

The Volkswagen Diesel Emissions Environmental Mitigation Trust for State Beneficiaries, Puerto Rico and the District of Columbia

Vermont

June 26, 2026

Re: Beneficiary Confirmation

Dear Beneficiary,

As we have been communicating, the Volkswagen Diesel Emissions Environmental Mitigation Trust for State Beneficiaries, Puerto Rico, and the District of Columbia is approaching the 10th anniversary of the Trust Modification Effective Date on October 2, 2027. Wilmington Trust, N.A., as Trustee, is requesting your review and confirmation of the information below as it is a critical component of meeting the 80% "obligated" and 80% "expended" deadlines to become a Supplemental Funding Beneficiary who is entitled to retain all of its original allocation and also become eligible to receive any funds from the re-allocation of the Remainder Balance. It is our goal to identify any issues in your records that do not align with our records as soon as possible and resolve them now. The attached Exhibit provides a summary of your historical Eligible Mitigation Action activity. Confirmation of this information is critical by you, as a Beneficiary, prior to July 31st, 2026.

Initial Allocation: \$18,692,130.18

The following amounts are as of **May 31, 2026**:

Total Approved Budgeted Amount (Appendix D-4 - Obligated): \$14,828,955.12

Remaining Funds (Initial Allocation less Approved Budget): \$3,863,175.06

Approved and Disbursed Attachment A Funding Request (Expended): \$14,828,955.12

Returned Funds: \$ -

Interest Earnings: \$2,091,351.94

Obligated Percentage ($\frac{\text{Approved Budget}}{\text{Initial Allocation}} \times 100\%$) : 79%

Expended Percentage ($\frac{\text{Disbursed Attachment A Funds}}{\text{Initial Allocation}} \times 100\%$) : 79%

If there are any questions, please contact Michael Bochanski Jr. at mbochanski@wilmingtontrust.com

Sincerely,

Wilmington Trust, N.A., as Trustee for the Volkswagen Diesel Emissions Environmental Mitigation Trust for State Beneficiaries, Puerto Rico, and the District of Columbia, and not in its individual capacity

By:

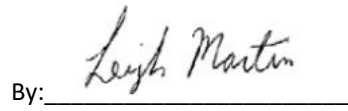


Name: Michael Bochanski Jr.

Title: Vice President

Reviewed and confirmed by:

Authorized Representative for the State of Vermont as Beneficiary



By: _____
(Signature)

Date: 7/30/2026

Title: Environmental Analyst

Name: Leigh Martin
(Print)

Vermont Department of Environmental Conservation

Air Quality and Climate Division

Davis Bldg. – 4th Floor

One National Life Drive [phone] 802-828-1288

Montpelier, VT 05620-3802

Agency of Natural Resources

July 30, 2026

VW Environmental Mitigation Trust for State Beneficiaries

Mr. Michael Bochanski

c/o Wilmington Trust, N.A. as Trustee

Rodney Square North

1100 North Market Street

Wilmington, Delaware 19890

Re: State of Vermont VW Settlement – Semiannual Report
Reporting period January 1, 2026 to June 30, 2026

Dear Mr. Bochanski,

On November 1, 2017, Vermont filed its Beneficiary Certification Form, and Wilmington Trust (the Trustee) filed a Notice of Beneficiary Designation with the U.S. District Court for the Northern District of California, designating Vermont as a Beneficiary on January 29, 2018. Vermont's first funding request was approved by the Trustee on July 15, 2019.

On July 22, 2019, Vermont received its first disbursement of Trust Assets, commencing Vermont's reporting obligations to the Trustee. As per section 5.3 *Beneficiary Reporting Obligations* of the Environmental Mitigation Trust Agreement, each Beneficiary shall submit to the Trustee a semiannual report describing the following:

1. the progress implementing each Eligible Mitigation Action during the six-month period leading up to the reporting date (including a summary of all costs expended on the Eligible Mitigation Action through the reporting date), and
2. the status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action.

Vermont is grouping all updates of Eligible Mitigation Actions in this single report.

This information is true and correct and this submission is made under penalty of perjury. If you have any questions or concerns, please contact me at (802) 261-0713 or email me at leigh.martin@vermont.gov.

Sincerely,



Leigh Martin, Environmental Analyst

Department of Environmental Conservation, Air Quality & Climate Division

Payee Recipient:	Vermont Department of Environmental Conservation
Eligible Mitigation Action Title:	9. Light-Duty Zero Emission Vehicle Supply Equipment
Reporting Period Covered:	1/1/2026 – 6/30/2026

Workplan Budget	Administrative	Project	Total
Total VW Funds Allocated	\$280,381.95	\$2,803,819.50	\$3,084,201.45
Running Total of VW Settlement Funds Received	\$280,381.95	\$2,803,819.50	\$3,084,201.45
Total VW Funds Obligated	\$280,381.95	\$2,042,845.64	\$2,323,227.59
Total VW Funds Expended	\$118,376.54	\$2,042,845.64	\$2,161,222.18
Total VW Funds on Hand	\$162,005.41	\$760,973.86	\$922,979.27
Total Cost Share Expended	--	\$904,414.10	\$904,414.10

Summary of Total VW Funds Expended - Administrative (Administrative costs include all personnel and fringe benefits)		
Entity	Expended During the Reporting Period	Cumulative Expenditures
Agency of Commerce & Community Development - Department of Housing & Community Development – Administrative	\$0	\$103,722.71
Agency of Natural Resources - Department of Environmental Conservation – Administrative	\$1,023.10	\$14,653.83
TOTAL	\$1,023.10	\$118,376.54

Summary of Total EVSE Project Expenditures During Reporting Period		
EVSE Project Description	VW Funds Expended	Cost Share Expended
N/A	\$0	\$0
TOTAL	\$0	\$0

Narrative: The Vermont Electric Vehicle Supply Equipment (EVSE) Grant Program is administered by the Vermont Department of Housing and Community Development (DHCD) in coordination with the Vermont Department of Environmental Conservation (DEC), the Agency of Transportation (VTrans), the Public Service Department, and the Department of Health.

In 2019, the EVSE grant program received 141 applications in two grant rounds, requesting over \$4 million in funding. Thirty projects were selected and awarded over \$1 million in funding to install 75 Level 2 and five DC fast charge units located in state designated centers, highway corridors, public park and rides, major attractions and institutions, multi-family housing and workplaces. In 2020, a request for proposals was released for \$1.7 million in VW funding to solicit the expansion of DC fast charge stations on highway corridors helping to fill out geographic gaps in Vermont’s EVSE network. As a result, the installation of DC fast charging stations at eight locations were awarded. Installations of selected 2019 and 2020 projects were completed in 2025.

A few of the projects previously awarded came in under budget or did not move forward, resulting in unspent funds. The DEC is currently in discussions with the DHCD regarding how the remaining funding might be reallocated into DHCD’s existing Charge Vermont program to build out additional DC fast charge stations. Project and budgetary decisions resulting from these discussions will be detailed in future reports.

Payee Recipient:	Vermont Department of Environmental Conservation
Eligible Mitigation Action Title:	2. Class 4-8 School Bus, Shuttle Bus, or Transit Bus
Reporting Period Covered:	1/1/2026 – 6/30/2026

Workplan Budget	Administrative	Project	Total
Total VW Funds Allocated	\$352,597.99	\$3,052,935.75	\$3,405,533.74
Running Total of VW Settlement Funds Received	\$352,597.99	\$3,052,935.75	\$3,405,533.74
Total VW Funds Obligated	\$352,597.99	\$3,052,935.75	\$3,405,533.74
Total VW Funds Expended	\$352,597.99	\$3,052,935.75	\$3,405,533.74
Total VW Funds on Hand	\$0.00	\$0.00	\$0.00
Total Cost Share Expended	--	\$1,039,918.80	\$1,039,918.80

Summary of Total Bus Replacement Project Funds Expended During the Reporting Period		
Bus Replacement Project Description	VW Funds Expended	Cost Share Expended
Barre Unified Union School District replaced two diesel powered school buses with two electric school buses - complete	\$0	\$0
Champlain Valley School District replaced two diesel powered school buses with two electric school buses - complete	\$0	\$0
Franklin West Supervisory Union replaced two diesel powered school buses with two electric school buses - complete	\$0	\$0
Marble Valley Regional Transit District replaced two diesel powered transit buses with two electric transit buses - complete	\$0	\$0
TOTAL	\$0	\$0

Narrative: VEIC, on behalf of the Vermont Department of Environmental Conservation (DEC), administered the Vermont Electric School and Transit Bus Pilot Program, in which three schools and a transit agency were selected to participate as Project Partners through a competitive two-step application process. Each Project Partner replaced two diesel buses in their regular transportation service with electric buses.

At the time of this report, all projects have been completed. Because the actual administrative costs needed to conclude the pilot program exceeded those indicated in the June 2023 Appendix D-4 amendment, another amendment and reimbursement request was submitted to the Trustee during Q3 of 2024, which was disbursed in January 2025.

Payee Recipient:	Vermont Department of Environmental Conservation
Eligible Mitigation Action Title:	6. Class 4-7 Local Freight Trucks (Medium Trucks)
Reporting Period Covered:	1/1/2026 – 6/30/2026

Workplan Budget	Administrative	Project	Total
Total VW Funds Allocated	\$26,285.44	\$1,629,985.91	\$1,656,271.35
Running Total of VW Settlement Funds Received	\$26,285.44	\$1,629,985.91	\$1,656,271.35
Total VW Funds Obligated	\$26,285.44	\$1,629,985.91	\$1,656,271.35
Total VW Funds Expended	\$18,314.54	\$797,717.91	\$816,032.45
Total VW Funds on Hand	\$7,970.90	\$832,268.00	\$840,238.90
Total Cost Share Expended	--	\$265,905.97	\$265,905.97

Summary of Total VW Funds Expended - Administrative (Administrative costs include all personnel and fringe benefits)		
Entity	Expended during the Reporting Period	Cumulative Expenditures
Agency of Natural Resources - Department of Environmental Conservation – Administrative	\$3,126.01	\$18,314.54
TOTAL	\$3,126.01	\$18,314.54

Summary of Total Truck Replacement Project Funds Expended During the Reporting Period		
Truck Replacement Project Description	VW Funds Expended	Cost Share Expended
Green Mountain Power replaced one diesel powered Class 4 stake truck with one electric Class 6 stake truck - complete	\$0	\$0
Casella Waste Systems replaced one diesel powered Class 7 refuse truck with one electric Class 8 refuse truck - complete	\$0	\$0
Food Connects is replacing a diesel Class 6 box truck with an electric Class 6 box truck	\$0	\$0
Church Hill Landscapes, Inc. is replacing a diesel Class 7 dump truck with an electric Class 7 box truck	\$0	\$0
Undercover Tents LLC is replacing a diesel Class 5 box truck with an electric Class 5 box truck	\$0	\$0
TOTAL	\$0	\$0

Narrative: In September 2020, Vermont Department of Environmental Conservation (DEC) solicited applications for electric repower or replacement projects for all eligible mitigation actions under the Volkswagen Environmental Mitigation Trust. As a result, DEC oversaw two Class 4-7 Local Freight Trucks electrification projects: the replacement of a diesel Class 4 stake truck with an electric Class 6 stake truck and the replacement of a diesel Class 7 refuse hauler with an electric Class 8 refuse hauler. Project partner Green Mountain Power completed its stake truck replacement project in Q4 of 2022. Project partner Casella Waste Systems completed their refuse hauler replacement during Q3 of 2023.

In October 2024 and October 2025, DEC solicited applications for electric repower or replacement projects for eligible mitigation actions 1, 2, and 6; three additional projects resulted under this eligible mitigation action with Food Connects, Church Hill Landscaping, Inc., and Undercover Tents LLC, which are all in progress. A revised Appendix D-4 was submitted in Q1 of 2026 and funding was disbursed in Q2 of 2026.

No project costs were expended during the reporting period. DEC opened a new solicitation for applications for electric repower or replacement projects for all eligible mitigation actions in July 2026, the results of which will be reflected in future reports.

Payee Recipient:	Vermont Department of Environmental Conservation
Eligible Mitigation Action Title:	1. Class 8 Local Freight Trucks (Large Trucks)
Reporting Period Covered:	1/1/2026 – 6/30/2026

Workplan Budget	Administrative	Project	Total
Total VW Funds Allocated	\$44,434.79	\$3,316,336.79	\$3,360,771.58
Running Total of VW Settlement Funds Received	\$44,434.79	\$3,316,336.79	\$3,360,771.58
Total VW Funds Obligated	\$44,434.79	\$3,316,336.79	\$3,360,771.58
Total VW Funds Expended	\$36,933.69	\$1,760,538.79	\$1,797,472.48
Total VW Funds on Hand	\$7,501.10	\$1,555,798.00	\$1,563,299.10
Total Cost Share Expended	--	\$637,787.30	\$637,787.30

Summary of Total VW Funds Expended - Administrative (Administrative costs include all personnel and fringe benefits)		
Entity	Expended During the Reporting Period	Cumulative Expenditures
Agency of Natural Resources - Department of Environmental Conservation - Administrative	\$8,639.29	\$36,933.69
TOTAL	\$8,639.29	\$36,933.69

Summary of Total Truck Replacement Project Funds Expended During the Reporting Period		
Truck Replacement Project Description	VW Funds Expended	Cost Share Expended
Burlington Electric Department replaced one diesel Class 8 bucket truck with one electric Class 8 bucket truck - complete	\$0	\$0
Casella Waste Systems replaced a diesel Class 8 refuse hauler with an electric Class 8 refuse hauler – complete	\$0	\$0
Green Mountain Power is replacing one diesel powered Class 8 bucket truck with one electric Class 8 bucket truck	\$60,861.22	\$95,646.78
Green Mountain Power is replacing one diesel powered Class 8 digger derrick truck with one electric Class 8 digger derrick truck	\$0	\$0
Burlington Electric Department is replacing one diesel powered Class 8 bucket truck with one electric Class 8 bucket truck	\$0	\$0
Rhino Foods, Inc. is replacing one diesel powered Class 8 tractor truck with one electric Class 8 terminal tractor	\$0	\$0
TOTAL	\$60,861.22	\$95,646.78

Narrative: In September 2020, Vermont Department of Environmental Conservation (DEC) solicited applications for electric repower or replacement projects for all eligible mitigation actions under the VW Environmental Mitigation Trust. As a result, DEC oversaw three small-scale electrification projects involving Class 8 Local Freight Trucks: the replacement of two diesel-powered Class 8 bucket trucks and a refuse hauler with electric options. Project partners Casella Waste Systems and Burlington Electric Department completed their vehicle replacement projects during Q3 of 2023; Green Mountain Power completed their bucket truck replacement project in Q1 of 2026.

In October 2024 and October 2025, DEC solicited applications for electric repower or replacement projects for eligible mitigation actions 1, 2, and 6 resulting in three additional projects with Green Mountain Power, Burlington Electric Department, and Rhino Foods, Inc. under this eligible mitigation action. A revised Appendix D-4 was submitted during Q1 of 2026 and funding was disbursed in Q2 of 2026. A new solicitation for applications opened in July 2026.

Payee Recipient:	Vermont Department of Environmental Conservation
Eligible Mitigation Action Title:	2. Class 4-8 School Bus, Shuttle Bus, or Transit Bus
Reporting Period Covered:	1/1/2026 – 6/30/2026

Workplan Budget	Administrative	Project	Total
Total VW Funds Allocated	\$16,940.00	\$965,000.00	\$981,940.00
Running Total of VW Settlement Funds Received	\$16,940.00	\$965,000.00	\$981,940.00
Total VW Funds Obligated	\$16,940.00	\$965,000.00	\$981,940.00
Total VW Funds Expended	\$6,747.84	\$965,000.00	\$971,747.84
Total VW Funds on Hand	\$10,192.16	\$0	\$10,192.16
Total Cost Share Expended	--	\$260,800	\$260,800

Summary of Total Bus Replacement Project Funds Expended During the Reporting Period		
Bus Replacement Project Description	VW Funds Expended	Cost Share Expended
Highland Electric Transportation, Inc., HET South Burlington, LLC replaced four diesel powered Class 7 school buses with four electric Class 7 school buses - complete	\$0	\$0
TOTAL	\$0	\$0

Narrative: In September 2020, Vermont Department of Environmental Conservation (DEC) solicited applications for electric repower or replacement projects for all eligible mitigation actions under the Volkswagen Environmental Mitigation Trust. As a result of this solicitation, DEC oversaw one small-scale vehicle fleet electrification project involving Class 4-8 School Buses, Shuttle Buses, or Transit Buses: the replacement of four diesel-powered Class 7 school buses with four electric Class 7 school buses. The contract for this project was executed in Q3 of 2021. Project partner Highland Electric Transportation, Inc., HET South Burlington, LLC completed their vehicle replacement project during Q4 of 2023.

In October 2024 and October 2025, DEC solicited applications for electric repower or replacement projects for eligible Class 4-7 local freight trucks, Class 8 local freight trucks, and Class 4-8 school, shuttle, and transit buses. No additional projects were awarded under this eligible mitigation action as a result of the solicitations; however, future solicitations could result in additional projects.

No project or administrative costs were expended during the reporting period. A new solicitation for applications for electric repower or replacement projects for all eligible mitigation actions was opened in July 2026, the results of which will be reflected in future reports.

Payee Recipient:	Vermont Department of Environmental Conservation
Eligible Mitigation Action Title:	2. Class 4-8 School Bus, Shuttle Bus, or Transit Bus
Reporting Period Covered:	1/1/2026 – 6/30/2026

Workplan Budget	Administrative	Project	Total
Total VW Funds Allocated	\$111,439.00	\$2,228,798.00	\$2,340,237.00
Running Total of VW Settlement Funds Received	\$111,439.00	\$2,228,798.00	\$2,340,237.00
Total VW Funds Obligated	\$111,439.00	\$2,228,798.00	\$2,340,237.00
Total VW Funds Expended	\$8,215.64	\$229,161.16	\$237,376.80
Total VW Funds on Hand	\$103,223.36	\$1,999,636.84	\$2,102,860.20
Total Cost Share Expended	--	\$2,062,450.40	\$2,062,450.40

Summary of Total VW Funds Expended - Administrative (Administrative costs include all personnel and fringe benefits)		
Entity	Expended during the Reporting Period	Cumulative Expenditures
Agency of Natural Resources - Department of Environmental Conservation – Administrative	\$1,618.04	\$8,215.64
TOTAL	\$1,618.04	\$8,215.64

Summary of Total Bus Replacement Project Funds Expended During the Reporting Period		
Bus Replacement Project Description	VW Funds Expended	Cost Share Expended
Green Mountain Transit is replacing four (4) Class 8 diesel-powered transit buses with four (4) electric transit buses	\$0	\$0
TOTAL	\$0	\$0

Narrative: In December 2022, Vermont Department of Environmental Conservation (DEC) entered into a Memorandum of Agreement with the Vermont Agency of Transportation (VTrans) to provide up to 10% of the required local cost share for up to 25 transit bus electrification projects funded by the Federal Transit Administration’s Low or No Emission Vehicle Grant Program (Low-No Program). In April 2023, VTrans submitted an application to the Low-No Program for the replacement of 17 engine model year 2009 or earlier diesel-powered transit buses with 17 electric transit buses for Green Mountain Transit, the largest regional transit authority in the state. On June 26, 2023, VTrans received notification that Low-No funding had been granted for the proposed bus replacements. Due to changes in project scope and budget constraints, VTrans and Green Mountain Transit opted in Q3 of 2025 to replace 15 diesel-powered buses with 15 electric transit buses and their associated charging infrastructure.

The first two replacement buses arrived in March 2024 and were placed into service in June 2024. Scrappage of the two buses being replaced occurred on August 2, 2024. All required deliverables were submitted, and DEC issued reimbursement equal to 10% the cost of the buses in Q3 of 2025.

Following federal programmatic changes in 2025 that effectively disallowed transit agencies from using Low-No Program grant funds to purchase all-electric bus purchases, VTrans and Green Mountain Transit requested that DEC provide up to 100% funding for two electric buses in addition to the two previously purchased, as well as associated charging infrastructure for all four buses. DEC is in the process of modifying the Memorandum of Agreement to accommodate this request and extend the deadline for project completion to June 30, 2028.

Note:

The Workplan Budget descriptors contained in this and in all previously submitted reports reference terminology commonly used by the State of Vermont. These descriptors, particularly in relation to “obligated” and “expended” funds, differ to how the terms have been defined by Wilmington Trust in the FAQ guidance documents provided to state beneficiaries in January 2026 and June 2026. Specifically, Wilmington Trust defines “obligated” funds as those for which a state beneficiary has submitted an Appendix D-4 for Eligible Mitigation Actions and has received approval by Wilmington Trust. “Expended” funds refer to those that have been obligated, disbursed following the submission of an Attachment A Funding Request, and have either been paid out towards a project or are legally bound to be paid out by a contract or other legal obligation.

The State recognizes that for the purposes of meeting the required 80% thresholds established in the Volkswagen Environmental Mitigation Trust Agreement for “obligated” and “expended” funding by the specified October and December 2027 deadlines, it must abide by the definitions used in the January 2026 and June 2026 FAQ guidance documents. However, to remain consistent with previously submitted reports and to clarify differences in terminology, the following definitions are provided for all Workplan Budget descriptors used in this report:

- **Total VW Funds Allocated:** Funds that have been budgeted for an Eligible Mitigation Action in an Appendix D-4 submission that has been submitted to and approved by Wilmington Trust; this descriptor matches with Wilmington Trust’s definition of “obligated” funds.
- **Running total of VW Settlement Funds Received:** Funds that were requested and approved for disbursement via the submission of Attachment A Funding Request forms; these funds meet Wilmington Trust’s preliminary requirement for “expended” funds to have been disbursed to the beneficiary through the approval of an Attachment A Funding Request, but they are not fully considered “expended” until they are either paid out towards a project or entered into a legally binding agreement to be spent.
- **Total VW Funds Obligated:** Funds that have been disbursed to the beneficiary and are also awarded to specific projects under an Eligible Mitigation Action either through a grant agreement or Memorandum of Agreement; funds in this category that have been both received and entered into a legally binding agreement meet Wilmington Trust’s definition of “expended” funds.
- **Total VW Funds Expended:** Funds that have disbursed to the beneficiary and have been paid out in support of specific projects under an Eligible Mitigation Action; funds in this category meet Wilmington Trust’s definition of “expended” funds.
- **Total VW Funds on Hand:** Funds that that have been disbursed to the beneficiary but have not yet been paid out; depending on whether the funding has been entered into a legally binding agreement, these funds may or may not meet Wilmington Trust’s definition of “expended” funds.
- **Total Cost Share:** Non-Volkswagen funds contributed by project partners; these funds have no bearing on “obligated” or “expended” funds as defined by Wilmington Trust.