

ELIZABETH A. PEARCE
STATE TREASURER



UNCLAIMED PROPERTY DIVISION
TEL: (802) 828-2407

RETIREMENT DIVISION
TEL: (802) 828-2305
FAX: (802) 828-5182

ACCOUNTING DIVISION
TEL: (802) 828-2301
FAX: (802) 828-2884

STATE OF VERMONT
OFFICE OF THE STATE TREASURER

TO: House Committee on Appropriations
House Committee on Commerce and Economic Development
House Committee on Ways and Means
House Committee on Government Operations
House Committee on General, Housing and Military Affairs

Senate Committee on Appropriations
Senate Committee on Economic Development
Senate Committee on Housing and General Affairs
Senate Committee on Finance
Senate Committee on Government Operations

FROM: Beth Peace, Vermont State Treasurer

RE: Local Investment Advisory Committee (LIAC) Report

DATE: January 5, 2018

Pursuant to Act 199 of 2014, Act 51 of 2015, and Act 157 of 2016, the Local Investment Advisory Committee (LIAC), chaired by the State Treasurer is mission-driven to increase the economic development activity in Vermont and create jobs by committing up to 10 percent of the Treasurer's Office average available cash balance to local investments. The State Treasurer oversees commitment of funds for local investment purposes. To date, over \$33 million has been obligated to projects.

Since last January, pursuant to Act 178 of 2014, the Department of Buildings and General Services (BGS), the Agency of the Administration, and the Treasurer's Office have partnered to commit **\$1,106,459** in new energy efficiency projects in State buildings in Burlington, Springfield, and Derby.

- 108 Cherry St. Lighting & Controls - **\$566,879**
- Springfield State Office Building - **\$387,600**
- Derby Public Safety Facility Energy Retrofit - **\$151,980**

Total: \$1,106,459

Note: For more detailed information regarding the efficiency work in the three projects noted above please contact BGS directly.

The LIAC met on November 7, 2017¹ to discuss an overview of current LIAC and Local Investment dollars committed to date and to discuss concerns regarding uncertainty at the federal level with respect to the State’s average daily cash balance. The group came to a consensus that shorter-term borrowing should be encouraged. The LIAC unanimously voted in favor of encouraging projects that are, at a maximum, 5-7-year total terms (or shorter) in light of uncertainty at the federal level and that a focus on shorter term borrowing continue until further clarity is achieved at the federal level. The LIAC also voted unanimously that the Treasurer’s Office and LIAC defer review of any LIAC proposal until at least the conclusion of the first quarter of the new year.

Although not under the jurisdiction of the LIAC, Act 157 of the 2016 Legislative Session authorized the Treasurer’s Office to invest up to \$1 million with the Vermont Community Loan Fund (VCLF). This was an increase of \$500,000, doubling the prior authorization. The new investment will increase access to capital for businesses working to improve local food production, small farms, sustainable forestry, and affordable housing programs. Please visit the Local Investment Advisory Committee webpage for more details.

For a Summary of Interfund Loans, Credit Facilities and Local Investment Initiatives please see the attached document. See the information below for key highlights of progress with respect to ongoing projects and loans made to Neighborworks of Western Vermont (NWWVT) and the Vermont Economic Development Authority (VEDA):

NWWVT²

As a result of the passage of Act 87 of 2013 and Act 199 of 2014, the State Treasurer has loaned **\$3.75 million** to NWWVT for down payment assistance, landlord rehabilitation loans, homeowner rehabilitation loans, landlord energy loans, and homeowner energy loans. Of the \$3.75 million, \$3,540,906 is currently outstanding and \$3,439,343 has been loaned to date with loans going to **215** individuals or families. See the chart below for a summary of committed dollars:

State Treasurer Fund Loan Activity - NWWVT		
Loan Type	Number of Loans	Loan Amount
Down Payment Assistance Loan	21	\$555,499
Landlord Rehab Loan	2	\$295,000
Homeowner Rehab Loan	33	\$640,809
Landlord Energy Loans	3	\$25,500
Homeowner Energy Loan	156	\$1,922,535
	215	\$3,439,343

¹ Minutes from the November 7, 2017 LIAC meeting are linked here: [11/07/2017 Meeting Minutes](#)

² Data and summary information provided by NWWVT staff.

See below for two sample stories provided by NWWVT³ that were made possible by the loans provided through the Office of the Treasurer and the LIAC (names have been changed):

- **Homeowner Energy Loan:** *“Danielle” was a single mother of 3 struggling with huge energy bills. She had moved her family into a single room of her home in rural Rutland County, a home so cold their peanut butter froze. After a home energy audit the family was excited about finally having a chance to be comfortable. Danielle took out a loan with NWWVT to do the work with affordable monthly payments of just \$50 and was eligible for additional incentives and rebates allowing her to get over \$12,000 worth of work done for just over \$7,000. Her children described the joy of being warm as “better than Christmas!”⁴*
- **Down Payment Assistance Loan:** *“Anna” had gotten pretty good at being handy, after all her landlord wouldn’t fix anything in her unit in a rundown housing complex in Rutland. When she learned the complex would be torn down she started taking the necessary steps to prepare for homeownership. She began by taking Homebuyer Education and implemented the suggestions made to her by the homeownership counselor. Where she struggled was coming up with the funds for a down payment to avoid expensive PMI. After all, she was a single mom of two who worked hard to put herself through night school and get a good job, juggling several jobs to make it happen. Then she found out about the DPA loan program and in June of 2017 she moved her family into her new home.⁵*

VEDA⁶

As a result of the passage of Act 87 of 2013 and Act 199 of 2014, the General Assembly authorized the Treasurer to loan up to \$10 million of State funds to VEDA to provide a portion of the funding VEDA would need to make the direct loans for energy generation and efficiency. The same Act also authorized a Sustainable Energy Loan Program at VEDA.

VEDA received the **\$10 million** loan from the State Treasurer’s Office in February 2014. Since that time VEDA has used these and other resources to make **77 loans to 62 companies totaling \$45.3 million**. The aggregate energy projects VEDA participated in totaled \$104.0 million in the forty-four months since the State’s loan to VEDA.

³ Information provided by NWWVT staff.

⁴ Source: NWWVT (Ludy Biddle)

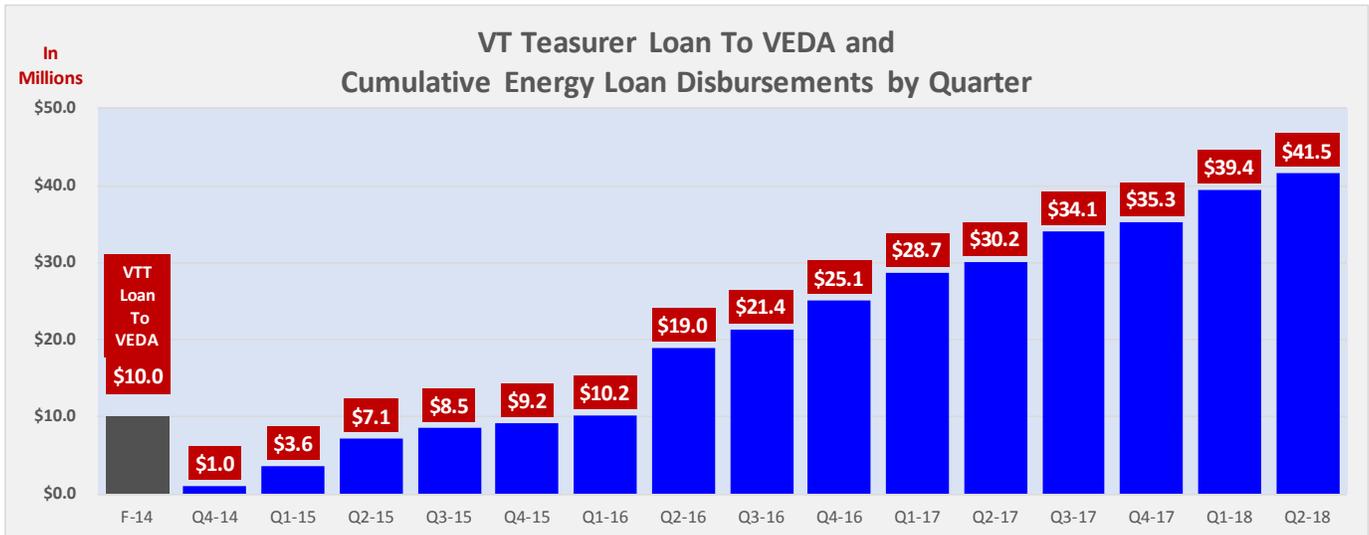
⁵ Source: NWWVT (Ludy Biddle)

⁶ Data and summary information provided by VEDA staff.

The chart below shows the participation dollars by VEDA, the Energy Developers and other lenders:

VEDA Direct Energy Lending Since February, 2014					
# Accts	# Loans	VEDA \$\$	Project \$\$	Developer \$\$	Oth Lender \$\$
63	78	\$47,318,024	\$112,797,316	\$37,633,685	\$27,845,607

The chart below shows the cumulative funds disbursed by VEDA to borrowers; VEDA had fully loaned out the \$10 million borrowing from the State Treasurer in the six quarters (Q1-2016) following receipt of the loan funds from the State. Funding for the remaining energy loans (as well as VEDA’s other loan programs) comes from the issuance of commercial paper notes and direct borrowings from financial institutions in the State.



I would like to thank the Committee for their efforts this year and in past years for their efforts to boost local investment in Vermont. We have made investments in our working landscape, housing, energy conservation and energy efficiency, renewable energy, post-secondary education, and community development such as Project VISION⁷ in Rutland.

I also want to thank the General Assembly for their continued support of this program and the enabling authority for this important initiative. Finally, thanks to Tim Lueders-Dumont, Policy Director for the Treasurer’s Office for his work as staff to the LIAC.

Please visit the [Local Investment Advisory Committee webpage](#) for more details.

⁷ Source: NWWVT (Ludy Biddle)

Vermont State Treasurer's Office
Summary of Credit Facilities and Local Investment Initiatives
Status as of September 30, 2017

Authorizing Legislation and Agency	Statutory Description	Amount Authorized	Remaining Capacity	Amount Utilized	Original Amount	Maturity Date	Rate
Act No. 179 of 2014, Sec. E.131 (2014 Appropriations Bill)	Investment	\$1,000,000	\$0	\$1,000,000			
1. Vermont Community Loan Fund ^[3]				\$1,000,000	\$1,000,000	7/15/2018 ^[1]	1.00%
Act No. 87 of 2013, Sec. 8, as amended by Act No. 199 of	Credit Facility	\$10,000,000	\$0	\$10,000,000			
2. Vermont Economic Development Authority (Note VEDA-003)				\$10,000,000	\$10,000,000	1/31/2025 ^[2]	2.43%
Act No. 87 of 2013, Sec. 8a:	Credit Facility	\$6,500,000	\$1,709,094	\$4,790,906			
3. NeighborWorks of Western Vermont (Note A-001)				\$95,225	\$250,000	10/15/2023	2.00%
4. NeighborWorks of Western Vermont (Note A-002)				\$157,464	\$250,000	4/15/2024	2.27%
5. NeighborWorks of Western Vermont (Note A-003)				\$250,000	\$250,000	10/15/2024	2.35%
6. NeighborWorks of Western Vermont (Note A-004)				\$238,217	\$250,000	1/15/2025	2.00%
7. NeighborWorks of Western Vermont (Note A-005)				\$250,000	\$250,000	10/15/2025	2.00%
8. NeighborWorks of Western Vermont (Note A-006)				\$250,000	\$250,000	10/15/2025	2.26%
9. NeighborWorks of Western Vermont (Note A-007)				\$250,000	\$250,000	10/15/2026	2.00%
10. NeighborWorks of Western Vermont (Note A-008)				\$250,000	\$250,000	10/15/2026	2.63%
11. NeighborWorks of Western Vermont (Note A-009)				\$250,000	\$250,000	7/15/2027	2.49%
12. Vermont Housing Finance Agency (Note VHFA-001)				\$2,800,000	\$2,800,000	2/15/2024	2.76%
Act No. 199 of 2014, Sec. 23: ^{[4] [5]}	Credit Facility	\$8,200,000	\$2,128,453	\$6,071,547			
13. NeighborWorks of Western Vermont (Note B-001)				\$400,000	\$400,000	7/15/2025	2.10%
14. NeighborWorks of Western Vermont (Note B-002)				\$250,000	\$250,000	7/15/2026	2.00%
15. NeighborWorks of Western Vermont (Note B-003)				\$250,000	\$250,000	10/15/2026	2.00%
16. NeighborWorks of Western Vermont (Note B-004)				\$250,000	\$250,000	1/15/2027	2.52%
17. NeighborWorks of Western Vermont (Note B-005)				\$400,000	\$400,000	4/15/2027	2.45%
18. Champlain Housing Trust (Note A-001)				\$1,000,000	\$1,000,000	3/31/2026	2.48%
19. Champlain Housing Trust (Note A-002)				\$321,547	\$321,547	3/31/2027	3.02%
20. VSAC- higher education loan cost reduction				\$3,200,000	\$4,000,000	6/15/2021	2.00%
Act No. 178 of 2014, Sec. 41 ^[6]	Credit Facility	\$8,000,000	\$6,492,510	\$1,507,490			
21. 32 Cherry St. Exhaust Air Heat Recovery				\$401,031	\$524,172	6/30/2026	2.00%
22. 108 Cherry St. Lighting & Controls				\$566,879	\$566,879	6/30/2030	2.00%
23. Springfield State Office Building				\$387,600	\$387,600	6/30/2025	2.00%
24. Derby Public Safety Facility Energy Retrofit				\$151,980	\$151,980	6/30/2027	2.00%
TOTALS:		\$33,700,000	\$10,330,057	\$23,369,943	\$24,552,178		

Notes:
1. Subject to annual review and renewal.
2. Subject to a "put" provision enabling the Treasurer's Office to demand full or partial repayment within 60 days if the State's unrestricted cash balance falls below \$75,000,000.
3. Additional capacity added to VCLF (up to 1,000,000 - Act 157 of 2016)
4. Neighborworks had remaining authorization of \$200,906 as of 09/30/2017
5. Champlain Housing Trust had remaining authorization of \$678,453 as of 09/30/17
6. Establishes an Energy Revolving Fund under 29 V.S.A. § 168(c)