



\$37,825,000

Vermont Housing Finance Agency

Vermont Property Transfer Tax Revenue Bonds

Series 2018 (Federally Taxable) (Sustainability Bonds)

Transaction Overview – Presentation to Vermont Senate Economic Development & Housing Committee

February 12, 2019

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Transaction Summary

Issuer	Vermont Housing Finance Agency (“VHFA” or the “Agency”)
Issue Description	Vermont Property Transfer Tax Revenue Bonds Series 2018 (Federally Taxable) (Sustainability Bonds)
Par Amount	\$37,825,000
Security	Statutory right to first \$2,500,000 of VT Property Transfer Taxes through Lock Box structure
Purpose	Develop and rehabilitate 550 - 650 units of affordable housing statewide through the Vermont Housing & Conservation Board (“VHCB”): <ul style="list-style-type: none">- 25% to households with income below 50% AMI- 25% to households with income between 80% to 120% AMI- Majority of proceeds targeting households below 80% AMI
Credit Rating	Aa2 (Moody’s)
Structure	Serial Bonds: 2018 - 2029; Term Bond: 2037
Redemption	Optional Make Whole Redemption and Mandatory Sinking Fund Redemption
Pricing / Closing Dates	Pricing: Tuesday, January 9, 2018; Closing: Thursday, January 25, 2018

Source: VHFA Official Statement

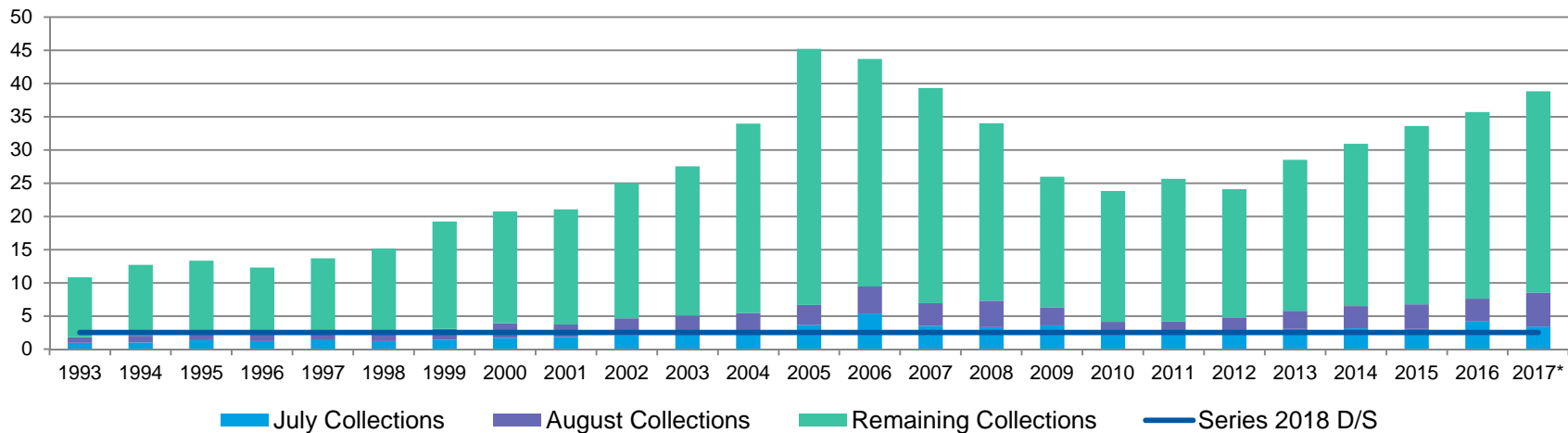
Please see additional important information and qualifications at the end of this material.

VT Property Transfer Tax and Lock Box Agreement

- In 2017, the Vermont Legislature passed V.S.A. §9610(d), which dedicated the first \$2,500,000 of revenue received from the Vermont Property Transfer Tax (“VPTT”) to be transferred to VHFA to pay debt service on Bonds issued to create affordable housing via VHCB
- VHFA entered into a Lock Box Agreement with the State (through the Vermont Department of Taxes) so that that the first \$2,500,000 of the VPTT would directly flow to the bond Trustee in order to pay debt service on the Bonds
- Vermont Property Transfer Tax (“VPTT”)
 - Annual collections of this tax have been over \$23,000,000 each year since 2008
 - Vermont Legislature has also statutorily agreed that the VPTT shall not be reduced below a rate that would be expected to generate at least \$12,000,000
 - Issuance of additional bonds, if any, would require additional pledged VPTT Revenues

Property Transfer Tax Revenues by Fiscal Year Since 1993

(\$MM)



Source: VHFA Official Statement

Please see additional important information and qualifications at the end of this material.

Incorporating a Sustainability Bonds Designation

- VHFA issued the 2018 Bonds as “Sustainability Bonds” to provide investors the ability to invest directly in bonds that financed socially beneficial projects with sustainable impacts

Use of Proceeds

- Develop and rehabilitate 550 - 650 units of affordable housing statewide:
 - 25% to households with income below 50% AMI
 - 25% to households with income between 80% to 120% AMI
 - Majority of proceeds targeting households below 80% AMI
- Certain developments will meet Smart Growth and Green Building and Design Standards
- Expected distribution among housing types is approx. 60% for affordable multifamily rental housing, 10% permanent supportive housing, 10% housing innovation funding, 18% affordable single family housing, and 2% home accessibility funding

Project Selection

- Housing projects that provide: (1) affordability, (2) environmental benefits, (3) community revitalization/development, (4) investment in areas identified for growth, (5) building efficiency levels exceeding State standards and renewable energy sources, and (6) geographic distribution

Proceeds Management

- Proceeds deposited into a segregated Program Fund and invested until disbursed

Reporting

- Annual disbursement updates from the Agency will detail each project, including location, population served, and environmental and community benefits
- Reporting ceases once all Series 2018 bond proceeds have been expended

Source: VHFA Official Statement
Please see additional important information and qualifications at the end of this material.

Additional Marketing Efforts

Net Roadshow

- Roadshow Highlights
 - Overview of VHFA and VHCB function and mission
 - Explanation of VT Property Transfer Tax and Lock Box Agreement
 - Sustainability designation and overview of use of proceeds
- Investor Impact
 - Roadshow viewed by 17 institutional accounts
 - 9 of these accounts placed \$125 million of orders



Vermont Housing Finance Agency

Vermont Property Transfer Tax Revenue Bonds
Series 2018 (Federally Taxable) (Sustainability Bonds)

Investor Presentation

December 28, 2017

Source: Morgan Stanley Municipal Securities Department
Please see additional important information and qualifications at the end of this material.

In-Person Retail Roadshow

- Roadshow Highlights
 - Held in Colchester, VT at Morgan Stanley Wealth Management office
 - Over 45 Morgan Stanley financial advisors in attendance
- Investor Impact
 - \$3.8 million orders from Vermont Retail

Transaction Press

- Transaction Press Releases
 - Series 2018 was highlighted for its unique structure, tax revenue security package, and intended social impact
 - Press focused on targeted use of proceeds to provide Vermont residents with affordable housing
 - Aided in garnering interest from socially focused investors
- Select Press Recognition
 - Vermont Digger
 - Bond Buyer
 - NPR



THE BOND BUYER



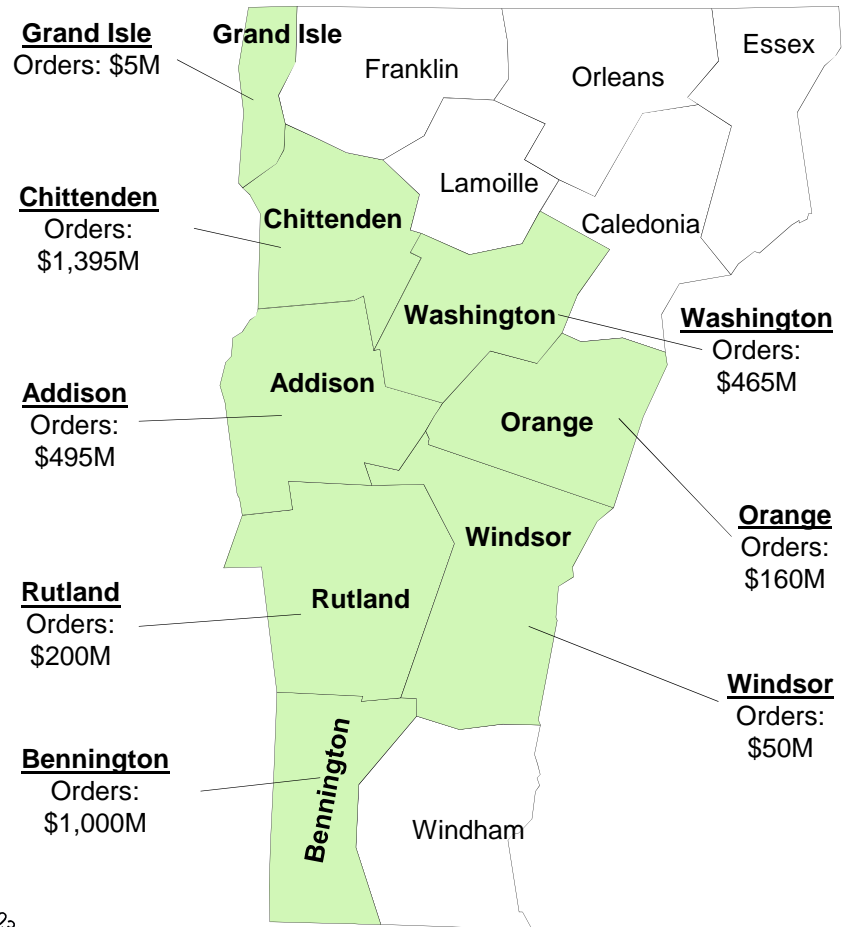
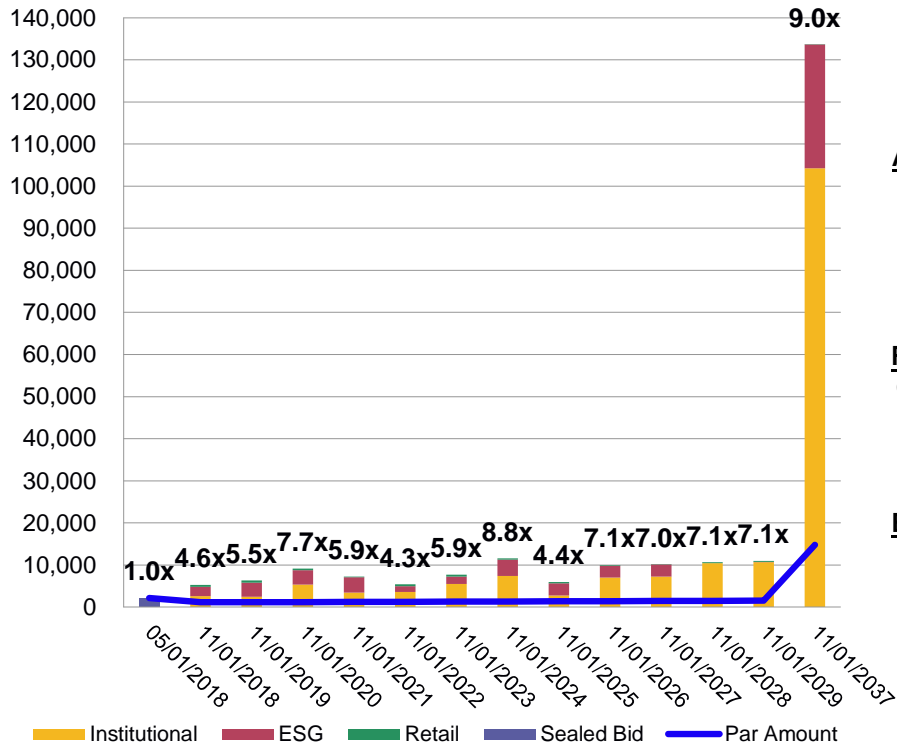
Transaction Received Significant Investor Demand

Institutional Orders: \$233 million from 35 investors

- **ESG Institutional Orders: \$58 million from 6 investors**

Vermont Retail Orders: \$3.8 million from 45 VT residents

Total Orders: \$247 million with 6.5x oversubscription



Source: Morgan Stanley Municipal Securities Department
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APPENDIX

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