



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: House Transportation Committee
From: Chris Rupe, Senior Fiscal Analyst, Joint Fiscal Office
Date: January 7, 2022
Subject: TIB Bond Refunding Proposal

The FY2022 Budget Adjustment Act (BAA) proposes to use federal funds and Transportation Fund dollars to pay off the remaining outstanding Transportation Infrastructure Bonds.

Background on TIB Bonds

The State of Vermont issued three series' of TIB bonds in [2010](#), [2012](#), and [2013](#), for a total original principal of \$36,385,000. Proceeds of these 20-year bonds were used to construct and reconstruct roads, bridges, culverts, railroads, and airports with a remaining useful life of at least 30 years, per [32 V.S.A. § 972](#). Interest rates on the bonds vary by maturity date but range from 2.0%-4.25%. Currently, \$19,925,000 of principal remains outstanding.

TIB bond debt service is paid out of the TIB Fund at an annual cost of approximately \$2.5 million per year. Upon the refunding of all outstanding TIB bonds, these funds can then be used for transportation activities on a pay-as-you-go basis per [19 V.S.A. § 11f](#).

Refunding Proposal

The BAA proposal calls for using \$4,863,957 of Transportation Fund and \$12,554,768 of federal funds from the December 2020 CRRSAA legislation, plus the \$2,506,275 currently in the TIB Debt Service Reserve Fund, to retire the \$19,925,000 of outstanding TIB bonds.

The federal funds proposed to be used are from the \$50.4 million provided to Vermont from the Federal Highway Administration in December, 2020, which are available for

obligation until September 30, 2024. These funds can be used at up to 100% federal share, and debt service is an allowable use of this specific funding stream.

The Transportation Fund money proposed to be used comes from the \$23.3 million projected FY2022 year-end surplus in the Transportation Fund that accrued from appropriation reductions, revenue forecast upgrades, and higher than expected collections in FY2020 and FY2021. The \$4,863,957 T-Fund expense would be largely offset by a \$3,933,027 reversion from the State Police to the T-Fund that is reflected elsewhere in the BAA, for a net impact to the T-Fund of \$930,930. When factoring in this reversion, the projected T-Fund year-end balance would be lowered from \$23,266,641 million to \$22,335,711.

	Original Principal	Principal Outstanding
TIB Bonds		
<i>2010 Series A</i>	\$14,400,000	\$6,765,000
<i>2012 Series A</i>	\$10,820,000	\$6,010,000
<i>2013 Series A</i>	\$11,165,000	\$7,150,000
TOTAL	\$36,385,000	\$19,925,000
TIB Debt Service Reserve Fund Balance		(\$2,506,275)
Total Needed:		\$17,418,725
Federal Funds		\$12,554,768
Transportation Funds		\$4,863,957
Total Funds		\$17,418,725

Impact of Refunding

Paying off the TIB bonds early would free up the \$2.5 million of TIB funds currently used to pay debt service every year. Those funds can then be used for transportation investments on a pay-as-you-go basis and be used as non-federal match for federal funds.

Although AOT and the Treasurer's Office have expressed no current plans to issue new TIB bonds, the \$2.5 million currently used for existing debt service could be used to service future bonds should circumstances warrant.

Paying off the bonds would also save \$3.9 million of future interest payments, and clear \$19,925,000 of debt from the State's balance sheet.

Transportation Infrastructure Bond Repayment Schedules													
15-Jun	2010-A Bonds			2012-A Bonds			2013-A Bonds			Total Debt Service	Principal	Interest	Total Debt Service
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service				
2011	\$ 565,000	\$ 370,814	\$ 935,814										
2012	\$ 575,000	\$ 416,563	\$ 991,563										
2013	\$ 585,000	\$ 405,063	\$ 990,063	\$ 405,000	\$ 214,338	\$ 619,338							
2014	\$ 600,000	\$ 393,363	\$ 993,363	\$ 450,000	\$ 244,063	\$ 694,063	\$ 340,000	\$ 366,257	\$ 706,257	\$ 340,000	\$ 366,257	\$ 706,257	\$ 706,257
2015	\$ 610,000	\$ 381,363	\$ 991,363	\$ 460,000	\$ 235,063	\$ 695,063	\$ 400,000	\$ 415,888	\$ 815,888	\$ 400,000	\$ 415,888	\$ 815,888	\$ 815,888
2016	\$ 625,000	\$ 369,163	\$ 994,163	\$ 470,000	\$ 225,863	\$ 695,863	\$ 415,000	\$ 399,888	\$ 814,888	\$ 415,000	\$ 399,888	\$ 814,888	\$ 814,888
2017	\$ 635,000	\$ 356,663	\$ 991,663	\$ 480,000	\$ 216,463	\$ 696,463	\$ 430,000	\$ 383,288	\$ 813,288	\$ 430,000	\$ 383,288	\$ 813,288	\$ 813,288
2018	\$ 650,000	\$ 340,788	\$ 990,788	\$ 490,000	\$ 206,863	\$ 696,863	\$ 450,000	\$ 366,088	\$ 816,088	\$ 450,000	\$ 366,088	\$ 816,088	\$ 816,088
2019	\$ 670,000	\$ 324,538	\$ 994,538	\$ 500,000	\$ 197,063	\$ 697,063	\$ 465,000	\$ 348,088	\$ 813,088	\$ 465,000	\$ 348,088	\$ 813,088	\$ 813,088
2020	\$ 685,000	\$ 306,113	\$ 991,113	\$ 505,000	\$ 187,063	\$ 692,063	\$ 485,000	\$ 329,488	\$ 814,488	\$ 485,000	\$ 329,488	\$ 814,488	\$ 814,488
2021	\$ 705,000	\$ 285,563	\$ 990,563	\$ 520,000	\$ 176,963	\$ 696,963	\$ 505,000	\$ 310,888	\$ 815,088	\$ 505,000	\$ 310,888	\$ 815,088	\$ 815,088
2022	\$ 730,000	\$ 264,413	\$ 994,413	\$ 530,000	\$ 166,563	\$ 696,563	\$ 525,000	\$ 289,888	\$ 814,888	\$ 525,000	\$ 289,888	\$ 814,888	\$ 814,888
2023	\$ 750,000	\$ 242,513	\$ 992,513	\$ 540,000	\$ 155,963	\$ 695,963	\$ 545,000	\$ 268,888	\$ 813,888	\$ 545,000	\$ 268,888	\$ 813,888	\$ 813,888
2024	\$ 775,000	\$ 220,013	\$ 995,013	\$ 550,000	\$ 145,163	\$ 695,163	\$ 560,000	\$ 252,538	\$ 812,538	\$ 560,000	\$ 252,538	\$ 812,538	\$ 812,538
2025	\$ 800,000	\$ 194,825	\$ 994,825	\$ 565,000	\$ 131,413	\$ 696,413	\$ 580,000	\$ 235,038	\$ 815,038	\$ 580,000	\$ 235,038	\$ 815,038	\$ 815,038
2026	\$ 825,000	\$ 166,825	\$ 991,825	\$ 575,000	\$ 118,700	\$ 693,700	\$ 595,000	\$ 216,188	\$ 811,188	\$ 595,000	\$ 216,188	\$ 811,188	\$ 811,188
2027	\$ 855,000	\$ 137,950	\$ 992,950	\$ 590,000	\$ 104,325	\$ 694,325	\$ 620,000	\$ 195,363	\$ 815,363	\$ 620,000	\$ 195,363	\$ 815,363	\$ 815,363
2028	\$ 885,000	\$ 105,888	\$ 990,888	\$ 605,000	\$ 89,575	\$ 694,575	\$ 640,000	\$ 172,888	\$ 812,888	\$ 640,000	\$ 172,888	\$ 812,888	\$ 812,888
2029	\$ 920,000	\$ 72,700	\$ 992,700	\$ 620,000	\$ 74,450	\$ 694,450	\$ 665,000	\$ 147,288	\$ 812,288	\$ 665,000	\$ 147,288	\$ 812,288	\$ 812,288
2030	\$ 955,000	\$ 38,200	\$ 993,200	\$ 635,000	\$ 58,950	\$ 693,950	\$ 695,000	\$ 120,688	\$ 815,688	\$ 695,000	\$ 120,688	\$ 815,688	\$ 815,688
2031				\$ 655,000	\$ 39,900	\$ 694,900	\$ 720,000	\$ 92,888	\$ 812,888	\$ 720,000	\$ 92,888	\$ 812,888	\$ 812,888
2032				\$ 675,000	\$ 20,250	\$ 695,250	\$ 750,000	\$ 64,088	\$ 814,088	\$ 750,000	\$ 64,088	\$ 814,088	\$ 814,088
2033							\$ 780,000	\$ 33,150	\$ 813,150	\$ 780,000	\$ 33,150	\$ 813,150	\$ 813,150
TOTALS	\$ 14,400,000	\$ 5,393,314	\$ 19,793,314	\$ 10,820,000	\$ 3,008,988	\$ 13,828,988	\$ 11,165,000	\$ 5,007,957	\$ 16,172,957	\$ 11,165,000	\$ 5,007,957	\$ 16,172,957	\$ 16,172,957
													\$ 23,841,600
													\$ 3,916,600

Red numbers signify payments that would no longer be required if the TIB Bonds are refunded. Data prepared by JFO from the Series 2013-A Bond Official Statement.