



Vermont
Bond Bank

100 Bank Street, 401 – Burlington, VT 05401

The Municipal Climate Recovery Fund (MCRF) is designed to provide municipal budgetary relief for municipalities impacted by severe weather events by lowering the costs of borrowing to bridge FEMA reimbursement or otherwise pay for the unexpected costs of recovery.

In the initial MCRF funding round, following the floods of 2023, thanks to a low-interest capitalization loan from the State Treasurer's 10% in Vermont Program, the Bond Bank was able to make nearly \$15 million in steeply discounted loans to 18 communities across the state. In late 2024, with funding support from the Agency of Administration, the Bond Bank made an additional nearly \$5 million in loans in a special round for 5 towns facing acute emergency access issues following the 2024 floods.

Now, with additional funding from the State Treasurer's Office, the Bond Bank is happy to announce another round of MCRF loans for towns impacted by recent flooding and related severe rain events - with interest rates expected to be 1.3%.

If applications for funding exceed available funds, the following allocation methodology will be used to prioritize applications:

$$\text{Disaster Impact Ratio} = (\text{Documented losses} - \text{expected insurance payouts} + \text{own source revenue loss}) / \text{Prior year operating expenses}$$

MCRF Winter 2025 Round Timeline

Application Due Date: Applications will be accepted until Friday, March 14, though review will occur on a rolling basis, and assistance will be unavailable after Friday, March 7.

Loan Approvals: Thursday, March 27 (Expected)

Application Requirement Details:

1. Three years of financial statements
2. Requested loan amount
3. FEMA Public Assistance Damage Inventory summary
4. As applicable, non-FEMA damage summary to support loan request
5. Narrative in support of loan request
6. Amount of funds currently available through a line of credit or similar
7. Amount of available funds drawn
8. Preliminary bond counsel opinion (or engagement) letter

In addition, to calculate the Disaster Impact Ratio, we will also need:

- Total documented losses from relevant flooding and severe rain events
 - Expected insurance payouts (if applicable)
 - Revenue loss (if applicable)
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MCRF Loan Terms

Preliminary MCRF Terms and Conditions (Subject to Change)	
Amount	Minimum \$100 thousand; maximum TBD; all loans subject to availability and credit review
Term	7 years
Amortization	5 years
Interest Rate	1.30%
Closing Costs	\$1,000
Payment Dates	Semi-annual - March 1 and September 1
Prepayment	At any time with no penalty
Flow of Funds	Pay-off of bank and/or interfund loans; direct expense reimbursement considered upon request
Eligible Uses via Reimbursement	Costs eligible for FEMA Public Assistance Grant Funding, own source revenue loss up to 10% of prior fiscal year, and planning and initial rebuilding of flood impacted infrastructure
Closing Date	TBD
Security	General obligation
Legal	Local bond counsel opinion
Covenants	Quarterly reporting on FEMA reimbursement timeline; annual financial audit starting in year two of loan; FEMA reimbursement must be used to pay off loan (or pro rata portion thereof)

Contact

For additional information, help completing an application, etc. please don't hesitate to contact Bond Bank Loan Officer Ken Linge at ken@vtbondagency.org or (802)861-0074.