

THE BOND BUYER

Vermont sells \$114.6 million of GOs in a two-part process

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Vermont launched part one of a two-part general obligation bond sale this week with a competitive auction of \$61.2 million of new money bonds.

That will be followed with a \$53.5 million GO refunding that is expected to price by negotiation Thursday.

The competitive bid was won by BofA Securities, according to Refinitiv TM3.



The state of Vermont is selling \$115 million of general obligation bonds this week. **Bloomberg News**

Proceeds will be used for various capital purposes, according to an online investor presentation about the deal.

The negotiated sale will be managed by Morgan Stanley.

Raymond James and UBS are co-managers on the negotiated sale, which refunds bonds sold in 2012 and 2013.

PPRAG is municipal advisor and Locke, Lorde, and Co. are bond counsel on both sales.

Passage of Vermont's budget was in question earlier this year after the state's Republican governor vetoed a spending package passed by the state's Democratic-controlled legislature.

According to the investor presentation, lawmakers passed a budget in May, and Gov. Phil Scott vetoed it, citing concerns about fee increases, spending growth and a new payroll tax.

The General Assembly overrode the veto on June 20.

The budget politicking didn't move the needle on the state's ratings approaching its GO sale.

For the new sale, Fitch Ratings affirmed Vermont's AA-plus issuer default and GO bond rating with a stable outlook.

The decision took into account disciplined financial management and cautious revenue forecasting, which, the rating agency said in a report, "when coupled with the state's healthy fiscal reserves and ample expenditure-cutting capacity, position Vermont well through the cycle to absorb any budgetary challenges associated with future U.S. economic downturns."

Fitch said the state has moderate long-term liabilities primarily consisting of direct debt and net pension liabilities, both of which are well supported by the state's economic base, and it expects liabilities to remain stable for the near term.

Moody's Investors Service affirmed its Aa1 rating and stable outlook, citing "strong financial management and governance, and healthy finances that together well-position the state to react to potential economic and/or fiscal challenges in the coming years."

S&P Global Ratings assigned Vermont's GOs an AA-plus with a stable outlook, and affirmed its outstanding ratings.

The bonds are backed by Vermont's full faith and credit.

Vermont's aggregate revenue for fiscal 2023 came in 1.2% above January's revenue estimate, with earnings slightly beating expectations on better-than-expected performance General Fund attributed to higher corporate income tax, net interest receipts, and meals and rooms tax revenues, according to the investor presentation.

The state currently maintains \$527.7 million of outstanding GO bonds on a 20-year retirement schedule and has not had any draws on its line of credit or short-term borrowings since fiscal year 2004, the roadshow said.