



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

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Governor Douglas and Treasurer Spaulding Announce Emergency Board Approval of \$135 Million in Economic Development Bonding Authority

Montpelier – The State's Emergency Board met today in Montpelier and approved a plan proposed by Governor Douglas and Treasurer Spaulding to make \$135 million of low interest bonding authority available statewide for economic development projects through the Vermont Economic Development Authority (VEDA).

"This is an excellent use of stimulus funding," said Douglas. "Not only will badly-needed short-term jobs be created while these projects are built, but the companies who take advantage of this will provide both future job and future expanded tax base for the state."

Treasurer Spaulding stated, "It is gratifying that all of the key players, from the Governor and County Judges to the Legislature and VEDA have worked so cooperatively and quickly to get this initiative off the ground. This is one piece of the stimulus program that I am confident will spur new economic development projects around the state."

The bonds which are issued will be revenue bonds, and so the state's credit rating is not affected by this issuance. Neither the federal nor state government nor VEDA provides any kind of credit guarantee for these bonds so the projects and applicants must be able to satisfy investors that they will be repaid.

In general, bond funding must be used to acquire or construct new depreciable assets. VEDA will underwrite applications and assist borrowers in placing their bonds. All bonds must be issued by December 31, 2010 and the maximum bond issuance for any one project is \$25 million. Interested applicants are urged to contact a VEDA commercial loan officer at 802 828-5627 (JOBS) or click on Recovery Zone Facility Bonds at veda.org.

The bonds were initially allocated to eleven Vermont counties under federal law. However, the Vermont Attorney General opined that the counties did not have the requisite authority to use these bonds although the assistant judges do have the authority to waive their allocations, in which case the authority goes to the State.

Treasurer Spaulding and Chief Recovery Officer Tom Evslyn met with both interested parties and the Assistant Judges and, together with them, developed the plan which was presented to the Emergency Board today.

Under this plan, half of the allocation which each county received from the federal government is reserved as a minimum allocation for that county through March of 2010. In

addition \$20,000,000 is reserved through March for the Vermont Telecommunications Authority (VTA). The unreserved \$47.5 million and any reservation not used through March are available anywhere in Vermont.

"We're very appreciative of the leadership the Assistant Judges showed in developing this plan," said Evslin. "They have assured that the money is used for development that will benefit their counties and the state. In fact more than 25% of Vermonters cross county lines to go to work so projects in one county certainly help workers in the adjoining counties."

The largest original allocations under the federal formula were \$63,347,000 to Rutland County and \$32,695,000 to Chittenden County. Lamoille, Orleans, and Windsor County received no allocations. Projects anywhere in Vermont are now eligible to apply under the plan approved by the Emergency Board. Another \$90 million of Recovery Zone bonds for municipal use were also made available and the Assistant Judges have also waived this to the state. A plan for its use will be presented to the Joint Fiscal Committee shortly.

The Emergency Board is made up of the Governor and the Chairs of the four legislative money committees: Senators Susan Bartlett and Ann Cummings and Representatives Michael Obuchowski and Martha Heath. The bonding authorization is part of the American Reinvestment and Recovery Act (ARRA) better known as the stimulus bill. This authorization allows tax-exempt bonds to be issued for projects that would otherwise be required to use more expensive taxable bonding.