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STATE OF VERMONT OFFICE
OF THE STATE TREASURER

MICHAEL S. PIECIAK
STATE TREASURER

TO: Honorable Governor Phil Scott
House Committee on Appropriations
House Committee on Commerce and Economic Development
House Committee on Ways and Means
Senate Committee on Appropriations
Senate Committee on Economic Development, Housing, and General Affairs
Senate Committee on Finance

FROM: Vermont State Treasurer Mike Pieciak

DATE: November 15, 2024

RE: Report on Credit Facilities for Local Investments
Pursuant to Sec. 4a. 10 V.S.A. § 10

Sec. 4a. 10 V.S.A. § 10 authorizes the State Treasurer to establish a credit facility of up to 10 percent of the State's average daily cash balance to support local investment in Vermont communities, and to address unmet capital needs within Vermont. All investments are evaluated for their impact on diversity, equity, and inclusion, and for the ability to remove barriers to equal opportunity. The Treasurer's Office has adopted an [Investment Policy](#) detailing the manner in which the Treasurer may accept lower yields, lower returns, lower liquidity, and greater risk than would be available on the open market for a comparable investment, in pursuit of these goals.

The Local Investment Advisory Committee (LIAC) was established by Act 199 of 2014 as a six-member committee to advise the State Treasurer on funding priorities and mechanisms for these local investments. The current composition of the LIAC is as follows:

Mike Pieciak, Chair, State Treasurer

Maura Collins, Executive Director, Vermont Housing Finance Agency

Peter Walke, Efficiency Vermont Representative

Cassie Polhemus, Chief Executive Officer, Vermont Economic Development Authority

Michael Gaughan, Executive Director, Vermont Bond Bank

Tom Little, Vice President and General Counsel, Vermont Student Assistance Corporation

Updated Cash Analysis

Based on the newly promulgated policy governing LIAC, in the first quarter of each year, the Treasurer's Office presents the LIAC with an updated cash balance analysis based on both previous year and future year projections. This exercise occurred in February of 2024. The average daily cash balance in 2023 was \$2.3 billion, which was a \$200 million increase over the previous year, but cash was forecasted to land between \$1.25 and \$1.5 billion as a result of the spend down of federal funds and potential for weaker tax receipts in 2024. The LIAC accordingly voted to set the 10% threshold analysis conservatively, at \$115 million.

2.5% Credit Facility Origination and Status

Act 143 of 2024 expanded upon the Treasurer's credit facility authorization to allow for an additional two and one-half percent to provide financing for climate infrastructure and resilience projects. This expansion was in response to a recommendation in the [Treasurer's Climate Infrastructure Financing Report](#).

Treasury staff is currently drafting an investment policy similar to the one that guides the 10% "LIAC" facility for the 2.5% credit facility. Additionally, in light of 2023 and 2024's catastrophic flooding, Treasurer Pieciak proposed to the LIAC and the LIAC agreed to lend \$15 million under the 2.5% facility to the Bond Bank; the Bond Bank in turn extended short-term loans to municipalities awaiting FEMA reimbursements for flood-relief activities. This saved vulnerable towns over \$1 million in interest compared to otherwise-available credit. By putting the Bond Bank amount under the 2.5% credit facility, the Treasurer also freed up additional capacity under the 10% credit facility. In September, the LIAC recommended that the Treasurer expand the Bond Bank's municipal relief credit facility by \$5 million for a total of \$20 million held under the 2.5% credit facility. Treasurer Pieciak executed that recommendation.

Although a final number will be decided based on updated cash projections, the 2.5% credit facility will likely have a \$25-30 million range for lending capacity during FY25. As noted above, the bulk of that capacity is currently in use in the Bond Bank's flood-relief program. As with the LIAC program, the 2.5% capacity will be re-evaluated annually.

2024 Awards Under 10% Credit Facility

For the 10 percent credit facility, the LIAC has identified as investment priorities: new housing projects; climate change mitigation, adaptation, and resilience; and social equity goals. As you know, substantial funds were awarded in 2023 following the expansion of capacity from \$35 million to \$85 million. Accordingly, while those funds remain obligated, this year's lending was of a smaller scale.

A brief summary of new credit awards made thus far in 2024 is below (as of report submission deadline). Full meeting records including discussion of additional project applications, are available on the [LIAC page of the Treasurer's website](#).

- Expansion of VHFA credit facility for new housing projects with priority economic development distinction from \$50 million to \$56 million.

- \$8 million for Rutland City Partnership with Heritage Family Credit Union to support smaller loans for new housing projects to revitalize buildings in Downtown Rutland.
- Expansion of credit facility from \$3.9 million to \$5.4 million for the Benn High project with VEDA due to increases in project costs.
- \$7 million for MHG community solar development in Barre and Orange through VEDA.

State Energy Revolving Fund (SERF)

The State Treasurer's Office has authority under the SERF statute (29 V.S.A. § 168(d)) to provide a credit facility of up to \$8,000,000 from the State's operating cash balances to fund State Energy Management Program (SEMP) projects. Broadly, these are energy-efficiency projects on state buildings or other state-owned property. For funding projects via the credit facility, SEMP staff forward applications to the Treasurer's Office for review once they have been approved by SEMP staff. In order to receive SEMP staff approval, the applications must demonstrate that the projects meet all SEMP requirements. Prior to reviewing a project for funding from the SERF credit facility, Treasurer's Office staff verify with SEMP staff that the project has also passed a review by Efficiency Vermont and been approved by BGS management.

Act 11 of the 2018 Special Session authorized an additional \$500,000 in supplemental funding to offset costs of interest and principal to state-building weatherization projects that were longer-term than previously funded through the program. Loan terms were again assessed in response to feedback from BGS regarding the efficacy of this financing tool in 2023. The remainder of available SERF capacity was lent in FY24. A breakdown of State building investments is below. For more detailed information regarding the efficiency work itself, please contact BGS directly.

Summary of Credit Facilities and Local Investment Initiatives Chart

Enclosed is a chart that provides an accounting of all current local investment credit facilities through the Treasurer's Office programs. There are multiple sections of the chart representing various financing stages, including: active credit facilities with current draws and funds outstanding; projects for which funds have been committed and agreements finalized, but not yet drawn; committee-approved facilities for which loan agreements have not yet been finalized; facilities under the 2.5% tranche; and SERF loans.

Please contact Ashlynn Doyon at ashlynn.doyon@vermont.gov with any questions about the programs described herein.

**Local Investment Credit Facilities
As Of November 15, 2024**

#	Agency	Note	Original amount	Issue Date	Rate	Maturity Date	Outstanding Amount
1	Vermont Community Loan Fund	L-688(19)	\$ 1,500,000.00	7/22/2024	1.50%	7/22/2027	\$ 1,500,000.00
2	Vermont Economic Development Authority	VEDA-003	\$ 10,000,000.00	2/1/2015	2.43%	1/31/2025	\$ 10,000,000.00
3	NeighborWorks of Western Vermont	A-005	\$ 250,000.00	10/15/2015	2.00%	10/25/2025	\$ 25,001.15
4	NeighborWorks of Western Vermont	A-006	\$ 250,000.00	11/30/2015	2.26%	10/15/2025	\$ 40,884.89
5	NeighborWorks of Western Vermont	A-007	\$ 250,000.00	10/27/2016	2.00%	10/15/2026	\$ 70,365.39
6	NeighborWorks of Western Vermont	A-008	\$ 250,000.00	12/27/2016	2.63%	10/15/2026	\$ 71,542.88
7	NeighborWorks of Western Vermont	A-009	\$ 250,000.00	7/21/2017	2.49%	7/15/2027	\$ 89,082.07
8	NeighborWorks of Western Vermont	A-010	\$ 250,000.00	7/17/2019	2.48%	7/15/2029	\$ 126,462.77
9	NeighborWorks of Western Vermont	A-011	\$ 250,000.00	10/24/2019	2.21%	10/15/2029	\$ 137,807.72
10	NeighborWorks of Western Vermont	B-001	\$ 400,000.00	9/2/2015	2.10%	7/15/2025	\$ 50,810.05
11	NeighborWorks of Western Vermont	B-002	\$ 250,000.00	6/20/2016	2.00%	7/15/2026	\$ 63,695.84
12	NeighborWorks of Western Vermont	B-003	\$ 250,000.00	9/6/2016	2.00%	10/15/2026	\$ 70,365.39
13	NeighborWorks of Western Vermont	B-004	\$ 250,000.00	1/11/2017	2.52%	1/15/2027	\$ 77,659.59
14	NeighborWorks of Western Vermont	B-005	\$ 400,000.00	2/17/2017	2.45%	4/15/2027	\$ 133,492.92
15	Champlain Housing Trust	A-001 (South Meadow)	\$ 1,000,000.00	3/31/2016	2.48%	3/31/2026	\$ 1,000,000.00
16	Champlain Housing Trust	A-002 (Dorset Commons)	\$ 321,547.00	2/28/2017	3.02%	3/31/2027	\$ 321,547.00
17	Champlain Housing Trust	A-003 (Allen House)	\$ 50,000.00	5/7/2018	3.42%	6/30/2028	\$ 50,000.00
18	Champlain Housing Trust	A-004 (Dorset Commons)	\$ 59,315.36	6/18/2018	3.58%	6/30/2028	\$ 59,315.36
19	Champlain Housing Trust	A-005 (French Hill)	\$ 49,296.88	6/18/2018	3.58%	6/30/2028	\$ 49,118.83
20	Champlain Housing Trust	A-006 (Dorset Commons)	\$ 519,840.76	7/30/2018	3.50%	6/30/2028	\$ 519,840.76
21	NeighborWorks of Western Vermont	C-001	\$ 250,000.00	12/5/2019	2.14%	1/15/2030	\$ 137,884.89
22	NeighborWorks of Western Vermont	C-002	\$ 250,000.00	2/5/2021	2.00%	4/15/2031	\$ 168,112.52
23	NeighborWorks of Western Vermont	C-003	\$ 500,000.00	2/17/2022	2.54%	4/15/2032	\$ 386,606.73
24	Vermont Economic Development Authority	VEDA-004	\$ 5,000,000.00	12/20/2023	1.50%	12/1/2033	\$ 5,000,000.00
25	Claremont Savings Bank - (Northern Stage)	CSB-002	\$ 389,000.00	8/30/2024	1.00%	8/30/2028	\$ 386,069.13
							LIAC Outstanding \$ 20,529,665.89
Committed*							
Claremont Savings Bank - (Northern Stage)	CSB-001	\$ 3,800,000.00	Late 2024	1.00%	2029	\$ -	
							LIAC Committed \$ 3,800,000.00
							LIAC Committed + Outstanding \$ 24,329,665.89
Committee Approved*							
Heritage Family Credit Union - (Rutland Housing Program)	1	\$ 8,000,000.00	Late 2024	1.00%	2029	\$ -	
Northern Forest Center	1	\$ 500,000.00	Late 2024	1.50%	2031	\$ -	
Vermont Housing Finance Agency	2024	\$ 56,000,000.00	Late 2024	Various	Various	\$ -	
VEDA - (Bennington High)	5	\$ 5,400,000.00	2025	2.00%	2045	\$ -	
VEDA - (MHG Solar)	6	\$ 7,000,000.00	2025	2.00%	2045	\$ -	
							LIAC Committee Approved \$ 76,900,000.00
							LIAC Committee Approved + Committed + Outstanding \$ 101,229,665.89
2.5% Climate Loans							
1	Vermont Bond Bank	VBB-001	\$ 9,436,900.00	4/14/2024	1.00%	4/1/2029	\$ 9,436,900.00
2	Vermont Bond Bank	VBB-002	\$ 5,563,100.00	4/14/2024	1.50%	4/1/2031	\$ 5,563,100.00
							Climate Outstanding \$ 15,000,000.00
Committee Approved*							
Vermont Bond Bank	VBB-003	\$ 5,000,000.00	2025	1.50%	2033	\$ -	
							Climate Proposed \$ 5,000,000.00
							Climate Outstanding + Proposed \$ 20,000,000.00
							LIAC + 2.5% Climate Loans Outstanding \$ 35,529,665.89
							LIAC + 2.5% Climate Loans Committed + Outstanding \$ 39,329,665.89
							LIAC + 2.5% Climate Loans Committee Approved + Committed + Outstanding \$ 121,229,665.89
SERF Loans							
1	SERF	001 - Cherry St. Exhaust Air Heat	\$ 524,172.00	1/31/2015	2.00%	6/30/2026	\$ 70,313.64
2	SERF	002 - Cherry St. Lighting	\$ 534,156.21	2/15/2017	2.00%	6/30/2030	\$ 228,825.41
3	SERF	003 - Cherry St. Energy Upgrade	\$ 147,210.89	9/24/2018	2.00%	6/30/2029	\$ 64,391.16
4	SERF	004 - Springfield State Office	\$ 278,792.11	8/14/2017	2.00%	6/30/2025	\$ 16,138.18
5	SERF	005 - DPS Facility Energy Retrofit	\$ 127,347.68	9/28/2017	2.00%	6/30/2027	\$ 45,846.96
6	SERF	007 - Mahady Courthouse	\$ 224,961.00	12/17/2018	3.00%	6/30/2026	\$ 60,345.15
7	SERF	008 - Williston Info Center	\$ 45,535.84	12/10/2018	2.60%	6/30/2027	\$ 15,591.46
8	SERF	009 - Caledonia Courthouse	\$ 179,693.00	8/10/2018	2.75%	6/30/2028	\$ 93,333.16
9	SERF	011 - As Bloomer State Office	\$ 295,287.71	1/8/2019	2.75%	6/30/2027	\$ 78,467.59
10	SERF	014 - Rutland Garage & Barre Court	\$ 396,525.00	7/2/2019	2.00%	6/30/2026	\$ 131,825.05
11	SERF	015 - Southern State Correctional	\$ 456,142.85	3/11/2021	2.00%	6/30/2027	\$ 456,142.85
12	SERF	016 - 133 State Street	\$ 332,673.18	5/1/2023	2.00%	6/30/2043	\$ 294,186.85
13	SERF	017 - Asa Bloomer Lights	\$ 27,440.00	10/25/2021	2.00%	12/30/2026	\$ 9,437.04
14	SERF	018 - Central Services Lighting	\$ 114,310.93	3/14/2023	3.95%	6/30/2031	\$ 114,310.93
15	SERF	020 - St. Albans Police Barracks	\$ 59,364.00	7/1/2024	2.00%	3/31/2040	\$ 59,364.00
16	SERF	021 - Bennington Welcome Center	\$ 59,670.00	6/3/2024	2.00%	3/31/2040	\$ 59,670.00
17	SERF	022 - 6 Baldwin Energy Improvements	\$ 59,205.90	8/1/2024	2.00%	11/30/2042	\$ 59,205.90
18	SERF	023 - Berlin Psychiatric Facility	\$ 261,936.00	9/1/2024	2.00%	5/30/2040	\$ 261,936.00
19	SERF	024 - St. Albans Courthouse	\$ 71,196.00	6/3/2024	2.00%	10/31/2039	\$ 71,196.00
20	SERF	025 - Bennington Courthouse	\$ 119,100.00	4/25/2024	2.00%	9/30/2039	\$ 119,100.00
21	SERF	027 - McFarland Energy Improvements	\$ 290,394.00	6/1/2024	2.00%	10/31/2039	\$ 290,394.00
22	SERF	028 - New Haven Public Safety	\$ 61,506.00	7/1/2024	2.00%	3/31/2040	\$ 61,506.00
23	SERF	030 - Rutland Courthouse	\$ 474,912.00	6/1/2024	2.00%	4/30/2040	\$ 474,912.00
			\$ 5,141,532.30				\$ 3,136,439.33
1	SERF Supplemental	008 - Williston Info Center	\$ 28,865.96	12/10/2018	0.00%	6/30/2027	28,865.96
2	SERF Supplemental	011 - As Bloomer State Office	\$ 28,366.25	1/8/2019	0.00%	6/30/2027	28,366.25
3	SERF Supplemental	014 - Rutland Garage & Barre Court	\$ 43,500.00	7/2/2019	0.00%	6/30/2026	43,500.00
4	SERF Supplemental	015 - Southern State Correctional	\$ 220,657.01	3/11/2021	0.00%	6/30/2027	220,657.01
5	SERF Supplemental	017 - Asa Bloomer Lights	\$ 39,760.96	10/25/2021	0.00%	12/30/2026	39,760.96
6	SERF Supplemental		\$ 138,849.82	5/1/2023	0.00%		138,849.82
			\$ 500,000.00				\$ 500,000.00
							SERF Outstanding \$ 3,636,439.33
							All Facilities Outstanding + Committed \$ 42,966,105.22
							All Facilities Outstanding + Committed + Committee Approved \$ 124,866,105.22

*Committed and Committee Approved loans have been approved contingent on reaching terms acceptable to the State Treasurer. These loans are shown with anticipated issue dates, maturity dates, amounts, and interest rates as these terms are not yet final.