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Burlington Wins ‘Neighborly Bonds Challenge’

Award projected to save up to \$185,000 in costs related to anticipated bonding; Neighborly’s innovative, technology-based platform seeks to democratize tax-exempt bond market with bonds as small as \$100, reducing City interest rates + allowing Burlingtonians + others to invest in local projects

Burlington, VT: The City of Burlington is one of five winners of the “Neighborly Bonds Challenge,” a contest that called on public agencies interested in offering their communities the opportunity to invest directly in local projects through the purchase of municipal bonds. The five Neighborly Bonds Challenge winners, announced on September 22 at the Bond Buyer Conference in Los Angeles, are Austin, TX, Somerville, MA, the Housing Trust of Silicon Valley, and Lawrence, KS. Winners of the Neighborly Bonds Challenge receive an innovative issuance platform, which provides the same services typically provided by City underwriters, bond counsel, and financial advisers, with issuance fees waived, as well as free marketing financing.

By winning the competition, the City could save up to \$185,000 in lower transaction costs on anticipated bonding. The Neighborly technology-based platform is expected to make the municipal bond market accessible to a wider range of investors, potentially reducing the long-term interest rates for Burlington bonds and saving taxpayers hundreds of thousands of dollars over the life of the bonds. Those savings are expected to lower the cost of the City’s Sustainable Infrastructure Plan for the 21st Century, approved unanimously by the City Council on September 19, 2016 and coming to the voters on the November ballot.

“This award is welcome news at a time when the City is focused on infrastructure investment,” said Mayor Miro Weinberger. “I am excited about the potential for this award and this new technology-based platform to bring down the cost of our Sustainable Infrastructure Plan for the 21st Century. I hope voters will see in this news another example of how the City is using innovation and hard work to bring down the cost of necessary, responsible local government investment. It is also exciting that winning this competition will create a new civic opportunity for Burlingtonians to directly invest in the City’s future.”

Neighborly selected Burlington as one of its winners because of the City’s focus on financial and environmental sustainability, one of Neighborly’s primary interests when choosing projects. Other measures used to evaluate the participating cities included community impact, credit quality, civic engagement of local residents, and the innovative nature of proposed projects. Winners were drawn from more than \$100 million of proposed issuances.

“We are honored to work with such esteemed issuers,” said Jase Wilson, CEO and Founder of Neighborly. “As a broker-dealer, the opportunity to issue bonds for cities so committed to improving the lives of citizens fits directly with our mission to modernize public finance.”

Neighborly is a San Francisco-based firm that provides municipal bonds issued in a lower denomination chosen by the issuer and sold through the firm’s innovative technology platform. The platform offers document generation services, expert bond counsel opinion, investor marketing

assistance, data driven pricing, sale and closing functions, as well as continuing disclosure and investor relations. Traditionally, state and local governments have issued municipal bonds to finance long-term public projects. Bonds are typically \$5,000 or more, a cost that can be prohibitively expensive for average community members, but is attractive to larger institutional buyers as bond interest is often exempt from federal income tax (and in some cases from state and local taxes as well).

Using the Neighborly platform, cities can now limit the cost of employing bond counsel, financial advisors, and underwriters, which for Burlington can total up to about \$185,000 with a major bond issue. In addition, cities can propose projects and open investment opportunities to smaller retail buyers by issuing bonds as low as \$100. By working with Neighborly, Burlington will join a Vermont tradition going back to 1996, when the State of Vermont began selling lower denomination Citizen Bonds.

In the coming weeks, the City will work with Neighborly to determine the amount it wishes to bond for on the platform, and other transaction terms and details.

News Release — Mayor Miro Weinberger
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