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**STATE OF VERMONT**  
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**NEWS RELEASE**

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**State Treasurer Beth Pearce Announces Positive Outlook to Bond Rating from S&P-  
Triple-A Rating Affirmed from Moody's and Fitch**

MONTPELIER, Vt.—State Treasurer Beth Pearce announced that Standard & Poor's has improved its outlook on its AA+ rating on Vermont's general obligation bonds from stable to positive. This improvement signals that the State is one step closer to securing the highest bond rating available, triple-A, from all three of the agencies that rate Vermont's bonds. Vermont has the highest general obligation bond ratings of any New England state.

"S&P's positive outlook affirms the steady fiscal course we've set to maintain and build our budget reserves and prudently manage the State's finances," said Pearce. "The positive outlook enhances the State's reputation in the bond marketplace, making Vermont's bonds more marketable and lowering our costs to borrow money."

The improved outlook from Standard & Poor's comes as the State Treasurer's Office prepares to sell approximately \$30 million in Series E (Vermont Citizen Bonds) and \$70 million in Series F general obligation bonds on September 24. As part of the bond sale, S&P, Moody's Investors Services and Fitch Ratings all review and rate the bonds. Moody's and Fitch both reaffirmed their previous triple-A rating. The higher the bond rating, the more creditworthy the rating agencies evaluate a bond issuer to be.

In its bond rating report for Vermont, S&P stated, "The positive outlook reflects our view that we could raise the rating over a two-year outlook horizon." The report continues that such a raise is possible if Vermont continues making progress on strengthening pension funding and increasing its budget reserves.

"The improved outlook from S&P could reduce borrowing costs for municipalities that issue debt through the Vermont Municipal Bond Bank or other borrowers issuing State moral obligation debt," said Pearce. "Such agencies may experience a corresponding reduction in borrowing costs for their bonds, creating a very positive fiscal ripple effect."

For example, more jobs and economic growth may be stimulated when the Vermont Economic Development Authority lowers its borrowing costs and provides businesses with affordable financing assistance. As the Vermont Student Assistance Corporation secures funds for student loans, those lower costs may be passed on to lenders. When the Vermont Housing Finance Authority issues bonds to secure funds for loans for the support of affordable housing, costs for such development may be lower.

"The rating agencies recognize the collaborative partnerships that exist in Vermont and that allow us to effectively manage State finances for the long-term," said Governor Peter

Shumlin. "It is gratifying to have S&P acknowledge that the State is financially headed in a positive direction."

The money raised by Vermont's general obligation bond sales finances school construction, major maintenance and construction at UVM and the Vermont State Colleges, pollution control, safe drinking water, public safety, affordable housing, maintenance of State buildings, and a wide range of other projects.

This is the second positive rating development for the State in recent months. In July, S&P upgraded the State's transportation bond rating from AA to AA+. The rating upgrade helped secure a large number of bids on the competitive bond sale, which in turn helped secure record low interest rates. Transportation bonds are backed by the State's motor fuels transportation infrastructure assessment. These revenue bonds are generally rated lower than general obligation bonds because they are not backed by the full faith and credit of the State.