



Vermont
Bond Bank



SCHOOL CONSTRUCTION FINANCE PAST & PROJECTED
AS OF MAY 28TH, 2020

Bond Bank History

REQUISITION AS TO LOANS FROM LOAN ACCOUNTS

January 11, 1971

Bankers Trust Company
1 Battery Park Plaza
New York, New York

Gentlemen:

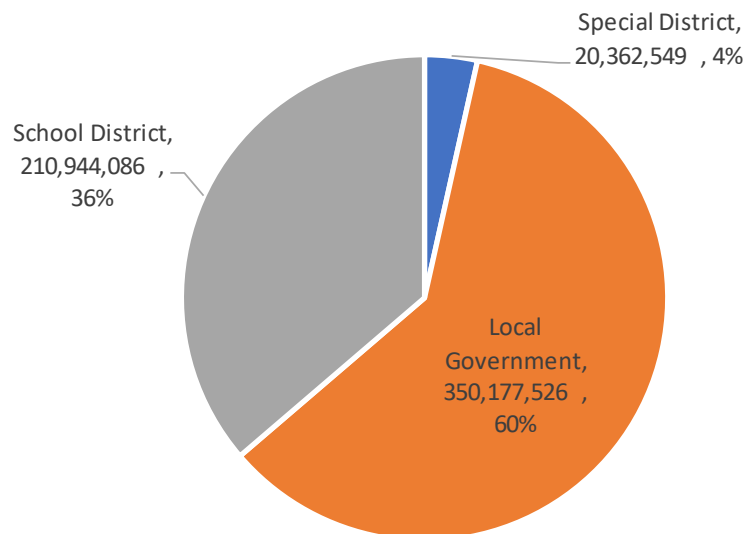
Pursuant to Section 503 of the General Bond Resolution of the Vermont Municipal Bond Bank adopted on December 21, 1970, you are hereby instructed to pay from the following loan accounts the amounts to the respective municipalities as shown below:

<u>Loan Accounts</u>	<u>Amounts</u>	<u>Municipalities</u>
Berkshire Town School District	\$ 260,000	Berkshire Town School District
Berlin Town School District	520,000	Berlin Town School District
Brighton Town School District	370,000	Brighton Town School District
Cabot Town School District	430,000	Cabot Town School District
Calais Town School District	215,000	Calais Town School District
Castleton Town School District	700,000	Castleton Town School District
Charleston Town School District	400,000	Charleston Town School District
Charlotte Town School District	300,000	Charlotte Town School District
Charendon Town School District	440,000	Charendon Town School District
Colchester Town School District	1,500,000	Colchester Town School District
Dover Town School District	575,000	Dover Town School District
Essex Town School District	1,235,000	Essex Town School District
Essex Junction Graded School District	3,160,000	Essex Junction Graded School District
Grand Isle Town School District	135,000	Grand Isle Town School District
Hartland Town School District	500,000	Hartland Town School District
Hinesburg Town School District	450,000	Hinesburg Town School District
Hammam Town School District	90,000	Hammam Town School District
Shelburne Town School District	300,000	Shelburne Town School District
St. Albans Town School District	1,035,000	St. Albans Town School District
St. Johnsbury Town School District	1,120,000	St. Johnsbury Town School District
Shelburne Town School District	465,000	Shelburne Town School District
South Burlington Town School District	1,440,000	South Burlington Town School District
South Burlington Town School District	440,000	South Burlington Town School District
Sunderland Town School District	200,000	Sunderland Town School District
Underhill Graded School District, Inc.	325,000	Underhill Graded School District, Inc.
Wilmington Town School District	655,000	Wilmington Town School District
Braintree-Randolph UHSD No. 2	970,000	Braintree-Randolph UHSD No. 2
Woodstock UHSD No. 4	870,000	Woodstock UHSD No. 4
Missisquoi Valley UHSD No. 7	345,000	Missisquoi Valley UHSD No. 7
Missisquoi Valley UHSD No. 7	2,000,000	Missisquoi Valley UHSD No. 7
Mt. Mansfield UHSD No. 17	3,875,000	Mt. Mansfield UHSD No. 17
Lamoille UHSD No. 18	680,000	Lamoille UHSD No. 18

Vermont Municipal Bond Bank (d/b/a Vermont Bond Bank)

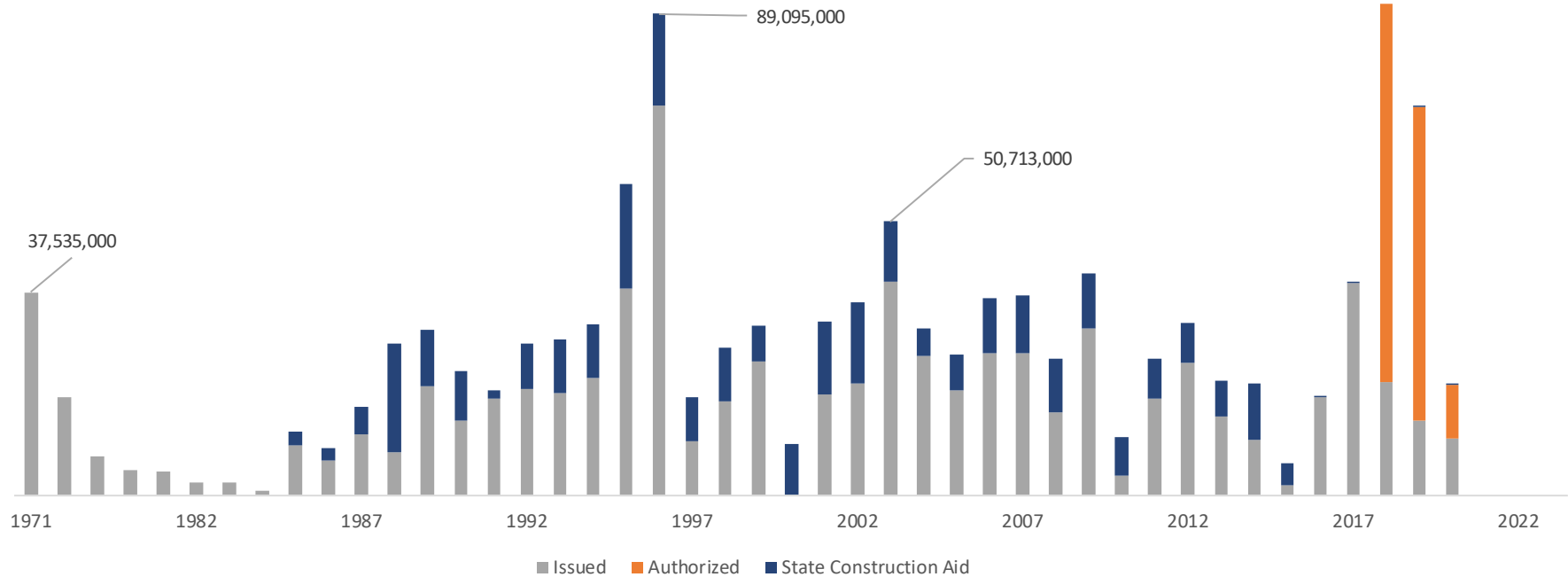
- Bond Bank was created in Fiftieth Biennial Session (1969 / 1970) by the General Assembly
- Creation followed period of school construction spending financed with short term borrowing
- Bond Bank provided long term financing solution
- First bond issue in 1971 exclusively provided loans to local schools

\$581.5 MILLION IN LOANS OUTSTANDING AS OF MARCH 5TH, 2020



Historical Bond Issuance Activity (Nominal \$)

NOMINAL VT SCHOOL CONSTRUCTION SPENDING - 1971 TO PRESENT

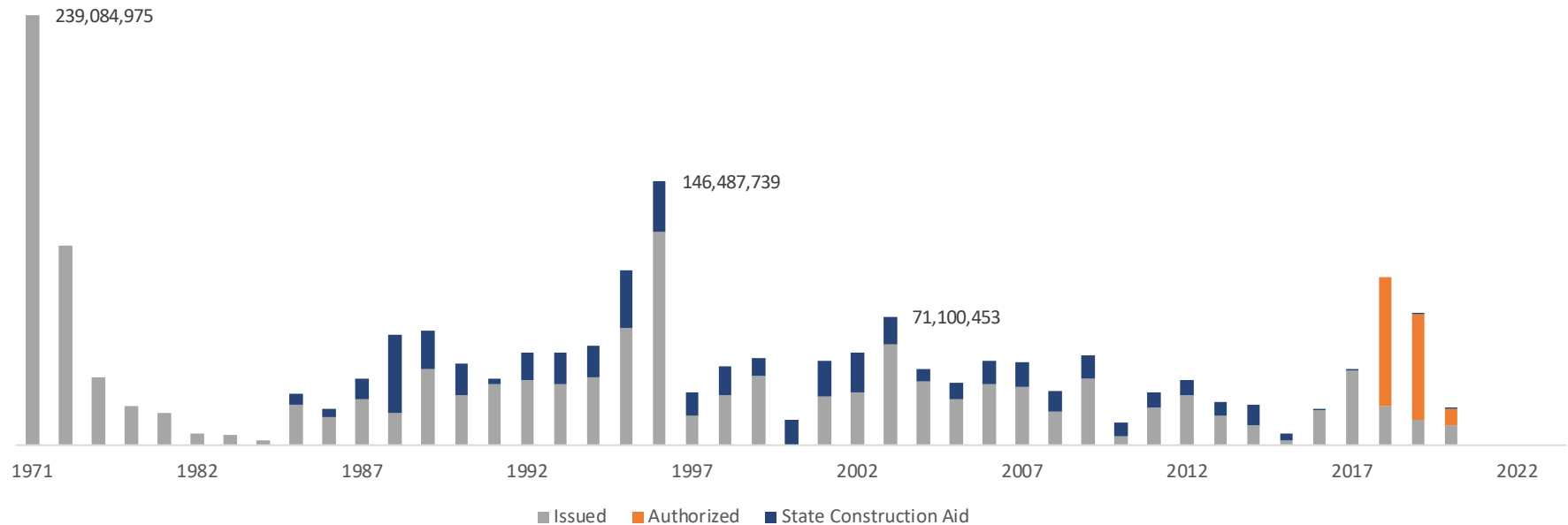


Sources: VT Bond Bank; JLFO

- Unadjusted dollars
- Exclusively reflects Bond Bank data for issuance activity (i.e. loans through private banks or other sources not part of dataset)
- Bond Bank made \$784.61 million in loans to an estimated 543 projects over past 50 years
- Authorized bonds believed to be comprehensive but primarily based on media reporting

Historical Bond Issuance Activity (Real \$)

URBAN CPI ADJUSTED VT SCHOOL CONSTRUCTION SPENDING - 1971 TO PRESENT

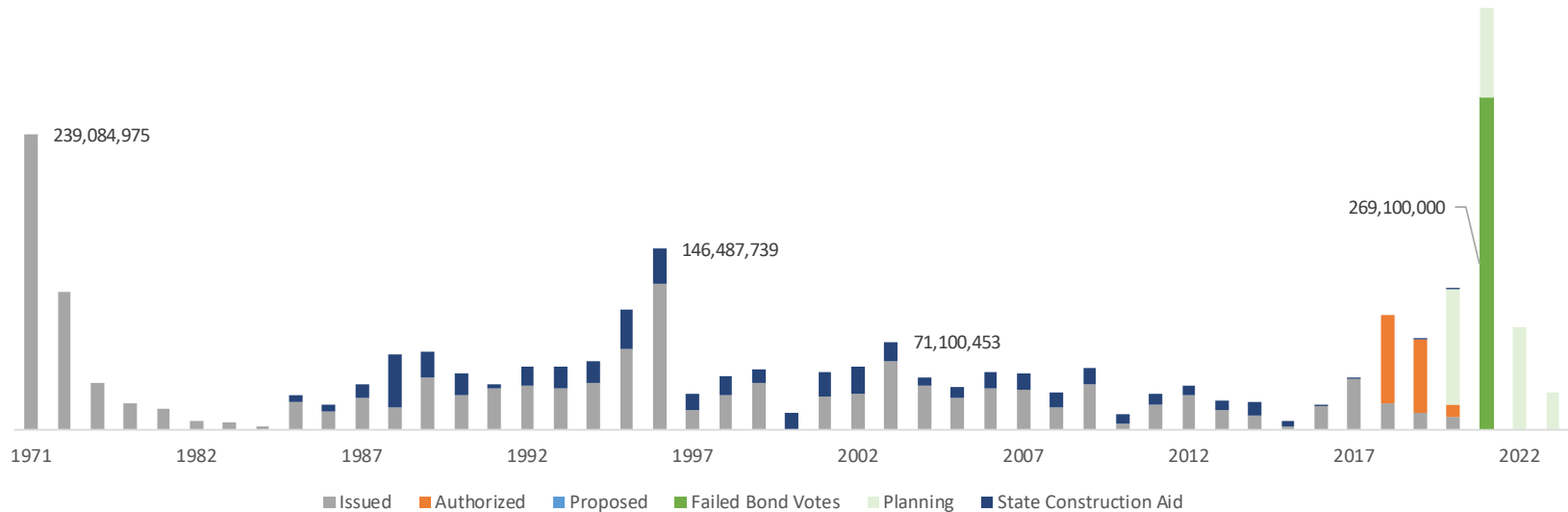


Sources: VT Bond Bank; JLFO

- Dollars adjusted using urban CPI from BLS; does not consider construction cost indices
- Exclusively reflects Bond Bank data for issuance activity (i.e. loans through private banks or other sources not part of dataset)
- On inflation adjusted basis, Bond Bank made \$1.48 billion in loans to an estimated 543 projects over past 50 years
- Authorized bonds believed to be comprehensive but primarily based on media reporting

Projected Bond Issuance (Real \$)

URBAN CPI ADJUSTED VT SCHOOL CONSTRUCTION SPENDING - 1971 TO PRESENT W/ESTIMATED PIPELINE OF LOCAL SCHOOL DISTRICT BONDS



Summary of School Bond Activity (Excludes School Construction Aid)

	1971 TO 1980		1981 TO 1990		1991 TO 2000		2001 TO 2010	
	#	\$	#	\$	#	\$	#	\$
> = \$10 MM	11	\$170,433,854	1	\$13,263,696	5	\$60,437,313	6	\$127,992,948
< \$10 MM	73	255,781,723	132	150,650,660	153	345,285,405	92	171,022,469
Total	84	\$426,215,577	133	\$163,914,356	158	\$405,722,718	98	\$299,015,417

	2011 TO 2020		TOTAL HISTORIC		PROPOSED OR PLANNING	
	#	\$	#	\$	#	\$
> = \$10 MM	4	\$161,642,888	27	\$533,770,699	10	\$534,500,000
< \$10 MM	68	163,079,282	518	1,085,819,539	7	15,000,000
Total	72	\$324,722,170	545	\$1,619,590,238	17	\$549,500,000

Sources: VT Bond Bank; JLFO; Vermont Superintendents Association

[Notes] Issuance activity exclusively reflects Bond Bank loans; year categorization for "Planning" and "Proposed" represents estimate or previously reported date of potential year of voter authorization (expect one or more issues following authorization); **amount of failed votes not modified from proposed amounts;** authorized bonds believed to be comprehensive but primarily based on media reporting **5**

Recovery Example: ARRA

Qualified School Construction Bonds

- Qualified School Construction Bonds (“QSCBs”) created as part of American Recovery and Reinvestment Act (“ARRA”)
- Allowed schools to borrow at zero percent interest rate (prior to sequestration) for the following purposes:
 - rehabilitation, repair and equipping of schools
 - purchase land on which a public school will be built
- Program had limited total allocation authority
- Program facilitated by issuing taxable bonds and issuer (ex. Bond Bank) then received direct pay subsidy to effectuate zero percent interest rate
- Bond Bank facilitated three related bond issuances in the combined amount of \$19.72 million

In the opinion of Bond Counsel, under existing law, assuming continued compliance with certain provisions of the Internal Revenue Code of 1986, as amended, interest on the Series 1 Bonds and the Series 4 Bonds (each as hereinafter defined) will not be included in the gross income of holders of such bonds for federal income tax purposes. Interest on the Series 2 Bonds and Series 3 Bonds will not constitute a preference item for the purposes of computation of the alternative minimum tax imposed on certain individuals and corporations, but, with respect to the Series 4 Bonds, will be included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the Series 2 Bonds and the Series 3 Bonds will be included in the gross income of holders of the Series 2 Bonds and the Series 3 Bonds. In the further opinion of Bond Counsel, the 2010 Bonds are exempt from taxation by the State of Vermont, except for transfer, inheritance and estate taxes. See “FEDERAL TAX MATTERS” and “STATE TAX MATTERS” herein.

\$73,870,000	
VERMONT MUNICIPAL BOND BANK	
\$23,430,000	\$9,770,000
2010 Series 1 Bonds	2010 Series 2 Bonds
	(Federally Taxable Recovery Zone Economic Development Bonds)
\$1,365,000	\$39,305,000
2010 Series 3 Bonds	2010 Series 4 Refunding Bonds
(Federally Taxable Qualified School Construction Bonds)	
Dated: Date of Delivery	Due: December 1, as shown on the inside cover

The 2010 Series 1 Bonds (the “Series 1 Bonds”), the 2010 Series 2 Bonds (Federally Taxable Recovery Zone Economic Development Bonds) (the “Series 2 Bonds”), the 2010 Series 3 Bonds (Federally Taxable Qualified School Construction Bonds) (the “Series 3 Bonds”), and the 2010 Series 4 Refunding Bonds (the “Series 4 Bonds”) and together with the Series 1 Bonds, Series 2 Bonds, and Series 3 Bonds, the “2010 Bonds”) are issuable only as fully registered

NEW ISSUE

Interest on the Series 1 Bonds will be included in the gross income of holders of the Series 1 Bonds. In the opinion of Bond Counsel, the Series 1 Bonds are exempt from taxation by the State of Vermont, except for transfer, inheritance and estate taxes. See “FEDERAL TAX MATTERS” and “STATE TAX MATTERS” herein.

\$9,500,000	
VERMONT MUNICIPAL BOND BANK	
2011 Series 1 Bonds	
(Federally Taxable Qualified School Construction Bonds)	
Dated: March 23, 2011	Due: December 1, 2025
Interest Rate: 5.66%	Price: 100%
CUSIP: 924214FX2	

The 2011 Series 1 Bonds (Federally Taxable Qualified School Construction Bonds) (the “Series 1 Bonds”) 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 Series 1 Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests will not receive certificates representing their interest in the Series 1 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 Series 1 Bonds. See “THE SERIES 1 BONDS – Book-Entry-Only System” herein.

In the opinion of Bond Counsel, under existing law, assuming continued compliance with certain provisions of the Internal Revenue Code of 1986, as amended, interest on the Series 1 Bonds and Series 3 Bonds (as hereinafter defined) will not be included in the gross income of holders of such bonds for federal income tax purposes. Interest on the Series 1 Bonds and Series 3 Bonds will not constitute a preference item for the purposes of computation of the alternative minimum tax imposed on certain individuals and corporations, but will be included in adjusted current earnings when calculating corporate alternative minimum taxable income. Interest on the Series 2 Bonds will be included in the gross income of holders of the Series 2 Bonds. In the further opinion of Bond Counsel, the Series 1 Bonds and Series 3 Bonds are exempt from State of Vermont personal income taxes and State of Vermont corporate income taxes. See “FEDERAL TAX MATTERS” and “STATE TAX MATTERS” herein.

\$71,570,000		
VERMONT MUNICIPAL BOND BANK		
\$36,125,000	\$8,855,000	\$26,590,000
2012 Series 1 Bonds	2012 Series 2 Bonds	2012 Series 3 Refunding Bonds
	(Federally Taxable Qualified School Construction Bonds)	
Dated: Date of Delivery	Due: December 1, as shown on the inside cover	

The 2012 Series 1 Bonds (the “Series 1 Bonds”), the 2012 Series 2 Bonds (Federally Taxable Qualified School Construction Bonds) (the “Series 2 Bonds”) and the 2012 Series 3 Refunding Bonds (the “Series 3 Bonds”) and together with the Series 1 Bonds and the Series 2 Bonds, the “2012 Bonds”) 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 2012 Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests will not receive certificates representing their interest in the 2012 Bonds. So long as Cede & Co. is the registered Bondholder, as nominee



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