



VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY



2017
ANNUAL REPORT

DIRECTORS & OFFICERS

As of 12/31/2017

Gubernatorial Appointment:

JIM POTVIN

Chair

FRITZ BURKHARDT

Vice Chair

ED OGORZALEK

Treasurer

ANITA BOURGEOIS

Director

KEN GIBBONS

Director

KEN LINSLEY

Director

STEVE WISLOSKI

Director

Board Appointment:

NEAL ROBINSON

Secretary

STUART WEPPLER

Director

Ex-Officio:

BETH PEARCE or designee

Director

AL GOBEILLE or designee

Director

SUSANNE YOUNG or designee

Director

REBECCA HOLCOMBE or designee

Director

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in Conduit
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PURPOSE

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

2017 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

Dear Governor Scott & Members of the General Assembly:

The Staff and Directors of the Vermont Educational and Health Buildings Financing Agency (the "Agency") are pleased to submit to you our Annual Report for the 2017 calendar year. This past year marked the Agency's 48th year of facilitating social infrastructure across Vermont.

As a conduit bond issuer, the Agency helps facilitate tax-exempt finance on a pass-through basis to higher education institutions, hospitals, and other eligible non-profit borrowers throughout the state. The past year was one of portfolio maintenance for the Agency after a record year of issuance in 2016.

The end of the year was marked by significant uncertainty related to the Federal changes that would have eliminated the private activity bonds ("PABs") used by 501(c)(3) borrowers in conjunction with the Agency's services. The Agency's mission was thankfully preserved in the final federal tax reform legislation.

Looking forward, the Agency is positioned to help borrowers in 2018 and beyond thanks to the successful transition of Executive Director leadership and strong track record of support for two key Vermont industries: education and health services.

Over the last five years alone, the Agency helped 501(c)(3) borrowers refinance or fund just under \$800 million in education and health facilities. This included providing access to tax-exempt finance—and as a result, low cost financing—for many small health facilities that serve populations with limited access to healthcare.

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, 2017.

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

Sincerely,



MICHAEL GAUGHAN
Executive Director



JIM POTVIN
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 subsequently became operational following legislative amendments in 1969.

VEHBFA is governed by a nine-member Board of Directors with seven appointed by the governor and four ex-officio members including the State Treasurer, Secretary of Human Services, Secretary of Administration, and Secretary of Education, or their designees.

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



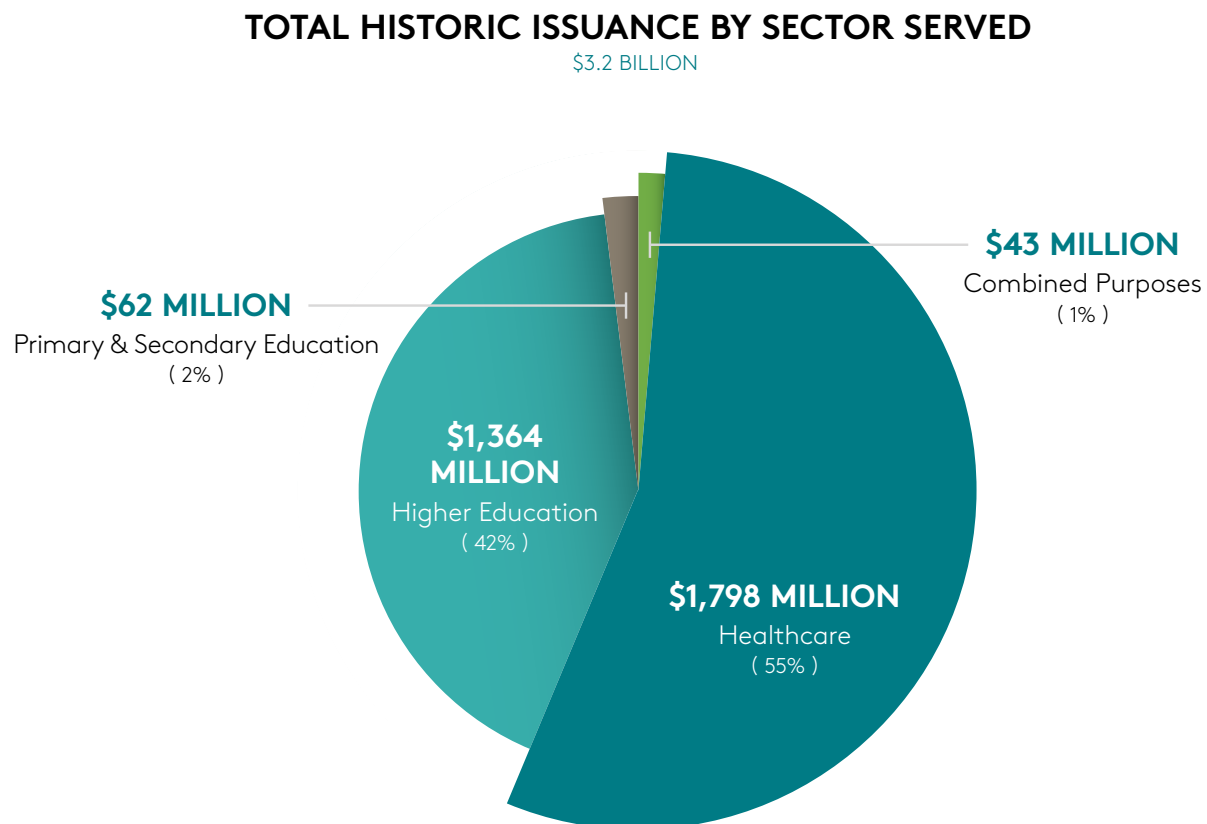
WHO WE SERVE

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 \$3.2 billion in financing over the course of its history.

All data below as of 12/31/2017.



OUR IMPACT

Over the past 5 years alone, the Agency helped 501(c)(3) borrowers refinance or fund just under \$800 million in educational and health facilities—including over \$340 million in support of new social infrastructure spending—via private activity bonds (PABs).

HEALTH RELATED ACTIVITY IN PAST 5 YEARS:



A total of over \$480 million in financing **supporting Vermont's healthcare sector**, which accounts for 9% of the total Vermont workforce¹.



Total issuance included over \$140 million in financing **supporting new facilities for health-related social infrastructure**.



Median facility size financed of 61 beds.

EDUCATION RELATED ACTIVITY IN PAST 5 YEARS:



A total of over \$280 million of financing **supporting Vermont's higher education sector**, which employs approximately 11,000 and provides \$550 million in Vermont wages annually².



Total issuance of \$290 million included nearly **\$200 million in new facilities for educational related social infrastructure**.

¹ <http://www.thinkvermont.com/healthcare/>

² https://vermonthec.org/client_media/documents/data/Executive%20Summary%20of%202017%20State%20of%20Higher%20Education%20Report.pdf



NORWICH
UNIVERSITY™



TOTAL BONDS ISSUED: 11 Issues Totaling \$232.19 Million

TOTAL BONDS ISSUED OUTSTANDING: 2 Issues Totaling \$83.33 Million

PROFILE:

Founded in 1819 by Captain Alden Partridge as the first private military college in the United States, Norwich University is today the only private institution among the nation's six senior military colleges. Norwich University is an independent, not-for-profit institution of higher education located in Northfield, Vermont and chartered by the State of Vermont. The University provides employment for over 750 people.

ISSUE:

In the closing months of 2017, the continued ability for nonprofit higher education institutions to access tax-exempt finance was unknown due to proposed federal legislative change. At the same time, Norwich University was pursuing a modification to their existing bonds by adding a bank purchase mode to a multimodal bond structure.

ASSISTANCE PROVIDED:

Executing the transaction prior to the end of the year allowed the University to benefit from the modification while ensuring continued tax-exempt status regardless of changes to the tax code.

VEHBFA engaged professional services and worked with the Board to ensure a timely conclusion to the required amendment and restatement process of the original Trust Indenture.

OUTSTANDING LOANS

IN CONDUIT BOND PROGRAM

BORROWER	\$ AMOUNT OUTSTANDING AS OF DECEMBER 31, 2017
BRATTLEBORO MEMORIAL HOSPITAL	9,132,431
BRATTLEBORO RETREAT	11,245,000
CARLOS OTIS HC / GRACECOTTAGE HOSPITAL	730,000
CENTRAL VERMONT MEDICAL CENTER	258,485
CHAMPLAIN COLLEGE	72,790,000
COUNSELING SERVICES OF ADDISON COUNTY	2,095,000
GIFFORD MEDICAL CENTER	18,999,559
HEALTH CARE & MENTAL HEALTH REHABILITATION SERVICES OF SE VT, INC.	9,170,000
HELEN PORTER MEDICAL CENTER	14,339,887
LANDMARK COLLEGE	23,033,224
MIDDLEBURY COLLEGE	243,085,000
NFI VERMONT	695,000
NORTH COUNTRY HOSPITAL	17,614,056
NORTHEASTERN VERMONT REGIONAL HOSPITAL	11,403,628
NORTHWESTERN COUNSELING AND SUPPORT SERVICES	4,070,000
NORTHWESTERN MEDICAL CENTER	33,729,349
NORWICH UNIVERSITY	83,330,068
RUTLAND REGIONAL MEDICAL CENTER	31,350,000
SAINT MICHAEL'S COLLEGE	17,725,000
SOUTHWESTERN VERMONT MEDICAL CENTER	7,285,000
ST. JOHNSBURY ACADEMY	9,069,030
ST. MICHAEL'S COLLEGE	34,705,000
STRATTON MOUNTAIN SCHOOL	6,520,716
UNIVERSITY OF VERMONT MEDICAL CENTER	358,865,000
TOTAL	1,021,240,437



VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY
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