

**State of Vermont
Special Obligation Transportation Infrastructure Bonds**

					SCENARIO 1: FY2013 (PEAK) TIB REVENUES				SCENARIO 2: FORECAST FY2016 TIB REVENUES				
A		B		C	D = A + B + C	E	F = D + E	G	H = G / F	I	J = D + I	K	L = K / J
Fiscal Year	2010 Series A Debt Service	2010 Series A Debt Service	2013 Series A Debt Service	Total Current Debt Service	\$69,856 Million New Projects Debt Service	Total Current + New Bonds Debt Service	FY2013 TIB Revenue	Coverage Ratio	\$38,146 Million New Projects Debt Service	Total Current + New Bonds Debt Service	FY2016 Forecast TIB Revenue	Coverage Ratio	
2015	991,362.50	695,062.50	815,887.50	2,502,312.50		2,502,312.50	23,000,000.00	9.19		2,502,312.50	19,400,000.00	7.75	
2016	994,162.50	695,862.50	814,887.50	2,504,912.50	4,802,468.23	7,307,380.73	23,000,000.00	3.15	2,625,151.18	5,130,063.68	16,000,000.00	3.12	
2017	991,662.50	696,462.50	813,287.50	2,501,412.50	5,087,100.00	7,588,512.50	23,000,000.00	3.03	2,781,537.50	5,282,950.00	16,000,000.00	3.03	
2018	990,787.50	696,862.50	816,087.50	2,503,737.50	5,093,000.00	7,596,737.50	23,000,000.00	3.03	2,787,462.50	5,291,200.00	16,000,000.00	3.02	
2019	994,537.50	697,062.50	813,087.50	2,504,687.50	5,095,675.00	7,600,362.50	23,000,000.00	3.03	2,788,850.00	5,293,537.50	16,000,000.00	3.02	
2020	991,112.50	692,062.50	814,487.50	2,497,662.50	5,103,581.25	7,601,243.75	23,000,000.00	3.03	2,792,631.25	5,290,293.75	16,000,000.00	3.02	
2021	990,562.50	696,962.50	815,087.50	2,502,612.50	5,112,493.75	7,615,106.25	23,000,000.00	3.02	2,796,506.25	5,299,118.75	16,000,000.00	3.02	
2022	994,412.50	696,562.50	814,887.50	2,505,862.50	5,116,850.00	7,622,712.50	23,000,000.00	3.02	2,800,181.25	5,306,043.75	16,000,000.00	3.02	
2023	992,512.50	695,962.50	813,887.50	2,502,362.50	5,125,225.00	7,627,587.50	23,000,000.00	3.02	2,805,556.25	5,307,918.75	16,000,000.00	3.01	
2024	995,012.50	695,162.50	812,537.50	2,502,712.50	5,132,962.50	7,635,675.00	23,000,000.00	3.01	2,810,093.75	5,312,806.25	16,000,000.00	3.01	
2025	994,825.00	696,412.50	815,037.50	2,506,275.00	5,138,631.25	7,644,906.25	23,000,000.00	3.01	2,815,756.25	5,322,031.25	16,000,000.00	3.01	
2026	991,825.00	693,700.00	811,187.50	2,496,712.50	5,146,831.25	7,643,543.75	23,000,000.00	3.01	2,822,256.25	5,318,968.75	16,000,000.00	3.01	
2027	992,950.00	694,325.00	815,362.50	2,502,637.50	5,151,987.50	7,654,625.00	23,000,000.00	3.00	2,824,287.50	5,326,925.00	16,000,000.00	3.00	
2028	990,887.50	694,575.00	812,887.50	2,498,350.00	5,163,393.75	7,661,743.75	23,000,000.00	3.00	2,829,287.50	5,327,637.50	16,000,000.00	3.00	
2029	992,700.00	694,450.00	812,287.50	2,499,437.50	5,170,831.25	7,670,268.75	23,000,000.00	3.00	2,834,412.50	5,333,850.00	16,000,000.00	3.00	
2030	993,200.00	693,950.00	815,687.50	2,502,837.50	5,173,806.25	7,676,643.75	23,000,000.00	3.00	2,839,318.75	5,342,156.25	16,000,000.00	3.00	
2031		694,900.00	812,887.50	1,507,787.50	5,182,056.25	6,689,843.75	23,000,000.00	3.44	2,846,525.00	4,354,312.50	16,000,000.00	3.67	
2032		695,250.00	814,087.50	1,509,337.50	5,189,806.25	6,699,143.75	23,000,000.00	3.43	2,847,875.00	4,357,212.50	16,000,000.00	3.67	
2033			813,150.00	813,150.00	5,196,956.25	6,010,106.25	23,000,000.00	3.83	2,851,250.00	3,664,400.00	16,000,000.00	4.37	
2034					5,208,331.25	5,208,331.25	23,000,000.00	4.42	2,856,475.00	2,856,475.00	16,000,000.00	5.60	
2035					5,217,518.75	5,217,518.75	23,000,000.00	4.41	2,860,050.00	2,860,050.00	16,000,000.00	5.59	
	15,882,512.50	12,515,587.50	15,466,700.00	43,864,800.00	102,609,505.73	146,474,305.73	483,000,000.00		56,215,463.68	100,080,263.68	339,400,000.00		

Assumptions:

- Bond interest rates estimated at MMD AAA G.O. (roughly the State's borrowing rates) plus 1.00%, to reflect both historical credit spreads for AA-rated TIBs, and modest increase above current record-low rates.
- Bond final maturity date is to be 20 years, with level annual debt service, consistent existing TIBs issues.
- Debt Service Reserve Fund (DSRF) is funded from bond proceeds, and is assumed to be the least of 10% of the initial par amount of bonds, 125% of average annual debt service, and maximum annual debt service; the TIBs Trust Indenture provides for a parity reserve, or a single DSRF supporting all outstanding TIBs issues, so the actual DSRF contribution related to new bonds may be slightly less than the amount shown.
- Costs of issuance (legal, advisory, ratings, trustee, printer, etc.) assumed at \$300,000 per bond issue, plus an underwriters' discount of \$5 per \$1,000 of bonds.
- Motor Fuel Transportation Infrastructure Assessment (MFTIA), a.k.a. "TIB Revenue" of \$23,000,000 for FY2013 and forecast \$16,000,000 for FY2016 is based upon January 2015 Emergency Board revenues, with zero annual growth assumed consistent with the additional bonds test in the TIBs Trust Indenture. Actual TIB Revenues is forecast to grow to \$17,900,000 in FY2017.
- Coverage Ratio (annual TIB Revenue divided by annual TIBs debt service) of 3.00 based upon current target to support AA+/Aa2/AA (S&P/Moody's/Fitch) credit ratings. TIBs Trust Indenture requires coverage ratio of 2.00.

**State of Vermont
Special Obligation Transportation Infrastructure Bonds**

Bond Pricing, Proceeds and Debt Service Analysis (SCENARIO 1: FY2013 REVENUE OF \$23,000,000)

Date	Principal Amount	Coupon	Yield	Price	Proceeds	Interest	Debt Service	Fiscal Debt Service
12/15/2015						814,015.10	814,015.10	
6/15/2016	2,895,000	1.375%	1.200%	100.151	2,899,368.24	1,093,453.13	3,988,453.13	4,802,468.23
12/15/2016						1,073,550.00	1,073,550.00	
6/15/2017	2,940,000	1.500%	1.330%	100.313	2,949,194.57	1,073,550.00	4,013,550.00	5,087,100.00
12/15/2017						1,051,500.00	1,051,500.00	
6/15/2018	2,990,000	1.750%	1.620%	100.363	3,000,843.15	1,051,500.00	4,041,500.00	5,093,000.00
12/15/2018						1,025,337.50	1,025,337.50	
6/15/2019	3,045,000	1.875%	1.780%	100.353	3,055,751.96	1,025,337.50	4,070,337.50	5,095,675.00
12/15/2019						996,790.63	996,790.63	
6/15/2020	3,110,000	2.125%	1.960%	100.762	3,133,700.79	996,790.63	4,106,790.63	5,103,581.25
12/15/2020						963,746.88	963,746.88	
6/15/2021	3,185,000	2.375%	2.250%	100.683	3,206,743.18	963,746.88	4,148,746.88	5,112,493.75
12/15/2021						925,925.00	925,925.00	
6/15/2022	3,265,000	2.500%	2.420%	100.502	3,281,397.56	925,925.00	4,190,925.00	5,116,850.00
12/15/2022						885,112.50	885,112.50	
6/15/2023	3,355,000	2.750%	2.640%	100.776	3,381,018.12	885,112.50	4,240,112.50	5,125,225.00
12/15/2023						838,981.25	838,981.25	
6/15/2024	3,455,000	2.875%	2.800%	100.584	3,475,165.41	838,981.25	4,293,981.25	5,132,962.50
12/15/2024						789,315.63	789,315.63	
6/15/2025	3,560,000	3.000%	2.900%	100.851	3,590,297.10	789,315.63	4,349,315.63	5,138,631.25
12/15/2025						735,915.63	735,915.63	
6/15/2026	3,675,000	3.125%	2.980%	101.336	3,724,093.72	735,915.63	4,410,915.63	5,146,831.25
12/15/2026						678,493.75	678,493.75	
6/15/2027	3,795,000	3.125%	3.060%	100.641	3,819,314.53	678,493.75	4,473,493.75	5,151,987.50
12/15/2027						619,196.88	619,196.88	
6/15/2028	3,925,000	3.250%	3.137%	101.190	3,971,717.23	619,196.88	4,544,196.88	5,163,393.75
12/15/2028						555,415.63	555,415.63	
6/15/2029	4,060,000	3.375%	3.213%	101.795	4,132,895.03	555,415.63	4,615,415.63	5,170,831.25
12/15/2029						486,903.13	486,903.13	
6/15/2030	4,200,000	3.375%	3.290%	100.991	4,241,610.40	486,903.13	4,686,903.13	5,173,806.25
12/15/2030						416,028.13	416,028.13	
6/15/2031	4,350,000	3.500%	3.332%	102.055	4,439,396.43	416,028.13	4,766,028.13	5,182,056.25
12/15/2031						339,903.13	339,903.13	
6/15/2032	4,510,000	3.500%	3.374%	101.608	4,582,524.37	339,903.13	4,849,903.13	5,189,806.25
12/15/2032						260,978.13	260,978.13	
6/15/2033	4,675,000	3.500%	3.416%	101.114	4,727,072.03	260,978.13	4,935,978.13	5,196,956.25
12/15/2033						179,165.63	179,165.63	
6/15/2034	4,850,000	3.625%	3.458%	102.298	4,961,438.08	179,165.63	5,029,165.63	5,208,331.25
12/15/2034						91,259.38	91,259.38	
6/15/2035	5,035,000	3.625%	3.500%	101.776	5,124,430.40	91,259.38	5,126,259.38	5,217,518.75
	74,875,000				75,697,972.32	27,734,505.73	102,609,505.73	102,609,505.73

Sources and Uses of Funds

<u>Sources</u>	
Par Amount	74,875,000.00
Premium/(Discount)	822,972.32
Total Sources	75,697,972.32
<u>Uses</u>	
Project Fund	69,856,078.57
Debt Service Reserve	5,217,518.75
Underwriters Discount	374,375.00
Cost of Issuance	250,000.00
Total Uses	41,724,417.81

**State of Vermont
Special Obligation Transportation Infrastructure Bonds**

Bond Pricing, Proceeds and Debt Service Analysis (SCENARIO 2: FY2016 REVENUE OF \$16,000,000)

Date	Principal Amount	Coupon	Yield	Price	Proceeds	Interest	Debt Service	Fiscal Debt Service
12/15/2015						446,019.93	446,019.93	
6/15/2016	1,580,000	1.375%	1.200%	100.151	1,582,384.05	599,131.25	2,179,131.25	2,625,151.18
12/15/2016						588,268.75	588,268.75	
6/15/2017	1,605,000	1.500%	1.330%	100.313	1,610,019.49	588,268.75	2,193,268.75	2,781,537.50
12/15/2017						576,231.25	576,231.25	
6/15/2018	1,635,000	1.750%	1.620%	100.363	1,640,929.28	576,231.25	2,211,231.25	2,787,462.50
12/15/2018						561,925.00	561,925.00	
6/15/2019	1,665,000	1.875%	1.780%	100.353	1,670,879.15	561,925.00	2,226,925.00	2,788,850.00
12/15/2019						546,315.63	546,315.63	
6/15/2020	1,700,000	2.125%	1.960%	100.762	1,712,955.42	546,315.63	2,246,315.63	2,792,631.25
12/15/2020						528,253.13	528,253.13	
6/15/2021	1,740,000	2.375%	2.250%	100.683	1,751,878.54	528,253.13	2,268,253.13	2,796,506.25
12/15/2021						507,590.63	507,590.63	
6/15/2022	1,785,000	2.500%	2.420%	100.502	1,793,964.67	507,590.63	2,292,590.63	2,800,181.25
12/15/2022						485,278.13	485,278.13	
6/15/2023	1,835,000	2.750%	2.640%	100.776	1,849,230.48	485,278.13	2,320,278.13	2,805,556.25
12/15/2023						460,046.88	460,046.88	
6/15/2024	1,890,000	2.875%	2.800%	100.584	1,901,031.15	460,046.88	2,350,046.88	2,810,093.75
12/15/2024						432,878.13	432,878.13	
6/15/2025	1,950,000	3.000%	2.900%	100.851	1,966,595.32	432,878.13	2,382,878.13	2,815,756.25
12/15/2025						403,628.13	403,628.13	
6/15/2026	2,015,000	3.125%	2.980%	101.336	2,041,918.05	403,628.13	2,418,628.13	2,822,256.25
12/15/2026						372,143.75	372,143.75	
6/15/2027	2,080,000	3.125%	3.060%	100.641	2,093,326.54	372,143.75	2,452,143.75	2,824,287.50
12/15/2027						339,643.75	339,643.75	
6/15/2028	2,150,000	3.250%	3.137%	101.190	2,175,590.33	339,643.75	2,489,643.75	2,829,287.50
12/15/2028						304,706.25	304,706.25	
6/15/2029	2,225,000	3.375%	3.213%	101.795	2,264,948.63	304,706.25	2,529,706.25	2,834,412.50
12/15/2029						267,159.38	267,159.38	
6/15/2030	2,305,000	3.375%	3.290%	100.991	2,327,836.18	267,159.38	2,572,159.38	2,839,318.75
12/15/2030						228,262.50	228,262.50	
6/15/2031	2,390,000	3.500%	3.332%	102.055	2,439,116.66	228,262.50	2,618,262.50	2,846,525.00
12/15/2031						186,437.50	186,437.50	
6/15/2032	2,475,000	3.500%	3.374%	101.608	2,514,799.96	186,437.50	2,661,437.50	2,847,875.00
12/15/2032						143,125.00	143,125.00	
6/15/2033	2,565,000	3.500%	3.416%	101.114	2,593,570.00	143,125.00	2,708,125.00	2,851,250.00
12/15/2033						98,237.50	98,237.50	
6/15/2034	2,660,000	3.625%	3.458%	102.298	2,721,118.62	98,237.50	2,758,237.50	2,856,475.00
12/15/2034						50,025.00	50,025.00	
6/15/2035	2,760,000	3.625%	3.500%	101.776	2,809,022.42	50,025.00	2,810,025.00	2,860,050.00
	41,010,000				41,461,114.94	15,205,463.68	56,215,463.68	56,215,463.68

Sources and Uses of Funds

<u>Sources</u>	
Par Amount	41,010,000.00
Premium/(Discount)	451,114.94
Total Sources	41,461,114.94
<u>Uses</u>	
Project Fund	38,146,014.94
Debt Service Reserve	2,860,050.00
Underwriters Discount	205,050.00
Cost of Issuance	250,000.00
Total Uses	41,724,417.81

**State of Vermont
Special Obligation Transportation Infrastructure Bonds**

Assumptions

Closing: 8/1/2015

Muni Bond Rates

Years	Date	MMD Rates	Spread	Rate
0	8/8/2015	0.02%	1.00%	1.02%
1	6/15/2016	0.20%	1.00%	1.20%
2	6/15/2017	0.33%	1.00%	1.33%
3	6/15/2018	0.62%	1.00%	1.62%
4	6/15/2019	0.78%	1.00%	1.78%
5	6/15/2020	0.96%	1.00%	1.96%
6	6/15/2021	1.25%	1.00%	2.25%
7	6/15/2022	1.42%	1.00%	2.42%
8	6/15/2023	1.64%	1.00%	2.64%
9	6/15/2024	1.80%	1.00%	2.80%
10	6/15/2025	1.90%	1.00%	2.90%
11	6/15/2026	1.98%	1.00%	2.98%
12	6/15/2027	2.06%	1.00%	3.06%
13	6/15/2028	2.14%	1.00%	3.14%
14	6/15/2029	2.21%	1.00%	3.21%
15	6/15/2030	2.29%	1.00%	3.29%
16	6/15/2031	2.33%	1.00%	3.33%
17	6/15/2032	2.37%	1.00%	3.37%
18	6/15/2033	2.42%	1.00%	3.42%
19	6/15/2034	2.46%	1.00%	3.46%
20	6/15/2035	2.50%	1.00%	3.50%
21	6/15/2036	2.53%	1.00%	3.53%
22	6/15/2037	2.55%	1.00%	3.55%
23	6/15/2038	2.58%	1.00%	3.58%
24	6/15/2039	2.61%	1.00%	3.61%
25	6/15/2040	2.64%	1.00%	3.64%
26	6/15/2041	2.66%	1.00%	3.66%
27	6/15/2042	2.69%	1.00%	3.69%
28	6/15/2043	2.72%	1.00%	3.72%
29	6/15/2044	2.74%	1.00%	3.74%
30	6/15/2045	2.77%	1.00%	3.77%

Bond Issuance Costs

Item	Cost	\$/Bond
Underwriters' Discount	TBD	5.00
Bond Counsel	65,000	0.43
Financial Advisor	50,000	0.33
Rating Agencies		
S&P	25,000	0.17
Moody's	25,000	0.17
Fitch	25,000	0.17
Economist/Feasibility Study	25,000	0.17
Trustee	15,000	0.10
Printer	5,000	0.03
Advertising	5,000	0.03
Miscellaneous	10,000	0.07
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	250,000	1.66

**TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2015**

SOURCE T-FUND

revenues are prior to all E-Fund allocations and other out-transfers. Used for analytic and comparative purposes only.

	FY 2010 (Actual)	% Change	FY 2011 (Actual)	% Change	FY 2012 (Actual)	% Change	FY 2013 (Actual)	% Change	FY 2014 (Preliminary)	% Change	FY 2015 (Forecast)	% Change	FY 2016 (Forecast)	% Change	FY 2017 (Forecast)	% Change
REVENUE SOURCE																
Gasoline	\$61.0	0.6%	\$60.6	-0.6%	\$59.3	-2.2%	\$59.9	1.1%	\$76.5	27.6%	\$76.7	0.3%	\$78.5	2.3%	\$78.2	-0.4%
Diesel	\$15.1	-2.6%	\$15.4	2.0%	\$16.0	3.9%	\$15.6	-2.2%	\$17.2	9.7%	\$18.2	6.0%	\$18.5	1.6%	\$18.8	1.6%
Purchase and Use*	\$69.7	5.7%	\$77.1	10.5%	\$81.9	6.3%	\$83.6	2.0%	\$91.8	9.9%	\$97.7	6.4%	\$102.6	5.0%	\$106.9	4.2%
Motor Vehicle Fees	\$72.5	10.7%	\$72.3	-0.3%	\$73.5	1.7%	\$77.9	5.9%	\$79.0	1.5%	\$80.4	1.7%	\$80.8	0.5%	\$81.8	1.2%
Other Revenue**	\$18.2	1.4%	\$17.9	-2.0%	\$18.3	2.2%	\$19.1	4.2%	\$19.5	2.3%	\$20.1	3.1%	\$20.4	1.5%	\$20.7	1.5%
TOTAL TRANS. FUND	\$236.6	4.9%	\$243.3	2.8%	\$249.0	2.3%	\$256.0	2.8%	\$284.0	10.9%	\$293.1	3.2%	\$300.8	2.6%	\$306.4	1.9%

**TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2015**

CURRENT LAW BASIS

including all Education Fund allocations and other out-transfers

	FY 2010 (Actual)	% Change	FY 2011 (Actual)	% Change	FY 2012 (Actual)	% Change	FY 2013 (Actual)	% Change	FY 2014 (Preliminary)	% Change	FY 2015 (Forecast)	% Change	FY 2016 (Forecast)	% Change	FY 2017 (Forecast)	% Change
REVENUE SOURCE																
Gasoline	\$61.0	0.6%	\$60.6	-0.6%	\$59.3	-2.2%	\$59.9	1.1%	\$76.5	27.6%	\$76.7	0.3%	\$78.5	2.3%	\$78.2	-0.4%
Diesel	\$15.1	-2.6%	\$15.4	2.0%	\$16.0	3.9%	\$15.6	-2.2%	\$17.2	9.7%	\$18.2	6.0%	\$18.5	1.6%	\$18.8	1.6%
Purchase and Use*	\$46.5	5.7%	\$51.4	10.5%	\$59.6	16.0%	\$55.7	-6.5%	\$61.2	9.9%	\$65.1	6.4%	\$68.4	5.0%	\$71.3	4.2%
Motor Vehicle Fees	\$72.5	10.7%	\$72.3	-0.3%	\$73.5	1.7%	\$77.9	5.9%	\$79.0	1.5%	\$80.4	1.7%	\$80.8	0.5%	\$81.8	1.2%
Other Revenue**	\$18.2	1.4%	\$17.9	-2.0%	\$18.3	2.2%	\$19.1	4.2%	\$19.5	2.3%	\$20.1	3.1%	\$20.4	1.5%	\$20.7	1.5%
TOTAL TRANS. FUND	\$213.3	4.8%	\$217.617	2.0%	\$226.688	4.2%	\$228.195	0.7%	\$253.383	11.0%	\$260.533	2.8%	\$266.600	2.3%	\$270.767	1.6%

OTHER

TIB Gasoline	\$13.4	NM	\$16.5	23.6%	\$20.9	26.6%	\$21.2	1.4%	\$19.2	-9.5%	\$17.4	-9.3%	\$14.0	-19.5%	\$15.9	13.6%
TIB Diesel and Other***	\$1.5	NM	\$2.0	31.7%	\$1.9	-1.7%	\$1.8	-8.6%	\$1.8	4.5%	\$2.0	5.8%	\$2.0	1.5%	\$2.0	1.5%
Total TIB	\$14.9	NM	\$18.5	24.4%	\$22.8	23.6%	\$23.0	0.6%	\$21.0	-8.4%	\$19.4	-8.0%	\$16.0	-17.4%	\$17.9	12.1%

Notes:

* As of FY04, includes Motor Vehicle Rental tax revenue

** Beginning in FY07, includes Stabilization Reserve interest; FY08 data includes \$3.76M transfer from G-Fund for prior Jet Fuel tax processing errors and inclusion of this tax in subsequent years

*** Includes TIB Fund interest income of less than \$15,000

The Vermont Statutes Online

Title 32: Taxation and Finance

Chapter 13: DEBTS AND CLAIMS

32 V.S.A. § 978. Pledge

§ 978. Pledge

The general assembly hereby pledges and covenants with holders of the bonds issued under this subchapter that the state will fulfill the terms of any agreement made with the holders of transportation infrastructure bonds and will not in any way impair the rights or remedies of the holders of the bonds until the bonds, interest, and all costs associated with the bonds are fully paid. (Added 2009, No. 50, § 28.)
