

Local Investment Opportunities- 10% In Vermont

December 5, 2015

Office of the State Treasurer



How We Got Started...

- First convened as an ad hoc working group in November 2012
- Goal to meet regularly with a variety of representatives/stakeholders to analyze capital gaps in Vermont's local economy and make investment recommendations
- Participants included members of the financial community, legislators, representatives of federal, state, and municipal governments, energy advocates, public bank advocates, etc.

Initial Programs

- Several programs emerged from the meetings representing millions of new local investment:
 - Act 87 of 2013 (H.395)
 - \$16.5 million in investment capacity
 - Municipal Loan Program for EV Charging Station
 - Increased the Treasurer's Office current loan commitment to the Vermont Community Loan Fund from \$200,000 to \$500,000.
 - \$8 million energy revolving loan fund for state buildings (included in 2014 capital appropriations bill)

Enabling Legislation- Act 199 of 2014 (S.220)

10% in Vermont

- **Sec. 22: Credit Facility for Vermont Clean Energy Loan Fund**
 - **Sec. 22** amends Act No. 87 of 2013 (H.395) and provides the Treasurer additional flexibility to structure a credit facility for the benefit of the Vermont Economic Development Authority to provide funds for sustainable energy projects through the Clean Energy Loan Fund
- **Sec. 23–25: Vermont State Treasurer; Credit Facility for Local Investments; Treasurer’s Local Investment Advisory Committee**
 - **Sec. 23** authorizes the Treasurer to establish a credit facility of up to 10 percent of the State’s average cash balance on terms acceptable to the Treasurer consistent with the provisions of the Uniform Prudent Investor Act, 14A V.S.A. chapter 9
 - **Sec. 24** creates the Treasurer’s Local Investment Advisory Committee to advise the Treasurer on funding priorities for credit facilities authorized by current law and to address other mechanisms to increase local investment
 - **Sec. 25** sunsets Secs. 23–24 on July 1, 2015
- **Reauthorized in 2015, Act 15, Section E.3**

Local Investment Advisory Committee

- Members
 - the State Treasurer or designee
 - the Chief Executive Officer of the Vermont Economic Development Authority or designee
 - the Chief Executive Officer of the Vermont Student Assistance Corporation or designee
 - the Executive Director of the Vermont Housing Finance Agency or designee
 - the Director of the Municipal Bond Bank or designee
 - the Director of Efficiency Vermont or designee
- Public Input Needed from
 -“State organizations, citizen groups, and members of the public to Advisory Committee meetings to present information on needs for local investment, capital gaps, and proposals for financing” (from Act 199).

Steps Taken to Date

- Convened Local Investment Advisory Committee
- Obtained public input on local investment needs. Conducted a public hearing on various investment needs
- Identified primary investment focus areas- LIAC voted to concentrate its efforts in four areas:
 - Housing and Energy
 - Transportation
 - Municipal Infrastructure, wastewater and commercial development
 - Financing post-secondary education
- Obtained expert information specific to investment focus areas including reasons for current capital gaps (regulatory, transaction size, lack of accessible private and/or public capital, etc.)
- Solicited investment proposals for consideration by LIAC and Treasurer
 - First Round Completed in 2015
 - Second Round begins December 5, 2015
- In total obligated over \$30 million in local investments including significant investment in energy efficiency and renewables

Local Investments To Date

Vermont State Treasurer's Office
Summary of Interfund Loans, Credit Facilities and Local Investment Initiatives
Status as of November 30, 2015

Authorizing Legislation and Agency	Statutory Description	Amount Authorized	Remaining Capacity	Amount Utilized	Maturity Date	Rate
Act No. 179 of 2014, Sec. E.131 (2014 Appropriations Bill):	Investment	\$500,000	\$0	\$500,000		
1. Vermont Community Loan Fund				\$500,000	7/15/2016 ^[1]	0.85%
Act No. 87 of 2013, Sec. 8, as amended by Act No. 199 of 2014, Sec. 8:	Credit Facility	\$10,000,000	\$0	\$10,000,000		
2. Vermont Economic Development Authority (Note VEDA-003)				\$10,000,000	1/31/2025 ^[2]	2.43%
Act No. 87 of 2013, Sec. 8a:	Credit Facility	\$6,500,000	\$1,831,087	\$4,668,913		
3. NeighborWorks of Western Vermont (Note A-001)				\$220,721	10/15/2023	2.00%
4. NeighborWorks of Western Vermont (Note A-002)				\$159,975	4/15/2024	2.27%
5. NeighborWorks of Western Vermont (Note A-003)				\$250,000	10/15/2024	2.35%
6. NeighborWorks of Western Vermont (Note A-004)				\$238,217	1/15/2025	2.00%
7. NeighborWorks of Western Vermont (Note A-005)				\$250,000	10/15/2025	2.00%
8. NeighborWorks of Western Vermont (Note A-006)				\$250,000	10/15/2025	2.26%
9. NeighborWorks of Western Vermont (Remaining Authorization)				\$500,000	TBD	TBD
10. Vermont Housing Finance Agency (Note VHFA-001)				\$2,800,000	2/15/2024	2.76%
Act No. 178 of 2014, Sec. 41 (2014 Capital Bill Adjustment):	Credit Facility	\$8,000,000	\$7,475,828	\$524,172		
11. BGS - Costello Courthouse, Burlington - HVAC Lighting and Controls				\$524,172	TBD	2.00%
Act No. 199 of 2014, Sec. 23: ^[3]	Credit Facility	\$8,200,000	\$4,450,000	\$3,750,000		
12. NeighborWorks of Western Vermont (Note B-001)				\$400,000	7/15/2025	2.10%
13. NeighborWorks of Western Vermont (Remaining Authorization)				\$1,350,000	TBD	TBD
14. Champlain Housing Trust (Pending)				\$2,000,000	TBD	TBD
TOTALS:		\$33,200,000	\$13,756,915	\$19,443,085		

Report to the General Assembly

- Submitted January 15, 2015
- Report to Include:
 - The amount of the subsidies associated with lending through each credit facility authorized by the General Assembly and established by the Treasurer;
 - Description of the Advisory Committee's activities; and
 - Any information gathered by the Advisory Committee on the State's unmet capital needs, and other opportunities for State support for local investment and the community.
- Copies are available at <http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/misc/LIAC%20Report.1.15.2015.pdf>
- Updated report will be provided January 15, 2016.

Additional Needs/Considerations

- Energy projects typically have useful lifetimes of more than 10 years, and many exceed 20 years. A financial analysis of life-cycle benefits should factor in the long-term trend of rising energy prices that has been observed for decades, even when short-term price swings run against this trend.
- LIAC identified additional areas of need that would not be met by this investment solution.
 - There is a need for long-term fixed-rate debt beyond the 10-12 year limitations associated with the assets available for this program.
 - Gap capital in the form of equity is still in need.
 - There is a continued need to provide incentives to encourage all investors (banks, insurance companies, corporations, high-wealth individuals) to invest directly with state issuing agencies—purchase, bonds, debt, and tax credits.

Second Solicitation Period for 10% in Vermont

- Beginning December 5th
- Rolling Period through May 13, 2016
- Review and funding decisions will commence upon receipt
- Copies available today
- Questions:
 - Tim Lueders-Dumont, Policy Director, State Treasurer's Office, 802-828-1451
 - Tim.Lueders-Dumont@Vermont.Gov
- We look forward to your participation!