



# 2019 ANNUAL REPORT



Vermont Educational and  
Health Buildings Financing Agency

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# DIRECTORS & OFFICERS

As of 12/31/2019

## *Gubernatorial Appointment:*

**FRITZ BURKHARDT**

Chair

**KEN LINSLEY**

Vice Chair

**ED OGORZALEK**

Treasurer

**ANITA BOURGEOIS**

Director

**JIM POTVIN**

Director

**KEN GIBBONS**

Director

**STEVE WISLOSKI**

Director

## *Board Appointment:*

**NEAL ROBINSON**

Director

**STUART WEPPLER**

Director

## *Ex-Officio:*

**BETH PEARCE** or designee

Director

**DAN FRENCH** or designee

Director

**MIKE SMITH** or designee

Director

**SUSANNE YOUNG** or designee

Director

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## PURPOSE

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

# 2019 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

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Dear Governor Scott & Members of the General Assembly:

The staff and Directors of the Vermont Educational and Health Buildings Financing Agency (the "Agency" or "VEHBFA") are pleased to submit to you our 2019 Annual Report.

As it has for over 50 years, VEHBFA again partnered with Vermont non-profit health care and educational institutions by providing access to tax-exempt financing for critical capital projects and refundings.

As a conduit bond issuer, the Agency helps facilitate tax-exempt debt issuances on a pass-through basis to educational institutions, hospitals, and other eligible non-profit borrowers throughout the state.

The Agency aided two borrowers over the course of the year including a \$49.84 million refunding for Middlebury College and \$12.5 million financing for Brattleboro Memorial Hospital, which is highlighted within this report.

Over the course of the Agency's history it has issued nearly \$3.3 billion of bonds benefitting education and healthcare institutions across the state. Approximately \$1 billion of conduit debt facilitated by the Agency is currently outstanding.

Through the combined efforts of the Board, staff and consultants, VEHBFA has and will continue to provide efficient access to low cost financing.

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, 2019.

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

Sincerely,



**MICHAEL GAUGHAN**  
Executive Director



**FRITZ BURKHARDT**  
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. VEHBFA facilitated its first financing in 1969 following additional legislative amendments.

VEHBFA is governed by a nine-member Board of Directors with seven appointed by the governor and two members selected by gubernatorially selected members. In addition, the Agency's board consists of four ex-officio members including the State Treasurer, and Secretaries of Education, of Human Services, and of Administration, or their designees.

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



# WHO WE SERVE

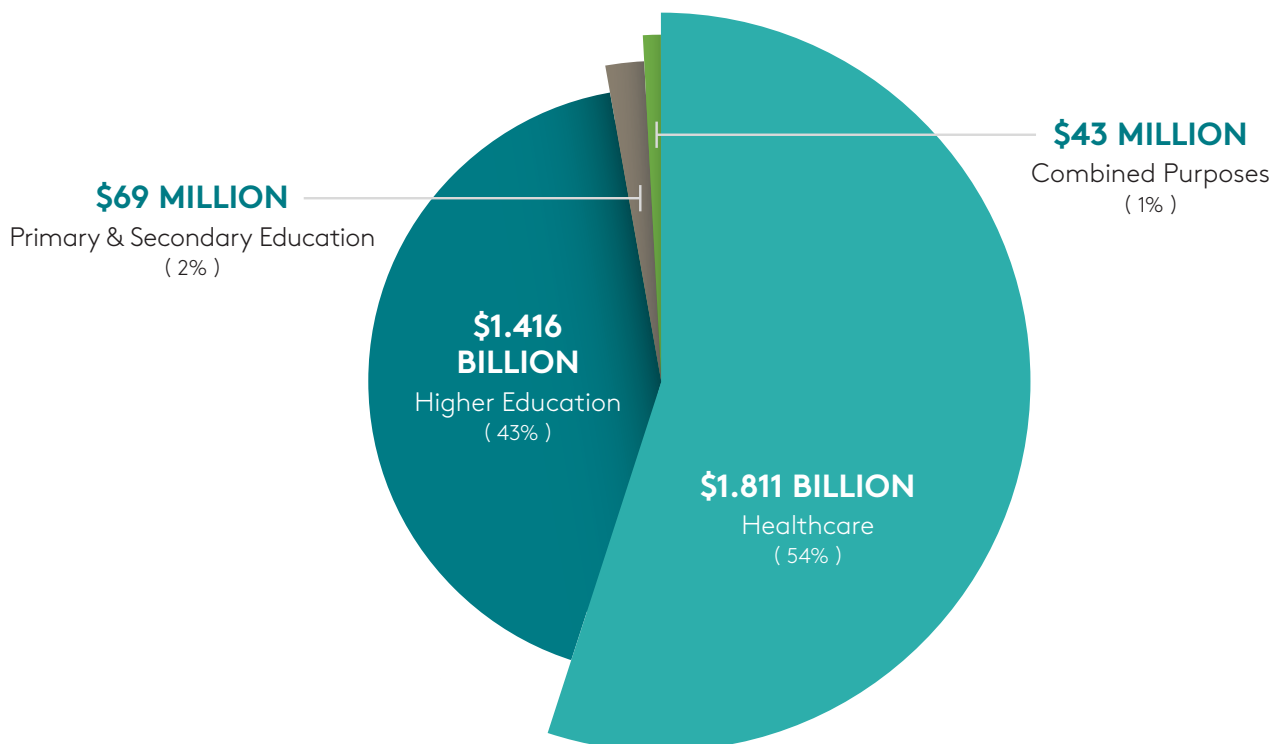
The Agency facilitates conduit bond transactions around the state to eligible nonprofit borrowers, by statute, this includes the University of Vermont and the Vermont State Colleges as well as nonprofit private or independent universities, colleges, primary or secondary schools, and nonprofit public 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 nearly \$3.3 billion in financing over the course of its history.  
*All data below as of 12/31/2019.*

## TOTAL HISTORIC ISSUANCE BY SECTOR SERVED

\$3.339 BILLION



# OUR IMPACT IN 2019

Over the course of 2019, the Agency helped 501(c)(3) borrowers refinance or fund over \$62 million in educational and health facilities with Private Activity Bonds (PABs). This included a \$49.84 million refunding for Middlebury College and a \$12.50 million new construction project for Brattleboro Memorial Hospital, Inc., which is described below.

## CASE STUDY: BRATTLEBORO MEMORIAL HOSPITAL, INC.



**TOTAL VEHBFA BONDS ISSUED:** \$54.240 million

**TOTAL VEHBFA BONDS OUTSTANDING:** \$19.754 million

### PROFILE:

Brattleboro Memorial Hospital ("BMH") has provided healthcare services for over one hundred years. BMH is a licensed, 61-bed, not-for-profit community hospital located in Brattleboro, Vermont, serving the rural population of approximately 55,000 people in 22 towns in southeastern Vermont, New Hampshire and Massachusetts.

The medical staff includes 137 board-certified physicians, in primary care and a variety of specialties. BMH employs approximately 600 individuals and receives help from over 110 active volunteers.

### ISSUE:

BMH has long sought to modernize their campus to provide for a more efficient patient flow, improve the patients and employee working environment, provide more flexibility with co-located beds for pre and post operation demands, and consolidate primary care practices. Together, the improvements were expected to help provide needed flexibility for staffing needs as well as assist with the retention and recruitment of qualified surgeons.

The hospital required an additional source of financing to help leverage a significant donation and funds on hand to complete the project that has a total cost of \$25 million.

### ASSISTANCE PROVIDED:

After exploring alternatives, BMH decided to use tax-exempt financing after identifying a bank purchaser of the related bonds. VEHBFA engaged professional services and worked with the Board to schedule and receive the authorizations necessary to access lower cost financing because of the tax-exemption. The project is expected to be completed in early 2022.

# OUTSTANDING LOANS

## IN CONDUIT BOND PROGRAM

BORROWER	\$ AMOUNT OUTSTANDING AS OF DECEMBER 31, 2019
BRATTLEBORO MEMORIAL HOSPITAL	19,754,601
BRATTLEBORO RETREAT	11,245,000
CAPITAL ASSET POOL #2	515,000
CHAMPLAIN COLLEGE	70,240,000
DEVELOPMENT & MENTAL HEALTH ACQUISITION POOL	13,830,000
GIFFORD MEDICAL CENTER	17,637,026
LANDMARK COLLEGE	20,565,000
MIDDLEBURY COLLEGE	228,215,000
NORTH COUNTRY HOSPITAL	16,015,313
NORTHEASTERN VERMONT REGIONAL HOSPITAL	9,901,163
NORTHWESTERN MEDICAL CENTER	31,062,421
NORWICH UNIVERSITY	78,135,000
PORTER MEDICAL CENTER	13,054,390
RUTLAND REGIONAL MEDICAL CENTER	31,350,000
SOUTHWESTERN VERMONT MEDICAL CENTER	6,810,000
ST. JOHNSBURY ACADEMY	8,601,257
ST. MICHAEL'S COLLEGE	48,055,000
STRATTON MOUNTAIN SCHOOL	6,228,083
UNIVERSITY OF VERMONT MEDICAL CENTER	346,825,000
<b>TOTAL</b>	<b>978,039,254</b>



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**VERMONT EDUCATIONAL AND HEALTH BUILDINGS FINANCING AGENCY**

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[WWW.VEHBFA.ORG](http://WWW.VEHBFA.ORG)