

# 2020 ANNUAL REPORT



BALLOON FESTIVAL // QUECHEE & HARTFORD, VT



Vermont Educational and  
Health Buildings Financing Agency

# DIRECTORS & OFFICERS

As of 12/31/2020

## *Gubernatorial Appointment:*

**FRITZ BURKHARDT**

Chair

**KEN LINSLEY**

Vice Chair

**ED OGORZALEK**

Treasurer

**ANITA BOURGEOIS**

Director

**KEN GIBBONS**

Director

**STEVE WISLOSKI**

Director

**LAUREN WOBBY**

Director

## *Board Appointment:*

**NEAL ROBINSON**

Director

**STUART WEPPLER**

Director

## *Ex-Officio:*

**BETH PEARCE** *or designee*

Director

**DAN FRENCH** *or designee*

Director

**MIKE SMITH** *or designee*

Director

**SUSANNE YOUNG** *or designee*

Director

## TABLE OF CONTENTS

Pg 3

Transmittal Letter

Pg 4

What We Are

Pg 5

Who We Serve

Pg 6

Our Impact

Pg 8

Outstanding Loans in  
Conduit Bond Program

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## PURPOSE

The Vermont Educational & Health Buildings Financing Agency (the "Agency" or "VEHBFA") is dedicated to facilitating tax-exempt and taxable bond finance for qualifying non-profit educational and health organizations throughout the state.

# 2020 ANNUAL REPORT

## THE HONORABLE MEMBERS OF THE GENERAL ASSEMBLY

State House  
Montpelier, Vermont

## THE HONORABLE PHIL SCOTT

Governor, State of Vermont  
Pavilion Office Building  
Montpelier, Vermont

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Dear Governor Scott & Members of the General Assembly:

The staff and Directors of the Vermont Educational and Health Buildings Financing Agency (the "Agency" or "VEHBFA") are pleased to submit to you our 2020 Annual Report.

As a conduit bond issuer, the Agency helps facilitate tax-exempt debt issuances on a pass-through basis to educational institutions, hospitals, and other eligible non-profit borrowers throughout the state.

The Agency helped a key higher education institution in the state, Middlebury College, refund prior debt for savings during a turbulent year. The refunding resulted in \$21.75 million in net present value savings, or 22.89 percent of refunded par.

Over the course of its history, the Agency has issued over \$3.4 billion in bonds benefiting education and healthcare institutions around the state. Approximately \$1 billion of conduit debt facilitated by the Agency remains outstanding.

The following pages of this report include more information on the Agency's work over the course of the past year as well as an overview of the conduit loan portfolio as of December 31, 2020.

Thank you for your continued support in helping us to finance critical social infrastructure throughout the state.

Sincerely,



**MICHAEL GAUGHAN**  
Executive Director



**FRITZ BURKHARDT**  
Chair



# WHAT WE ARE

VEHBFA was created by the Vermont legislature in 1966 to benefit the people of Vermont as it relates to their education, health, welfare, and prosperity. VEBFA facilitated its first financing in 1969 following additional legislative amendments.

VEHBFA is governed by a nine-member Board of Directors with seven appointed by the governor and two members selected by gubernatorial selected members. In addition, the Agency's board consists of an additional four ex-officio members including the State Treasurer, and Secretaries of Education, of Human Services, and of Administration, or their designees.

The Agency provides access to tax-exempt and taxable financing as a conduit issuer of bonds.



MIDDLEBURY COLLEGE // PHOTO BY: VAN BARTH

# WHO WE SERVE

The Agency facilitates conduit bond transactions around the state to eligible nonprofit borrowers, by statute, this includes the University of Vermont and the Vermont State Colleges as well as nonprofit private or independent universities, colleges, primary or secondary schools, and nonprofit public libraries.

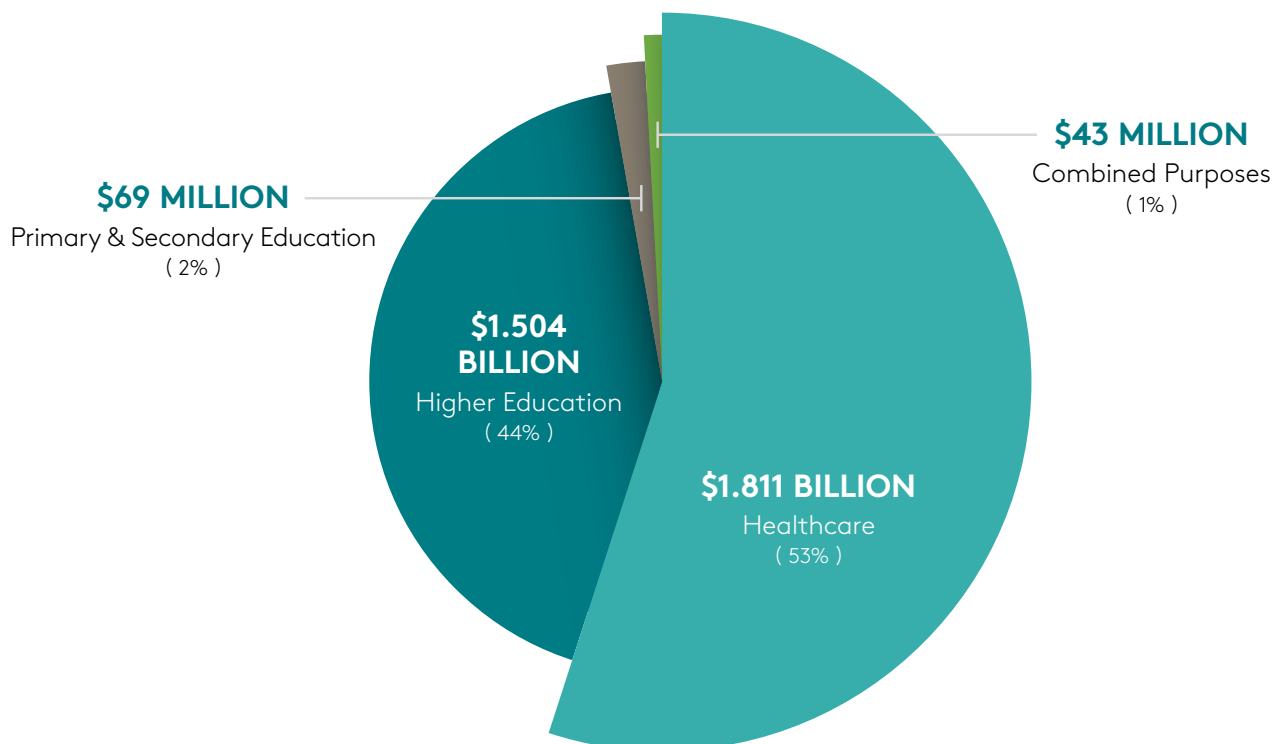
In addition, borrowers may include nonprofit hospitals and institutions operating diagnostic and therapeutic facilities for medical, surgical, or psychiatric care of ambulatory patients. The Agency may also serve licensed nursing homes and assisted living or continuing care facilities.

The Agency has facilitated over \$3.4 billion in financing over the course of its history.

*All data below as of 12/31/2020.*

## TOTAL HISTORIC ISSUANCE BY SECTOR SERVED

\$3.428 BILLION



# OUR IMPACT IN 2020

The Agency helped Middlebury College, a 501(c)(3) borrower, with a \$88.295 million of Private Activity Bonds (PABs) that both refinanced a prior bond as well as provided funding for facility renovations.

## CASE STUDY: MIDDLEBURY COLLEGE



Middlebury



**TOTAL VEHBFA BONDS ISSUED: \$814.025 million**

**TOTAL VEHBFA BONDS OUTSTANDING: \$218.660 million**

### PROFILE:

Middlebury College, founded in 1800, is a Vermont-based undergraduate educational institution known for its leadership in language education, international studies, and environmental studies. The college offers its students a broad curriculum embracing the arts, humanities, literature, foreign languages, social sciences, and natural sciences.

In addition to the undergraduate college, Middlebury operates: the Middlebury Institute of International Studies, a leading international professional graduate school based in Monterey, California; the Middlebury C.V. Starr Schools Abroad in 17 countries and 38 cities around the globe; the Middlebury Language Schools, which celebrated their centennial in 2015 and educate 1,500 students each summer; the Middlebury Bread Loaf School of English, founded in 1920 and offering summer classes in Ripton, Vermont; Oxford, England; and Santa Fe, New Mexico; the Middlebury Bread Loaf Writers' Conferences in Ripton, Vermont; and the Middlebury School of the Environment in Kunming and Dali, China.

*(continued on next page)*



## CASE STUDY: MIDDLEBURY COLLEGE



PHOTO COURTESY OF MIDDLEBURY COLLEGE

### 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.

# OUTSTANDING LOANS

## IN CONDUIT BOND PROGRAM

BORROWER	\$ AMOUNT OUTSTANDING AS OF DECEMBER 31, 2020
BRATTLEBORO MEMORIAL HOSPITAL	18,791,804
BRATTLEBORO RETREAT	10,420,197
CAPITAL ASSET POOL #2	435,000
CHAMPLAIN COLLEGE	68,910,000
DEVELOPMENT & MENTAL HEALTH ACQUISITION POOL	13,255,000
GIFFORD MEDICAL CENTER	16,911,544
LANDMARK COLLEGE	19,830,000
MIDDLEBURY COLLEGE	218,660,000
NORTH COUNTRY HOSPITAL	15,173,974
NORTHEASTERN VERMONT REGIONAL HOSPITAL	9,125,066
NORTHWESTERN MEDICAL CENTER	29,526,747
NORWICH UNIVERSITY	75,105,000
PORTER MEDICAL CENTER	12,383,669
RUTLAND REGIONAL MEDICAL CENTER	31,350,000
SOUTHWESTERN VERMONT MEDICAL CENTER	6,810,000
ST. JOHNSBURY ACADEMY	8,301,256
ST. MICHAEL'S COLLEGE	45,715,000
STRATTON MOUNTAIN SCHOOL	6,072,765
UNIVERSITY OF VERMONT MEDICAL CENTER	340,275,000
<b>TOTAL</b>	<b>947,052,022</b>





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**VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY**

20 Winooski Falls Way, Suite 305  
Winooski, Vermont 05404

[WWW.VEHBFA.ORG](http://WWW.VEHBFA.ORG)