

House Appropriations Committee

Update on Vermont Treasurer's Initiatives



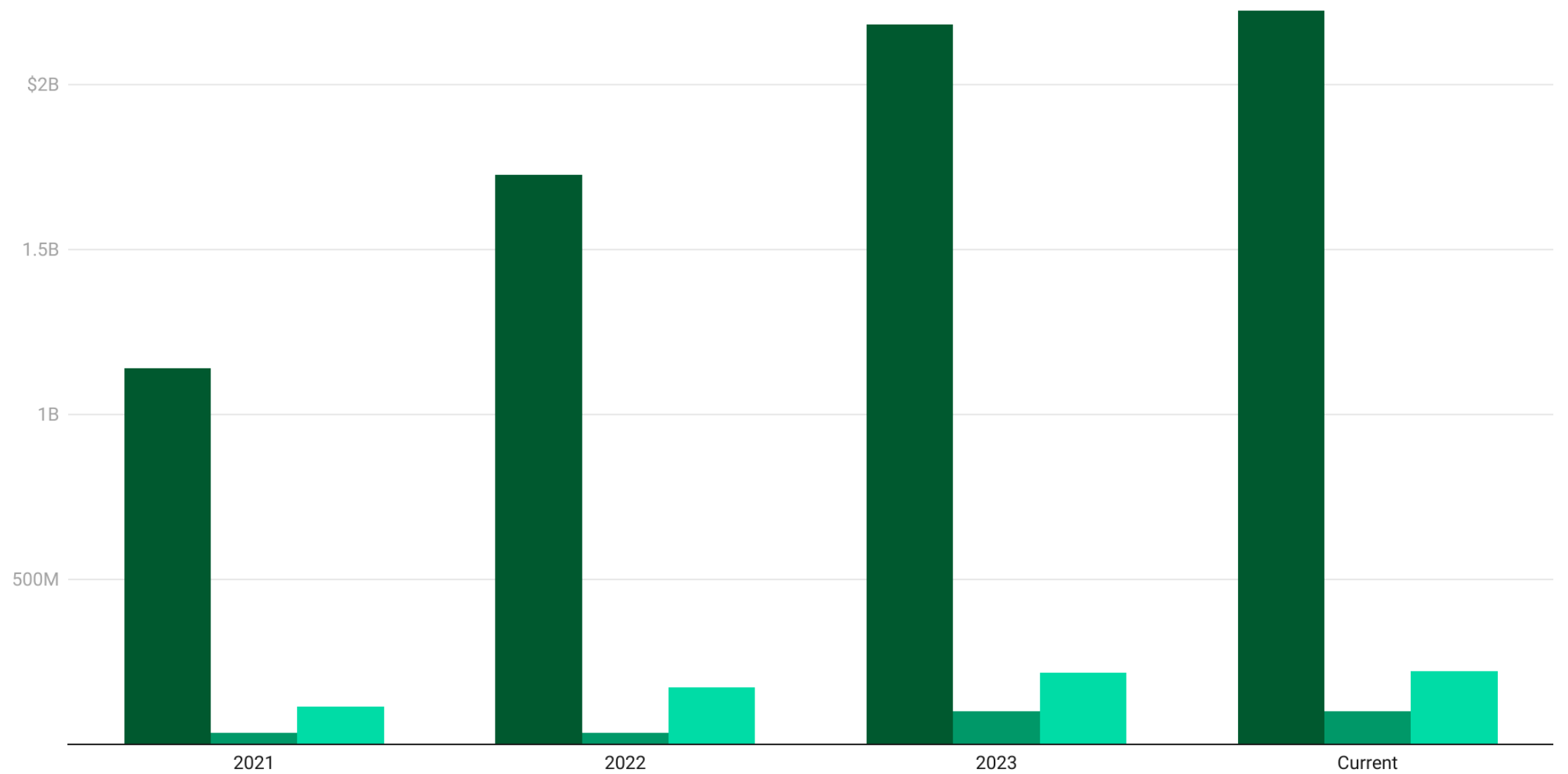
Treasurer Mike Pieciak
December 20, 2023

10% in Vermont / Local Investment

- Treasurer authorized to establish credit facility using up to 10% of State's average daily cash balance.
- Cash balance consistently at or over \$2 billion since mid-2022.
- Treasurer's Office had set limit at \$35 million and, due to early uncertainty about federal funds, had not adjusted for increased cash balances in '21/'22.
- In early winter '23, Treasurer's Office analyzed likely future trends in cash balance (particularly spend-down of federal funds) and consulted with LIAC in winter '23.
- Treasurer adopted \$100 million limit (closer to 5% of available cash), consistent with his fiduciary responsibilities.
- Lending focused on housing, green energy, with social equity lens.
- \$55.5 million of low interest loans relating to housing to date.

Conservative Approach to 10% in Vermont

EOY Unrestricted Cash LIAC limit Max statutory limit



Background on LIAC Partnership



Project Type	Timeframe	Amount
Traditional Affordable Housing <i>> First mortgages, gap loans, construction financing for rental housing that serves 60% AMI and below</i>	Full Pipeline	\$14 million
Priority Economic Development Projects <i>> Housing for 65-120% AMI plus broader economic impact, municipal infrastructure, employer partnerships</i>	Full Pipeline	\$14 million
Small and emerging developers of small/infill housing developments <i>> Support for more types of developers and housing</i>	Rolling Applications Until Fully Subscribed (2024-2025)	\$6 million
Homeownership Development <i>> Subsidized loans and infrastructure improvements through the Missing Middle Homeownership Program</i>	Full Pipeline	\$5 million
Manufactured Housing Communities <i>> Focus on cooperatively and non-profit owned</i>	Full Pipeline	\$5 million
Flood Resiliency and Sustainable Innovation <i>> Housing located in communities impacted by summer 2023 flooding</i>	Rolling Applications Until Fully Subscribed (2024-2025)	\$6 million
Total		\$50 million

10% in Vermont – Housing Investments

Project Name	Town/City	County	Sponsor	Number of Units	LIAC Request
Alice Holway Drive	Putney	Windham	Windham & Windsor and Evernorth	25	\$850,000
Hospital Heights*	Rutland	Rutland	Summit Properties	22	\$300,000
Newport Crossing	Newport	Orleans	Rural Edge	43	\$2,934,457
Reid Commons	St. Albans	Franklin	Cathedral Square	33	\$300,000
Salisbury Square II	Randolph	Orange	RACDC	12	\$364,247
Total				135	\$4,089,247

* Already awarded \$300,000 in LIAC debt

10% in Vermont – Housing Investments

\$5 million to VEDA to support the expansion of the Vergennes Grand, an assisted living community serving low- and middle-income retirees. The project will create an additional 65 assisted living beds and 45 full time jobs



10% in Vermont – Housing Investments

\$500,000 loan to the Northern Forest Center will support the redevelopment of the 560 Railroad Street Project in downtown St. Johnsbury, VT, creating 9 new high-quality market rate rental apartments and two prominent commercial storefronts.



Northern
Forest
Center



10% in Vermont – Community Investments

Municipal Climate Recovery Fund (MCRF)



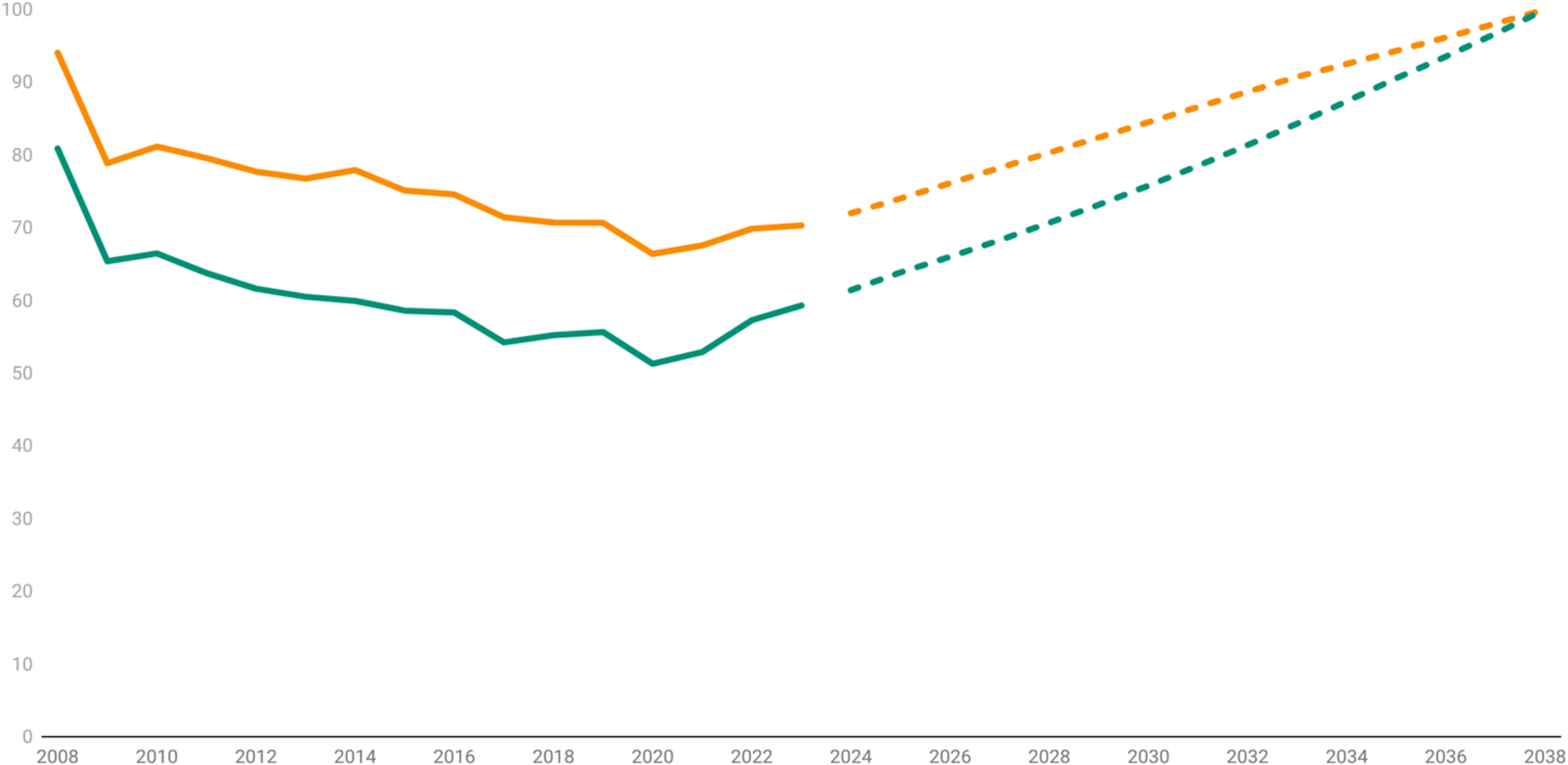
\$15 million in low interest loans to the Vermont Bond Bank. Through the 10% in Vermont award, the Vermont Bond Bank will be able to offer financing allowing municipalities to refinance or reimburse flood expenses at an estimated interest rate of 1.3% for seven years. The program will save taxpayers in flood-impacted communities up to an estimated \$3.5 million.

2023 Pension Systems Key Takeaways

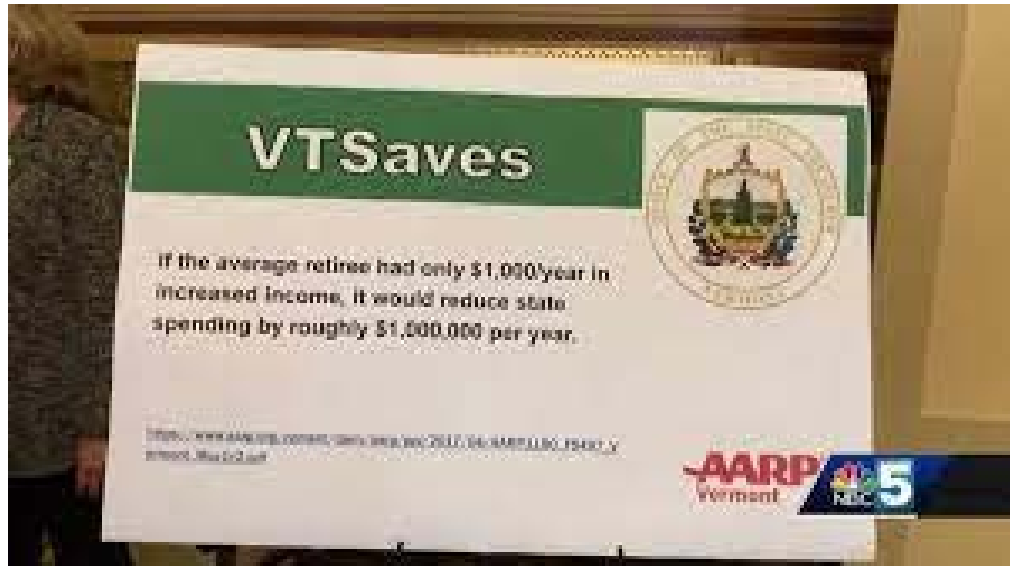
- Halfway on the 30-year amortization curve to 2038 full funding.
- VSTRS plan was cash-flow positive; VSERS nearly so.
- VMERS system (which receives no state funds) will likely need adjustment to contribution rates to maintain fund health.
- Overall system investment returns (7.4%) were above the assumed rate of return (7%); some ongoing headwinds due to earlier losses.
- Pre-funding OPEB is working – dramatically reducing unfunded liability. Positive feedback from rating agencies.

Projected Funding Ratios

VSTRS Funded Ratio Projected VSTRS Funded Ratio VSERS Funded Ratio Projected VSERS Funded Ratio



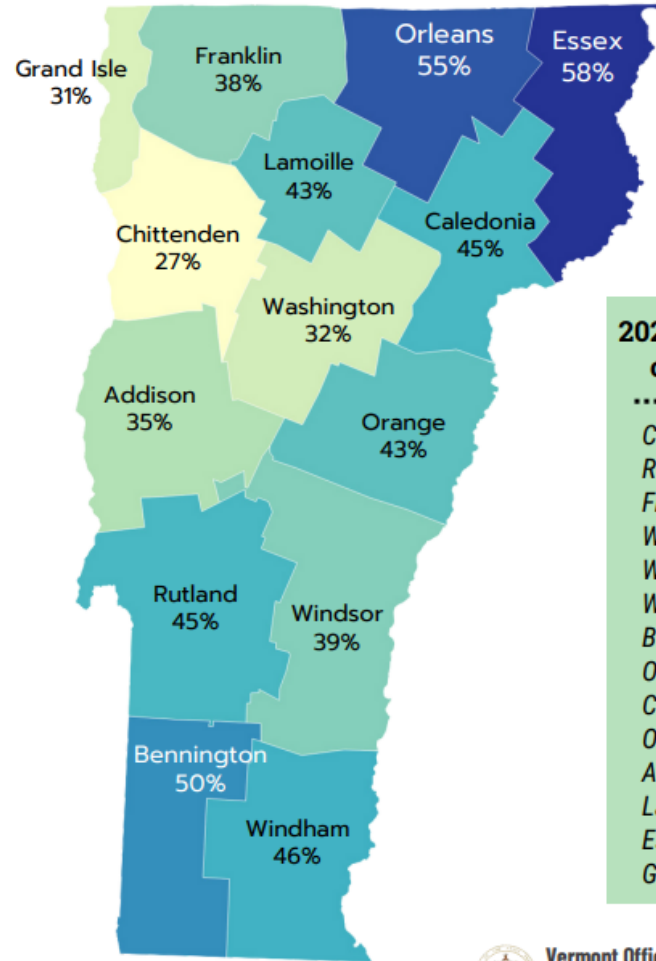
Vermont Saves Update



- Hiring
- Advisory Board
- State Partnership

Counties by Percent of Total Births on Medicaid 2021:

Percent of Births on Medicaid
low high



2021 Total Births on Medicaid:

Chittenden: 390
Rutland: 214
Franklin: 212
Windsor: 169
Windham: 157
Washington: 153
Bennington: 136
Orleans: 118
Caledonia: 110
Orange: 110
Addison: 106
Lamoille: 96
Essex: 30
Grand Isle: 20



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Baby Bonds Key Points

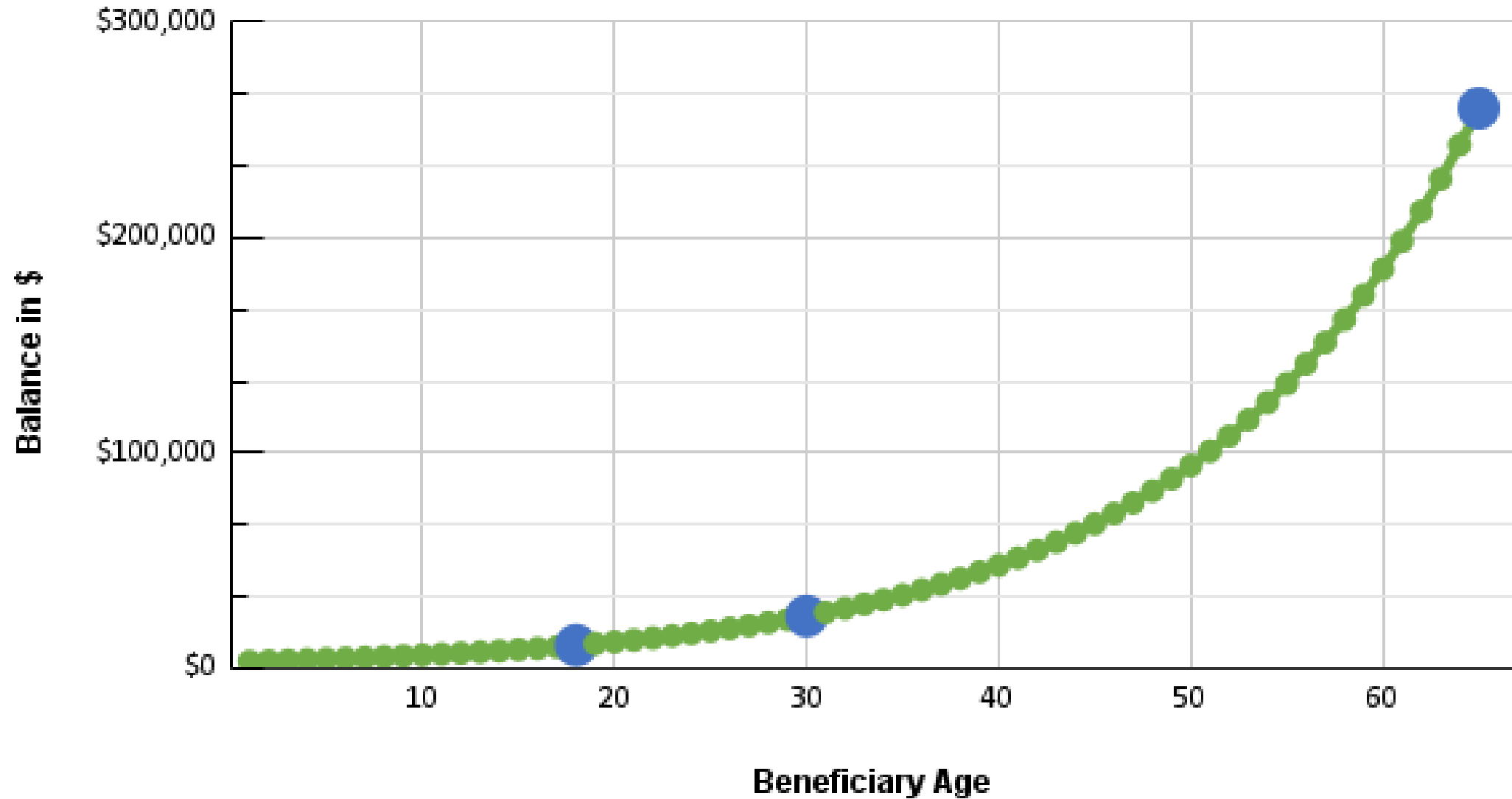
Aims to address:

- Generational Poverty
- Rural Economic Development
- Retention of Young Vermonters in our State

Baby Bonds Key Points

- ✓ Targeted to Vermont's neediest children, with lowest family incomes.
- ✓ Reduces rural/urban and racial wealth gaps.
- ✓ \$3,200 / child born on Dr. Dynasaur (~2,000 children).
- ✓ Funded via excess unclaimed-property funds.
- ✓ No new taxes or fees.
- ✓ Treasurer invests funds on behalf of child.
- ✓ Expected growth @ 7%/year to \$11,000 at age 18, \$25,000 at age 30.
- ✓ At age 18-30, VT residents can use funds for:
 - ✓ Education (incl. trade school)
 - ✓ Home purchase
 - ✓ Starting a business
 - ✓ Retirement savings

Baby Bond Balance - Retirement Savings Scenario



Smaller Legislative Matters in BAA

VT Saves updates – amends timing of roll-out, clarifies enforcement structure, and makes a technical correction.

ABLE accounts – prevents Medicaid recapture from beneficiary accounts after death

Unclaimed Property clarification – ability to liquidate cryptocurrency rather than hold it.

Municipal Equipment loan fund – inflationary update to maximum loan amount of \$150,000.

Emergency Personnel Survivors Benefit – inflationary update to maximum benefit of \$80,000.

Teacher COLA – clarifying changes to effectuate legislative intent in Act 114.

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