



VPR News Blog

## **Deal Shows Increasing Confidence in Burlington's Finances**

by Taylor Dobbs

The efforts of Burlington Mayor Miro Weinberger's administration to improve the city's troubled financial standing are beginning to pay off, officials announced Thursday.

A \$14.6 million bond for low-interest refinancing from the Vermont Municipal Bond Bank might not have been possible when Weinberger took office in the spring of 2012. Burlington's credit rating was teetering on the edge of "junk bond" status and mismanagement of Burlington Telecom hurt the borrowing power of virtually every city department.

"It was a pretty stark situation," Weinberger said. One of the biggest problems facing the city was a lack of cash on hand, also known as liquidity. Weinberger said the city was using short term loans to cover far too much of its finances.

"We were using those instruments for making payroll," he said. "We were using them for paying our basic expenses, at times borrowing at very substantial percentages of our future annual tax revenue just to pay ongoing bills. Not the way cities should be managed."

When voters approved a \$9 million bond vote later that year to help fix that problem, the city's financial partners took note.

State Treasurer Beth Pearce is a voting member of the board of the Vermont Municipal Bond Bank. She said she's been impressed with Weinberger's efforts and was confident in supporting the city's request for financing through the new bond.

"The liquidity issues were very important to me. I know that we had a conversation about that before [Weinberger was] mayor, and 'What are you going to do about addressing that?'" she said. "Those things were important to me in making that decision."

The \$14.6 million bond secured Tuesday will refinance some debt in the city's public works department and will be repaid out of the department's revenues. Robert Giroux, the executive director of the Vermont Municipal Bond Bank, said the loan would not hurt the bank's credit rating because of increasing confidence in the city's financial management.

Thursday's announcement comes weeks after Burlington Electric Department announced an increase in its bond rating outlook from Moody's, which changed Burlington Electric's outlook from "negative" to "stable" last month. The Moody's outlook is an indicator of the agency's view of the department's financial momentum.