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STATE OF VERMONT
OFFICE OF THE STATE TREASURER

December 1, 2014

The Honorable Peter Shumlin
Pavilion Office Building
109 State Street
Montpelier, VT 05609-0101

Dear Governor Shumlin:

This letter provides the annual report of the activities of the Private Activity Bond Advisory Committee (the "Committee") during 2014, and includes its recommendations both to the Emergency Board regarding the allocation of Vermont's private activity bond ceiling for 2015, and to the Governor regarding reallocations of 2014 bond ceiling (32 V.S.A. § 994(b)).

Early in the year, the Committee coordinated with representatives of the Vermont Housing Finance Agency (VHFA), the Vermont Municipal Bond Bank (VMBB) and the Vermont Student Assistance Corporation (VSAC) to ensure that IRS Forms 8328 were filed to carry forward volume cap from 2013. The Committee convened a meeting on July 1 to survey the need for any recommended reallocations of 2014 volume cap to the Emergency Board in connection with its July 24 meeting, and recommended that the Emergency Board delegate to the Governor the ability to reallocate volume cap, without limitation, to and among Vermont's four constituted and eligible issuing authorities (VEDA, VHFA, VMBB and VSAC) for the remainder of 2014.

The Committee convened a second meeting and public hearing on November 5 in coordination with the newly-created Local Investment Advisory Committee convened to discuss Infrastructure, Municipal, Wastewater, Water Systems, Transportation, and Commercial Development. Approximately two dozen attendees included town managers, banking professionals, representatives of Federal and Vermont governmental agencies, engineers and members of the public.

The Committee convened its third and final meeting on November 24 to discuss 2014 volume cap re-allocation and 2015 initial allocation recommendations with the constituted and eligible issuing authorities. Additionally, the Committee discussed interest expressed by the Vermont Mobile Home Park Research Collaborative wastewater treatment, and by the Department of Environmental Conservation for water, sewer and solid waste management infrastructure improvements. VSAC also discussed possible applications for parent-financed student loans, however this would need approval at the Federal level.

Recommended Initial Allocation of 2015 Volume Cap

It is the Committee's understanding, from IRS Revenue Procedure 2014-61 regarding the amounts used under IRC § 146(d)(1) to calculate the State ceiling for volume cap for private activity bonds, that Vermont's ceiling for 2015 is \$301,515,000. At its meeting of November 24, the Committee reviewed a survey of the constituted and eligible issuing authorities, and unanimously voted to recommend the following initial allocation for 2015:

Vermont Housing Finance Agency (VHFA):	\$0
Vermont Student Assistance Corporation (VSAC):	0
Vermont Economic Development Authority (VEDA):	25,000,000
Vermont Municipal Bond Bank: (VMBB)	20,000,000
<u>Contingency:</u>	<u>256,515,000</u>
TOTAL	\$301,515,000

Recommended Reallocation of 2014 Volume Cap

The Committee also unanimously voted to recommend the following final allocations of 2014 ceiling to the Governor, with reallocations between issuing authorities and from contingency as necessary, after December 20, and on or before December 31, 2014:

VHFA:	\$147,818,264
VSAC:	147,818,264
VEDA:	1,188,472
<u>VMBB:</u>	<u>0</u>
TOTAL	\$296,825,000

These reallocations are necessary to ensure that unused volume cap from 2014 is carried forward for the allowable three-year period under the IRS guidelines. Per the Emergency Board's July 24, 2014 action, the Governor must formally and officially make these reallocations between December 20 and 31, 2014. Please let me know if you would like any assistance in preparing the necessary documentation for the reallocation.

Please contact me at beth.pearce@state.vt.us or 828-1452, or my Deputy, Steve Wisloski, at stephen.wisloski@state.vt.us or 828-5197 with any questions regarding this memorandum.

Respectfully,



Elizabeth A. Pearce
State Treasurer

cc: Private Activity Bond Advisory Committee
Steve Greenfield, Vermont Economic Development Authority
Sarah Carpenter, Vermont Housing Finance Agency
Bob Giroux, Vermont Municipal Bond Bank
Tom Little, Esq., Vermont Student Assistance Corporation
J. Paul Giuliani, Esq., Primmer Piper Eggleston & Cramer PC
Steve Klein, Legislative Joint Fiscal Office