

STATE OF VERMONT CONTINUING DISCLOSURE PROCEDURES

Federal securities laws prohibit making any untrue statement of a material fact or omitting any material fact necessary in order to make disclosure statements, in the light of the circumstances under which they were made, not misleading. The State of Vermont (the “Issuer”) has executed continuing and/or significant events disclosure certificates (generally referred to herein as “disclosure agreements”) in connection with the Issuer’s bond and note issues (generally referred to herein as “bonds”). The Issuer’s preliminary official statements and final official statements (generally referred to herein as “official statements”) describe compliance with the Issuer’s disclosure agreements. The Issuer has adopted these procedures to ensure compliance with the Issuer’s disclosure agreements in a manner that is consistent with federal securities laws. These procedures will be reviewed and will be updated as necessary to accurately reflect the responsibilities of the Issuer’s finance team.

The Director of Financial Reporting of the Office of the State Treasurer of the Issuer (or such other officer as may from time to time be designated by the State Treasurer of the Issuer) (the “Compliance Officer”) will take primary responsibility for (A) ensuring the timeliness and sufficiency of the Issuer’s disclosure filings and (B) ensuring the accuracy of the Issuer’s official statements regarding compliance with the disclosure agreements, each as further described below.

Disclosure Agreement Requirements

The Issuer has agreed to provide certain information for the benefit of the owners of the Issuer’s bonds, and to assist purchasers of the Issuer’s bonds in complying with Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (as amended, the “Rule”). The disclosure agreements, which shall be maintained by the Compliance Officer, should be consulted for a full description of the Issuer’s obligations under such agreements.

I. Annual Reports

The Issuer has agreed to provide “Annual Reports” that contain:

- (a) Information concerning the Issuer’s operations by updating the financial and operating data contained in the sections of the Issuer’s most recent Official Statement entitled “State Funds and Revenues,” “Recent General Fund, Transportation Fund and Education Fund Operating Results,” “Major Government Programs and Services,” “Governmental Funds Operations,” “State Indebtedness” and “Pension Plans”; and
- (b) The most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles. If audited financial statements

for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

The Annual Report for each fiscal year is due not later than the end of the following fiscal year, or as otherwise specified in an applicable disclosure agreement. If the Issuer is unable to provide an Annual Report to the Municipal Securities Rulemaking Board (MSRB) via the Electronic Municipal Market Access (EMMA) website by the due date, the Issuer shall post notice on EMMA regarding its inability to make a timely filing of this information.

The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information from other documents, including official statements of debt issues of the Issuer or related public entities which are available to the public on EMMA, provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

II. Reporting of Significant Events

The Issuer has agreed to file a notice with the MSRB of any of the events enumerated below with respect to the Issuer's bonds. Any such notice shall be filed in a timely manner not in excess of ten business days after the occurrence of the event.

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of any of the bonds.
7. Modifications to rights of the registered owners, including beneficial owners, of the bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of any of the bonds, if material.
11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of an obligated person (as such term is defined in the Rule).*

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a financial obligation of an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of an obligated person, any of which affect the registered owners, including beneficial owners, of the bonds, if material.†

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of an obligated person, any of which reflect financial difficulties.†

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of an obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of an obligated person.

† For purposes of event numbers 15 and 16, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule. A “financial obligation” would include, among other things and *if material*, any bonds or notes for which a final official statement has not been filed with the MSRB, any private loans and lease purchase agreements or similar obligations.

A. Ensure Timeliness and Sufficiency of Disclosure Filings

I. Annual Reports

The Compliance Officer will take primary responsibility for ensuring that the Issuer's Annual Report is assembled to include the information required by the relevant disclosure agreement and is filed on EMMA by June 30 of the following fiscal year, or as otherwise specified in an applicable disclosure agreement. The Issuer's Annual Report will be posted on EMMA by the Compliance Officer or by the Issuer's Bond Counsel or other entity on behalf of the Issuer. To ensure the Issuer's Annual Reports are complete, accurate and not misleading, the Issuer agrees to take the following steps, adjusted as appropriate to coordinate with the Issuer's disclosure agreements and internal procedures:

- (a) The Compliance Officer will assemble a finance team of relevant officials of the Issuer.
- (b) The Compliance Officer will submit a draft of the Annual Report to the finance team for review on or before June 1 of each calendar year.
- (c) The finance team will review the Annual Report and consult with relevant officials of the Issuer, the Issuer's municipal advisor, bond counsel, and general counsel, as appropriate, regarding any questions that arise with respect to the accuracy or completeness of the Annual Report to ensure that it is accurate, complete and not misleading.
- (d) The finance team will make such changes as are necessary to ensure that the Annual Report is accurate, complete and not misleading.
- (e) When the Annual Report is final and all questions regarding its accuracy and completeness and any potentially misleading statements have been resolved, the finance team will provide written or email confirmation to the Compliance Officer prior to the filing deadline confirming that the Annual Report is ready for filing.
- (f) The Compliance Officer will arrange for filing of the Annual Report on EMMA on or before June 30 of each year, or as otherwise specified in an applicable disclosure agreement.

In addition, to ensure timely filing of the Issuer's Annual Report, the Compliance Officer will utilize an alert system (e.g., alerts from EMMA and/or electronic calendar notifications) with respect to the following:

- (g) The June 1 deadline for submitting the Annual Report to the finance team.
- (h) The Annual Report filing deadline.
- (i) Additional internal deadlines, as appropriate.

II. Reporting of Significant Events

The Compliance Officer will review and monitor the events specified in the Issuer's disclosure agreements to ensure that notice is posted in a timely manner, not in excess of ten business days after the occurrence of an event. Any event notices will be posted on EMMA by the Compliance Officer or by the Issuer's Bond Counsel or other entity on behalf of the Issuer. Among other procedures as may coordinate with the Issuer's internal procedures, the Compliance Officer will:

- (a) Utilize an alert system of the nature described above to ensure the Compliance Officer periodically reviews all of the events specified in the Issuer's disclosure agreements to determine whether any event may have occurred that requires filing notice on EMMA.
- (b) Establish an internal process by which the Issuer's official with primary responsibility for finance and the head of any other department of the Issuer with authority to enter into a financial obligation or agreement of the kind described in event number 15 of the Rule, shall provide to the finance team with all relevant documentation relating to any proposed financial obligation or agreement described in event number 15 of the Rule sufficiently in advance of the execution thereof.
- (c) Designate a relevant member or members of the Issuer's finance team to be included in the review and approval process for financial obligations and agreements described in event number 15 of the Rule.
- (d) Upon review of the financial obligations and agreements described in event number 15 of the Rule, the relevant finance team member will determine in consultation with other relevant officials of the Issuer, including the Issuer's municipal advisor, bond counsel, and general counsel, as appropriate, whether such obligations or agreements are material. If any such financial obligations or agreements are determined to be material, the Issuer will arrange for a timely filing of notice on EMMA regarding the incurrence of such financial obligations or agreements.
- (e) In connection with any default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a financial obligation described in event number 16 of the Rule, the Issuer will consult with relevant members of its finance team and the Issuer's municipal advisor, bond counsel, and general counsel, as appropriate, to determine whether such default, event, or modification reflects financial difficulties. If it is determined that any such default, event, or modification reflects financial difficulties, the Issuer will arrange for a timely filing of notice on EMMA.

B. Ensure Accuracy of Official Statements regarding Compliance

The Compliance Officer will be responsible for ensuring the accuracy of the Issuer's official statements regarding the Issuer's compliance with its disclosure agreements. In furtherance of this responsibility, the Compliance Officer will take the following steps before approving any official statement:

- (a) Review both the (i) timeliness and (ii) sufficiency of the Issuer's Annual Report filings for the five-year period preceding the official statement, noting any instances of late or incomplete filings.
- (b) Review the list of events specified in disclosure agreements of the Issuer to determine, in consultation with relevant officials of the Issuer, whether any event has occurred during the five-year period preceding the official statement and, if any such event has occurred, confirm that notices of such event or events have been timely filed on EMMA.
- (c) Consult with the Issuer's finance team, filing agent, municipal advisor, bond counsel and general counsel, as appropriate, with respect to any question regarding the Issuer's disclosure compliance.
- (d) If needed, file corrective or missing disclosure and/or notices on EMMA.
- (e) Collaborate with the Issuer's bond counsel to draft a statement regarding the Issuer's disclosure compliance in the five-year period preceding the official statement that reflects any instances of material noncompliance by the Issuer during such period.

Conclusion

The Issuer and the Compliance Officer understand and acknowledge that these procedures create ongoing responsibilities related to (A) ensuring the timeliness and sufficiency of the Issuer's disclosure filings and (B) ensuring the accuracy of the Issuer's official statements regarding compliance with the disclosure agreements. The Issuer will periodically consult with bond counsel to ensure these procedures are effective in producing disclosure that is timely, complete and not misleading.