



VERMONT EDUCATIONAL AND HEALTH BUILDINGS
FINANCING AGENCY (VEHBFA)
FEBRUARY 19, 2025

Vermont Educational & Health Buildings Financing Agency

- 501(c)(3) organizations have unlimited* access to tax exempt debt for qualifying projects but must issue bond through governmental body under what is called a “conduit” bond transaction
- The Agency facilitates conduit bond transactions around the state to eligible nonprofit borrowers including nonprofit private or independent universities, colleges, primary or secondary schools, and nonprofit public libraries.
- Borrowers may also include nonprofit hospitals and institutions operating diagnostic and therapeutic facilities for medical, surgical, or psychiatric care of ambulatory patients. The Agency may also serve licensed nursing homes and assisted living or continuing care facilities
- *Facilitated over \$3.5 billion in financing over course of its history*

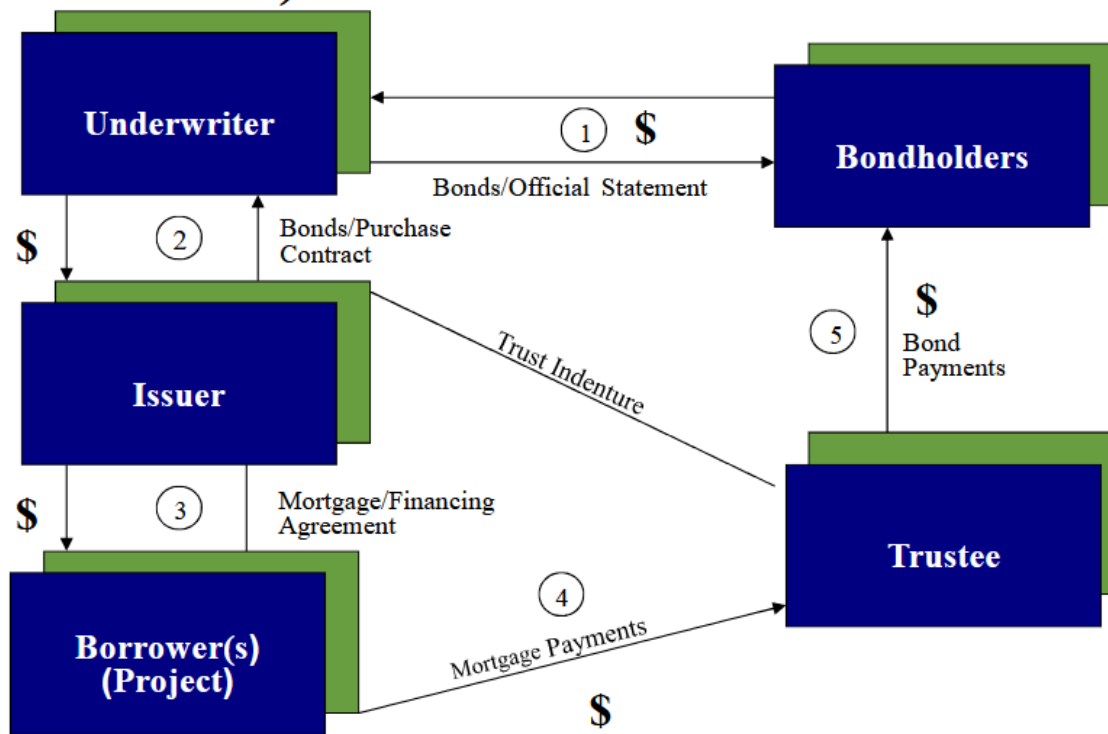
* Subject to governmental issuer approval and part of private activity bond exemption under consideration for elimination in current U.S. Congress

Borrower Name	As of 12/31/2024
Brattleboro Memorial Hospital	\$14,523,721
Brattleboro Retreat	6,863,269
Champlain College	63,070,000
Counseling Services of Addison County	1,210,000
Fletcher Allen Healthcare	54,705,000
Gifford Medical Center	13,921,209
Helen Porter Medical Center	9,501,441
Landmark College	16,640,000
Middlebury College	267,515,000
North Country Hospital	11,501,899
Northeastern Vermont Regional Hospital	5,839,737
Northwestern Counseling and Support Services	1,810,000
Northwestern Medical Center	22,978,354
Norwich University	62,105,000
Rutland Regional Medical Center	5,811,747
Southwestern Vermont Medical Center	24,413,000
St. Johnsbury Academy	7,295,186
St. Michael's College	52,775,000
Stratton Mountain School	5,411,474
University of Vermont Medical Center	258,257,954
Lyndon Institute	3,360,758
Putney School	13,000,000
Grand Total	\$922,509,750

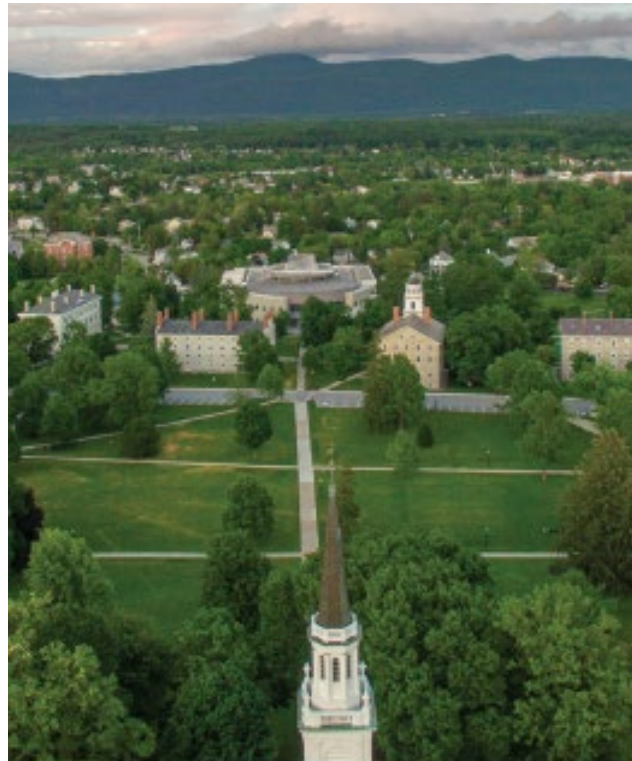
Conduit Bond Issuance Process

Bond Issue Structure & Parties

(Simple fixed rate)



VEHBFA Case Study



ISSUE:

The College sought a reliable financing partner during severe changes to its operating model following the COVID-19 pandemic.

In mid-March of 2020, the municipal securities market effectively closed to borrowers. The market that emerged upon reopening late March following the CARES Act was transformed by historically low rates, although only a limited number of municipal transactions were pricing.

The College was planning to issue bonds prior to the pandemic for the purpose of refinancing existing debt and funding improvements to Warner Hall and Dana Auditorium. The market turbulence cast doubt on the timing of when the College could successfully enter the market.

Complicating the College's request for financing was ambiguity surrounding VEHBFA's ability to conduct the TEFRA hearing remotely.

ASSISTANCE PROVIDED:

VEHBFA worked with the College to facilitate flexibility in the timing of the bond pricing. This first included creating a method within the TEFRA process to conduct the meeting remotely, which was subsequently codified by IRS guidance. Additionally, the Board of Directors conducted its first video conference to meet and approve the financing.

All approvals were secured by early June, which allowed the College and its other financing partners to observe the evolving market.

The College's bonds were priced in early July at a time when municipal indices were at record historic lows allowing the College to achieve \$21.75 million in net present value savings, or 22.89 percent of refunded par.

Operating Structure

Executive Director & Staff of the Vermont Bond Bank

Vermont Bond Bank

- 4 board members appointed by the governor
- State treasurer is ex-officio member
- Meets bi-monthly (minimum)

VEHBFA

- Operated by the Vermont Bond Bank under Memorandum of Agreement
- 7 gubernatorially appointed board members for 6 year terms
- 2 members appointed by gubernatorial appointments for 2 year terms
- 4 ex officio members, including:
 - State treasurer
 - Secretary of Education
 - Secretary of Human Services
 - Secretary of Administration
- Meets on ad hoc basis as requests are made of agency

Requested Statutory Changes

Simplify Governance Structure by Reducing Number of Board Members from 13 to ~6

- Current board structure presents recruitment challenges in the face of the state's demographics and competing volunteer needs
- Size of board structure presents informational challenges for board that works on ad hoc basis
- Much of the work is currently undertaken by smaller finance committee that meets quarterly
- Potential change would amend statute to have 4 members appointed by governor with state treasurer and Sec of Administration serving as ex officio

Clarify Statute to Make Explicit Ability of Agency to Make Direct Loans

- Management of VEHBFA by the Bond Bank creates opportunities to leverage relationships and bring low cost dollars to Vermont educational and health non profits
- VEHBFA recently completed phase I of study that identified approximately \$23 million in energy lending opportunities for educational institutions alone
- VEHBFA borrowers face negative headwinds and subsidized lending could help bring down operational costs and contribute to stabilizing Vermont's community anchor institutions
- *VEHBA would continue to leverage private sector for majority of financing needs*



Vermont
Bond Bank