



The Bond Election Process

- Terminology
 - Title 17 v. Title 24
 - Most provisions relevant to financing are in Title 24
 - Look to Title 24, Chapter 53, Subchapter 1
 - Bond v. Note
 - Bond more formal requirements; more flexibility with a Note
 - 24 V.S.A. § 1786a (Capital Improvement Note)
 - Taxable v. Tax-Exempt
 - Tax-Exempt: Interest not taxable for lender; lower interest rate for borrower
 - Not much of the bond election process is relevant to tax-exempt
 - This presentation covers capital improvements (not current expense/working capital financing)
 - School district votes have some additional requirements
- Defining the Project
 - Description of the project
 - Estimated cost of the project (includes design and development costs)
 - What is the most you would need to borrow for the project?
 - Don't want to have to come back to voters if approval is too low
 - It can take years to develop and build project
 - Are there capital reserves or grant funds available for project?
 - When do you want vote to happen?
 - Annual meeting; special meeting
- Bond Election Documents
 - Necessity Resolution - 24 V.S.A. § 1755(a)(1)
 - Legislative branch must pass resolution that states:
 - that the public interest or necessity demands improvements (the project);

- that the cost of the same will be too great to be paid out of the ordinary annual income and revenue
 - that the municipality needs to borrow the funds to pay for the improvements; and
 - that the proposition of incurring a bonded debt to pay for the improvements should be submitted to the qualified voters
- Petition by 10% of voters can get bond article on the ballot.
- Warning - 24 V.S.A. § 1755(a)(2). Shall state:
 - the object and purpose for which the indebtedness is proposed to be incurred;
 - the estimated cost of the improvements;
 - the amount of bonds proposed to be issued; and
 - shall fix the place where and the date on which the meeting shall be held and the hours of opening and closing the polls
- Ballot - 24 V.S.A. § 1758.
 - Must be by Australian ballot (unless five years or less).
 - The ballot article shall be *substantially* as follows:

Shall the bonds of the of in an amount not to exceed be issued for the purpose of ?

If in favor of the bond issue, make a cross (x) in this square ☐.

If opposed to the bond issue, make a cross (x) in this square ☐.
- Clerk's Certificate of Vote, Posting and Publication (used after vote)
- Declaration of Official Intent
 - Required in order to be able to reimburse yourself with future tax-exempt bond proceeds
- Notice Requirements
 - Publication - 24 V.S.A. § 1756(a)(1)
 - Warning published in a newspaper of known circulation in such municipality once a week for three consecutive weeks on the same day of the week, the last publication to be not less than five nor more than ten days before such meeting.
 - Publishing in annual report not sufficient
 - Posting - 24 V.S.A. § 1756(a)(2)

- Warning posted in five public places within such municipality for two weeks immediately preceding such meeting.
 - Australian Ballot Informational Meeting – within 30 days before vote. 17 V.S.A. § 2680(h).
 - Post warning at least 10 days in advance of the hearing in at least two public places within the municipality and in the town clerk's office.
- After the Vote
 - If it fails, can only vote for funding “same or similar” improvements twice in a one-year period. 24 V.S.A. § 1755(b).
 - If passes but procedural error (e.g., publication issue), possibly corrected by validation resolution from legislative branch. 24 V.S.A. § 1757.
 - Clerk's Certificate
 - Wait at least 30 days for rescind/reconsider period - 17 V.S.A. § 2661.
 - Preliminary Legal Opinion
- Go Get Funding!
- Questions?