides for the deposit to the General Account of: (i) all proceeds of a Series of Bonds to be used to make Loans; (ii) any income or interest earned by the Reserve Fund due to the investment thereof (provided a transfer will not reduce the amount of the Reserve Fund below the Required Debt Service Reserve); (iii) the balance of monies remaining in the Redemption Account when the Trustee is able to purchase principal amounts of Bonds at a purchase price less than an amount equal to the proceeds from the sale or redemption of Municipal Bonds; (iv) the excess of proceeds resulting from a Municipality's redemption of its Municipal Bonds; and (v) all monies received as Municipal Bonds Payments.

The General Resolution provides for the following withdrawals to be made from the General Account for the following purposes:

(1) On or before each interest payment date of the Bonds, the Trustee shall withdraw from the General Account and deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will on such interest payment date be equal to the installment of interest on the Bonds then falling due.

(2) On or before each principal payment date of the Bonds, the Trustee shall withdraw from the General Account and deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will on such principal payment date be equal to the principal becoming due on the Bonds on such principal payment date.

(3) On or before each interest payment date of the Bonds after providing for the payments into the Interest Account pursuant to paragraph (1) above and the principal payments, if any, pursuant to paragraph (2) above, the Trustee shall withdraw from the General Account and deposit in the Operating Account the aggregate of the amounts requisitioned by the Bank as of such interest payment date for the six-month period to and including the next succeeding interest payment date, for the following purposes:

(a) To pay the estimated Administrative Expenses of the Bank due and to become due during such six-month period;

(b) To pay the fees and expenses of the Trustee and Paying Agents then due and to become due during such six-month period; and

(c) Financing costs incurred with respect to a Series of Bonds, including fees and expenses of the attorney or firm of attorneys of recognized standing in the field of municipal law selected by the Bank, initial Trustee's and Paying Agent's fees and expenses, costs and expenses of financial consultants, printing costs and expenses, the payment to any officers, departments, boards, agencies, divisions and commissions of the State of any statement of cost and expense rendered to the Bank pursuant to Section 4556 of the Act, and all other financing and other miscellaneous costs, in the aggregate amount specified in the resolution authorizing such Series of Bonds.

(4) As of the last day of each Fiscal Year, and not later than the twentieth day (20^{th}) of the succeeding Fiscal Year, after providing for all payments required to have been made during such Fiscal Year into the Interest Account pursuant to paragraph (1) above, into the Principal Account pursuant to paragraph (2) above, and into the Operating Account pursuant to paragraph (3) above, the Trustee shall withdraw from the balance of the monies so remaining in the General Account and deposit to the credit of the Reserve Fund such amount (or the balance of the monies so remaining in the General Account if less than the required amount) as shall be required to bring the Reserve Fund up to the Required Debt Service Reserve.

(5) As of the last day of each Fiscal Year, and not later than the twentieth (20^{th}) day of the succeeding Fiscal Year, after providing for all payments required to have been made during such Fiscal Year into the Interest Account pursuant to paragraph (1) above, into the Principal Account pursuant to paragraph (2) above, into the Operating Account pursuant to paragraph (3) above, and after making the transfers, if any, to the Reserve Fund pursuant to paragraph (4) above, the Trustee shall withdraw from the General Account and shall pay to the Bank for any of its lawfully authorized purposes the balance of the monies so remaining in the General Account; provided, however, that the Bank, in its absolute discretion, may direct the Trustee to deposit any or all of such balance to be withdrawn from the General Account to the credit of the Redemption Account and the payment to the Bank of such balance shall be reduced accordingly; and provided further that no such transfer to the Bank shall be made unless, after giving effect to such transfer, total assets of Accounts established under the General Resolution shall exceed total liabilities, determined in accordance with generally accepted accounting principles and evidenced by a certificate of an Authorized Officer.

In addition, amounts on deposit in the General Account representing earnings on investments in the Reserve Fund may be deposited at any time into the applicable Rebate Fund in lieu of deposit to the Operating Account for such purpose.

Operating Account

The General Resolution provides that all Fees and Charges received by the Trustee shall be deposited upon receipt in the Operating Account. Such Fees and Charges collected from Municipalities shall be used, together with such portion of the proceeds of the sale of Bonds, if any, as shall be provided by a Series Resolution and the deposits made to the Operating Account from the General Account, as described hereinbefore, and any other monies which may be made available to the Bank for the purposes of the Operating Account from any source or sources, to pay (i) Administrative Expenses of the Bank, (ii) the fees and expenses of the Trustee and Paying Agents, and (iii) financing costs incurred with respect to a Series of Bonds. Monies at any time held for the credit of the Operating Account shall be used for and applied solely to such purposes. The General Resolution further provides that payments from the Operating Account shall be made by the Trustee upon receipt of a requisition, signed by an Authorized Officer, describing each payment, the amount of the payment, the party to whom payment is to be made, and specifying that each item is a proper charge against the monies in the Operating Account.

Interest Account and Principal Account

(1) The monies in the Interest Account and the Principal Account in the Revenue Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds in the manner provided in the General Resolution. All monies deposited in the Interest Account and the Principal Account in the Revenue Fund shall be disbursed and applied by the Trustee at the times and in the manner provided in the General Resolution.

(2) The Trustee shall, on or before each interest payment date of the Bonds, pay, out of the monies then held for the credit of the Interest Account, to itself and the Paying Agents, the amounts required for the payment by it and such Paying Agents of the interest becoming due on the Bonds on such interest payment date, and such amounts so withdrawn are irrevocably pledged for and shall be applied to the payment of such interest. The Trustee shall also pay out of the Interest Account to itself and the appropriate Paying Agents, on or before any redemption date for Bonds being refunded by a Refunding Issue, the amount required for the payment of interest on the Bonds then to be redeemed, to the extent not otherwise provided pursuant to the General Resolution.

(3) The Trustee shall, on or before each principal payment date of the Bonds, pay, out of the monies then held for the credit of the Principal Account, to itself and the Paying Agents, the amounts required for the payment by it and such Paying Agents of the principal becoming due on the Bonds on such principal payment date, and such amounts so withdrawn are irrevocably pledged for and shall be applied to the payment of such principal.

The General Resolution further provides that in the event there shall be, on any interest payment date, a deficiency in the Interest Account, or in the event there shall be, on any principal payment date, a deficiency in the Principal Account, the Trustee shall make up such deficiencies from the Reserve Fund by the withdrawal of monies therefrom for that purpose.

Redemption Account

The General Resolution provides that the monies in the Redemption Account shall be used solely for the purpose of paying the Redemption Price on the Bonds. The Trustee shall establish in the Redemption Account a separate sub-account for the Bonds of each Series outstanding. Monies held in each such separate sub-account by the Trustee shall be applied to the purchase or retirement of the Bonds of the Series in respect of which such sub-account was created provided that after such purchase or retirement there shall be scheduled payments of principal and interest on Municipal Bonds pledged under the General Resolution which, when added to interest and other income estimated by the Bank to be derived from the investment or deposit of money available therefor in any Fund or Account created by the General Resolution, will be sufficient to pay Debt Service on all Outstanding Bonds when due. Monies for the redemption of Bonds may be deposited in the Redemption Account from the General Account at the direction of the Bank as provided above in paragraph (5), under the caption "General Account", and, if at any time upon the payment or retirement of Bonds at maturity or upon the purchase or redemption of Bonds the monies and securities in the Reserve Fund are in excess of the Required Debt Service Reserve and the use or transfer of such excess is not otherwise provided for in the General Resolution, the Trustee, upon the request of the Bank, shall transfer such excess to the applicable sub-account in the Redemption Account. In the event Municipal Bonds or other obligations securing a Loan shall be sold by the Bank in accordance with the terms of the applicable Loan Agreement, or redeemed by the Municipality, the Bank shall deposit the proceeds from such sale or redemption, except an amount thereof equal to the cost and expenses of the Bank in effectuating the redemption of the Bonds to be redeemed upon such sale by the Bank or redemption by the Municipality, into the applicable sub-account in the Redemption Account.

If at any time the monies on deposit to the credit of the Reserve Fund, or the investments thereof, are less than the Required Debt Service Reserve, and there are then monies on deposit in any sub-account in the Redemption Account resulting from monies credited thereto from the General Account at the direction of the Bank or from excess monies which have been previously transferred from the Reserve Fund to the Redemption Account resulting from the retirement of Bonds, there shall be withdrawn from sub-accounts and deposited to the credit of the Reserve Fund an amount sufficient (or all the monies in said sub-accounts if less than the amount sufficient) to make up such deficiency.

Reserve Fund

The Reserve Fund shall be held by the Trustee. The Bank shall pay into the Reserve Fund (i) such portion of the monies appropriated and made available by the State and paid to the Bank for the purposes of the Reserve Fund; (ii) all monies paid to the Bank pursuant to Section 4675 of the Act for the purpose of restoring the Reserve Fund to the amount of the Required Debt Service Reserve; (iii) such portion of the proceeds of the sale of the Bonds, if any, as shall be provided by the Series Resolution authorizing the issuance thereof; (iv) such portion of the proceeds of the sale of Notes, if any, as shall be provided by the resolution of the Bank authorizing the issuance thereof; and (v) any other monies which may be made available to the Bank for the purposes of the Reserve Fund from any other source or sources. The Trustee shall deposit in and credit to the Reserve Fund all monies transferred from the General Account and all monies transferred from the Redemption Account as above provided.

Monies and securities held for the credit of the Reserve Fund shall be transferred by the Trustee to the Interest Account and Principal Account at the times and in the amounts required in the event there shall be, on any interest payment date, a deficiency in the Interest Account, or in the event there shall be, on any principal payment date, a deficiency in the Principal Account.

Any income or interest earned by the Reserve Fund due to the investment thereof shall be transferred by the Trustee promptly to the General Account, but only to the extent that any such transfer will not reduce the amount of the Reserve Fund below the Required Debt Service Reserve. If, at any time upon the payment or retirement of Bonds at maturity or upon purchase or redemption, the monies and securities in the Reserve Fund are in excess of an amount equal to the Required Debt Service Reserve and the use or transfer of such excess is not otherwise provided for in the General Resolution, the Trustee, upon the written request of the Bank signed by an Authorized Officer, shall transfer such excess to and deposit the same in the Redemption Account. Currently, the Reserve Fund is invested only in direct obligations of the United States of America described in clause (a) of the second paragraph under the heading "INVESTMENT OF FUNDS." However, the Bank reserves the right to invest the Reserve Fund as permitted under the General Resolution as described under such heading.

Investment of Funds

The General Resolution provides that all monies held by the Trustee shall be continuously and fully secured, for the benefit of the Bank and the Holders of the Bonds. The Trustee shall invest the Funds and Accounts upon the direction of the Bank as follows:

Monies in the Revenue Fund (and each of the Accounts therein) and the Reserve Fund shall, as nearly as may be practicable, be invested upon the direction of the Bank in obligations the maturity or redemption date at the option of the holder of which shall coincide as nearly as practicable with the times at which monies in such Funds will be required for the purposes provided in the General Resolution as follows: (a) direct obligations of the United States of America for the payment of money, or obligations for the payment of money which are guaranteed or insured as to payment of principal and interest by the United States of America, and direct obligations for the payment of money, issued by an agency or instrumentality of the United States of America, or obligations for the payment of money which are guaranteed or insured as to payment of principal and interest by an agency or instrumentality of the United States of America, (b) bonds and other legally created direct, general obligations of any state of the United States of America, including the commonwealth of Puerto Rico, and any political subdivision of any state of the United States of America for the payment of money, provided that any such issuer at the date of such investment is not in default in the payment of principal or interest on any of its direct, general obligations, (c) direct obligations for the payment of money, issued by an agency or instrumentality of any state of the United States of America or of the commonwealth of Puerto Rico for the payment of money which are guaranteed or insured as to payment of principal and interest by the state or commonwealth of which the issuer is an instrumentality, (d) bonds and other evidences of indebtedness of the United States of America, of any state thereof, or of any political subdivision thereof, or of any public authority or instrumentality of one or more of the foregoing, which are payable as to both principal and interest from adequate special revenues pledged or otherwise appropriated or by law required to be provided for the purpose of that payment, but not including any obligations payable solely out of special assessments on properties benefited by local improvements; except that bonds or evidences or indebtedness of issuers outside the state of Vermont must be, at the time the investment is made, rated "A" or higher by S&P or Moody's with respect to long term indebtedness and A-1 or P-1 or higher by S&P or Moody's, respectively, with respect to short term indebtedness (in every case without reference to gradations of such categories such as "plus" or "minus"), (e) interest bearing obligations issued, assumed or guaranteed by any solvent institution created or existing under the laws of the United States of America or of any state, whether or not secured, which are not in default as to interest or principal, if those obligations at the time of investment are rated "A" or higher by S&P or Moody's with respect to long term indebtedness and P-1 or A-1 or higher by S&P or Moody's, respectively, with respect to short term indebtedness (in every case without reference to gradations of such categories such as "plus" or "minus"), including, among others, (A) certificates of deposit or time deposits of any bank, any branch of any bank, trust company or national banking association that has a combined capital surplus and undivided profits not less than $25,000,000, (B) any repurchase agreement with a maturity of not more than 30 days, that is with a bank or trust company (including the Trustee and its affiliates) that has a combined capital, surplus and undivided profits not less than $100,000,000 or with primary government dealers (any such government dealer must be a member of Securities Investor Protection Corporation), for obligations described in (a) hereof having on the date of the repurchase agreement and on the first day of every month thereafter a fair market value equal to at least 102% of the amount of the repurchase obligation of the bank, trust company or government dealer; provided, however, that (i) the purchase obligation of the bank, trust company or government dealer is collateralized by such obligations themselves, (ii) such obligations purchased must be transferred to the Trustee (unless the purchase agreement is with the bank serving as Trustee or any related party) or a third party agent by physical delivery or by an entry made on the records of the issuer of such obligations and such Trustee or third party agent and segregated from securities owned generally by the bank, trust company or government dealer, or the Trustee is furnished with an opinion of counsel stating that a perfected security interest under the Uniform Commercial Code of the state in which the securities are located or book entry procedures present at 31 Code of Federal Regulations ("C.F.R.") §306.1 et seq. or 31 C.F.R. §350.0 et seq. in such investments has been created for the benefit of the Holders of the Bonds, and (iii) if the repurchase agreement is with the bank serving as Trustee or any related party, the third party holding such investments holds them as agent for the beneficial owners of the Bonds rather than as agent for the bank serving as Trustee or any other party and the investments be evaluated no less frequently than weekly to determine if their fair market value equals or exceeds the required 102% level and, if upon such valuation, the fair market value is found to be deficient, then the bank, trust company or government dealer shall have no more than five business days to pledge additional obligations authorized hereunder for such repurchase agreement so as to satisfy such requirement or the third party holding the investments must be required to liquidate the collateral and disburse the proceeds to the Trustee, (f) units of a taxable government money market portfolio comprised solely of obligations listed in (a) above with the yield adjusted so as to maintain the value of such units at par and (g) such other investments as may from time to time be permitted by the Act and approved in writing by Moody's and S&P.

In lieu of the investments of monies above authorized, the Trustee shall upon direction of the Bank deposit monies from any fund or account held by the Trustee under the terms of the General Resolution in interest-bearing time deposits, or shall make other similar banking arrangements, with itself or a member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation; provided, that all monies in each such interest-bearing time deposit or other similar banking arrangement shall be continuously and fully secured by direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the United States of America or the State, of a market value equal at all times to the amount of the deposit or the other similar banking arrangement.

Issuance of Additional Bonds

The General Resolution provides that the Bank shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Municipal Bonds and the Municipal Bonds Payments or which will be payable from the Revenue Fund or Reserve Fund, except that additional Series of Bonds may be issued from time to time pursuant to a Series Resolution subsequent to the issuance of the initial Series of Bonds under the General Resolution on a parity with the Bonds of such initial Series of Bonds and secured by an equal charge and lien on the Municipal Bonds and the Municipal Bonds Payments, and payable equally and ratably from the Revenue Fund and Reserve Fund for the purposes of (i) making Loans to Municipalities, (ii) making payments into the Interest Account, the Operating Account or the Reserve Fund, (iii) the funding of Notes theretofore issued by the Bank to provide funds to make Loans, and (iv) subject to the provisions and limitations on the issuance of Refunding Bonds, the refunding of any Bonds then Outstanding, under the conditions and subject to the limitations stated below.

No additional Series of Bonds shall be issued subsequent to the issuance of the initial Series of Bonds under the General Resolution unless:

(a) the principal amount of the additional Bonds then to be issued, together with the principal amount of the Bonds and Notes of the Bank theretofore issued, will not exceed in aggregate principal amount any limitation thereon imposed by law;

(b) there is at the time of the issuance of such additional Bonds no deficiency in the amounts required by the General Resolution or any Series Resolution to be paid into the Revenue Fund and into the Reserve Fund;

(c) the amount of the Reserve Fund, upon the issuance and delivery of such additional Bonds and the deposit in the Reserve Fund of any amount provided therefor in the Series Resolution authorizing the issuance of such additional Bonds, shall not be less than the Required Debt Service Reserve;

(d) the provisions of Section 4675 of the Act providing for the maintenance of the Reserve Fund in an amount equal to the Required Debt Service Reserve by the appropriation and payment of monies by the State for such purpose shall not have been repealed or amended to the detriment of Bondholders; and

(e) upon the issuance of such additional obligations there shall be scheduled payments of principal and interest on Municipal Bonds pledged under the General Resolution which, when added to interest and other income estimated by the Bank to be derived from the investment or deposit of money available therefor in any Fund or Account created by the General Resolution, will be sufficient to pay Debt Service on all Outstanding Bonds when due.

The Bank expressly reserves the right to adopt one or more other general bond resolutions and reserves the right to issue Notes and any other obligations so long as the same are not a charge or lien on the Municipal Bonds, the Municipal Bonds Payments and the Fees and Charges, or payable from the Revenue Fund or Reserve Fund created pursuant to the General Resolution. In addition, the Bank may issue Variable Rate Bonds under the General Resolution.

Issuance of Refunding Bonds

The General Resolution provides that: (1) All or any part of one or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all Outstanding Bonds or any part of one or more Series of Outstanding Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other monies available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Act, the General Resolution and the Series Resolution authorizing said Series of Refunding Bonds.

(2) A Series of Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by the General Resolution for the delivery of any Series of Bonds) of:

(a) A certificate of an Authorized Officer setting forth (1) the Aggregate Debt Service for the then current and each future calendar year (i) with respect to all Series of Bonds Outstanding immediately prior to such authentication and delivery and (ii) with respect to all Series of Bonds to be Outstanding immediately thereafter, and (2) that the Aggregate Debt Service for each such year set forth pursuant to (1)(ii) of this paragraph (a) is no greater than the Aggregate Debt Service set forth pursuant to (1)(i) of this paragraph (a);

(b) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on the redemption date specified in such instructions;

(c) Irrevocable instructions to the Trustee, satisfactory to it, to mail the required notice to the Holders of the Bonds being refunded;

(d) Either (i) monies in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which monies shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) direct obligations of the United States of America in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of the General Resolution relative to defeasance of Bonds and any monies required pursuant thereto, which direct obligations of the United States of America and monies shall be held in trust and used only as provided by such provisions; and

(e) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of the General Resolution which provide for Refunding Bonds.

(3) In the event that the Aggregate Debt Service immediately after issuance of the Refunding Bonds is reduced, the Bank shall allocate the Debt Service savings to certain Municipalities in the manner specified in the Series Resolution authorizing such Series.

Modification of Loan Agreement Terms

The Bank shall not consent to the modification of, or modify, the rate or rates of interest or method of determining such rates, or the amount or time of payment of any installment of principal or interest of any Municipal Bonds evidencing a Loan, or the amount or time of payment of any Fees and Charges payable with respect to such Loan, or the security for or any terms and provisions of such Loan or the Municipal Bonds evidencing the same, in a manner which adversely affects or diminishes the rights of the Bondholders; provided, however, that, in the event the Bonds issued to provide the funds with which the Bank has made a Loan are being or have been refunded and the Refunding Bonds are in a principal amount in excess of or less than the principal amount of the Bonds refunded, the Bank may consent to the modification of and modify the Loan Agreement relating to such Loan and the Municipal Bonds evidencing the same, and the Municipal Bonds Payments to be made thereunder so long as such Municipal Bonds Payments are sufficient to maintain the scheduled payments of principal and interest on Municipal Bonds pledged under the General Resolution which, when added to interest and other income estimated by the Bank to be derived from the investment or deposit of money available therefor in any Fund or Account created by the General Resolution, will be sufficient to pay Debt Service on all Outstanding Bonds when due.

Sale of Municipal Bonds by Bank

The Bank shall not sell any Municipal Bonds or other obligations issued as evidence of a Loan made by the Bank prior to the date on which a sufficient amount of Outstanding Bonds issued with respect to such Loan are redeemable, and shall not after such date sell any such Municipal Bonds or other obligations issued as evidence of a Loan made by the Bank, unless the sales price thereof received by the Bank shall not be less than the aggregate of: (i) the principal amount, the interest to accrue to the redemption date and redemption premium, if any, needed to redeem a sufficient amount of Bonds to assure Bank compliance with the provisions of the General Resolution governing the scheduled payments of principal and interest on Municipal Bonds pledged under the General Resolution which, when added to interest and other income estimated by the Bank to be derived from the investment or deposit of money available therefor in any Fund or Account created by the General Resolution, will be sufficient to pay Debt Service on all Outstanding Bonds when due, and (ii) the costs and expenses of the Bank in effecting the redemption of the Outstanding Bonds so to be redeemed, less the amount of monies or securities available in the applicable sub-account or sub-accounts in the Redemption Account and available for withdrawal from the Reserve Fund and for application to the redemption of such Bonds in accordance with the terms and provisions of the General Resolution, as determined by the Bank.

Accounts and Reports

(1) The Bank shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions relating to all Municipal Bonds Payments, Municipal Bonds, the Fees and Charges and all funds and accounts established by the General Resolution, which shall at all reasonable times be subject to the inspection of the Trustee and the Holders of an aggregate of not less than five percent (5%) in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

(2) The Bank shall annually, within ninety (90) days after the close of each Fiscal Year, file with the Trustee a copy of an annual report for such Fiscal Year (the "Annual Report"), accompanied by an Accountant's Certificate, setting forth in complete and reasonable detail: (a) its operations and accomplishments; (b) its receipts and expenditures during such Fiscal Year in accordance with the categories or classifications established by the Bank for its operating and capital outlay purposes; (c) its assets and liabilities at the end of such Fiscal Year, including a schedule of its Municipal Bonds Payments, Municipal Bonds, Fees and Charges and the status of reserve, special or other funds and the funds and accounts established by the General Resolution; and (d) a schedule of its Bonds Outstanding and other obligations outstanding at the end of such Fiscal Year, together with a statement of the amounts paid, redeemed and issued during such Fiscal Year. A copy of each such annual report and Accountant's Certificate shall be mailed promptly thereafter by the Bank to each Bondholder who shall have filed his name and address with the Bank for such purpose.

Budgets

(1) The Bank shall, at least sixty (60) days prior to the beginning of each calendar year, prepare and file in the office of the Trustee a preliminary budget covering its fiscal operations for the succeeding calendar year which shall be open to inspection by any Bondholder. The Bank shall also prepare a summary of such preliminary budget and on or before forty-five (45) days prior to the beginning of each calendar year mail a copy thereof to any Bondholder who shall have filed his name and address with the Bank for such purpose.

(2) In the event the Holders of ten percent (10%) or more in principal amount of the Outstanding Bonds shall file with the Bank thirty (30) days or more prior to the beginning of a calendar year a written request for a public hearing on such preliminary budget, the Bank shall call and hold such public hearing in the City of Montpelier, in the State of Vermont, such hearing to be held not later than fifteen (15) days prior to the beginning of such calendar year. Notice of such public hearing shall be published once in an Authorized Newspaper, not less than ten (10) days prior to the date of such hearing, and shall contain a statement of the purpose of the hearing and the place and hour at which the same will be held. At such hearing any Bondholder, or his duly authorized attorney or representative, shall be entitled to be heard on any of the provisions contained in such preliminary budget.

(3) The Bank shall adopt an annual budget covering its fiscal operations for the succeeding calendar year not later than December 1 of each year and file the same with the Trustee and with such officials of the State as required by the Act, as then amended, which budget shall be open to inspection by any Bondholder. In the event the Bank shall not adopt an annual budget for the succeeding calendar year on or before December 1, the budget for the preceding calendar year shall be deemed to have been

adopted and be in effect for such calendar year until the annual budget for such calendar year shall have been adopted as above provided. The Bank may at any time adopt an amended annual budget in the manner provided in the Act as then amended.

Personnel and Servicing of Programs

(1) The Bank shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges and all persons employed by the Bank shall be qualified for their respective positions.

(2) The Bank may pay to the respective State agency, municipality or political subdivision of the State from the Operating Account such amounts as are necessary to reimburse the respective State agency, municipality or political subdivision of the State for the reasonable costs of any services performed for the Bank.

Waiver of Laws

The Bank shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in the General Resolution or in any Series Resolution or in the Bonds, and all benefit or advantage of any such law or laws has been expressly waived by the Bank.

Defaults

The Trustee shall be and by the General Resolution is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 4702 of the Act, and the right of Bondholders to appoint a trustee pursuant to Section 4702 of the Act is abrogated in accordance with the provision of subdivision 18 of Section 4648 of the Act.

The General Resolution declares each of the following events an “event of default”:

> (a) If the Bank shall default in the payment of the principal or Redemption Price of or interest on any Bond when and as the same shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty (30) days; or
>
> (b) if the Bank shall fail or refuse to comply with the provisions of Section 4675 of the Act, or the State shall fail to appropriate and pay to the Bank, as and when required by such Section, for deposit in the Reserve Fund any amount or amounts as shall be certified by the Chairman of the Bank pursuant to such provisions of the Act; or
>
> (c) if the Bank shall fail or refuse to comply with the provisions of the Act, other than as provided in (b) above, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in the General Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Holders of not less than five percent (5%) in principal amount of the Outstanding Bonds;

provided, however, that an event of default shall not be deemed to exist under the provisions of clause (c) above upon failure of the Bank to make and collect Fees and Charges required to be made and collected by the provisions of the General Resolution or upon the failure of the Bank to enforce any obligation undertaken by a Municipality pursuant to a Loan Agreement including the making of the stipulated Municipal Bonds Payments so long as the Bank may be otherwise directed by law and so long as the Bank shall be provided with monies from the State or otherwise, other than withdrawals from or reimbursements of the Reserve Fund, sufficient in amount to pay the principal of and interest on all Bonds as the same shall become due during the period for which the Bank shall be directed by law to abstain from making and collecting such Fees and Charges and from enforcing the obligations of a Municipality under the applicable Loan Agreement.

Remedies

(1) Upon the happening and continuance of any event of default specified in paragraph (a) above, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraphs (b) and (c) above, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights;

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Bank to make and collect Fees and Charges and Municipal Bonds Payments adequate to carry out the covenants and agreements as to, and pledge of, such Fees and Charges and Municipal Bonds Payments, and other properties and to require the Bank to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, to require the Bank to account as if it were the Trustee of an express trust for the Holders of the Bonds;

(d) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds; and

(e) in accordance with the provisions of the Act, declare all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

(2) In the enforcement of any remedy under the General Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and any time remaining, due from the Bank for principal, Redemption Price, interest or otherwise, under any provision of the General Resolution or a Series Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Bank for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

Priority of Payments After Default

In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act and the General Resolution, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the General Resolution, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

These provisions are in all respects subject to provisions in the General Resolution as to the extension of payment of principal and interest on the Bonds.

Whenever monies are to be applied by the Trustee pursuant to the provisions of the General Resolution provision governing priority of payments after default, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such monies available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such monies with the Paying Agents, or otherwise setting aside such monies in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Bank, to any Bondholder or to any other person for any delay in applying any such monies, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the General Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such monies, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Termination of Proceedings

In case any proceeding taken by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason, then in every such case the Bank, the Trustee and the Bondholders shall be restored to their former positions and rights under the General Resolution, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Limitation on Rights of Bondholders

No Holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the General Resolution, or for the protection or enforcement of any right under the General Resolution or any right under law unless such Holder shall have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the General Resolution or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the General Resolution or for any other remedy provided in the General Resolution or under law. It is understood and intended that no one or more Holders of the Bonds secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the General Resolution, or to enforce any right thereunder or under law with respect to the Bonds or the General Resolution, except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the benefit of all Holders of the Outstanding Bonds. Notwithstanding the foregoing provisions, the obligation of the Bank shall be absolute and unconditional to pay the principal and Redemption Price of and interest on the Bonds to the respective Holders thereof pertaining thereto at the respective due dates thereof, and nothing therein shall affect or impair the right of action, which is absolute and unconditional, of such Holders to enforce such payment.

Anything in the General Resolution to the contrary notwithstanding, each Holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the General Resolution or any Series Resolution, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorney's fees, against any party litigant in any suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but such provisions shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five percent (25%) in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

Remedies Not Exclusive

No remedy conferred upon or reserved to the Trustee or to the Holders of the Bonds under the General Resolution is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given thereunder or now or hereafter existing at law or in equity or by statute.

No Waiver of Default

No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by the General Resolution to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Notice of Event of Default

The Trustee shall give to the Bondholders notice of each event of default under the General Resolution known to the Trustee within ninety (90) days after the knowledge of the occurrence thereof, unless such event of default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the Revenue Fund or the Reserve Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of event of default shall be given by the Trustee by mailing written notice thereof: (1) to all registered Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds as kept by the Trustee; (2) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (3) to such other persons as is required by law.

Modifications of Resolution and Outstanding Bonds

The General Resolution provides procedures whereby the Bank may amend the General Resolution or a Series Resolution by adoption of a supplemental resolution. Amendments that may be made without the consent of Bondholders must be for purposes of further securing the Bonds, imposing further limitations on or surrendering rights of the Bank or curing ambiguities.

Amendments of the respective rights and obligations of the Bank and the Bondholders may be made with the written consent of the Holders of not less than sixty-six and two-thirds percent (66⅔%) in principal amount of the Outstanding Bonds to which the amendment applies; but no such amendment shall permit a change in the terms of redemption or maturity of the principal of any Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof, or the rate of interest thereon or reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect such amendment.

Amendments may be made in any respect with the written consent of the Holders of all of the Bonds then Outstanding.

Defeasance

(1) If the Bank shall pay or cause to be paid to the Holders of all Bonds and coupons then Outstanding, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the General Resolution, then, at the option of the Bank, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the Bank to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Bank, execute and deliver to the Bank all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Bank all money, securities and funds held by them pursuant to the General Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(2) Bonds or interest installments for the payment or redemption of which monies shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the Bank of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (1) above. All Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in paragraph (1) above if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Bank shall have given to the Trustee in form satisfactory to it, irrevocable instructions to mail notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either monies in an amount which shall be sufficient, or direct obligations of the United States of America the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Bank shall have given the Trustee in form satisfactory to it irrevocable instructions to mail notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the General Resolution and stating such maturity or redemption date upon which monies are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Failure to mail any notice shall not effect the ability of the Bank to defease any of the Bonds. Neither direct obligations of the United States of America or monies deposited with the Trustee pursuant to the provision in the General Resolution providing for defeasance or principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided, however, that any cash received from such principal or interest payments on such direct obligations of the United States of America deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in direct obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Bank, as received by the Trustee, free and clear of any trust, lien or pledge.

(3) Anything in the General Resolution to the contrary notwithstanding, any monies held by the Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six (6) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such monies were held by the Fiduciary at such date, or for six (6) years after the date of deposit of such monies if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the written request of the Bank, be repaid by the Fiduciary

to the Bank, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Bank for the payment of such Bonds; provided, however, that before being required to make any such payment to the Bank, the Fiduciary shall, at the expense of the Bank, mail to the Bondholders and cause to be published at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper, a notice that said monies remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such monies then unclaimed will be returned to the Bank.

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The proceeds of the 2021 Series 1 Bonds are being used primarily to purchase the General Obligation Bonds of the Governmental Units in the prinicipal amounts listed below.

Governmental Unit*	Amount*
Barre City	$1,700,000
Barre Unified Union School District	2,750,000
Bennington Town	1,067,055
Canaan School District	1,000,000
Champlain Valley School District	6,000,000
Hardwick Town	275,000
Hartford Town	4,020,900
Rutland City	4,450,000
Thetford Town	4,000,000
Williston Town	1,400,000
Woodstock Town	4,500,000
Total	$31,162,955

* Preliminary, subject to change.

Table 2 sets forth (1) a list of the Governmental Units that have Municipal Bonds outstanding that were purchased by the Bank pursuant to the Bank's General Resolution adopted on May 3, 1988, as supplemented (the "Resolution"), including the Municipal Bonds anticipated to be purchased with the proceeds of the 2021 Series 1 Bonds and other available funds; (2) the anticipated outstanding balances of such Municipal Bonds as of the date of issuance of the 2021 Series 1 Bonds; and (3) the ratio of such balances to the total amount of outstanding Municipal Bonds purchased under the Resolution, expressed as a percentage. Please note that certain of the enumerated Governmental Units are comprised of one or more other Governmental Units. Also, as a result of incentives provided under Act 46 of 2015 of the General Assembly of the State of Vermont, a number of school districts in the State have merged. For school districts with outstanding loans from the Bank, the outstanding balances are shown below on a consolidated basis.

Governmental Unit	Outstanding Principal Amount*	Percent of Total*
Addison Central School District	$ 1,167,750	0.201%
Addison Northwest School District	10,350,000	1.782
Albany Town	225,000	0.039
Barre City	16,198,757	2.789
Barre Town	593,024	0.102
Barre Unified Union School District	2,770,000	0.477
Barstow Unified Union School District	180,000	0.031
Barton Village	1,750,392	0.301
Barton Village (R)	1,180,000	0.203
Bennington Town	3,787,055	0.652
Berlin Town	45,000	0.008
Bethel Town	120,000	0.021
Bradford Town	336,318	0.058
Brandon Fire District #1	1,260,000	0.217
Brandon Town	2,142,963	0.369
Brattleboro Town	16,996,667	2.926
Bridgewater Town	1,800,000	0.310
Brighton Town	70,000	0.012
Bristol Town	1,024,312	0.176
Brookline Town	100,000	0.017
Burlington City	8,020,000	1.381
Burlington City (R)	9,519,653	1.639
Cabot Town	496,215	0.085
Cabot Town School District	70,000	0.012
Calais Town	40,000	0.007
Cambridge Town School District	1,525,000	0.263
Canaan School District	1,000,000	0.172
Castleton Fire District #3	1,362,934	0.235
Castleton Town	1,050,000	0.181
Champlain Valley School District	33,605,674	5.786

Champlain Water District	$ 3,993,326	0.687%
Charlotte Town	1,428,750	0.246
Chelsea Town	1,181,709	0.203
Chester Town	7,658,589	1.318
Chittenden County	360,000	0.062
Chittenden Town	135,000	0.023
Colchester Fire District #1	728,333	0.125
Colchester Fire District #2	590,495	0.102
Colchester Fire District #3	1,810,000	0.312
Colchester Town	2,445,000	0.421
Colchester Town School District	3,823,529	0.658
Cold Brook Fire District #1	2,010,000	0.346
Corinth Town	807,500	0.139
Danby-Mt. Tabor Fire District #1	419,787	0.072
Danville Fire District #1	747,446	0.129
Derby Center Village	650,858	0.112
Derby Line Village	405,000	0.070
Derby Town	330,000	0.057
Dummerston Town	960,000	0.165
East Calais Fire District #1	91,230	0.016
East Montpelier Town	1,050,000	0.181
Edward Farrar Utility District	2,675,317	0.461
Enosburg Falls Village	3,001,167	0.517
Enosburg Falls Village (R)	360,000	0.062
Enosburgh-Richford Unified Union School District	855,000	0.147
Essex Junction Village	3,415,000	0.588
Essex Town	4,485,000	0.772
Essex Westford Educational Community Unified Union School District	3,610,000	0.621
Fairfax Town	112,000	0.019
Ferrisburgh Fire District #1	35,000	0.006
Georgia Town	700,000	0.121
Georgia Town School District	2,080,000	0.358
Grand Isle Consolidated Water Dist	1,156,625	0.199
Grand Isle Town	1,575,000	0.271
Greater Upper Valley Solid Waste Management District	860,000	0.148
Green Mountain Unified School District	940,280	0.162
Guilford Town	39,000	0.007
Halifax Town	20,000	0.003
Hardwick Town	1,235,000	0.213
Hartford Town	16,304,885	2.807
Hartford Town School District	13,290,960	2.288
Harwood Unified Union School District	4,092,500	0.705
Hinesburg Town	4,237,378	0.730
Hubbardton Town	125,000	0.022
Huntington Town	625,800	0.108
Jamaica Town	600,000	0.103

Jericho Town	$ 480,000	0.083%
Jericho Underhill Water District	360,000	0.062
Johnson Village	1,069,683	0.184
Killington Town	6,653,280	1.145
Lamoille North School District	15,591,173	2.684
Lamoille South Unified Union School District	1,020,000	0.176
Lincoln Town	502,000	0.086
Ludlow Town	1,400,731	0.241
Ludlow Village	10,000	0.002
Ludlow Mt Holly Unified Union School District	120,000	0.021
Lyndon Town	767,637	0.132
Lyndonville Village	1,391,062	0.239
Manchester Town	7,992,000	1.376
Maple Run Unified School District	9,340,272	1.608
Marshfield Village	202,765	0.035
Mendon Town	249,000	0.043
Middlebury Town	20,445,000	3.520
Middlesex Town	360,000	0.062
Mill River Unified Union School District	5,766,000	0.993
Milton Town	1,790,333	0.308
Milton Town School District	3,335,000	0.574
Missisquoi Valley School District	5,000,000	0.861
Monkton Town	1,700,000	0.293
Montgomery Town	225,000	0.039
Montpelier City	14,372,655	2.474
Montpelier Fire District	230,000	0.040
Montpelier Roxbury School District	7,736,345	1.332
Moretown Town	405,000	0.070
Morrisville Village	1,680,000	0.289
Morrisville Village (R)	300,000	0.052
Mount Ascutney School District	275,000	0.047
Mount Mansfield Unified Union School District	4,774,956	0.822
Mt Abraham Unified School District	1,246,230	0.215
Mt. Anthony Union High School District #14	1,245,000	0.214
New Haven Town	260,000	0.045
Newfane Town	150,000	0.026
Newport City	180,000	0.031
North Bennington Village	50,000	0.009
North Branch Fire District No. 1	1,440,000	0.248
North Country Union High School District No. 22	1,880,000	0.324
North Hero Town	1,010,000	0.174
Northern Mountain Valley Unified Union School District	5,023,750	0.865
Northfield Town	4,726,920	0.814
Norwich Town	1,351,500	0.233
NW Vermont Solid Waste Management District	350,000	0.060
Orange Southwest School District	55,000	0.009

Orleans Southwest Union Elementary School District	$ 413,100	0.071%
Orleans Village	738,203	0.127
Otter Valley Unified Union School District	3,037,500	0.523
Oxbow Unified Union School District	1,028,000	0.177
Paine Mountain School District	1,680,000	0.289
Patricia A. Hannaford Career Center	525,000	0.090
Peacham Fire District #1	185,018	0.032
Pittsfield Town	320,000	0.055
Pittsford Town	438,693	0.076
Plainfield Town	325,177	0.056
Poultney Village	1,075,000	0.185
Pownal Town	1,332,242	0.229
Putney Town	2,838,384	0.489
Quarry Valley Unified Union School Districts	1,270,000	0.219
Randolph Town	5,820,000	1.002
Readsboro Town	210,005	0.036
Richford Town	774,510	0.133
Richmond Town	1,035,000	0.178
Rivendell Interstate School District	2,110,000	0.363
Rochester Town	574,117	0.099
Rochester-Stockbridge Unified School District	130,000	0.022
Rockingham Town	2,702,557	0.465
Rockingham Town School District	7,478,587	1.288
Royalton Town	50,000	0.009
Rutland City	13,063,194	2.249
Rutland Town	1,170,000	0.201
Rutland Town School District	590,000	0.102
Salisbury Town	765,000	0.132
Shaftsbury Town	950,000	0.164
Sharon Town	1,100,000	0.189
Shelburne Town	8,095,000	1.394
Shoreham Town	185,760	0.032
Shrewsbury Town	140,000	0.024
Slate Valley Unified Union School District	430,000	0.074
South Burlington City	27,813,333	4.788
South Burlington City School District	3,550,450	0.611
South Hero Fire District #4	110,000	0.019
South Hero Town	910,000	0.157
Southwest Vermont Union Elementary School District	3,568,800	0.614
Springfield Town	2,840,000	0.489
Springfield Town School District	11,520,000	1.983
St. Albans City	28,859,946	4.969
St. Albans Town	145,000	0.025
St. Johnsbury Town	1,500,000	0.258
St. Johnsbury Town School District	3,075,000	0.529
Stannard Town	5,000	0.001

Stockbridge Town	$ 30,000	0.005%
Stowe Town	16,673,781	2.871
Strafford Town	479,444	0.083
Sunderland Town	228,150	0.039
Swanton Village	4,234,479	0.729
Swanton Village (R)	1,320,000	0.227
Taconic & Green Regional School District	1,105,000	0.190
Thetford Town	4,060,000	0.699
Thetford Town School District	518,750	0.089
Townshend Town	340,000	0.059
Tri Town Water District #1	900,000	0.155
Twin Valley Unified Union School District	4,076,007	0.702
Vergennes City	650,000	0.112
Waitsfield Town	640,500	0.110
Wallingford Fire District #1	644,341	0.111
Warren Town	398,980	0.069
Washington Central Unified Union School District	155,000	0.027
Waterbury Town	4,112,500	0.708
Weathersfield Town School District	1,985,000	0.342
West River Modified Union Education District	1,400,000	0.241
West Rutland Town	3,187,113	0.549
Westminster Fire District #3	30,000	0.005
White River Valley Unified School District	1,650,000	0.284
Williamstown Town	1,846,400	0.318
Williston Town	7,159,115	1.233
Wilmington Town	30,000	0.005
Wilmington Water District	639,237	0.110
Windham Northeast Union Elementary School District	475,000	0.082
Windham Southeast School District	5,634,000	0.970
Windsor Central Modified Union School District	400,000	0.069
Windsor County	600,000	0.103
Windsor Town	4,369,999	0.752
Winooski City	7,894,760	1.359
Woodstock Town	4,920,000	0.847
Worcester Town	233,833	0.040
TOTAL	$ 580,856,436	100.000%

* Preliminary, subject to change.
(R) = Revenue Bond

APPENDIX C

MINTZ

One Financial Center
Boston, MA 02111
617 542 6000
mintz.com

[Closing Date]

Vermont Municipal Bond Bank
Winooski, Vermont

Re: Vermont Municipal Bond Bank [2021 Series 1 Bonds (Local Investment Bonds)][2021 Series 2 Refunding Bonds (Federally Taxable)](the "Bonds")

We have acted as bond counsel to the Vermont Municipal Bond Bank (d/b/a the Vermont Bond Bank) (the "Bond Bank") in connection with the issuance by the Bond Bank of the above-captioned bonds (the "Bonds") pursuant to the provisions of the Vermont Municipal Bond Bank Law, Public Act No. 216 of the Laws of Vermont enacted by the General Assembly of the State of Vermont at the 1969 Adjourned Session, as amended (the "Act"), the General Bond Resolution adopted by the Bond Bank on May 3, 1988, as amended (the "General Resolution"), and the Series Resolution adopted by the Bond Bank on January 28, 2021 authorizing the issuance of the Bonds (the "Series Resolution," and together with the General Resolution, the "Resolutions"). Terms not otherwise defined herein shall have the same meanings as set forth in the Resolutions.

We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion. In addition, we have examined and relied upon the opinions of bond counsel to the governmental units (as defined in the Act) (the "Governmental Units"), dated the date hereof, relative to the validity and enforceability of the bonds issued by such Governmental Units (said bonds and other bonds heretofore acquired, the "Municipal Bonds") which secure the loans financed by the Bond Bank from a portion of the proceeds of the Bonds (the "Loans"), and to the validity and enforceability of the respective loan agreements entered into by such Governmental Units (the "Loan Agreements").

The Bonds are being issued by means of a book-entry-only system, with bond certificates immobilized at The Depository Trust Company, New York, New York ("DTC"), and not available for distribution to the public, evidencing ownership of the Bonds in denominations of $1,000 or integral multiples thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants.

The Bonds are payable on December 1 in the years and principal amounts, bear interest at the rates and are subject to redemption prior to maturity, all as provided in the Series Resolution.

As to questions of fact material to our opinion, we have relied upon the representations of the Bond Bank contained in the Resolutions and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bond Bank is duly created and validly existing as a body politic and corporate constituted as an instrumentality of the State of Vermont (the "State"), under and pursuant to the laws of the State with the power to adopt the Resolutions, perform the agreements on its part contained therein and issue the Bonds.

2. The Resolutions have been duly adopted by the Bond Bank and constitute valid and binding obligations of the Bond Bank enforceable upon the Bond Bank.

3. Pursuant to the Act and subject to the exceptions and terms of the Resolutions, the Resolutions create a valid lien on the Municipal Bonds, the Municipal Bond Payments and moneys and securities held or set aside thereunder (except for the Rebate Fund) for the security of the Bonds on a parity with other bonds issued or to be issued under the General Resolution.

4. The Bonds have been duly authorized, executed and delivered by the Bond Bank and are valid and binding direct and general obligations of the Bond Bank, and the full faith and credit of the Bond Bank are pledged to the payment of the principal of and interest on the Bonds.

5. In the General Resolution, the Bond Bank has validly covenanted and will be legally obligated to enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of the Municipal Bonds securing the Loans made by the Bond Bank, including the prompt collection of payments of principal and interest on such Municipal Bonds and Fees and Charges, and to make and deliver to the Governor or Governor-elect of the State, in compliance with the provisions of the Act, a certificate stating the amount, if any, required to restore the Reserve Fund to the Required Debt Service Reserve. Further, the General Assembly of the State is legally authorized, although not legally obligated, to appropriate annually such sum as shall have been certified by the Chair of the Bond Bank to the Governor or Governor-elect of the State as is necessary to restore the Reserve Fund to an amount equal to the Required Debt Service Reserve, and upon the making of such appropriations in accordance with the Act there shall be paid to the Bond Bank for deposit in the Reserve Fund the amounts appropriated.

6. [For 2021 Series 1 Bonds only] [Interest on the Bonds will not be included in the gross income of the holders of the Bonds for federal income tax purposes. This opinion is rendered subject to compliance with various requirements of the Internal Revenue Code of 1986, as amended, which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon is and continues to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be included in the gross income of holders of the Bonds retroactive to the date of issuance of the Bonds. Interest on the Bonds will not

constitute a preference item for purposes of computation of the alternative minimum tax. We express no opinion as to other federal tax consequences resulting from holding the Bonds.]

7. Interest on the Bonds is exempt from State of Vermont personal income taxes and State of Vermont corporate income taxes.

8. Except [as set forth in paragraph (6), we express no opinion as to federal tax consequences of holding the Bonds, and except] as set forth in paragraph (7), we express no opinion as to any state or local tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

MINTZ, LEVIN, COHN, FERRIS, GLOVSKY AND POPEO, P.C.

VERMONT MUNICIPAL BOND BANK

FINANCIAL STATEMENTS
DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018
AND
INDEPENDENT AUDITOR'S REPORTS

VERMONT MUNICIPAL BOND BANK

DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018

TABLE OF CONTENTS

Mudgett
Jennett &
Krogh-Wisner, P.C.
Certified Public Accountants #435

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Vermont Municipal Bond Bank

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Vermont Municipal Bond Bank (the Bond Bank), a component unit of the State of Vermont, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Bond Bank's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bond Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bond Bank's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Vermont Municipal Bond Bank as of December 31, 2019, and the respective changes in financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

141 Main Street • P.O. Box 937, Montpelier, Vermont 05601 • Phone (802) 229-9193

Other Matters

Report on Summarized Comparative Information

We have previously audited the Bond Bank's 2018 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the business-type activities and each major fund in our report dated May 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2020 on our consideration of the Bond Bank's internal control over financial reporting; on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and on other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond Bank's internal control over financial reporting and compliance.

Montpelier, Vermont
June 2, 2020

Mudgett, Jennett & Krogh-Wisner, P.C.

VERMONT MUNICIPAL BOND BANK
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

The Vermont Municipal Bond Bank (d/b/a Vermont Bond Bank) was created by the Vermont General Assembly in 1970 as a body corporate and politic with corporate succession and is constituted as an instrumentality exercising public and essential governmental functions of the State of Vermont. The Vermont Bond Bank's primary purpose is to provide Vermont's municipalities with inexpensive access to capital markets. As of December 31, 2019, the Vermont Bond Bank (Bond Bank) has issued over $2.6 billion in tax-exempt and taxable bonds through 89 series of bonds for municipalities, including 28 refunding bonds, and one conduit debt series for the Vermont State College System.

This discussion of the Bond Bank's financial performance provides an overview of the Bond Bank's financial activities for the fiscal year ended December 31, 2019. The statements are divided into two funds. The Bond Fund reports the financial activities of the pool of funds loaned to municipalities. The Bond Fund assets and liabilities are held by one corporate trustee, U.S. Bank, N.A. The Operating Fund is made up of activities relating to the administrative operations of the Bond Bank.

2019 Financial Highlights

In 2019, the Bond Bank issued $56,370,000 through two series of Local Investment Bonds. The 2019 Series 1 Bonds were issued in the amount of $24,870,000 and provided loans to 3 municipalities with 4 projects. The 2019 Series 2 Bonds were issued in the amount of $31,500,000 to provide loans to 17 municipalities with 21 projects.

In 2018, the Bond Bank issued $41,165,000 through two series of Local Investment Bonds. The 2018 Series 1 Bonds were issued in the amount of $7,990,000 and provided loans to 6 municipalities. The 2018 Series 2 Bonds were issued in the amount of $33,175,000 to provide loans to 16 municipalities with 20 projects.

As of December 31, 2019, the Bond Bank had 488 loans outstanding to 198 governmental units totaling $557,553,968. As of December 31, 2018, the Bond Bank had 490 loans outstanding to 218 governmental units totaling $548,480,020. The reduction in governmental units from 2018 to 2019 was due to both loan repayments and a significant number of school consolidations that became effective in July 2019.

Outstanding Loans by Debt Type as of 12/31/19	Summary			
	# Loans	% Total	Amount	% Total
General Obligation Bonds	483	99%	543,492,034	97%
Revenue Bonds	5	1%	14,061,934	3%
Total	488	100%	557,553,968	100%

Outstanding Loans by Borrower Type as of 12/31/19	Summary			
	# Loans	% Total	Amount	% Total
Local Government	310	63.39%	337,050,333	60.45%
School District	144	29.45%	200,141,086	35.90%
Other Governmental Unit	34	7.16%	20,362,549	3.65%
Total	488	100.00%	557,553,968	100.00%

Assets and Deferred Outflows of Resources

Combined Total Assets and Deferred Outflows of Resources increased $11,117,038 or 1.67% from 2018 to 2019 and was driven by an increase in loans to municipalities and increases in investment value. Total Loans to Municipalities increased by $9,073,948 or 1.65%. The Operating Fund accounted for most of the appreciation in the fair value of investments with combined total assets increasing by $1,215,536 or 4.70% from 2018 to 2019.

Liabilities

Changes in Total Liabilities were nearly all contained in the Bond Fund which increased by $7,701,722 or 1.23% from 2018 to 2019. This was due to bond issuance activity that corresponded with the loan activity.

Net Position

Restricted Net Position in the Bond Fund increased from 2018 to 2019 by $2,199,780 or 17.34% with unrestricted Net Position in the Operating Fund increasing by $1,220,313 or 4.73% over the same period. These changes in net position were largely due to the appreciation in fair value of investments.

Total Net Position at December 31, 2019 equaled 6.63% of Total Bonds Payable and Unrestricted Net Position equaled 4.28% of Total Bonds Payable. Total Net Position at December 31, 2018 equaled 6.17% of Total Bonds Payable and Unrestricted Net Position equaled 4.13% of Total Bonds Payable.

Major Statement of Net Position items changed as follows from 2018 to 2019:

	Bond Fund				Operating Fund				Total			
			Change				Change				Change	
	2018	2019	#	%	2018	2019	#	%	2018	2019	#	%
Total Assets and Deferred Outflow of Resources	638,977,966	648,879,468	9,901,502	1.55%	25,836,210	27,051,746	1,215,536	4.70%	664,814,176	675,931,214	11,117,038	1.67%
Total Liabilities	626,291,301	633,993,023	7,701,722	1.23%	36,971	32,194	(4,777)	-12.92%	626,328,272	634,025,217	7,696,945	1.23%
Net Position Unrestricted	-	-	-	-	25,799,239	27,019,552	1,220,313	4.73%	25,799,239	27,019,552	1,220,313	4.73%
Net Position Restricted	12,686,665	14,886,445	2,199,780	17.34%	-	-	-	-	12,686,665	14,886,445	2,199,780	17.34%
Total Net Position	12,686,665	14,886,445	2,199,780	17.34%	25,799,239	27,019,552	1,220,313	4.73%	38,485,904	41,905,997	3,420,093	8.89%

Operating Summary

Revenues in both the Bond Fund and Operating Fund increased by approximately 2.01% and 155.19%, respectively. Both changes were driven by increases in the appreciated fair market value of investments. In the Operating Fund, appreciation in the fair market value of investments accounted for 42.61% of revenue. Interest and investment revenue accounted for 44.29% of revenue due to a 20.68% increase from $703,746 in 2018 to $849,308 in 2019. Major Revenue and Expense item changes from 2018 to 2019 are as follows:

	Bond Fund				Operating Fund				Total			
			Change				Change				Change	
	2018	2019	#	%	2018	2019	#	%	2018	2019	#	%
Revenues	25,349,641	25,858,805	509,164	2.01%	751,389	1,917,434	1,166,045	155.19%	26,101,030	27,776,239	1,675,209	6.42%
Expenses	24,084,571	23,737,607	(346,964)	-1.44%	1,036,436	618,539	(417,897)	-40.32%	25,121,007	24,356,146	(764,861)	-3.04%
Net Income (Loss) Prior to Transfers	1,265,070	2,121,198	-	-	(285,047)	1,298,895	-	-	980,023	3,420,093	-	-
Net Transfers In / Out	(1,999,461)	78,582	2,078,043	-103.93%	1,999,461	(78,582)	(2,078,043)	-103.93%	0	0	-	-
Change in Net Position	(734,391)	2,199,780	-	-	1,714,414	1,220,313	-	-	980,023	3,420,093	-	-

Investment Portfolio

The Bond Bank's unrestricted investment portfolio on December 31, 2019 was valued at "fair market value" of $24,611,624, excluding investment cash deposits of $92,635. The December 31, 2018 "fair market value" of the investment portfolio was $22,947,710, excluding investment cash deposits of $521,661. The total cost of the portfolio, excluding cash deposits, was $24,213,622 on December 31, 2019 and $23,382,919 on December 31, 2018.

Subsequent Events

In January 2020, the Bond Bank issued the Vermont State Colleges System Issue 2020 Series A Bonds in the amount of $24,185,000. The conduit bond transaction was authorized under the General Bond Resolution for Vermont State Colleges System adopted by the Bond Bank on March 30, 2017.

In February 2020, the Bond Bank issued the 2020 Series 1 Bonds in the amount of $22,365,000. The bonds were authorized under the 1988 General Resolution and designated as Local Investment Bonds to reflect the local impact of the projects that are capitalized by the 2020 Bonds.

In April 2020, the Bond Bank redeemed $855,000 of the remaining 2009 Series 2 bonds with funds on hand.

Contact for Further Information

This financial report is designed to provide the reader with a general overview of the Vermont Municipal Bond Bank's finances. Questions about this report or requests for additional financial information should be directed to Michael Gaughan, Executive Director, Vermont Municipal Bond Bank, Champlain Mill, 20 Winooski Falls Way, Winooski, VT 05404, at 802-654-7377 or michaelg@vtbondagency.org.

VERMONT MUNICIPAL BOND BANK
STATEMENT OF NET POSITION
DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR 2018

	2019			2018
	Bond Fund	Operating Fund	Total	Summarized Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Current assets -				
Cash and cash equivalents	$ 3,549,863	$ 2,385,190	$ 5,935,053	$ 6,476,376
Accrued interest receivable	1,766,577	2,548	1,769,125	1,682,188
Accounts receivable and prepaid expenses	-	52,384	52,384	50,692
Current portion of loans to municipalities	48,549,680	-	48,549,680	47,079,850
Investments	-	24,611,624	24,611,624	22,947,710
Total current assets	53,866,120	27,051,746	80,917,866	78,236,816
Noncurrent assets -				
Restricted cash	1,379,371	-	1,379,371	939,249
Restricted investments	61,496,534	-	61,496,534	58,813,966
Loans to municipalities	509,004,288	-	509,004,288	501,400,170
Total noncurrent assets	571,880,193	-	571,880,193	561,153,385
Total assets	625,746,313	27,051,746	652,798,059	639,390,201
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflow on refunding of bonds payable	23,133,155	-	23,133,155	25,423,975
Total assets and deferred outflows of resources	$ 648,879,468	$ 27,051,746	$ 675,931,214	$ 664,814,176
LIABILITIES AND NET POSITION				
LIABILITIES:				
Current liabilities -				
Accounts payable	$ 4,950	$ 32,194	$ 37,144	$ 36,971
Accrued arbitrage rebate	105,462	-	105,462	140,270
Bond interest payable	2,187,615	-	2,187,615	2,140,445
Current portion of bonds payable	44,290,000	-	44,290,000	46,430,000
Total current liabilities	46,588,027	32,194	46,620,221	48,747,686
Noncurrent liabilities -				
Accrued arbitrage rebate	28,674	-	28,674	60,133
Bonds payable	587,376,322	-	587,376,322	577,520,453
Total noncurrent liabilities	587,404,996	-	587,404,996	577,580,586
Total liabilities	633,993,023	32,194	634,025,217	626,328,272
NET POSITION:				
Restricted	14,886,445	-	14,886,445	12,686,665
Unrestricted	-	27,019,552	27,019,552	25,799,239
Total net position	14,886,445	27,019,552	41,905,997	38,485,904
Total liabilities and net position	$ 648,879,468	$ 27,051,746	$ 675,931,214	$ 664,814,176

The notes to financial statements are an integral part of this statement.

VERMONT MUNICIPAL BOND BANK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018

	2019			2018
	Bond Fund	Operating Fund	Total	Summarized Total
OPERATING REVENUES:				
Interest	$ 20,977,602	$ -	$ 20,977,602	$ 21,006,313
Other income	-	116,549	116,549	47,643
Total operating revenue	20,977,602	116,549	21,094,151	21,053,956
OPERATING EXPENSES:				
Bond issue costs	542,265	-	542,265	494,105
Other expense	1,782,090	-	1,782,090	2,311,219
Operating expenses	-	618,539	618,539	525,260
Total operating expenses	2,324,355	618,539	2,942,894	3,330,584
OPERATING INCOME (LOSS)	18,653,247	(501,990)	18,151,257	17,723,372
NONOPERATING REVENUE (EXPENSES):				
Net appreciation/(depreciation) in fair value of investments	384,725	951,577	1,336,302	(1,399,539)
Interest and investment revenue	2,981,293	849,308	3,830,601	3,460,750
Interest rebate	1,515,185	-	1,515,185	1,538,336
Interest expense	(21,308,862)	-	(21,308,862)	(20,390,884)
Arbitrage recovery (rebate)	(104,390)	-	(104,390)	47,988
Total nonoperating revenue (expenses)	(16,532,049)	1,800,885	(14,731,164)	(16,743,349)
NET INCOME (LOSS) BEFORE TRANSFERS	2,121,198	1,298,895	3,420,093	980,023
NET TRANSFER TO BOND FUND	78,582	(78,582)	-	-
CHANGE IN NET POSITION	2,199,780	1,220,313	3,420,093	980,023
NET POSITION, beginning of year	12,686,665	25,799,239	38,485,904	37,505,881
NET POSITION, end of year	$ 14,886,445	$ 27,019,552	$ 41,905,997	$ 38,485,904

The notes to financial statements are an integral part of this statement.

VERMONT MUNICIPAL BOND BANK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018
(Page 1 of 2)

	2019			2018
	Bond Fund	Operating Fund	Total	Summarized Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from municipalities -				
Principal	$ 48,867,092	$ -	$ 48,867,092	$ 47,780,031
Interest (net of refunding interest savings)	19,102,697	-	19,102,697	18,844,909
Cash paid to suppliers for goods and services	-	(433,946)	(433,946)	(343,725)
Cash paid to employees for services	-	(189,370)	(189,370)	(155,246)
Loans to municipalities	(57,941,040)	-	(57,941,040)	(40,415,615)
Bond issue costs	(537,315)	-	(537,315)	(567,370)
Other receipts	-	114,857	114,857	91,222
Net cash provided (used) by operating activities	9,491,434	(508,459)	8,982,975	25,234,206
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Proceeds from bonds issued	58,660,820	-	58,660,820	43,455,821
Principal reductions	(46,430,000)	-	(46,430,000)	(45,105,000)
Interest expense	(23,485,823)	-	(23,485,823)	(25,989,552)
Arbitrage recovery (rebate)	(170,657)	-	(170,657)	101,217
Interest rebate	1,515,185	-	1,515,185	1,538,336
Transfers	78,582	(78,582)	-	-
Net cash provided (used) by noncapital financing activities	(9,831,893)	(78,582)	(9,910,475)	(25,999,178)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sales of investments	1,910,684	2,733,847	4,644,531	8,059,350
Purchase of investments	(5,033,374)	(4,397,761)	(9,431,135)	(12,615,212)
Earnings (loss) on investments	384,725	951,577	1,336,302	(1,399,539)
Investment income	2,985,765	850,714	3,836,479	3,451,038
Net cash provided (used) by investing activities	247,800	138,377	386,177	(2,504,363)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(92,659)	(448,664)	(541,323)	(3,269,335)
CASH AND CASH EQUIVALENTS, beginning of year	3,642,522	2,833,854	6,476,376	9,745,711
CASH AND CASH EQUIVALENTS, end of year	$ 3,549,863	$ 2,385,190	$ 5,935,053	$ 6,476,376

The notes to financial statements are an integral part of this statement.

VERMONT MUNICIPAL BOND BANK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018
(Page 2 of 2)

	2019			2018
	Bond Fund	Operating Fund	Total	Summarized Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ 18,653,247	$ (501,990)	$ 18,151,257	$ 17,723,372
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -				
(Increase)/decrease in following assets:				
Accrued interest receivable	(92,815)	-	(92,815)	149,815
Accounts receivable	-	(1,692)	(1,692)	43,579
Loans to municipalities	(9,073,948)	-	(9,073,948)	7,364,416
Increase/(decrease) in following liabilities:				
Accounts payable	4,950	(4,777)	173	(46,976)
Net cash provided (used) by operating activities	$ 9,491,434	$ (508,459)	$ 8,982,975	$ 25,234,206

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Refunding loss amortization:	$ 2,290,820	$ -	$ 2,290,820	$ 2,290,821

The notes to financial statements are an integral part of this statement.

VERMONT MUNICIPAL BOND BANK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. Authorizing legislation and nature of funds:

A. Authorizing legislation - The Vermont Municipal Bond Bank (d/b/a Vermont Bond Bank) was established by the General Assembly of the State of Vermont in 1970 for the purpose of fostering and promoting the provision of adequate capital markets and facilities for borrowing money by governmental units of the State of Vermont for financing public improvements or other purposes. The Vermont Bond Bank (Bond Bank) is authorized to carry out this function by borrowing money, issuing bonds and notes and purchasing bonds and notes of local governmental units. The Bond Bank is a component unit of the State of Vermont.

The Bond Bank is administered by a Board of Directors, with a mandate to provide municipalities with access to municipal bond proceeds at the lowest possible interest rates.

The Board is comprised of five directors consisting of the Treasurer of the State of Vermont (Ex-officio) and four directors appointed by the Governor of the State of Vermont, with the advice and consent of the Senate, to serve terms of two years each, two terms expiring on February 1 in alternate years, or until a successor is appointed. The Directors elect a Chair, Secretary and a Treasurer.

Eligible municipalities are defined as any city, town, village, school district, fire district, consolidated sewer or water district, or a solid waste district organized under the laws of the State, and also includes every municipal corporation identified in subdivision 1751(1) of V.S.A., Title 24.

As of December 31, 2019, the following resolutions had been adopted by the Bond Bank and remain active:

Date	Resolution
February 17, 1972	General Bond Resolution “Creating and establishing an issue of bonds of the Vermont Municipal Bond Bank; providing for the issuance from time to time of said bonds; providing for the payment of principal and interest of said bonds, and providing for the rights of the holders thereof.”
May 3, 1988	General Bond Resolution “Creating and Establishing an issue of bonds for the Vermont Municipal Bond Bank; providing for the issuance from time to time of said bonds; providing for the payment of the principal and interest of said bonds; and providing for the rights of the holders thereof.”
June 16, 2008	2008 Series 2 Resolution authorizing the issuance of $5,635,000 2008 Series 2 Bonds.
June 15, 2009	2009 Series 1 Resolution authorizing the issuance of the $61,560,000 2009 Series 1 Bonds and 2009 Series 2 Resolution authorizing the issuance of $26,025,000 Series 2 Refunding Bonds and the refunding of the 1998 Series 2 Bonds and 1999 Series 1 Bonds. 2009 Series 1 was partially refunded and defeased by 2015 Series 5.

1. Authorizing legislation and nature of funds (continued):

A. Authorizing legislation (continued) -

June 10, 2010	2010 Series 1 Resolution authorizing the issuance of the $23,430,000 2010 Series 1 Bonds, 2010 Series 2 Resolution authorizing the issuance of $9,770,000 Federal Taxable Recovery Zone Economic Development Bonds (RZEDBs) 2010 Series 2 Bonds, 2010 Series 3 Resolution authorizing the issuance of $1,365,000 Federally Taxable Qualified School Construction Bonds 2010 Series 3 Bonds and 2010 Series 4 Resolution authorizing the issuance of $39,305,000 Series 4 Refunding Bonds and the refunding of 2000 Series 1 Bonds and 2001 Series 1 Bonds. 2010 Series 1 was partially refunded and defeased by 2016 Series 2.
October 12, 2010	2010 Series 5 Resolution authorizing the issuance of $24,520,000 Federally Taxable RZEDBS 2010 Series 5 Bonds.
January 25, 2011	2011 Series 1 Resolution authorizing the issuance of $9,500,000 Federally Taxable Qualified School Construction Bonds 2011 Series 1 Bonds.
June 15, 2011	2011 Series 2 Resolution authorizing the issuance of $25,665,000 2011 Series 2 Bonds, 2011 Series 3 Resolution authorizing the issuance of $2,940,000 Federally Taxable Qualified School Construction Bonds 2011 Series 3 Bonds and 2011 Series 4 Resolution authorizing the issuance of $14,370,000 Series 4 Refunding Bonds and the refunding of 2002 Series 1 Bonds. 2011 Series 2 was partially refunded and defeased by 2016 Series 2.
November 7, 2011	2011 Series 5 Resolution authorizing the issuance of $43,695,000 2011 Series 5 Bonds and 2011 Series 6 Resolution authorizing the issuance of $25,895,000 Series 6 Refunding Bonds and the refunding of 2003 Series 2 Bonds. 2011 Series 5 was partially refunded and defeased by 2016 Series 2.
June 13, 2012	2012 Series 1 Resolution authorizing the issuance of $36,125,000 2012 Series 1 Bonds, 2012 Series 2 Resolution authorizing the issuance of $8,855,000 Qualified School Construction Bonds 2012 Series 2 Bonds and 2012 Series 3 Resolution authorizing the issuance of $26,590,000 Series 3 Refunding Bonds and the refunding of 2004 Series 1 Bonds.
October 24, 2012	2012 Series 4 Resolution authorizing the issuance of $8,790,000 2012 Series 4 Bonds and 2012 Series 5 Resolution authorizing the issuance of $6,485,000 Series 5 Refunding Bonds and the refunding of 2003 Series 1 Bonds.
June 19, 2013	2013 Series 1 Resolution authorizing the issuance of $54,895,000 2013 Series 1 Bonds and 2014 Series 2 Resolution authorizing the issuance of $18,285,000 Series 2 Refunding Bonds and the partial refunding of the 2005 Series 1 Bonds.

1. Authorizing legislation and nature of funds (continued):

A. Authorizing legislation (continued) -

November 20, 2013	2014 Series 1 Resolution authorizing the issuance of the $29,475,000 2014 Series 1 Bonds and the 2014 Series 2 Resolution authorizing the issuance of the $18,285,000 2014 Series 2 Refunding Bonds and the refunding of the 2005 Series 1 Bonds.
June 10, 2014	2014 Series 3 Resolution authorizing the issuance of the $51,025,000 2014 Series 3 Bonds and the 2014 Series 4 Resolution authorizing the issuance of $21,035,000 Series 4 Refunding Bonds and the refunding of the 2006 Series 1 Bonds.
April 14, 2015	2015 Series 1 Resolution authorizing the issuance of the $30,630,000 2015 Refunding Bonds and the refunding of the 2004 Series 2 Bonds and the partial refunding of the 2007 Series 1 Bonds.
June 22, 2015	2015 Series 2 Resolution authorizing the issuance of the $7,975,000 2015 Series 2 Serial Bonds and the 2015 Series 3 Resolution authorizing the issuance of $14,535,000 2015 Series 3 Refunding Bonds with the partial refunding of the 2005 Series 2 Bonds and the partial refunding of the 2005 Series 3 Bonds and the 2015 Series 5 Resolution authorizing the issuance of $52,400,000 2015 Series 5 Refunding Bonds with the partial refunding of the 2008 Series 1 Bonds and the partial refunding of the 2009 Series 1 Bonds.
October 8, 2015	2015 Series 4 Resolution authorizing the issuance of the $10,425,000 2015 Series 4 Taxable Bonds.
June 7, 2016	2016 Series 1 Resolution authorizing the issuance of the $41,870,000 2016 Series 1 Bonds and 2016 Series 2 Resolution authorizing the issuance of the $52,390,000 2016 Series 2 Refunding Bonds the partial refunding of the 2007 Series 2 Bonds, the 2010 Series 1 Bonds, the 2011 Series 2 Bonds and the 2011 Series 5 Bonds.
February 7, 2017	2017 Series 1 Resolution authorizing the issuance of the $31,920,000 2017 Series 1 Bonds and 2017 Series 2 Resolution authorizing the issuance of the $6,115,000 2017 Series 2 Green Bonds.
March 30, 2017	2017 General Vermont State Colleges System (VSCS) Bond Resolution allowing for multiple series of parity bonds that will constitute special not general obligations of the Bond Bank and 2017 Series A Resolution authorizing the issuance of the $67,660,000 2017 VSCS Series 1 Bonds.

1. Authorizing legislation and nature of funds (continued):

A. Authorizing legislation (continued) -

June 21, 2017	2017 Series 3 Resolution authorizing the issuance of the $26,990,000 2017 Series 3 Bonds and 2017 Series 4 Resolution authorizing the issuance of $27,380,000 Series 4 Refunding Bonds and the partial refunding of the 2013 Series 1 Bonds.
January 25, 2018	2018 Series 1 Resolution authorizing the issuance of the $7,990,000 2018 Series 1 Local Investment Bonds.
June 11, 2018	2018 Series 2 Resolution authorizing the issuance of the $33,175,000 2018 Series 2 Local Investment Bonds.
January 30, 2019	2019 Series 1 Resolution authorizing the issuance of the $24,870,000 2019 Series 1 Local Investment Bonds.
June 11, 2019	2019 Series 2 Resolution authorizing the issuance of the $31,500,000 2019 Series 2 Local Investment Bonds.

B. Basis of presentation and nature of funds - The financial statement presentation follows the recommendations of the Governmental Accounting Standards Board (GASB) in its Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The Bond Bank is a special-purpose entity with only business-type activities. Under GASB Statement No. 34, such entities should present only the financial statements required for enterprise funds. The accompanying financial statements include two distinct funds, each of which is considered a separate accounting entity. The following funds are used by the Bond Bank.

Operating Fund - The Operating Fund is used to administer the operations of the Bond Bank and derives its revenues principally from investment income.

Bond Fund - The Bond Fund is used to administer the activities of the Bond Bank for the municipal loan program. The Fund issues bonds which are utilized to finance capital improvements or other purposes for local municipalities throughout the State of Vermont.

2. Summary of significant accounting policies:

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

A. Advance refundings - All advance refundings completed are accounted for in accordance with the provisions of GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. Under GASB Statement No. 23, the difference between the reacquisition price and the net carrying amount of the old debt is amortized as a component of interest expense over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The unamortized portion is reported as a deferred outflow of resources.

2. Summary of significant accounting policies (continued):

B. Fund accounting - The financial statements of the Bond Bank have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) in conformity with the principles of fund accounting.

C. Measurement focus and basis of accounting - The Bond Bank uses the economic resources measurement focus and the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation for payment is incurred. Operating revenues include interest from loans to municipalities and accrued interest receivable from municipalities. Interest expense on related bonds payable is recorded as a nonoperating expense in accordance with GASB Statements No. 9 and 34.

D. Cash equivalents - The Bond Bank considers all unrestricted highly liquid investments with original maturities of three months or less to be cash equivalents.

E. Investments - The Directors appoint trustees to oversee the investments in the Bond Fund. As of December 31, 2019, the Trustee is the U.S. Bank National Association. The Directors engaged Loomis, Sayles & Company, L.P. to provide investment management services for the Operating Fund. Investments with readily determinable fair values are reported at their fair values on the Statement of Net Position. See Note 4.

F. Deferred outflows/inflows of resources - In addition to assets and liabilities, deferred outflows of resources and deferred inflows of resources, if applicable, are reported as separate sections on the Statement of Net Position. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources in the current period. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources in the current period.

G. Long-term obligations - Governmental activities, business-type activities, and proprietary funds report long-term debt and other long-term obligations as liabilities in the applicable statement of net position. Governmental funds report the amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

H. Use of estimates - The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred outflows/inflows of resources at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Prior year totals - The financial statements include certain prior year summarized comparative information in total but not by fund as presented in the prior year. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Bond Bank's financial statements for the year ended December 31, 2018, from which the summarized information was derived. The prior year's information on investment gains and losses has been reclassified to conform with the current year's financial presentation.

3. Custodial credit risk - deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Bond Bank's deposits may not be recovered. Cash consists of money market accounts invested primarily in commercial paper and government securities. The Bond Bank's custodial credit risk policy directs management to invest in cash or near cash investments that are either 100% FDIC insured or Aaa rated funds or government securities. As of December 31, 2019, general operating reserve cash was $2,385,190. Of this total, $279,335 was in collateralized and FDIC insured cash accounts. The remaining total of $2,105,855 was held within "government money markets funds" rated Aaa-mf by Moody's Investors Service (Moody's). Unrestricted cash and cash equivalents in the Bond Fund of $3,549,863 was held within "government money markets funds" rated Aaa-mf by Moody's, held by the Trustee. These funds are secured in eligible investments as defined in the General Resolution.

4. Investments:

<u>Unrestricted investments</u> - The Bond Bank's investment objectives for its unrestricted investments are 1) to obtain regular, predictable interest income, through the investment in a diversified portfolio of U.S. Treasury and other government securities, corporate, mortgage and asset-backed securities, and other fixed income securities; and 2) to outperform the investment returns of the Barclays Intermediate Aggregate Bond Index.

The Bond Bank reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. GASB Statement No. 72, *Fair Value Measurement and Application*, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows.

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
    - quoted prices for similar assets or liabilities in active markets;
    - quoted prices for identical or similar assets in markets that are not active;
    - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
    - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

The Bond Bank measures fair value using level 1 inputs because they are available and generally provide the most reliable evidence of fair value for the Bond Bank's measurement of investments.

4. Investments (continued):

The classification and fair value of unrestricted investments held at December 31, 2019 and 2018 are identified as follows:

	Operating Fund 2019	Operating Fund 2018
Agency Securities	$ 1,628,203	$ 1,362,689
Asset-Backed Securities	2,274,255	2,045,480
Corporate Securities	6,087,142	6,949,849
Corporate Securities: Yankee	345,615	573,047
Mortgage Backed Securities (MBS)	10,072,711	7,787,065
MBS: Collateralized	1,317,897	1,388,528
MBS: Commercial	-	166,587
Municipal Securities	-	695,824
U.S. Treasury Securities	2,885,801	1,978,641
	$ 24,611,624	$ 22,947,710

The Bond Bank's investment policy permits the following ranges expressed as percentages of market value of the account:

Sector	Min%	Max%	Quality	Min%	Max%
U.S. Treasury	0%	100%	U.S. Treasury	0%	100%
Federal Agency	0%	50%	Federal Agency	0%	100%
Mortgage-Backed Securities	0%	50%	Aaa/AAA	0%	50%
Corporate	0%	50%	Aa/AA	0%	50%
Asset-Backed Securities	0%	35%	A/A	0%	40%
Commercial MBS	0%	10%	Baa/BBB	0%	15%
Supranational	0%	10%	Ba/BB	0%	10%

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. With the exception of U.S. Treasury, agency and agency mortgage issues, the Bond Bank's investment policy provides that no more than 5% of the portfolio may be invested in the obligations of any one issuer.

Credit risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In addition to the ranges listed above, the Bond Bank's investment policy provides that the weighted average portfolio quality must be rated at least Aa2 by Moody's and/or AA by Standard & Poor's. Issues downgraded below BB-/Ba3 must be disposed of in a prudent manner with a target disposition within 90 days after the date of the downgrade. As of December 31, 2019, the Bond Bank's unrestricted investments are identified on the next page.

4. Investments (continued):

Ratings by Moody's Investors Service	Agency Securities	Asset-Backed Securities	Corporate Securities	Corporate Securities: Yankee	Mortgage Backed Securities	MBS: Collateralized	U.S. Treasury Securities
Aaa	$ 1,628,203	$ 1,876,079	$ 148,064	$ -	$ 10,072,711	$ 1,317,897	$ 2,885,801
Aa1	-	327,602	178,663	161,456	-	-	-
Aa2	-	70,574	64,705	-	-	-	-
Aa3	-	-	298,066	-	-	-	-
A1	-	-	390,695	184,159	-	-	-
A2	-	-	919,045	-	-	-	-
A3	-	-	1,163,059	-	-	-	-
Baa1	-	-	516,646	-	-	-	-
Baa2	-	-	1,268,334	-	-	-	-
Baa3	-	-	806,000	-	-	-	-
Ba1	-	-	125,079	-	-	-	-
Ba3	-	-	136,147	-	-	-	-
B1	-	-	26,014	-	-	-	-
B2	-	-	46,625	-	-	-	-
	$ 1,628,203	$ 2,274,255	$ 6,087,142	$ 345,615	$ 10,072,711	$ 1,317,897	$ 2,885,801

Interest rate risk - Interest rate risk is the risk that changes in interest rates will affect the fair value of certain investments. In accordance with its investment policy, the Bond Bank manages its exposure to declines in fair values of its unrestricted investments by limiting the weighted average maturity of its investment portfolio to within a range of 80% to 120% of that of the Barclays Intermediate Aggregate Bond Index. There are no limitations on the duration, or maturity, of specific securities. The weighted average duration for unrestricted investments is as follows:

	Weighted Average Duration by Asset Class (Years)
Agency Securities	2.66
Asset-Backed Securities	1.36
Corporate Securities	4.24
Corporate Securities: Yankee	4.09
Mortgage Backed Securities (MBS)	3.27
MBS: Collateralized	6.30
U.S. Treasury Securities	4.98

4. Investments (continued):

Restricted investments - The Bond Fund investments are restricted to meet the reserve requirements for each issue. The General Resolution provides that all monies held by the Trustees shall be continuously and fully secured, for the benefit of the Bond Bank and the holders of the bonds. The restricted investments in the Bond Fund are to be invested in obligations with maturity dates which coincide as nearly as practicable with dates of debt service or other purposes provided in the General Resolution. Allowable investments are limited by certain restrictions and include 1) direct obligations of the United States of America or obligations which are guaranteed or insured by the United States of America, or instrumentality or agency thereof; 2) state and municipal bonds provided they are rated at least A at the time of investment; 3) interest bearing obligations issued, assumed, or guaranteed by any solvent U.S. institution rated at least A at the time of investment, certificates of deposit or time deposits at banking institutions with capital surplus and undivided profits of not less than $25,000,000; 4) repurchase agreements with maturities of not more than 30 days with a bank or trust company that has a combined capital surplus and undivided profits not less than $100,000,000 or with primary government dealers who are members of the Securities Investor Protection Corporation; and 5) units of a taxable government money market portfolio comprised solely of obligations listed above. The funds may also be deposited in an interest bearing account held by the Trustee provided that the account is fully secured by direct obligations of the United States of America. The classification and fair value of restricted investments held at December 31, 2019 and 2018 are as follows:

	Bond Fund	
	2019	2018
U.S. Treasury Bonds	$ 13,675,093	$ 11,815,553
U.S. Treasury Notes	42,113,330	39,615,483
U.S. Treasury Strips	2,462,394	4,297,707
U.S. Governments	3,245,717	3,085,223
	$ 61,496,534	$ 58,813,966

Restricted investments in the Bond Fund at December 31, 2019 mature as follows:

		Investment Maturity (in Years)			
Investment Type	Fair Value	< 1	1-5	6-10	> 10
U.S. Treasury Bonds	$ 13,675,093	$ 323,225	$ 4,636,944	$ 3,730,001	$ 4,984,923
U.S. Treasury Notes	42,113,330	526,378	6,439,417	10,437,191	24,710,344
U.S. Treasury Strips	2,462,394	790,385	1,672,009	-	-
U.S. Governments	3,245,717	-	1,891,435	1,354,282	-
	$ 61,496,534	$ 1,639,988	$ 14,639,805	$ 15,521,474	$ 29,695,267

Restricted cash - On December 31, 2019, $1,379,371 of cash in reserve funds was restricted by the terms of the bond requirements.

5. Loans to municipalities:

Loans to municipalities are secured by revenues or are general obligations of the municipalities. Interest rates correspond with the interest rates on the related bonds payable by the Bond Bank plus, in some cases, an increment is added to fund capitalized interest, reserve requirements and issue costs. The loans mature during the same periods as the related bonds payable.

Interest savings from refundings may be passed through to the municipalities and are included in other expense. Other expense for 2019 includes interest credits to municipalities from the 2010 Series 4 refunding of $926,938, the 2011 Series 4 refunding of $55,000, the 2012 Series 3 refunding of $185,000, the 2014 Series 2 refunding of $100,000, the 2014 Series 4 refunding of $80,000, the 2015 Series 1 refunding of $205,142, the 2015 Series 3 refunding of $158,924, the 2015 Series 5 refunding of $37,036 and the 2017 Series 4 of $34,050.

Other expense for 2018 includes interest credits to municipalities from the 2009 Series 2 refunding of $85,576, the 2010 Series 4 refunding of $901,860, the 2011 Series 4 refunding of $55,000, the 2012 Series 3 refunding of $180,000, the 2014 Series 2 refunding of $105,000, the 2014 Series 4 refunding of $80,000, the 2015 Series 1 refunding of $219,717, the 2015 Series 3 refunding of $160,571, the 2015 Series 5 refunding of $37,119, the 2016 Series 2 of $450,000 and the 2017 Series 4 of $36,376.

6. Bond liability activity:

Bond liability activity for the year ended December 31, 2019, was as follows:

	January 1, 2019	Additions	Reductions	December 31, 2019	Amounts Due Within One Year
Bonds payable	$ 572,580,000	$ 56,370,000	$ 46,430,000	$ 582,520,000	$ 44,290,000
Plus unamortized premium (discount)	51,370,453	5,689,803	7,913,934	49,146,322	-
Total bonds payable	623,950,453	62,059,803	54,343,934	631,666,322	44,290,000
Accrued arbitrage rebate	200,403	55,617	121,884	134,136	105,462
	$ 624,150,856	$ 62,115,420	$ 54,465,818	$ 631,800,458	$ 44,395,462

7. Bonds payable:

Bonds payable consist of the following:

	2019	2018
2008 Series 2 Bonds consist of $5,425,000 Term Bonds with interest at 6.25% through December 1, 2032; interest payable semi-annually.	5,425,000	5,515,000
2009 Series 1 Bonds consist of $3,230,000 Serial Bonds with interest at 3.5% through December 1, 2019; interest payable semi-annually. Partially refunded by 2015 Series 5.	-	3,230,000
2009 Series 2 Bonds consist of $855,000 Refunding Bonds with interest at 3.3% to 4.1% through December 1, 2028; less unamortized discount of $3,210; interest payable semi-annually.	851,790	2,265,405
2010 Series 1 Bonds consist of $900,000 Serial Bonds with interest at 3.0% through December 1, 2020; interest payable semi-annually. Partially refunded by 2016 Series 2.	900,000	1,805,000
2010 Series 2 Bonds consist of $620,000 Serial Bonds with interest at 4.27% through December 1, 2020; $2,165,000 5.12% Term Bonds due December 1, 2025; and $1,845,000 5.738% Term Bonds maturing December 1, 2030; interest payable semi-annually.	4,630,000	5,295,000
2010 Series 3 Bonds consist of $1,365,000 Term Bonds with interest at 5.388% maturing December 1, 2026; interest payable semi-annually.	1,365,000	1,365,000
2010 Series 4 Bonds consist of $5,725,000 Refunding Bonds with interest at 3.3% to 5.0% through December 1, 2031; plus unamortized premium of $71,839; interest payable semi-annually.	5,796,839	9,118,921
2010 Series 5 Bonds consist of $3,485,000 Serial Bonds with interest at 4.454% to 5.604% through December 1, 2025; $3,440,000 5.204% Term Bonds due December 1, 2023; $8,150,000 6.036% Term Bonds due December 1, 2035; and $495,000 6.186% Term Bonds due December 1, 2040; interest payable semi-annually.	15,570,000	16,630,000

7. Bonds payable (continued):

	2019	2018
2011 Series 1 Bonds consist of $9,500,000 Term Bonds with interest at 5.66% maturing December 1, 2025; interest payable semi-annually.	9,500,000	9,500,000
2011 Series 2 Bonds consist of $2,895,000 Serial Bonds with interest at 2.75% to 4.0% through December 1, 2021; interest payable semi-annually. Partially refunded by 2016 Series 2.	2,895,000	4,350,000
2011 Series 3 Bonds consist of $2,940,000 Term Bonds with interest at 4.749% maturing December 1, 2027; interest payable semi-annually.	2,940,000	2,940,000
2011 Series 4 Bonds consist of $3,880,000 Refunding Bonds with interest at 3.375% to 5.0% through December 1, 2032; plus unamortized premium of $114,003; interest payable semi-annually.	3,994,003	5,277,786
2011 Series 5 Bonds consist of $3,280,000 Serial Bonds with interest at 4.0% through December 1, 2021; interest payable semi-annually. Partially refunded by 2016 Series 2.	3,280,000	5,105,000
2011 Series 6 Bonds consist of $11,885,000 Refunding Bonds with interest at 3.0% to 5.0% through December 1, 2033; plus unamortized premium of $483,112; interest payable semi-annually.	12,368,112	15,082,180
2012 Series 1 Bonds consist of $22,645,000 Serial Bonds with interest at 3.0% to 5.0% through December 1, 2032; $1,645,000 4.0% Term bonds maturing December 1, 2042; plus unamortized premium of $1,658,528; interest payable semi-annually.	25,948,528	28,031,320
2012 Series 2 Bonds consist of $300,000 Term Bonds with interest at 3.513% maturing December 1, 2027; and $8,555,000 3.960% Term Bonds due December 1, 2032; interest payable semi-annually.	8,855,000	8,855,000
2012 Series 3 Bonds consist of $12,295,000 Refunding Bonds with interest at 5.0% through December 1, 2024; plus unamortized premium of $835,109; interest payable semi-annually.	13,130,109	17,125,557

7. Bonds payable (continued):

	2019	2018
2012 Series 4 Bonds consist of $4,395,000 Serial Bonds with interest at 4.0% to 5.0% through December 1, 2032; $540,000 5.0% Term Bonds maturing December 1, 2034; $555,000 5.0% Term Bonds maturing December 1, 2037; and $365,000 3.375% Term Bonds maturing December 1, 2043; plus unamortized premium of $508,267; interest payable semi-annually.	6,363,267	6,923,006
2012 Series 5 Bonds consist of $535,000 Refunding Bonds with interest at 3.0% to 5.0% through December 1, 2023; plus unamortized premium of $44,793; interest payable semi-annually.	579,793	687,717
2013 Series 1 Bonds consist of $12,700,000 Serial Bonds with interest at 4.0% to 5.0% through December 1, 2023; plus unamortized premium of $549,986; interest payable semi-annually. Partially refunded by 2017 Series 4.	13,249,986	16,612,305
2014 Series 1 Bonds consist of $22,925,000 Serial Bonds with interest at 4.0% to 5.0% through December 1, 2033; plus unamortized premium of $1,178,146; interest payable semi-annually.	24,103,146	25,508,928
2014 Series 2 Bonds consist of $10,540,000 Refunding Bonds with interest at 5.0% through December 1, 2025; plus unamortized premium of $613,057; interest payable semi-annually.	11,153,057	13,416,663
2014 Series 3 Bonds consist of $37,455,000 Serial Bonds with interest at 5.0% through December 1, 2034; $1,450,000 5.0% Term Bonds maturing December 1, 2044; plus unamortized premium of $3,547,261; interest payable semi-annually.	42,452,261	45,845,663
2014 Series 4 Bonds consist of $14,345,000 Refunding Bonds with interest at 2.0% to 5.0% through December 1, 2026; plus unamortized premium of $994,056; interest payable semi-annually.	15,339,056	17,800,782
2015 Series 1 Bonds consist of $20,945,000 Refunding Bonds with interest at 1.625% to 5.0% through December 1, 2027; $695,000 3.75% Term Bonds maturing on December 1, 2037; plus unamortized premium of $1,352,183; interest payable semi-annually.	22,992,183	26,033,873

7. Bonds payable (continued):

	2019	2018
2015 Series 2 Bonds consist of $5,100,000 Serial Bonds with interest at 2.0% to 5.0% through December 1, 2035; $1,740,000 4.0% Term Bonds maturing December 1, 2045; plus unamortized premium of $205,492; interest payable semi-annually.	7,045,492	7,368,779
2015 Series 3 Bonds consist of $1,625,000 Refunding Bonds with interest at 2.0% to 3.0% through December 1, 2025: plus unamortized premium of $14,659; interest payable semi-annually.	1,639,659	3,306,497
2015 Series 4 Bonds consist of $1,850,000 Taxable Serial Bonds with interest at 2.5% to 3.45% through December 1, 2025; $4,000,000 4.494% Taxable Term Bonds maturing December 1, 2040; $4,275,000 4.6% Term Bonds maturing December 1, 2045; interest payable semi-annually.	10,125,000	10,300,000
2015 Series 5 Bonds consist of $47,750,000 Refunding Serial Bonds with interest at 2.0% to 5.0% through December 1, 2035; $2,080,000 4.0% Term Bonds maturing December 1, 2039; plus unamortized premium of $2,431,450; interest payable semi-annually.	52,261,450	54,822,835
2016 Series 1 Bonds consist of $31,965,000 Serial Bonds with interest at 2.0% to 5.0% through December 1, 2036; $3,145,000 5.0% Term Bonds maturing December 1, 2041; $1,240,000 5.0% Term Bonds maturing December 1, 2046; plus unamortized premium of $5,989,060; interest payable semi-annually.	42,339,060	44,891,029
2016 Series 2 Bonds consist of $49,290,000 Refunding Serial Bonds with interest at 5.0% through December 1, 2036; $2,165,000 3.0% Term Bonds maturing December 1, 2041; plus unamortized premium of $9,832,038; interest payable semi-annually.	61,287,038	62,633,343
2017 Series 1 Bonds consist of $25,785,000 Serial Bonds with interest at 2.5% to 5.0% through December 1, 2037; $4,420,000 3.75% Term Bonds maturing December 1, 2047; plus unamortized premium of $3,193,940; interest payable semi-annually.	33,398,940	34,697,997
2017 Series 2 Bonds consist of $3,690,000 Serial Bonds with interest at 2.125% to 5.0% through December 1, 2030; $1,755,000 3.75% Term Bonds maturing December 1, 2047; plus unamortized premium of $108,478; interest payable semi-annually.	5,553,478	5,916,132

7. Bonds payable (continued):

	2019	2018
2017 Series 3 Bonds consist of $21,505,000 Serial Bonds with interest at 5.0% through December 1, 2037; $3,895,000 5.0% Term Bonds maturing December 1, 2047; plus unamortized premium of $4,105,746; interest payable semi-annually.	29,505,746	30,816,858
2017 Series 4 Bonds consist of $26,215,000 Refunding Serial Bonds with interest at 3.125% to 5.0% through December 1, 2033; $360,000 3.25% Term Bonds maturing December 1, 2037; $640,000 4.0% Term Bonds maturing December 1, 2043; plus unamortized premium of $3,229,481; interest payable semi-annually.	30,444,481	30,963,611
2018 Series 1 Bonds consist of $4,810,000 Serial Bonds with interest at 3.25% to 5.0% through December 1, 2034; $1,310,000 3.375% Term Bonds maturing December 1, 2038; $1,685,000 3.5% Term Bonds maturing December 1, 2044; plus unamortized premium of $514,843; interest payable semi-annually.	8,319,843	8,589,081
2018 Series 2 Bonds consist of $31,365,000 Serial Bonds with interest at 2.25% to 5.0% through December 1, 2038; $755,000 3.375% Term Bonds maturing December 1, 2043; plus unamortized premium of $1,884,202; interest payable semi-annually.	34,004,202	35,324,185
2019 Series 1 Bonds consist of $16,935,000 Serial Bonds with interest at 3.0% to 5.0% through December 1, 2039; $4,195,000 3.5% Term Bonds maturing December 1, 2044; $3,740,000 4.0% Term Bonds maturing December 1, 2049 plus unamortized premium of $1,993,568; interest payable semi-annually.	26,863,568	-
2019 Series 2 Bonds consist of $29,420,000 Serial Bonds with interest at 3.0% to 5.0% through December 1, 2039; $1,280,000 3.0% Term Bonds maturing December 1, 2044; $800,000 3.0% Term Bonds maturing December 1, 2049; plus unamortized premium of $3,696,235; interest payable semi-annually.	35,196,235	-
	631,666,322	623,950,453
Less current portion of bonds payable	(44,290,000)	(46,430,000)
Long term bonds payable plus unamortized net premium	$ 587,376,322	$ 577,520,453

7. Bonds payable (continued):

The annual requirements to amortize bonds payable as of December 31, 2019 are as follows:

Year ending December 31,	Principal	Interest	Total
2020	$ 44,290,000	$ 26,251,364	$ 70,541,364
2021	43,620,000	24,475,574	68,095,574
2022	42,500,000	22,650,476	65,150,476
2023	41,670,000	20,685,167	62,355,167
2024	37,800,000	18,795,913	56,595,913
2025 to 2029	172,490,000	66,980,961	239,470,961
2030 to 2034	119,205,000	32,153,314	151,358,314
2035 to 2039	51,575,000	11,699,856	63,274,856
2040 to 2044	19,295,000	4,296,372	23,591,372
2045 to 2049	10,075,000	1,005,225	11,080,225
	582,520,000	228,994,222	811,514,222
Unamortized premium (discount) at December 31, 2019	49,146,322	-	49,146,322
	$ 631,666,322	$ 228,994,222	$ 860,660,544

The deferred outflow on refunding of bonds payable at December 31, 2019 includes, $1,071,218 in 2009 Series 2 Bonds, $1,436,488 in 2010 Series 4 Bonds, $711,528 in 2011 Series 4 Bonds, $944,935 in 2011 Series 6 Bonds, $1,442,602 in 2012 Series 3 Bonds, $436,512 in 2012 Series 5 Bonds, $601,879 in 2014 Series 2 Bonds, $1,101,808 in 2014 Series 4 Bonds, $2,120,306 in 2015 Series 1 Bonds, $1,688,168 in 2015 Series 3 Bonds, $3,244,550 in 2015 Series 5 Bonds, $6,139,832 in 2016 Series 2 Bonds and $2,193,329 in 2017 Series 4 Bonds.

In 2017, the Bond Bank defeased certain 2013 Series 1 bonds placing the proceeds in an irrevocable trust with an escrow agent to provide for payment of the refunded bonds. Accordingly, the trust account assets and the liability for those bonds has been removed from the Bond Bank's financial statements. At December 31, 2019, $26,480,000 of 2013 Series 1 Bonds to be called on December 1, 2023, are still outstanding and are considered defeased.

In 2016, the Bond Bank defeased certain bonds placing the proceeds in an irrevocable trust with an escrow agent to provide for payment of the refunded bonds. Accordingly, the trust account assets and the liability for those bonds has been removed from the Bond Bank's financial statements. At December 31, 2019, $13,735,000 of 2010 Series 1 Bonds to be called on December 1, 2020, $10,955,000 of 2011 Series 2 Bonds to be called on December 1, 2021, and $28,815,000 of 2011 Series 5 Bonds to be called December 31, 2021, are still outstanding and are considered defeased.

7. Bonds payable (continued):

In May 2017, the VMBB issued $67,660,000 2017 Series A Bonds for the purpose of issuing loans to the Vermont State College System. The bonds were issued under the 2017 General Vermont State Colleges System (VSCS) Bond Resolution allowing for multiple series of parity bonds that will constitute special not general obligations of the Bond Bank. The bonds are direct obligations of the Bank payable solely from the funds and accounts established by the General Resolution for the VSCS Program. None of the funds and accounts established under the Bond Fund, or any other funds of the Bank not held under the General Resolution for the VSCS Program, are pledged to the security of the Bonds. Accordingly, the bonds are not reported as liabilities, and any related assets held by trustees are not reported as assets, in the accompanying financial statements. At December 31, 2019, the outstanding bonds payable were $67,660,000 under this resolution.

8. Reserve requirement:

The Bond Bank is required to maintain certain amounts in reserve funds. The Trustees' evaluation of the reserve fund and the reserve requirements are summarized as follows:

	2019	2018
Reserve Fund -		
Amortized value	$ 54,133,498	$ 52,957,473
Reserve requirement	44,141,235	43,557,924
Excess above requirement	$ 9,992,263	$ 9,399,549

The value includes amortization of premium or discount and accrued interest on securities held in the reserve funds. Restricted cash of $1,379,371 and $939,249 is included in the amortized value at December 31, 2019 and December 31, 2018, respectively.

9. Accrued arbitrage rebate payable:

The accrued arbitrage rebate payable is based on interim arbitrage rebate analysis performed by the Bond Bank's arbitrage rebate counsel for bonds issued prior to 2019.

10. Transfer to Bond Fund:

The $78,582 transfer during 2019 to the Bond Fund includes cost of issuance equity contributions of $306,610 from the Operating Fund and unrestricted interest earnings of $228,028 to the Operating Fund.

11. Retirement plan:

As of December 31, 2019, the Bond Bank had a simplified employee pension (SEP) plan for regular employees. In 2019, the Bond Bank's policy was to contribute 10% of annual compensation. To be eligible, an active employee must be twenty-one years of age and have been employed by the Bond Bank for over one year. In 2019 and 2018, the Bond Bank contributed to retirement plans in the amount of $14,236 and $25,304, respectively.

12. Related party transactions:

The Bond Bank receives reimbursements from related parties for general and administrative services. The amount of related party reimbursements was $224,605 and $200,855 for the years ended December 31, 2019 and December 31, 2018, respectively. The total amounts of receivables in the Operating Fund at December 31, 2019 and December 31, 2018 were $52,384 and $46,403, respectively from these related parties.

13. Commitments:

On September 1, 2009, the Bond Bank entered into a lease agreement for a five-year term with annual rent payments of $14,728. The lease agreement has two additional three-year terms, at the option of the Bond Bank, with rent adjusted in accordance with a consumer price index adjustment. The second additional three-year term option was accepted by the Bond Bank in June 2017 for the three years effective October 1, 2017. Total occupancy expense was $21,001 and $18,838 for the fiscal years ended December 31, 2019 and December 31, 2018, respectively.

14. Subsequent events:

In January 2020, the Bond Bank issued the Vermont State Colleges System Issue 2020 Series A Bonds in the amount of $24,185,000. The conduit bond transaction was authorized under the General Bond Resolution for Vermont State Colleges System adopted by the Bond Bank on March 30, 2017.

In February 2020, the Bond Bank issued the 2020 Series 1 Bonds in the amount of $22,365,000. The bonds were authorized under the 1988 General Resolution and designated as Local Investment Bonds to reflect the local impact of the projects that are capitalized by the 2020 Bonds.

In April 2020, the Bond Bank redeemed $855,000 of the remaining 2009 Series 2 bonds with funds on hand.

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization. The COVID-19 pandemic has negatively affected national, state, and local economies and global financial markets, and the local government landscape in general. The Bond Bank is closely monitoring the COVID-19 pandemic and its impact on the investment earnings of the Bond Bank and financial health of its loan portfolio. No adverse impacts have occurred to date, although the full impact of the COVID-19 pandemic and the scope of any potential adverse impact on the Bond Bank's finances and operations cannot be determined at this time.

The first post-COVID-19 loan payment from borrowers was due on May 1, 2020. All payments were received, and corresponding bond payments due June 1, 2020 were made. As of the date of this report, municipal markets are functioning, and the Bond Bank intends to proceed with a summer 2020 bond offering and loan pool.

The Bond Bank has evaluated subsequent events through June 2, 2020, the date on which the financial statements were available to be issued.

Mudgett
Jennett &
Krogh-Wisner, P.C.
Certified Public Accountants #435

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Vermont Municipal Bond Bank

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Vermont Municipal Bond Bank (the Bond Bank), a component unit of the State of Vermont, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Vermont Municipal Bond Bank's basic financial statements, and have issued our report thereon dated June 2, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bond Bank's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bond Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Bank's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bond Bank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bond Bank's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bond Bank's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Montpelier, Vermont
June 2, 2020

Mudgett, Jennett &
Krogh-Wisner, P.C.

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APPENDIX E

Vermont Municipal Bond Bank

2021 Series 1 Bonds (Local Investment Bonds)
2021 Series 2 Refunding Bonds (Federally Taxable)
(collectively, the "Bonds")

Continuing Disclosure Undertaking

Prior to the issuance of the Bonds, the Vermont Municipal Bond Bank (the "Bank") (d/b/a the Vermont Bond Bank) and U.S. Bank National Association, as dissemination agent (the "Dissemination Agent") will enter into a continuing disclosure agreement (the "Disclosure Agreement") setting forth the undertakings of the Bank regarding continuing disclosure with respect to the Bonds. In the Disclosure Agreement, the Bank will undertake for the benefit of the registered owners and Beneficial Owners (the "owners") of the Bonds to provide to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), within the meaning of the Rule, not later than September 1 of each year, (i) the annual financial information described below relating to such fiscal year, together with audited financial statements of the Bank for such fiscal year if audited financial statements are then available, provided, however, that if audited financial statements of the Bank are not then available, such audited financial statements shall be delivered to EMMA when they become available (but in no event later than December 1 of each year) or (ii) notice of the Bank's failure, if any, to provide any such information. The annual financial information to be provided as aforesaid shall include financial information and operating data, in each case updated through the last day of such fiscal year unless otherwise noted, relating to the Bank, in each case substantially in the same level of detail as is found in the referenced Official Statement, including in any event an update of the information set forth in Appendix B of the final Official Statement.

In addition, the annual financial information shall contain the following information received by the Bank from each Obligated Person, if any, pursuant to the Loan Agreements: (a) the financial statements of each Obligated Person, if any, for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles as in effect from time to time or otherwise in accordance with applicable state law, if any, and (b) operating data for each Obligated Person, if any, for the most recently ended prior fiscal year which will include, to the extent applicable to the Obligated Person: (1) tax base and rates and collection percentages; (2) service charges, fees or rates and use data; (3) number of customers or students; (4) number of employees; (5) material changes in service delivery capacity; and (6) gain or loss of contracts having or projected to have a material impact on its financial position. "Obligated Person" means the Bank and any Municipality that has issued Municipal Bonds purchased by the Bank in an amount which exceeds in the aggregate 15% of the total principal amount outstanding as of September 1 of each year of Municipal Bonds purchased by the Bank under the Bank's General Bond Resolution adopted on May 3, 1988, as amended.

Any or all of the items listed above may be included by reference to other documents, including official statements pertaining to debt issued by the Bank or any such Obligated Person, which have been submitted to EMMA. If the document incorporated by reference is a Final Official Statement within the meaning of the Rule, it will also be available from the MSRB. The Bank's annual financial statements for each fiscal year shall consist of the balance sheet of the Bank and the related statements of revenue, expenses and changes in fund balances and statement of cash flows prepared in accordance with generally accepted accounting principles in effect from time to time. Such financial statements shall be audited by a firm of certified public accountants appointed by the Bank.

In the Disclosure Agreement, the Bank also will undertake for the benefit of the owners of the Bonds to provide to EMMA in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds or with respect to any Municipal Bonds in accordance with the Loan Agreements:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) modifications to rights of security holders, if material;

(viii) bonds calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the securities, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of an Obligated Person;

(xiii) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) the incurrence of a financial obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of an Obligated Person, any of which affect security holders, if material; and

(xvi) the default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of an Obligated Person, any of which reflect financial difficulties.

For the purposes of the event identified in subparagraph (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the

Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person. For purposes of the events identified in subparagraphs (xv) and (xvi), the term "financial obligation" (A) means (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation' or (iii) a guarantee of (i) or (ii) and (B) excludes municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Nothing in the Disclosure Agreement shall preclude the Bank from disseminating any information in addition to that required under the Disclosure Agreement. If the Bank disseminates any such additional information, nothing in the Disclosure Agreement shall obligate the Bank to update such information or include it in any future materials disseminated.

To the extent permitted by law, the provisions of the Disclosure Agreement shall be enforceable against the Bank in accordance with the terms thereof by any owner of a Bond, including any beneficial owner acting as a third-party beneficiary (upon proof of its status as a beneficial owner reasonably satisfactory to the Bank). To the extent permitted by law, any such owner shall have the right, for the equal benefit and protection of all owners of the Bonds, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Bank and to compel the Bank and any of its officers, agents or employees to perform and carry out their duties under the foregoing provisions as aforesaid, provided, however, that the sole remedy in connection with such undertakings shall be limited to an action to compel specific performance of the obligations of the Bank in connection with such undertakings and shall not include any rights to monetary damages. The Bank's obligations in respect of the Disclosure Agreement shall terminate if no Bonds remain outstanding (without regard to an economic defeasance) or if the provisions of the Rule concerning continuing disclosure are no longer effective, whichever occurs first. The provisions of the Disclosure Agreement may be amended by the Bank and the Dissemination Agent, without the consent of, or notice to, any owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Bank for the benefit of the owners of the Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the owners of the Bonds, as determined either by a party unaffiliated with the Bank (such as Bank bond counsel) or by the vote or consent of owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment.

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Vermont Bond Bank

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