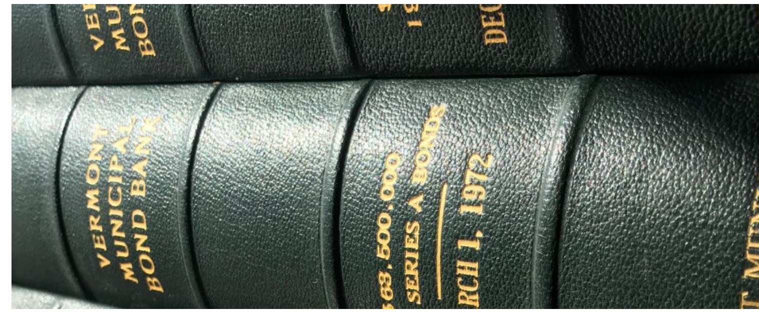
Vermont Bond Bank



CAPITAL PLANNING AND DISASTER RESILIENCE

September 11, 2026

50 Years Later

Vermont Bond Bank

- Capital Debt Affordability Advisory Committee
- Local Investment Advisory Committee

Pooled Loan Program

NEW ISSUE

In the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Bond Counsel to the Bond Bank, under existing law, and assuming continued compliance with various requirements of the Internal Revenue Code of 1986, as amended, interest on the Bonds will not be included in the gross income of holders of such bonds for federal income tax purposes. Interest on the Bonds will not constitute a preference item for purposes of computation of the federal individual alternative minimum tax; however, Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in the adjusted financial statement income of certain corporations is not excluded from computation of the federal corporate alternative minimum tax. In the further opinion of Bond Counsel, the Bonds are exempt from State of Vermont personal income taxes and State of Vermont corporate income taxes. See "TAX MATTERS" herein.

Vermont Bond Bank

$46,380,000
VERMONT BOND BANK

$26,370,000
2023 Series 2 Bonds
(Local Investment Bonds)

$20,010,000
2023 Series 3 Refunding Bonds

Dated: Date of Delivery **Due: December 1, as shown on the inside cover**

The 2023 Series 2 Bonds (Local Investment Bonds) (the "2023 Series 2 Bonds") and the 2023 Series 3 Refunding Bonds (the "2023 Series 3 Bonds" and together with the 2023 Series 2 Bonds, the "Bonds") of the Vermont Bond Bank (the "Bond Bank") are issuable only as fully registered bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as the registered Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Bonds will be made in book-entry-only form, in the denomination of $1,000 or any integral multiple thereof. Purchasers of beneficial interests will not receive certificates representing their interest in the Bonds. So long as Cede & Co. is the registered Bondholder, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

Principal of and semiannual interest will be paid, as set forth herein, directly to DTC by U.S. Bank Trust Company, National Association, as Trustee and Paying Agent, so long as DTC or its nominee, Cede & Co., is the registered Bondholder. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participant as more fully described herein. The Bonds are subject to redemption as more fully set forth herein.

The Bonds are direct and general obligations of the Bond Bank payable out of any revenues or funds subject to the provisions of resolutions now or hereafter pledging particular monies, assets or revenues to particular notes or bonds of the Bond Bank as more fully described in this Official Statement. The Bond Bank does not possess any ad valorem taxing powers. The State of Vermont is not obligated to pay the principal of and interest on the Bonds, and neither the faith and credit nor the taxing power of the State of Vermont is pledged to the payment of such principal and interest.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts, Bond Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, McCarter & English, LLP, Boston, Massachusetts. Omnicap Group LLC, El Segundo, California, serves as financial advisor to the Bond Bank. It is expected that the 2023 Series 2 Bonds in definitive form will be available for delivery to DTC in New York, New York or its custodial agent on or about August 10, 2023, and the 2023 Series 3 Bonds in definitive form will be available for delivery to DTC in New York, New York or its custodial agent on or about September 5, 2023.

Raymond James **Morgan Stanley**
Baird **Fidelity Capital Markets** **UBS**

August 1, 2023

State Revolving Loan Funds

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

VERMONT DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Special Program Implementation

- Technical Assistance / Fiscal Oversight
- Clean Energy Finance
- Flood Recovery
- Housing Infrastructure
- Policy Development

Vermont as a Climate Haven in 2023

The Atlantic

Popular Latest Newsletters

Sign In Subscribe

PLANET

Vermont Was Supposed to Be a Climate Haven

Then the rain came.

By Megan Mayhew Bergman

Municipal Climate Recovery Fund (MCRF) is Launched

Governor Scott and Treasurer Pieciak Announce Program to Save Flood Impacted Municipalities Millions

November 28, 2023

Berlin, VT - State Treasurer Mike Pieciak joined Governor Scott today to announce a $15 million program to support flood-impacted municipalities. Through the 10% in Vermont local investment program, the Treasurer's Office has awarded $15 million to the Vermont Bond Bank to create the Municipal Climate Recovery Fund (MCRF).

7-year term with two years interest only at 1.30%

Learning from 2011 Flood in Structuring MCRF

The General Fund ended FY20 with a current year deficit reduction of $264,192 and when combined with the carryover deficit from prior fiscal years of $702,138, the General Fund ended the fiscal year with a cumulative deficit of $$437,936. The cumulative deficit is the result of expenses, outflow of resources, exceeding the inflow of resources, revenues, that have accumulated beginning in fiscal year 2012, primarily, though not exclusively, with the Irene, August 2011, and the July 2013 (FY14) catastrophic storms. There are other contributing factors, but the storms and other related infrastructure improvements are the primary drivers that essentially explain the cumulative deficit.

The final storm reimbursable amounts were determined and agreed upon between the Town, the State of Vermont and FEMA in FY20. Non-reimbursable amounts remaining for certain storm and other infrastructure related expenditures are expected to be permanently financed in FY21 with a combination of debt and capital reserves that would primarily eliminate the negative fund balance. The financing costs will be included for recovery in the FY22 annual budget that may require a tax increase or may be covered with reductions in other operating expenditures as determined by the Town Manager and the Select Board.

Need to Extend Scale and Reach

Local News

FEMA's plodding bureaucracy exacts financial toll on Vermont towns

Vermont Public | By Peter Hirschfeld
Published September 23, 2024 at 9:20 AM EDT

"We're at that point where the purse is pretty much dry," Smith told Vermont Public last month. "And we don't have any liquidity anymore where we can pay [for] things."

Vermont as a Climate Haven in 2024

AP

WORLD U.S. POLITICS SPORTS ENTERTAINMENT BUSINESS SCIENCE MORE

LIVE: Israel-Iran war | Fred Smith dies at 80 | Brazil hot air balloon accident | Russia-Ukraine war | Game 7 NBA finals

U.S. NEWS

Vermonters, pummeled by floods exactly a year apart, are assessing damage, beginning cleanup

Municipal Climate Recovery Fund

$25 mm in lending capacity provided $33 mm in loans and served 27 unique towns

Available loan dollars continuously revolved

Year	Event	Capitalization Source	Amount Available to Loan	Initial Financing Round Demand	Communities Served	Notes
2023	July / August Floods	State of Vermont Loan	$15 mm	$35.5 mm	19	Borrowers were directed towards clean up costs
2024	July Floods	State FEMA Match Float	$5 mm	$5 mm	4	Designed for select communities that had residences cut off from services
2024	July Floods	State of Vermont Loan	Renewed $15 mm plus an additional $5 mm, resulting in $12.8 mm NM capacity	$31 mm	9	

Municipal Climate Recovery Fund*

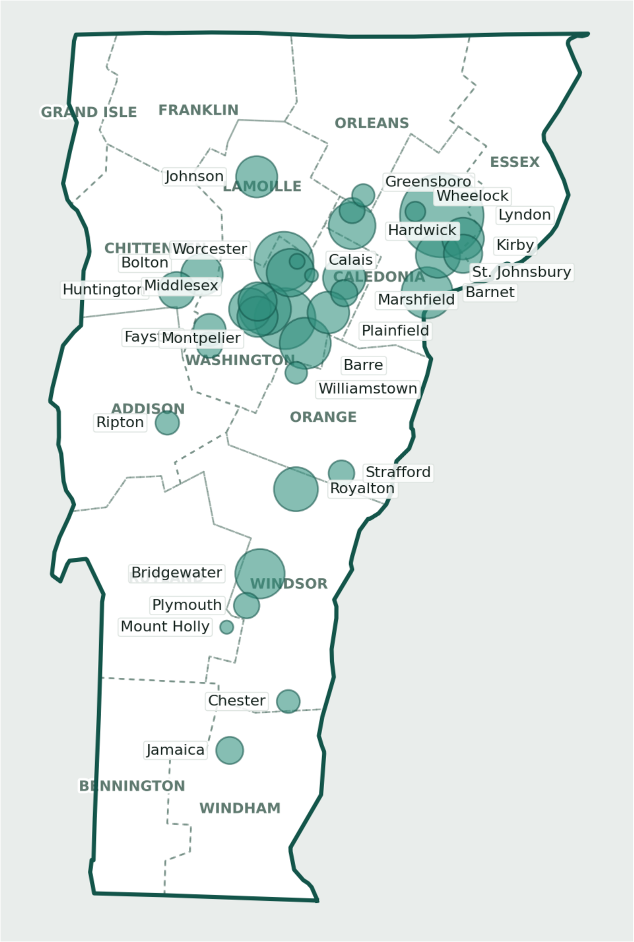
VERMONT BOND BANK · MCRF

New-Money Loans by Location

Each bubble is one new-money MCRF loan. Bubble area is proportional to the original loan amount.

36
LOANS

$32.9M
ORIGINAL PRINCIPAL



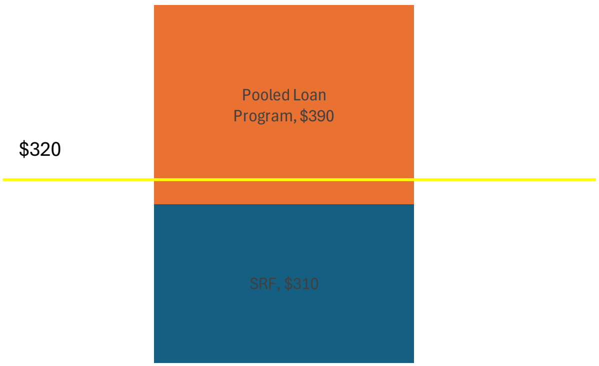
ORIGINAL LOAN AMOUNT

Town points are representative town-center coordinates.
County & state boundaries: U.S. Census Bureau.

*as of July 1, 2026

Civic and Portfolio Level Financial Risk

VT BOND BANK LOANS OUTSTANDING VS PA DAMAGE INVENTORY FROM COMBINED 2023 AND 2024 (IN MILLIONS)



[Note] Loan balances as of 12/31/2025

TOWN OF LYNDON, VERMONT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023
(Page 1 of 2)

	Original and Final Budget	Actual (Budgetary Basis)	Variance Over (Under)
REVENUES:			
Property taxes	$ 2,131,257	$ 2,199,302	$ 68,045
Town clerk fees	61,770	47,974	(13,796)
Administrative and office receipts	91,527	91,886	359
Listers	22,650	22,899	249
Planning	464,796	167,320	(297,476)
Zoning administration	13,125	26,609	13,484
Tax collector - Fees received	26,000	31,313	5,313
Office building operation	31,344	31,374	30
Fire department	86,006	86,947	941
Town hall rent	1,980	1,995	15
Cemetery	8,762	12,712	3,950
Dog account	11,250	10,324	(926)
Delinquent tax interest	10,000	10,213	213
Police department	70,994	68,064	(2,930)
Grant proceeds	121,616	55,537	(66,079)
Total revenues	3,153,077	2,864,469	(288,608)

Up to $18 million in estimated damages from 2024

Vermont's Enterprise Risk

S&P Global
Ratings

RatingsDirect®

Federal Disaster Relief Funding Proposals Could Elevate Credit Risks For U.S. Governments

June 4, 2025

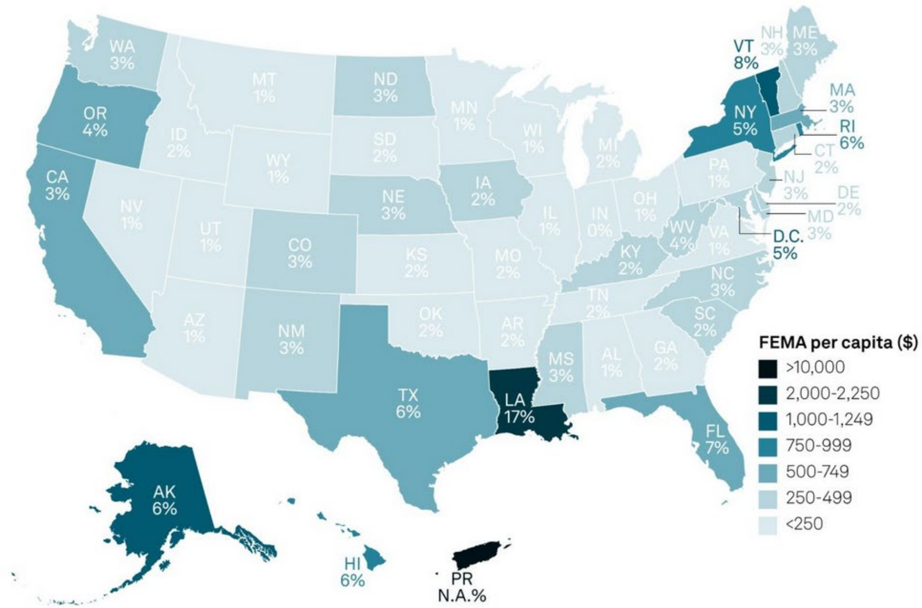
Final Report

The President's Council to Assess the Federal Emergency Management Agency

May 7, 2026

States federal assistance for disasters compared with expenditures

Percentages are FEMA funds obligated 2014-2024 as a % of 2022 state and local expenditures



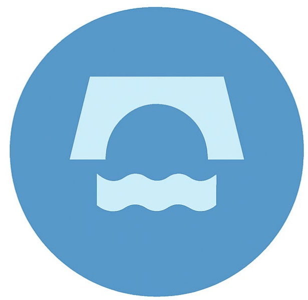
Source: FEMA.

S&P Global
Ratings

Permanent Municipal Climate Recovery Fund

Bond Bank is working to help scale and make permanent the MCRF in pursuit of the following objectives for Vermont communities

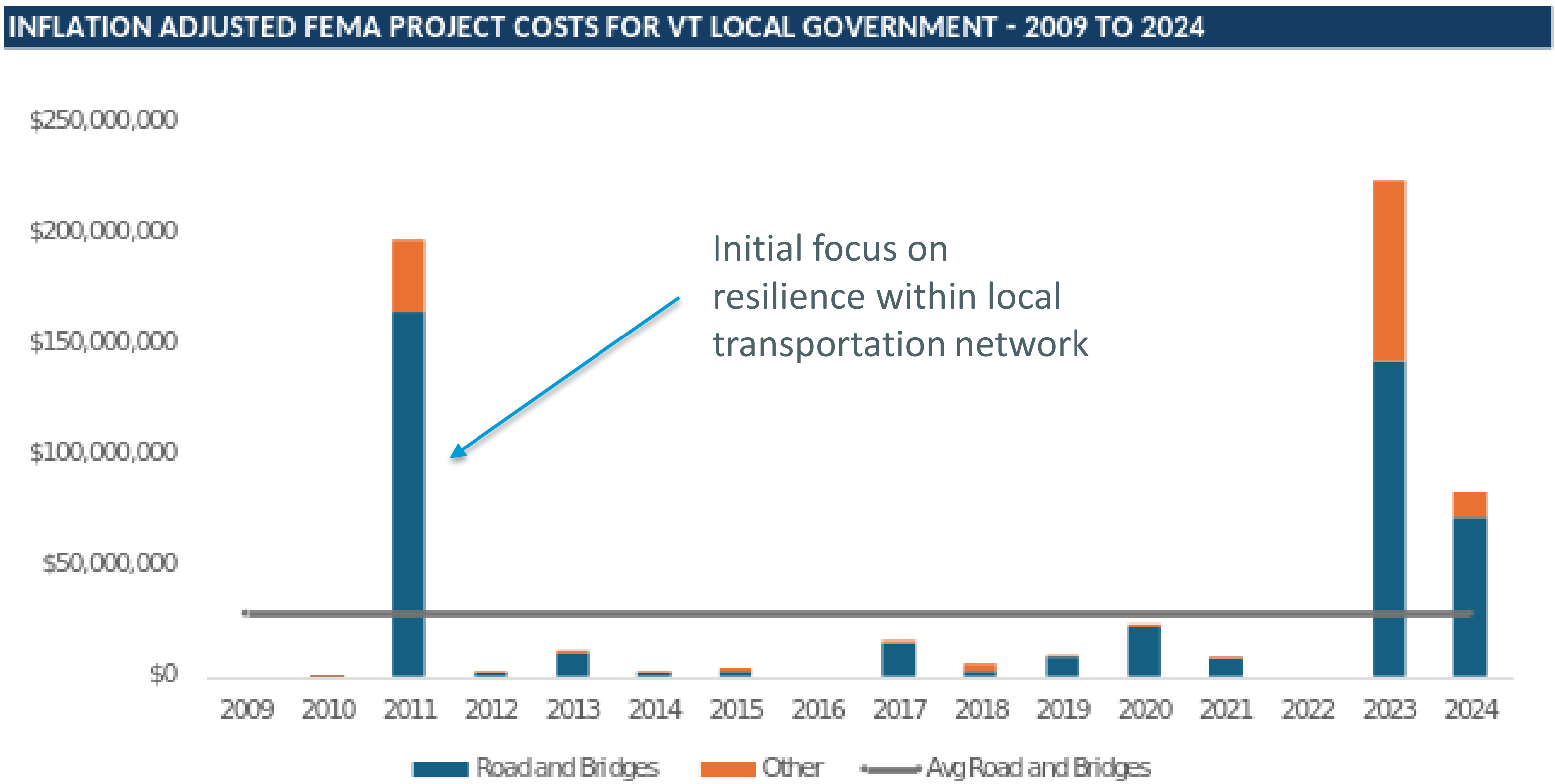
IMPROVED FISCAL HEALTH



PRIORITIZED INFRASTRUCTURE

REDUCED FLOOD RISK

VT Local Gov PA Obligations



*FEMA only; no FHWA

Incentive Framework Under Development

	SHORT TERM	MEDIUM TERM	LONG TERM
MCRF Loan Eligibility	The Bond Bank will make the MCRF available for all Vermont municipalities with prioritization of financing based on its existing methodology. Access to the MCRF is an entry point to engage as many municipalities as possible with the actions below. **Incentives described below will complement baseline access.**		
Municipal Requirements	- Capital plan including transportation network - Progress and policies towards reserve financial benchmarks - Contract and/or plan for post-event federal and state reporting	- Measurable risk reduction on the most vulnerable transportation assets, including repair, retire, replace, and improve	- Full asset vulnerability analysis with a plan for actions
Tools	- Low cost deferred repayment planning and engineering loans - Disaster Reserve Benchmarks - Other?		
Incentives / Access	Adaptation Grant Access for Post-Event Recovery / Non Federal Event Insurance		
		Discounted Rates for Implementation Loans	
			Price in infrastructure risk in Bond Bank loan rates

Incentive Framework Under Development

	SHORT TERM	MEDIUM TERM	LONG TERM
MCRF Loan Eligibility	The Bond Bank will make the MCRF available for all Vermont municipalities with prioritization of financing based on its existing methodology. Access to the MCRF is an entry point to engage as many municipalities as possible with the actions below. **Incentives described below will complement baseline access.**		
Municipal Requirements	- Capital plan including transportation network - Progress and policies towards reserve financial benchmarks - Contract and/or plan for post-event federal and state reporting	- Measurable risk reduction on the most vulnerable transportation assets, including repair, retire, replace, and improve	- Full asset vulnerability analysis with a plan for actions
Tools	- **Low cost deferred repayment planning and engineering loans** - **Disaster Reserve Benchmarks** - Other?		
Incentives / Access	Adaptation Grant Access for Post-Event Recovery / Non Federal Event Insurance		
		Discounted Rates for Implementation Loans	
			Price in infrastructure risk in Bond Bank loan rates

Disaster Reserve Benchmarks

https://www.vtbondbank.org/reservebenchmarks

Town Highway Disaster Reserve Benchmarks

This dataset is for use by municipal officials to identify funds needed for financial readiness. Potential levels of Annual Contribution can be evaluated alongside relative levels of transportation vulnerability. Cumulative contributions and interest earnings in related reserves can be compared against the Disaster Reserve Target to evaluate whether a municipality is sufficiently funded and fiscally prepared.

Search in table

Page 1 of 12

Town	% of Roads that are Vulnerable	% of Roads both Critical and Vulnerable	Annual Average Loss (AAL)	Maximum Loss	Low Annual Contribution (7.5% of AAL)	Medium Annual Contribution (10.0% of AAL)	High Annual Contribution (15.0% of AAL)	Disaster Reserve Target (15% * Avg of 3 Highest Loss Years)
Addison Town	46	20	$3,790	$24,911	$284	$379	$568	$3,032
Albany Town	23	0	$235,914	$1,302,044	$17,694	$23,591	$35,387	$162,868
Albany Village			$0	$0	$0	$0	$0	$0
Alburgh Town	43	2	$9,027	$144,436	$677	$903	$1,354	$7,222
Alburgh Village			$0	$0	$0	$0	$0	$0
Andover Town	27	0	$91,926	$1,076,582	$6,894	$9,193	$13,789	$73,541
Arlington Town	46	14	$12,972	$186,313	$973	$1,297	$1,946	$10,378
Athens Town	45	8	$25,719	$199,550	$1,929	$2,572	$3,858	$20,575
Averill	0	0	$23,186	$215,177	$1,739	$2,319	$3,478	$17,365
Averys Gore	0	0	$0	$0	$0	$0	$0	$0
Bakersfield Town	39	0	$80,017	$1,280,270	$6,001	$8,002	$12,003	$64,014

- Based on historic road and bridge FEMA losses
- Provides annual contribution benchmark
- Provides terminal reserve amount
- Includes comparison of Transportation Resource Planning Tool vulnerability

Vermont Bond Bank

WHITE PAPER

Road to Resilience: Town Highway Disaster Reserve Benchmarks

Released July 15, 2026 (Revised August 13, 2026)

Introduction

Vermont local governments operate with constrained resources and limited capacity in an increasingly complex political, social, and environmental context. From 2023 to the present, the last of these factors was felt acutely throughout Vermont due to the impact of extreme weather and related flooding. Information on how to plan for reducing and avoiding this risk is relatively widespread; however, guidance on how to withstand the financial impact of extreme weather events is sparse.

The Bond Bank's Town Highway Disaster Reserve Benchmarks (Reserve Benchmarks) are a first step in filling this gap with transparent data on the average annual amount towns would have needed to set aside to cover flood losses from 2009 to 2024. Local governments can use this tool to build disaster reserves and better manage the fiscal risks of future extreme weather.

As a statewide lender to local governments, the Bond Bank has a vested interest in the financial sustainability of every village, town, and city. The Reserve Benchmarks contribute to this mission by advancing the use of financial benchmarking, which is the best practice for sound financial management and builds on the Bond Bank's annual portfolio median release.

This first iteration of the Bond Bank's analysis is focused on public infrastructure—specifically the transportation network—where significant fiscal liability exists. This does not diminish other financial impacts felt by businesses, nonprofits, and households due to flooding but does start the conversation around the asset that literally connects communities.

As the data within this paper show, small achievable annual contributions by Vermont local governments can make large differences in reducing disaster cost liabilities. Combining Bond Bank data and historic disaster costs indicates that the median Vermont community requires an annual contribution of less than 1% of its budget to meet the Bond Bank's recommended annual reserve contribution, and even in the hardest-hit communities, this amount rises to just over 3%.

The Reserve Benchmarks are the first of what will be ongoing Bond Bank guidance on planning for the financial consequences of extreme weather. Future guidance will include expanded benchmarks and programmatic guidelines for accessing additional financial incentives through the Municipal Climate Recovery Fund (MCRF).

Michael Gaughan
Executive Director

P: 802-861-0073
E: michael@
vtbondbank.org

Ken Linge
Loan Officer

P: 802-861-0074
E: ken@vtbondbank.org

The Bond Bank is an equal opportunity provider

vtbondbank.org