Vermont State Treasurer 2024 Annual Report

Mike Pieciak, State Treasurer

January 15, 2025

VERMONT

Introduction

To Governor Philip B. Scott, the members of the Vermont House and Senate, and the people of Vermont:

I am pleased to submit the 2024 Treasurer's Office Annual Report to mark the end of my first term as your Vermont State Treasurer. I share this report with gratitude for the opportunity to serve in this role, for my staff and their hard work this year to bring to fruition several new initiatives, and for all of you and your continued partnership and commitment to Vermont and Vermonters.

In my first term as Treasurer, I worked with Vermonters from all over the state to create new initiatives and build on existing ones in the Treasurer's Office. Our efforts – all of them – focus on safeguarding the State's and Vermonters' assets and improving their financial lives. These are highlighted below in the introductory pages of the report.

Vermont also saw, and the Treasurer's Office responded to, two catastrophic flooding events this term. Throughout all of this we maintained focus on administering public pension programs benefitting thousands of Vermont public servants and their families, addressing the State's housing crisis, and returning record amounts of unclaimed property to Vermonters. Finally, at the end of 2024, state government began to prepare for an unpredictable federal government transition. Today, January 15, marks the first meeting of the Task Force on the Federal Transition. It is my great honor to continue this good work on behalf of Vermonters into a second term as Treasurer.

Administratively, the office continues to adapt to serve Vermonters efficiently. We have modestly increased staffing in our Operations and Retirement Divisions while maintaining some of the leanest staffing ratios in the nation. This coming year, conscious of rapidly evolving risks across our book of business, we will be onboarding a new Director of Risk Management to further ensure we are safeguarding State assets against all threats.

This report attempts to highlight office developments concisely and accessibly. We provide links to further detail where appropriate throughout and have also submitted separate reports to the General Assembly on many of these topics and others. Those additional reports are linked throughout.

If you are reading this, no matter who you are, I hope you won't hesitate to reach out to me or my team at the Treasurer's Office should you have questions about our work or any of the information included in this report. We are always happy to meet or provide further information about our work, or to hear ideas for doing it better.

All my best,

Mike Pieciak
Vermont State Treasurer

Key Program Summaries

Economic Empowerment Division

The central theme of my tenure as Treasurer has been a focus on efforts to improve the economic security of all Vermonters. To that end, I am very excited about the recent establishment of the Economic Empowerment Division within the Treasurer's Office. This new division is responsible for implementing initiatives aimed at promoting: (1) financial security, (2) equitable access to economic opportunities, and (3) more sustainable and inclusive financial markets. The hallmark initiatives of this division are the Vermont Saves Program and the Baby Bonds Trust Program. Substantial progress has been made this year to further each of these.

The Vermont Saves Program has officially launched and is already accruing assets with an average contribution rate of 4.85% across program participants. Participants already report a renewed hope about their financial futures, and employers report that the program is easy to implement. This is a significant milestone as the Treasurer's Office has been working on establishing a state-sponsored public retirement program for businesses in Vermont for over a decade.

Similarly, groundwork is being laid for the launch of the Baby Bonds Pilot Program which was authorized by the General Assembly in 2024. This pilot program will be funded by philanthropic donations, for the purpose of generating data to better support the design and implementation of a full Baby Bonds Trust Program. Baby bonds programs aim to decrease the growing wealth gap in the United States by providing universal, publicly funded, trust accounts for children that recipients can then use for wealth-building activities in early adulthood.

I am inspired by the progress we have made on these initiatives and am looking forward to the future developments. I hope you are too. A full report detailing the Economic Development Division's report this year on these two landmark programs was submitted to the General Assembly under separate cover.

Unclaimed Property

I am thrilled to report that, through December 31, 2024 – i.e. the first half of FY25 – the unclaimed property program is on record-setting pace. We are returning more money to Vermonters than ever before, and we are doing so efficiently and securely. In just the last six months we returned over 17,500 properties to Vermonters, totaling just over $5 million. This is almost exactly double the number of properties, and double the dollars, we returned over the same period in FY24. As detailed more fully elsewhere in the report, this is due in part to the growing success of our MoneyBack program with the Tax Department, and our similar matching program with the Secretary of State's Corporations Division.

Looking forward, we aim to continue to innovate in this space. We believe there is substantial remaining good to be done with the types of financial properties we have traditionally received;

we are also actively looking at ways to help Vermonters claim property types that do not formally enter our program (particularly unclaimed Social Security and retirement benefits). I'm pleased to report that the federal Department of Labor appears to (finally) be moving towards enabling state Treasurers to reunite citizens with uncashed retirement-benefit checks.

Local Investment

In 2023, my office revitalized the 10% in Vermont Local Investment Program with the new investment priorities of housing, climate change mitigation, adaptation, and resilience, and social equity goals. I am pleased to report that in 2024, the legislature adopted our recommendation to expand upon the Treasurer's credit facility authorization to allow for an additional 2.5% to provide financing for climate infrastructure and resilience projects. Not only will this expansion provide a much-needed capital source for future projects in this sector, but we were also able to pivot quickly in order to provide extended short-term loans to municipalities awaiting FEMA reimbursements for flood-relief activities under this program, in partnership with the Vermont Bond Bank. I look forward to continuing to invest these dollars in key economic development projects throughout the state in 2025. A separate LIAC report is available here.

Climate Infrastructure Finance Coordination

For the second year in a row, the General Assembly charged my office with finding new ways to support climate infrastructure financing coordination efforts statewide. This work represented a significant time commitment from our administrative team this year. Our recommendations to further these efforts are documented in a separate report to the legislature linked here.

In 2024, we successfully organized and ran two half-day events focused on cross-sector collaboration, information sharing, securing federal funding, and innovation. These "Climate Finance Roundtables," had a combined attendance of over 120 participants representing the public, private, and non-profit sectors.

The climate-finance legislative charge was integrated into my partnership with the Agency of Natural Resources on the Resilience Implementation Strategy initiative announced in January 2024. This project seeks to define the scope of the resilience work necessary to better protect Vermont communities from severe climate events, with the goal of having a comprehensive strategy in place by July 1, 2025. The Treasurer's component of that work is to identify potential funding and financing strategies to support priority investments in climate resilience. To efficiently advance this work, I have convened stakeholder experts to establish the Resilience Investment Working Group, which will begin its discussions in force in early 2025.

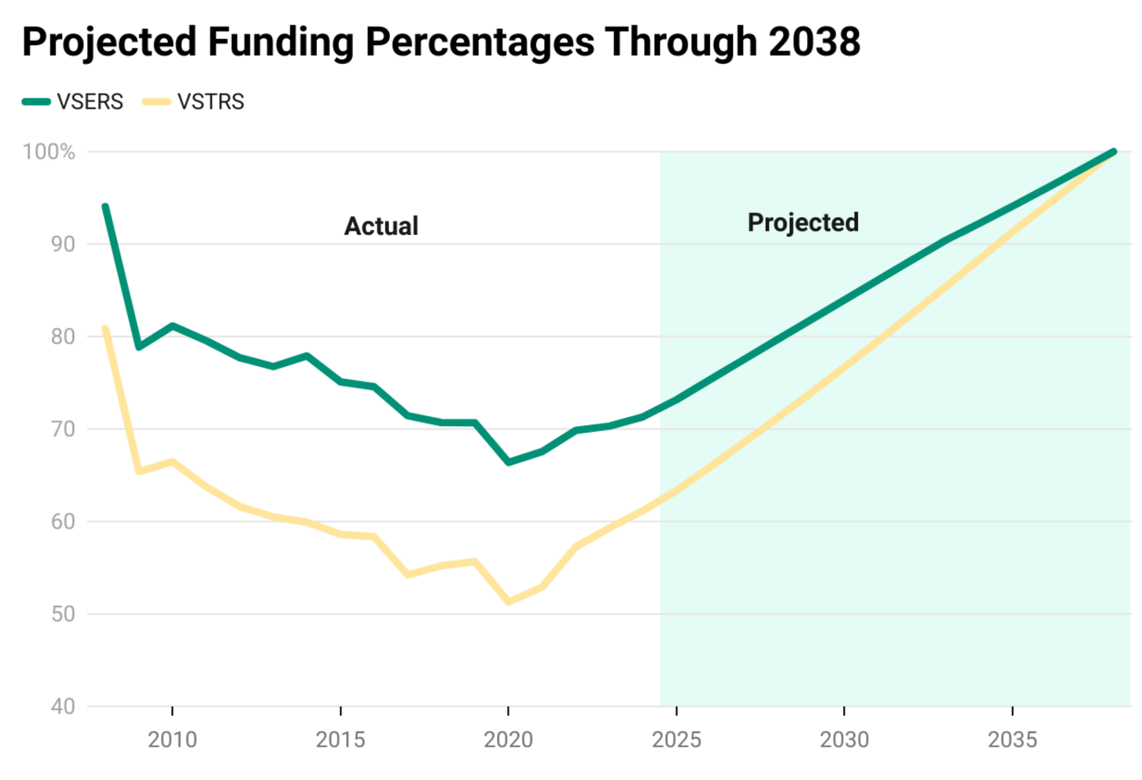
I view climate change as one of the biggest societal crises of our time and I am proud that the Treasurer's Office has offered both expertise and leadership to further policies that will protect Vermonters from its impacts.

Vermont State Retirement Systems

The Treasurer's Office administers Vermont's three largest public retirement systems: for State employees, teachers, and municipal employees. The Retirement Division is headed by Systems Director Tim Duggan and Retirement Operations Director Nicole Weidman and serves over 50,000 active members and retirees with a staff of only 18. That staffing ratio remains among the leanest in the nation according to the National Association of State Retirement Administrators. At the time of this report, we are fully staffed, having filled three new positions and all vacancies this year so that we are able to serve our members as capably as possible.

Healthy public pension systems are a win-win economic solution for our public sector workforce, our towns and schools, and the State. For workers, they provide a reliable monthly pension payment and lasting financial security. For public employers, pensions are a valuable recruitment and retention tool that is funded in part by taxpayers, but also to a significant extent through employee contributions and earnings on investments.

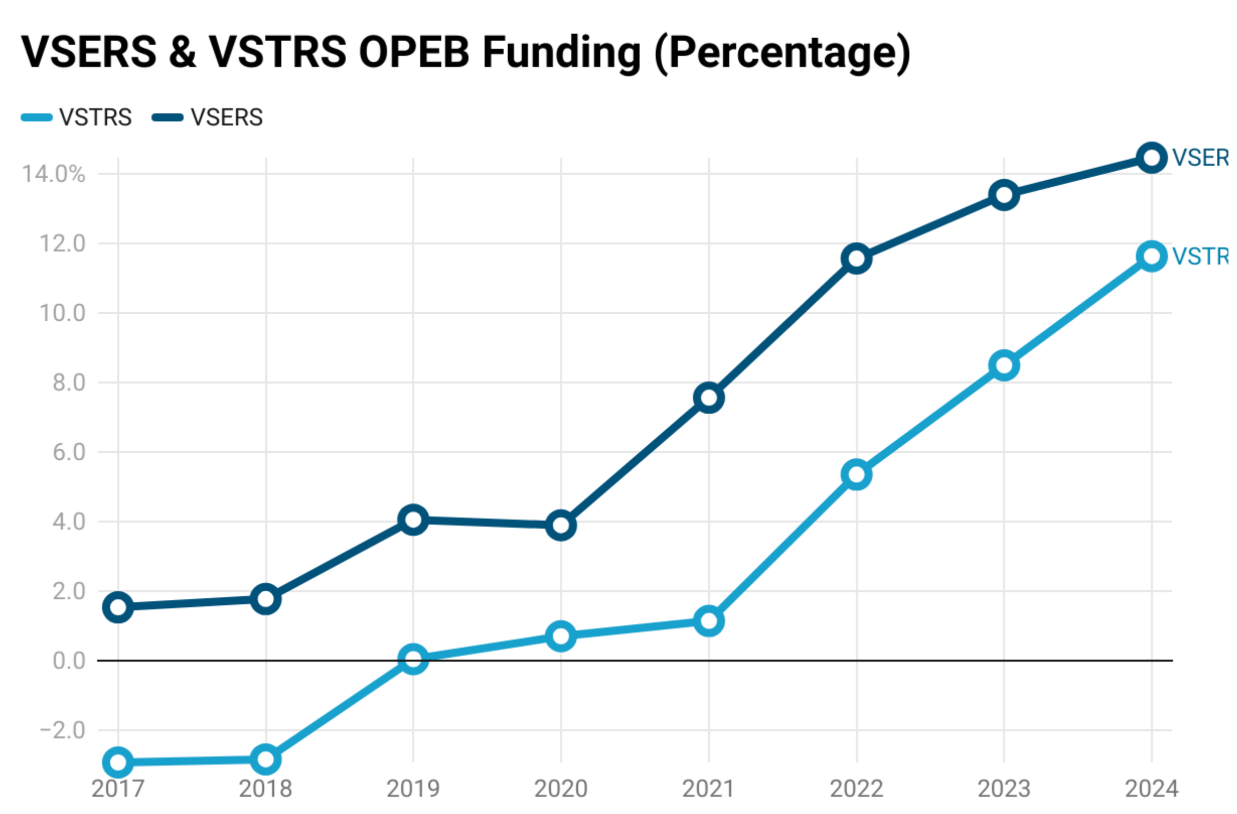
As many Vermonters know, our pension systems have faced their share of challenges. Significant losses during the Great Financial Crisis of 2008-2009 and years of underfunding put stress on the systems. However, reforms made over the past two decades have put the Systems on a solid and sustainable path to full funding.



Recently, Treasurer Pieciak, alongside union leaders, the Vermont Pension Investment Commission (VPIC), and members of the Legislature, announced that the State and Teacher systems have reached their highest funding ratios in nearly a decade as a result of both market performance and reforms implemented in Act 114 of 2022.

Treasurer Pieciak also highlighted that a recent analysis of the Act 114 reforms, which includes the practice of prefunding other post-employment benefits (OPEB), found that taxpayers are expected to save approximately $5.8 billion over the next two decades due to these reforms. Additionally, both the State and Teacher systems are now cashflow positive net of investment returns, indicating that each plan's incoming funds exceed the amount being paid out in benefits to retirees and that they are each on track to be fully funded (100% funding ratio) by 2038.

Funding ratios for the VSERS and VSTRS retiree healthcare plans (by far the largest component of OPEB) have also steadily increased. In FY24, the funding percentage of VSERS OPEB increased by more than 1%, reaching 14.45%, while VSTRS OPEB increased by more than 3%, to 11.62%. Both the VSERS and VSTRS OPEB plans are on track to be fully funded by 2048.



In FY24, VPIC achieved strong investment returns from the pension funds, earning returns over 10% and resulting in gains of nearly $600 million. The OPEB funds, managed by the Treasurer directly, produced gains over 13%, totaling $32 million. It bears emphasizing that every dollar in investment returns is a dollar that does not need to come from Vermont taxpayers. We and

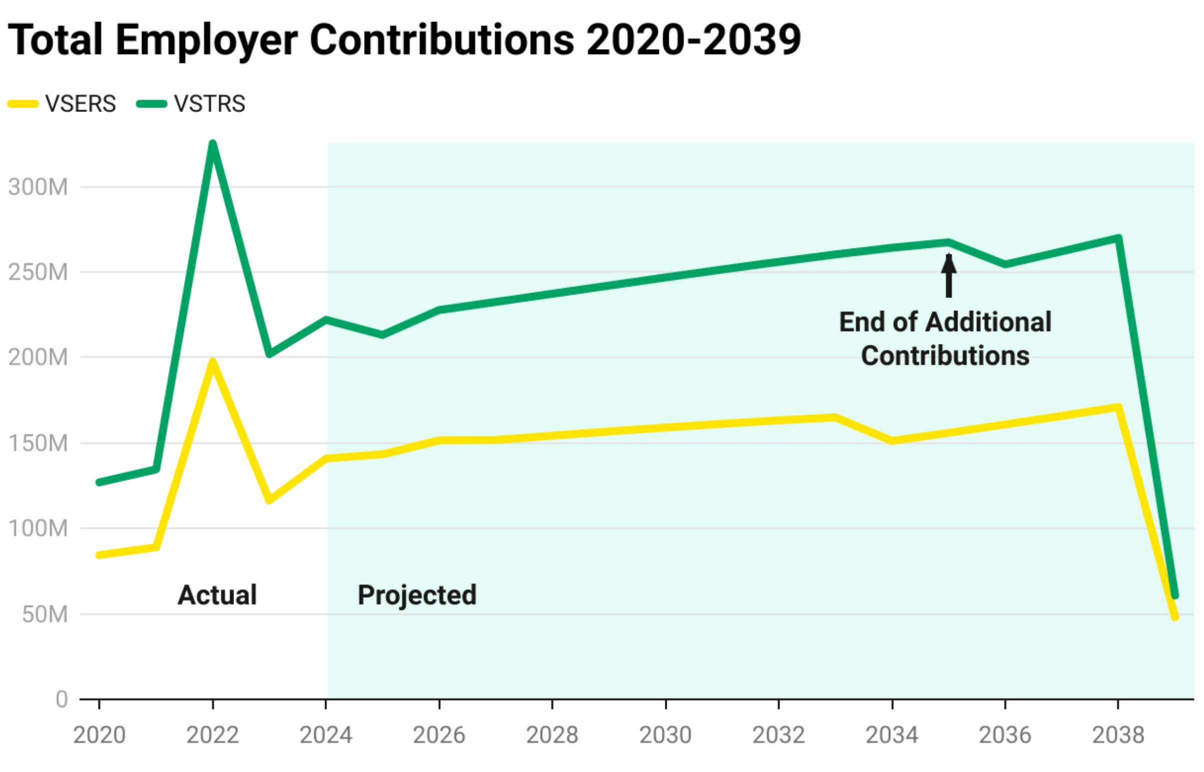
VPIC strive every day to provide strong returns within a prudent level of risk. VPIC's separate report is available here.

In November 2024, Director Duggan and the Treasurer provided a presentation with more detail on these developments to the Joint Public Pension Oversight Committee (JPPOC). Those presentation materials are linked here and the video of our presentation is available here. We are always happy, as well, to present to legislative committees and others about pension-related matters.

In sum, our public pension systems have a strong foundation, a sound plan for the next 15 years, and dedicated trustees keeping watch over the systems and committed to their success. But this is no time for a victory lap; it is critical that we maintain our funding discipline in the years ahead to capitalize on the investments we have made over the last 15 years. I look forward to working with all of you and our fellow Vermonters to keep our pensions strong and to support our public servants' dignified retirements.

The single most important way the Legislature, Administration, and Treasurer's Office can ensure the systems' health is to make – without fail, and in full – the actuarially determined employer contribution ("ADEC") and "Plus" payments to both the VSTRS and VSERS systems each year. These payments, in addition to being the way we keep our promise to Vermonters, are a vital component of the state's ongoing fiscal health, as evaluated by the rating agencies. By making these payments for the past 15 years, we have "bent the curve" and are moving in the right direction. While I am the first to acknowledge that achieving full funding will continue to require sizable payments, I also want to note that when adjusted for inflation or expressed as a percentage of payroll, ADECs have moderated and will likely continue to do so.

Moreover, there will be another inflection point in the ADECs in the coming decade, when VSERS and VSTRS reach 90% funded. At that time – projected to be 2033 and 2035, respectively – the "Plus" payments created in Act 114 will end, removing a $30 million annual pressure on the General Fund. This inflection point is shown in the figure on the following page.



In addition to the increased funding efforts for VSERS and VSTRS, we have also made important gains on funding the Municipal System – VMERS. Unlike the State and Teachers Systems, VMERS does not directly receive state funds; it is funded entirely by employer and employee contributions. Therefore, efforts to bolster the funded status of VMERS must be accomplished by making prudent, stepwise adjustments to contribution levels in a manner that does not unduly burden either employees or employers. This process requires a degree of coordination between the VMERS Board, which sets the employer rate, and the Legislature, which sets the employee rate.

A couple years ago, the Legislature and the VMERS Board established a four-year set of contribution adjustments (through FY26) in order to strengthen VMERS's funding position. In order to build on this progress, the Legislature and the VMERS Board came together again last year to establish another four-year set of incremental contribution increases, which will extend through FY30. I am proud to say that these common-sense reforms that affect employers and employees equally were uncontroversial and passed with little fanfare. These forward-thinking reforms will not only strengthen the VMERS funding position, but they also demonstrate the ability of the state and stakeholder partners in the system to adapt as needed. It is likely that similar increases will need to be considered as FY30 approaches; the 2024 changes are projected to result in an 80-85% funded ratio for VMERS, but more may be needed if full funding is to be reached.

In addition to our work to ensure that our retirement plans are fully funded, we continue to make strides to better serve our members. Our staffing efforts – and the legislature's support enabling them – have allowed us to improve our response times to member inquiries, and we have redoubled our efforts to meet our members where they are by providing more educational seminars for members, both online and in person throughout Vermont.

We are also able to implement new initiatives, like the expansion of the newly created State Group G Plan. As originally envisioned in Act 114, Group G was created to provide State frontline corrections and mental health workers with a 20-year retirement plan. After successfully implementing that plan in 2023, the Legislature expanded it to include certain sheriff's offices in the State system. The Treasurer's Office supported this statutory change, which provided a solution to a years-long recruitment and retention dilemma for Sheriff's departments who competed against other law enforcement organizations with 20-year retirement benefits for employees. I am pleased to announce that after a successful implementation period, the first sheriffs who elected Group G are now in the plan.

These are just some of the examples of how we strive to be responsive to our members and participating employers.

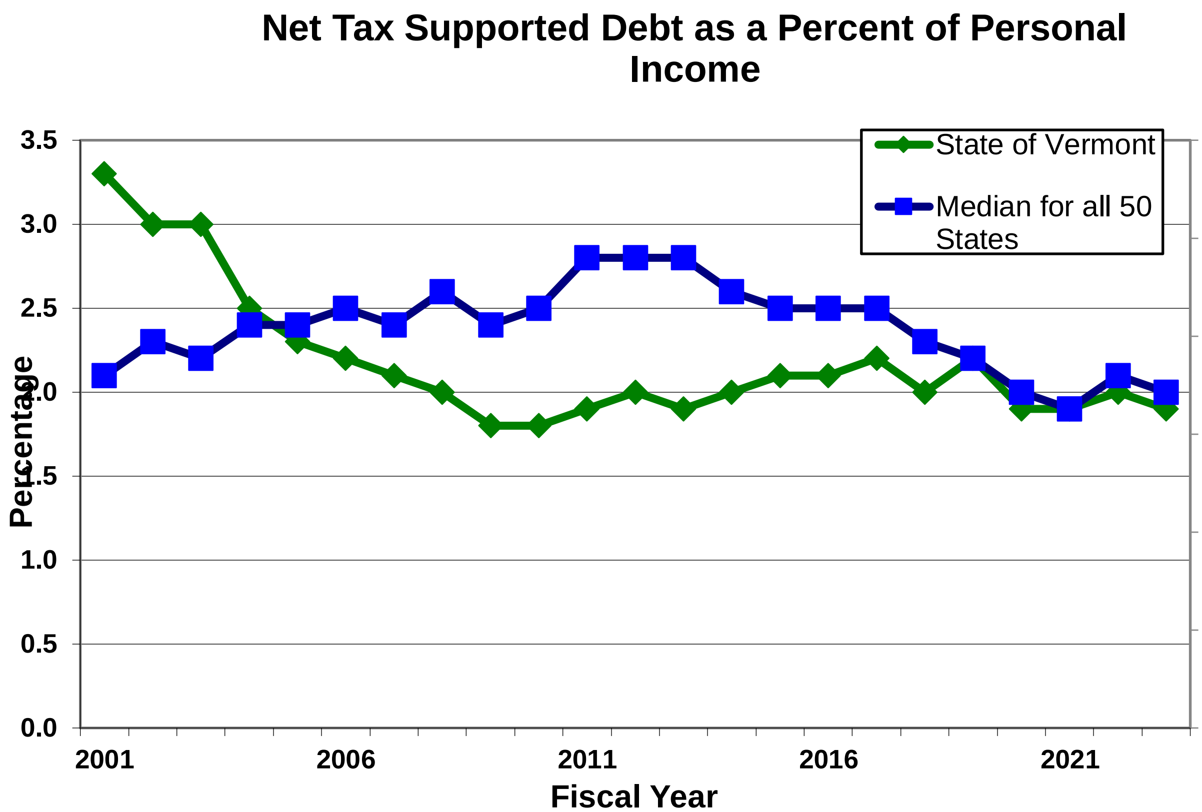
Finally, I would like to acknowledge the hard work and diligence exhibited by our three retirement boards of trustees. These boards provide critical oversight of the retirement systems. Of note, in 2024, two of our long-serving Chairs retired from their positions. I'd like to thank Roger Dumas, former Chair of VSERS, and Chris Dube, former Chair of VMERS, for their dedication to our public retirement systems, to our members, and to Vermonters. While they will be missed, they pass on Systems that are stronger than they found them and that are positioned to manage the challenges that lie ahead.

Debt Management and Short-Term Cash

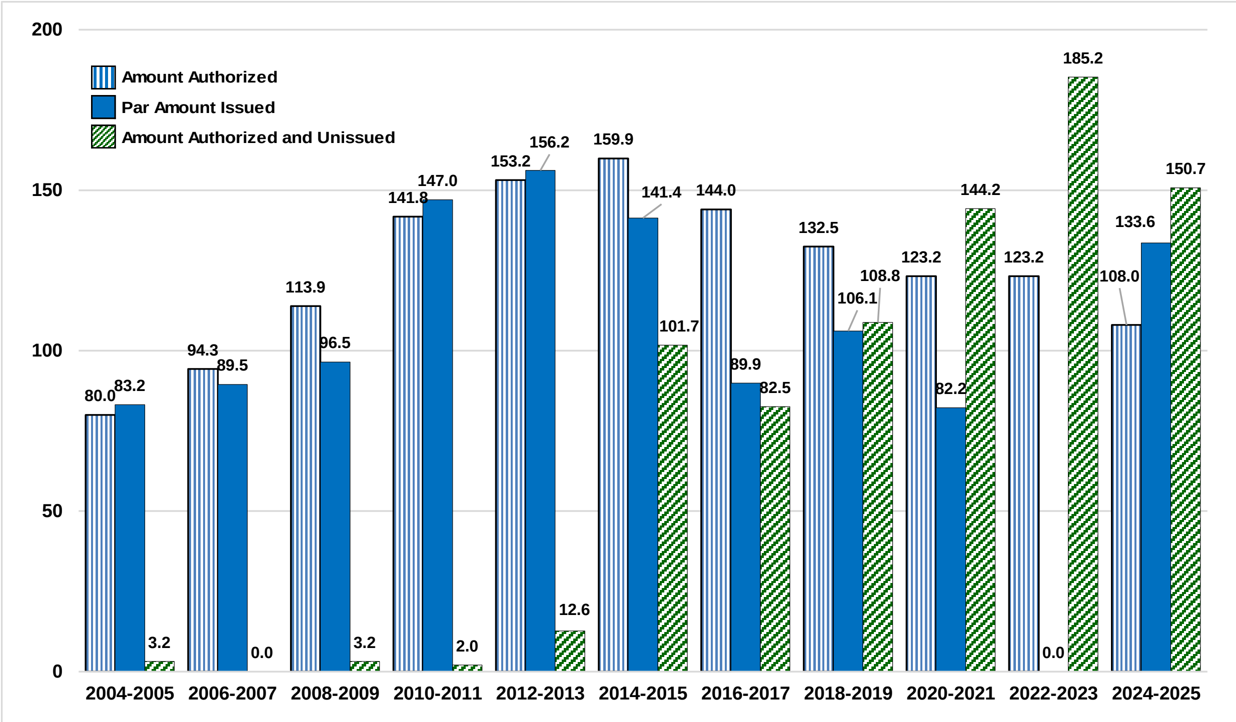
My office is also responsible for issuing and managing State debt in a prudent and cost-effective manner. Our state's excellent bond ratings reflect a commitment to this approach by my office as well as Governors and Legislatures past and present. Vermont currently receives an Aa1 rating from Moody's Investors Service, an AA+ rating from Fitch Ratings, and an AA+ rating from S&P Global Ratings. These are the second-highest ratings available from all three agencies. In June, all three agencies reaffirmed these ratings when the State issued $70 million of Series A bonds, which generated $77 million for new capital projects and $36 million of Series B bonds that saved the state $3.7 million due to the refinancing. Notably, the State's 2024 issuance resulted in pricing more favorable to the State than has recently been obtained by other states with Triple A ratings.

A key component of Vermont's rating strength is the debt affordability authorization process of the Capital Debt Affordability Advisory Committee (CDAAC). The Committee recommends each year the amount of net State tax-supported debt that prudently may be authorized for the next fiscal year. The Committee's two year-recommendation for fiscal years 2026 and 2027 is $100 million, or $50 million annually. This year, CDAAC discussions gave particular consideration to the State's 10-year plan for capital needs, the roughly $150 million of previously authorized capital bill projects that have not yet been bonded for, a large number of FEMA projects related to Vermont's flooding events, and various pandemic and post-pandemic-related federal programs with funding lapsing in 2025 and 2026.

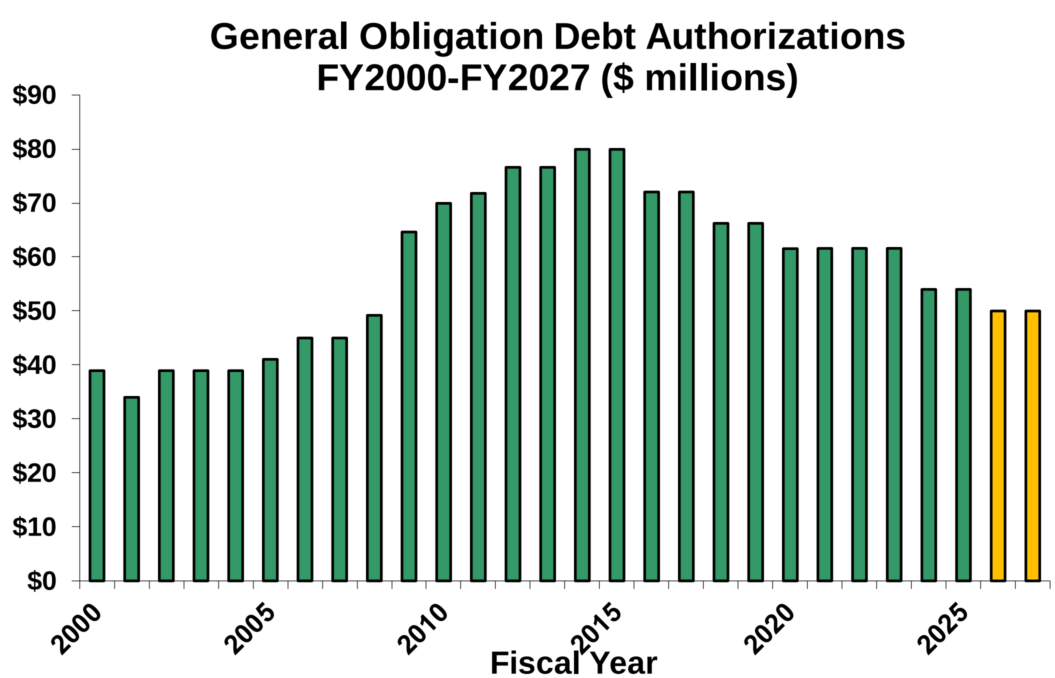
As the following graph illustrates, Vermont has for the past twenty years been below median among the states in terms of net tax-supported debt as a percentage of personal income. This metric is a good reflection, in most states, of government's ability to repay debt, because personal income tax receipts tend to be less volatile than corporate and other taxes.



During discussions, the Agency of Administration also voiced concern about the State's limited capacity to take on significant additional capital projects over the coming biennium due to a variety of factors including a limited number of contractors and project capacity in the State as a whole. In other words, bonding capacity is not, in AOA's view, the limiting factor in state capital projects at this time. This general dynamic is borne out by Vermont's recent history of carrying substantial balances of authorized-but-unissued debt.



Vermont's modest level of debt, whether in nominal or inflation-adjusted terms, is part of an intentional downward trend in Vermont's borrowing, and an increasing effort to pay cash for capital projects, consistent with national trends. As the following chart illustrates, Vermont's debt authorizations have consistently dropped in real terms over the last decade (the decline is even steeper in inflation-adjusted terms).



This office continues to take a prudent approach to debt and endeavors to reduce the routine use of debt for capital projects, while acknowledging that there are some challenges the state faces that can reasonably be addressed by careful borrowing.

Cash Management & Short-Term Investing

The Treasurer's Office Operations Division currently manages – on average – about $1.7 billion in short-term cash holdings for the state, with substantial inflows and outflows amounting to over $8 billion in the course of a year. Our short-term cash management policy focuses first and foremost on liquidity and safety of state funds. Our deposits are all fully insured or 100% collateralized.

By negotiating extremely favorable interest rates on its cash deposits, very nearly equal to the benchmark federal funds rate, the Division continues to leverage these historically high cash balances to provide substantial additional revenue to the State. Approximately $109 million in interest income in FY24 resulted from a historic combination of high cash balances and roughly 5.25% interest on many deposits. The current fiscal year will likely see somewhat lower levels of interest income as the Federal Reserve lowers the interest rate and the cash balances are reduced through additional spending. My office remains in close contact with the State's economists, the Joint Fiscal Office, and the Department of Finance and Management, to ensure that relevant forecasters and actors are fully informed and can make prudent decisions relating to interest.

Trust Investment Account & OPEB

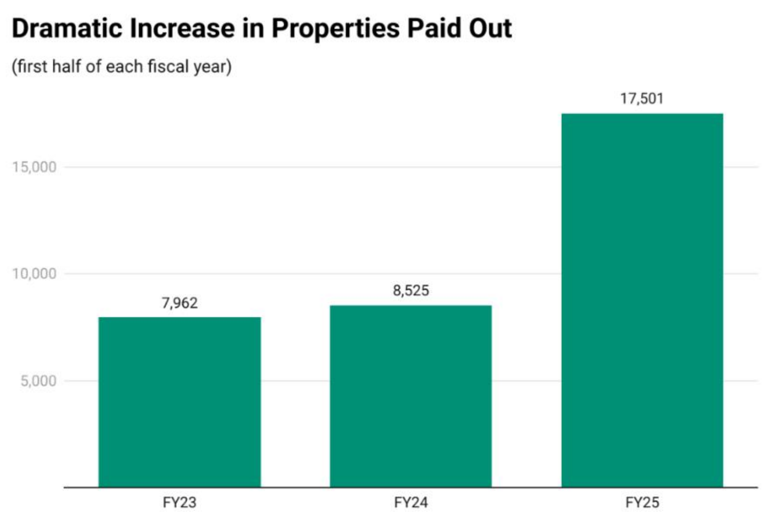
My office's Operations Division also administers the Trust Investment Account, pursuant to statutory authority. The TIA includes restricted funds with non-expendable principal balances and other long-term funds, as distinct from the state's short-term cash holdings. The FY24 TIA balance consists primarily of the Higher Education Endowment Trust Fund ($36,587,039, or roughly 66%), various ANR trust funds ($16,577,432, or roughly 30%), and miscellaneous smaller funds. The TIA asset allocation targets a 50-50 equity-bond split, reflecting a desire to seek some returns while ensuring capital preservation to a high degree. In FY24, the TIA investment return was 10.2% net of fees.

The Office also manages the State's growing OPEB fund balances. As described more fully above, the two OPEB funds (VSERS and VSTRS) are growing rapidly as the State continues on the path to full funding by 2048. The OPEB funds are invested separately from the TIA, with an asset allocation that generally follows the asset allocation employed by VPIC for the main corpus of pension funds.

Unclaimed Property

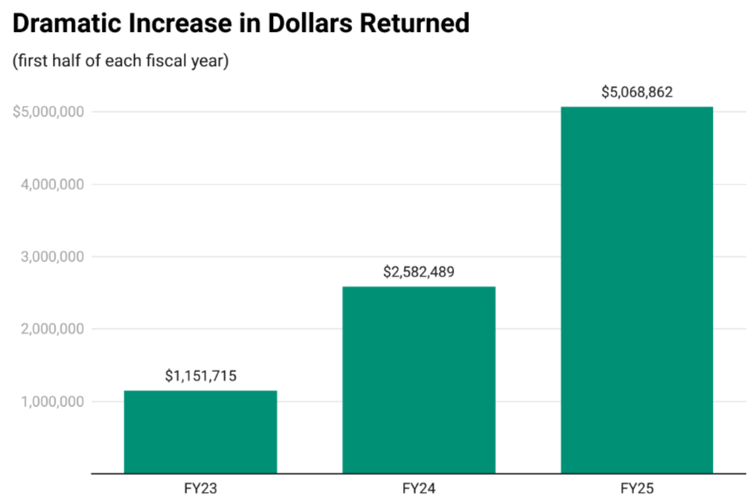
Our Unclaimed Property Division paid 19,010 properties[*] in fiscal year 2024. This was the highest number of properties the office has ever paid in a single year and amounted to a total of $5.8 million in unclaimed property returned to Vermonters. As in virtually every other state, however, our unclaimed property program continues to take in more property than it pays out, sometimes by substantial amounts. This last year is no exception – our office received $18.14 million – the most collected in two decades.

But they say records are made to be broken, and it appears that the record number of properties paid in FY24 will soon be surpassed: in just the first half of FY25 we have paid out 17,501 properties. Below are three charts comparing the first six months of FY25 with the same period in the two prior fiscal years, across three metrics: properties paid, total amount paid, and web searches. The first metric, properties paid, is a direct marker of the volume of work being done in our Unclaimed Property Division. I am very grateful to our Director, Al LaPerle, and his small but mighty staff for their work to get Vermonters their money.

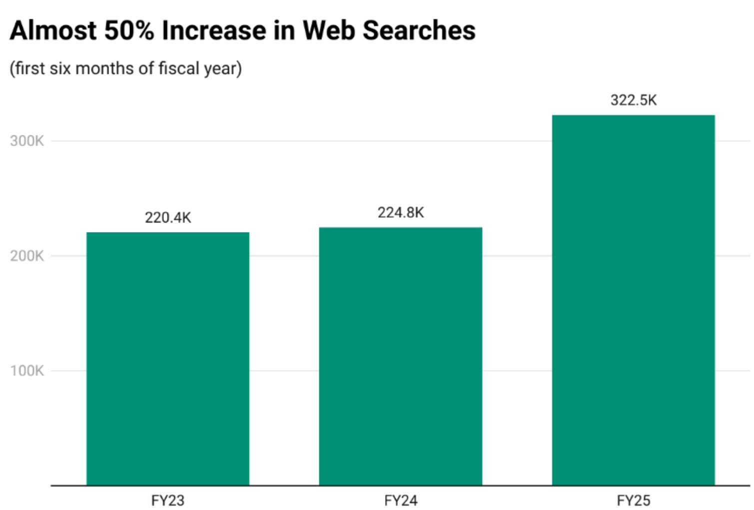


The second metric, reflected in the following chart, is the amount of money returned to claimants. The vast majority of these funds will go to Vermonters, with likely a single-digit percentage going out of state. This is therefore in many ways a broad-based, self-funding economic stimulus program. Viewing the program in that light, our office will remain focused on doing all we can to find efficiencies and new ways to return funds to their rightful owners. It is immensely gratifying that some of our new methods are bearing fruit.

[*] A person or business may have multiple unclaimed properties with our office at any given time – thus a person filing a single claim may include within it several properties.



Last, but no less important, we keep a close eye throughout the year on the volume of web searches. This is a daily metric that is heavily influenced by our media and outreach efforts. Historically, the only big spikes in web traffic each year were during the Champlain Valley Fair, and during Unclaimed Property Week in February. This year, we saw several additional spikes, due to outstanding efforts by our UP team and our Outreach & Communications Director, David Kunin: during the 14-county UP tour, during the matching program with the SOS, and largest of all following the announcement of the MoneyBack program in December.



Despite these striking increases in interest, claims, and payments, however, our UP holdings continue to grow. The state currently holds over $130 million in unclaimed property, a figure that continues to increase, highlighting the ongoing challenge of reuniting Vermonters with their forgotten assets. As such, we continue to strive to find innovative ways to grow awareness for this program and to proactively return properties.

In February 2024, to commemorate National Unclaimed Property Day, Treasurer Pieciak announced a pilot partnership with the Secretary of State's Office to reunite Vermont nonprofit organizations with their unclaimed property. We used the Secretary of State's corporations database to verify addresses for over 250 nonprofits with unclaimed property and were able to return over $150,000.

In September, in an effort to further spread the word about the opportunity to recover missing money to businesses, nonprofits, and other service providers, Treasurer Pieciak embarked on a statewide road tour to all fourteen counties, returning $150,000 as part of the campaign. He highlighted the fact that when the Treasurer's Office is able to return unclaimed property, that money goes back into the Vermont economy, often to organizations that support our neighbors and strengthen our communities.

Just prior to the holidays, Treasurer Pieciak, with assistance from the Tax Department, launched the MoneyBack program. This program matches data that the Tax Department is allowed to share with the state's unclaimed property database to verify identities of Vermonters with unclaimed property ranging from $100 to $500, and then proactively send checks to current addresses for those unclaimed properties without those individuals having to file a claim form. This year, the MoneyBack program rightfully returned almost $1.3 million to over 5,000 Vermonters. We plan to continue and expand the SOS, road-tour, and MoneyBack programs in the coming year. We hope that you will reach out to us with any other ideas you may have to enhance our UP efforts.

Our desire to continue getting more Vermonters their money back, the increased volume of properties that the state is taking in, and increasing criminal activity in the UP area, has prompted us to ask for two additional full-time employees for the Unclaimed Property Division in our budget this year. These positions would be paid for 100% with Unclaimed Property special funds – no General Fund impact at all – and will allow us to expand upon the efforts detailed in this section and return more money to Vermonters' pockets each year.

Financial Literacy and Economic Empowerment

This year, Treasurer Pieciak created the Economic Empowerment Division within the Treasurer's Office in order to further the priority of improving all Vermonters' economic security, and to house the Vermont Saves public retirement program and the Baby Bonds Trust pilot program. The Division is responsible for developing and implementing State initiatives aimed at promoting: (1) financial security, (2) equitable access to economic opportunities, and (3) more sustainable and inclusive financial markets. We have submitted a separate legislative report detailing this year's activity in the Division, which is available here.

In February, Treasurer Pieciak and EED Director Becky Wasserman facilitated a financial literacy partnership between M&T Bank and the Vermont Network Against Domestic and Sexual Violence. The M&T Charitable Foundation committed a $100,000 financial grant and skilled volunteers to provide a series of financial empowerment trainings to domestic and sexual abuse advocates from Vermont Network Member Organizations. The "train-the-trainer" model aims to build capacity within Vermont's workforce of domestic and sexual violence advocates. The trainings focus on credit-building, budgeting, pathways to homeownership, and saving for retirement, with curricula tailored specifically to the needs of survivors.

Just as importantly, the program includes a financial match product available to survivors, offering matching funds to participants who put savings toward wealth-building assets. It is designed to incentivize saving and enhance money management skills by providing funds with which to put new skills into practice. The partnership was announced alongside Governor Scott's proclamation of Domestic and Sexual Violence Awareness Week.

Treasurer's Office Reporting Requirements And Other Matters

Vermont Achieving a Better Life Experience (ABLE)

In 2017, Vermont joined a multi-state partnership headed by the Ohio State Treasurer's Office's STABLE program, in order to offer 529-A ABLE accounts to Vermonters experiencing disabilities. These accounts fall within section 529 of the Internal Revenue Code of 1986 and function as tax-free savings vehicles for disability-related expenses. They enable Vermonters with disabilities to have assets without endangering their eligibility for means-tested programs.

As of January 3, 2025, there are 1,198 active Vermont ABLE accounts. The average account balance is $10,055.75 and the total assets under management have grown to $12,046,799.96. We are pleased to report that this represents almost $3 million in growth over last year's total assets.

Additionally, we have 213 Vermont ABLE account participants that are utilizing the STABLE card feature of the accounts, which is a reloadable debit card that makes it easier to track qualified expenses and implement spending protections. The Treasurer's Office currently subsidizes the monthly fee for participants that use this feature.

A public outreach campaign and ABLE participant growth is a priority for the Treasurer's Office in 2025. We are exploring the possibility of partnerships with the Special Olympics and others. For more information on the Vermont ABLE program, as well as instructions on how to enroll, please visit: VermontABLE.com.

State PACE Reserve Funds

24 V.S.A. § 3270 specifies that the State Treasurer shall administer the State PACE Reserve Fund. The purpose of the fund is to reduce, for certain Property-Assessed Clean Energy districts, the risk faced by an investor making an agreement with a Vermont municipality to finance such a district. Monies deposited in this fund may be invested by the State Treasurer. The balance of this fund may be expended for the sole purpose of paying claims resulting from certain losses related to a Property-Assessed Clean Energy district. During fiscal year 2024, there were no new funds deposited into this fund. There was $2,821 earned on the balance in the fund. There were no claims submitted and, therefore, no expenditures from the fund during fiscal year 2024. The fund balance as of June 30, 2024 was $58,153.

State Energy Revolving Fund

The Treasurer has received separate statutory authorizations for a total of $8.5 million in lending for energy upgrades in State buildings via the State Energy Revolving Fund (SERF). These loans, until 2023, were limited to a seven-year term. I received feedback from the Commissioner of Buildings and General Services that BGS was unable to take on some important energy-efficiency projects due to the seven-year term. See BGS 2022 Annual Report, at 26-27. Accordingly, in order to ensure the State is able to take full advantage of potential energy savings, even when the projects needed to do so are complex and require longer-term financing.

As of 12/31/24, SERF has lent $5.1 million with a committed amount of $3.1 million: $1.4 million is outstanding and the remaining $1.7 million committed, but undrawn. Of the total $8 million revolving fund authorization $4.9 million in capacity remains. The $0.5 million one-time appropriation from 2018 has been spent.

Vermont Higher Education Endowment Trust Fund

In each fiscal year, the Treasurer may distribute up to 5% of the 12-quarter moving average of the Fund's assets equally between the University of Vermont, the Vermont State Colleges, and the Vermont Student Assistance Corporation (VSAC); however, the amount distributed cannot exceed the sum that would bring the fund balance below total contributions made to the principal balance.

Principal contributions through June 30, 2024, totaled $33,372,116. Subtracting this from the fund balance of $36,767,647 left $2,703,564 for distribution, more than sufficient for a 5% distribution of $1,702,704. The fund's performance, and the distribution, are fully described in the Annual Report on this topic filed on September 30, 2024.

Emergency Personnel Survivors' Fund

The Survivors' Fund provides an $80,000 benefit to certain surviving relatives of emergency personnel who die in the line of duty or from an occupation-related disease. Late in the year, our Office received the first application for a benefit under the Survivors' Fund since 2016, from the surviving son of a long-serving EMT in Pownal. The Treasurer's Office quickly reconvened the long-dormant Board that makes eligibility determinations, held a hearing, and paid out the first benefit from the fund in nearly a decade. We recently received an additional application for the benefit from the widow of a long-serving firefighter.

While the circumstances leading to these awards are tragic, I highlight the program here to raise awareness of this important benefit for the loved ones of those who die while serving their communities. I hope you will mention it to your constituents in their times of need.

Municipal Equipment & Vehicle Loan Fund

The Municipal Equipment & Vehicle Loan Fund provides an important source of low-interest financing to municipalities purchasing heavy equipment and municipal vehicles. The original appropriation into the Fund was $2M and the balance sheet is currently in a strong position with \$3.9M in assets which includes \$2.0M in cash and \$1.9M in outstanding loans. All loans are performing as expected with no delinquencies.

The statutory limit for annual loan origination is \$1.5M and the program is under this threshold. Similar to the state's other short-term holdings, the Fund's cash account is currently generating interest at a 4.5% rate. The fund continues to have the capacity to make additional loans and the 2% interest rate is starting to increase interest in the program in light of the ongoing high-interest-rate environment.

At its December meeting the Fund's governing board approved loans to the towns of Hyde Park, Jericho, Rockingham, and Vergennes totaling \$520,000. This leaves the Fund with a remaining statutory capacity of just under \$1M in FY25. In most years, application volume is higher for the summer meeting, and retaining the majority of the capacity is prudent.