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**STATE OF UTAH**

**DISCLOSURE COMPLIANCE PROCEDURE**

**Revised February 11, 2020**

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**DISCLOSURE COMPLIANCE PROCEDURE**

**Article I**

**Definitions**

**Section 1.1.** **Definitions** *.* Capitalized words and terms used in this Compliance Procedure have the following meanings:

“**Annual Continuing Disclosure Compliance Checklist**” means the checklist attached as **Exhibit B**.

**“Annual Disclosures”** means the annual financial reports of the state inclusive of both the Consolidated Annual Financial Report (CAFR) and the Annual Continuing Disclosure Memorandum (CDM).

**“Annual Financial Information”** means the Annual Continuing Disclosure Memorandum (CDM).

**“Audited Financial Statements”** means the Consolidated Annual Financial Report (CAFR).

“**Bonds**” means any outstanding bonds or notes in connection with the issuance of the Issuer entered into or enters into a Continuing Disclosure Undertaking, including Recapitalization Revenue bonds issued by the State Bonding Commission under the State Financing Consolidation Act and Lease Revenue bonds issued by the State Building Ownership Authority. A list of all Bonds outstanding and subject to this Compliance Procedure as of January 31, 2018, is included on **Exhibit A.**

“**Compliance Procedure**” means this Disclosure Compliance Procedure.

“**Continuing Disclosure Compliance File**” means documents and records which may consist of paper and electronic medium, maintained for the Bonds, consisting of the following:

(a) List of Bonds;

(b) Description of the deadline applicable to each Annual Disclosures;

(c) Description of the financial information and operating data required to be included in each Annual Disclosures;

(d) List of events requiring an Event Notice under the Continuing Disclosure Undertaking for each series of Bonds; and

(e) Information about the Issuer’s compliance during the prior five years with the Continuing Disclosure Undertaking then in effect.

**“Continuing Disclosure Undertaking”** means the Continuing Disclosure Agreement(s), Continuing Disclosure Undertaking(s), Continuing Disclosure Instructions or other written certification(s) or agreement(s) entered into by the Issuer in connection with the issuance of the Bonds for the purpose of assisting the underwriters of such Bonds in complying with the Rule.

“**Disclosure Compliance Officer**” means the Issuer’s Debt Manager or, if the position of Debt Manager is vacant, the person filling the responsibilities of the Chief Deputy State Treasurer for the Issuer.

“**Disclosure Counsel**” means a law firm selected by the Issuer to act as disclosure counsel or, if none, as bond counsel to the Issuer.

**“EMMA”** means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org), or any successor system designated as the means through which municipal securities disclosures are submitted to the MSRB.

“**Event Notice”** means information about the occurrence of an event for which notice is required by the Continuing Disclosure Undertaking to be filed on EMMA.

“**Financial Obligation”** means a (A) Debt Obligation; (B) Derivative Instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; (C) Guarantee of paragraph (A) or (B); or (D) or any amendment to any of the foregoing. The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15C2-12.

“**Issuer**” means the State of Utah.

**“MSRB”** means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

**“Primary Disclosure Document”** means any official statement or offering document relating to an offering or remarketing of Bonds by or on behalf of the Issuer after the date of this Procedure.

**“Rule”** means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

**“State Bonding Commission**” means the State Bonding Commission of the Issuer.

“**State Building Ownership Authority**” means the State Building Ownership Authority of the Issuer.

**Article II**

**Purpose and Scope**

**Section 2.1.** **Purpose of Compliance Procedure** .

(a) Disclosure Responsibilities. The Issuer recognizes that the issuance of Bonds involves accessing the public capital markets and involves certain obligations arising out of the federal securities laws, including entering into the Continuing Disclosure Undertaking and properly communicating with investors.

(b) Issuer Commitment. The Issuer is committed to full compliance with applicable securities law requirements for all of its outstanding and future financings. This Compliance Procedure is adopted by the State Bonding Commission and the State Building Ownership Authority to improve and promote securities law compliance and documentation.

**Section 2.2. Scope of Compliance Procedure; Conflicts** *.*This Compliance Procedure applies to all Bonds currently outstanding and all Bonds issued in the future. If the provisions of this Compliance Procedure conflict with a Continuing Disclosure Undertaking or any other specific written instructions of counsel, the terms of the Continuing Disclosure Undertaking or specific written instructions of counsel will supersede and govern in lieu of this Compliance Procedure.

**Section 2.3.** **Amendments and Publication of Compliance Procedure** *.* This Compliance Procedure may be amended from time-to-time by the State Bonding Commission and the State Building Ownership Authority. Copies of this Compliance Procedure and any amendments will be included in the permanent records of the Issuer.

**Article III**

**Disclosure Compliance Officer; Training**

**Section 3.1.** **Disclosure Compliance Officer Duties** *.* The Disclosure Compliance Officer is responsible for implementing this Compliance Procedure. The Disclosure Compliance Officer will consult with Disclosure Counsel, other counsel, accountants, and other outside consultants to the extent necessary to carry out the purposes of this Compliance Procedure.

**Section 3.2.** **Training** *.*

(a) Training Programs.When appropriate, the Disclosure Compliance Officer and/or other employees of the Issuer under the direction of the Disclosure Compliance Officer will attend training programs offered by the SEC, the MSRB, Disclosure Counsel, or other industry professionals regarding securities law and disclosure requirements applicable to the Issuer.

The Disclosure Compliance Officer will coordinate an annual training offered by the Disclosure Compliance Officer and the municipal advisor and/or bond counsel for other agents of the Issuer that the Disclosure Compliance officer has determined to be most likely to be aware of a Financial Obligation that may result in a Material Event to ensure timely disclosure.. Other agents of the Issuer will be trained to notify the Disclosure Compliance Officer as soon as possible or at a minimum of two weeks prior to the occurrence of the Material Event.

(b) Change in Disclosure Compliance Officer.  Any time an individual acting as the Disclosure Compliance Officer passes the responsibilities for carrying out the provisions of this Compliance Procedure to another individual, the Issuer will ensure the incoming individual acting as Disclosure Compliance Officer is trained on how to implement the policies and procedures included in this Compliance Procedure to ensure the Issuer’s continued compliance with the provisions of this Compliance Procedure.

**Article IV**

**CONTINUING DISCLOSURE COMPLIANCE FILE**

**Section 4.1.** **Compilation and Maintenance of Continuing Disclosure Compliance File** *.* The Disclosure Compliance Officer shall compile and maintain the Continuing Disclosure Compliance File.

**Section 4.2.** **Annual Review of Continuing Disclosure Compliance File** *.* Within 150 days after the end of each fiscal year of the Issuer, the Disclosure Compliance Officer will complete the Annual Continuing Disclosure Compliance Checklist and update the Continuing Disclosure Compliance File as indicated by the Annual Continuing Disclosure Compliance Checklist.

**Section 4.3.** **Remedying Non-compliance** *.* If the Disclosure Compliance Officer identifies any non-compliance with the Continuing Disclosure Undertaking as a result of the annual review or otherwise, the Disclosure Compliance Officer shall promptly take steps to remedy the noncompliance, including by making any necessary remedial filings. In the event the Disclosure Compliance Officer identifies any such noncompliance, the Disclosure Compliance Officer shall update the Continuing Disclosure Compliance File to reflect the noncompliance in the Issuer’s five-year history of compliance.

**Article V**

**ISSUANCE OF NEW BONDS**

**Section 5.1.** **Review Primary Offering Documents** *.*

(a) The Disclosure Compliance Officer will review a draft of the Primary Offering Document for each new issue of Bonds. The Issuer is primarily responsible for the accuracy and completeness of the information in the Primary Offering Document relating to the Issuer and the related Bonds. The Disclosure Compliance Officer will coordinate the Issuer’s efforts to ensure that the information in each Primary Disclosure Document relating to the Issuer and the related Bonds does not contain any untrue statements of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. In the review and preparation of Primary Offering Documents, the Disclosure Compliance Officer shall consult with internal or external counsel and other appropriate officials, employees and agents of the Issuer. The Disclosure Compliance Officer may designate internal or external counsel or other officials, employees or agents of the Issuer, as appropriate, to assist in the preparation of each Primary Disclosure Document or portions thereof and should discuss with internal or external counsel questions relating to the material accuracy and completeness of any information included in any Primary Disclosure Document.

(b) The Disclosure Compliance Officer will review any statement in a Primary Offering Document related to the Issuer’s past compliance with the Continuing Disclosure Undertaking to determine whether such Primary Offering Document accurately describes such past compliance.

**Section 5.2.** **Review Continuing Disclosure Undertakings** *.* The Disclosure Compliance Officer will review each Continuing Disclosure Undertaking related to a new issuance of Bonds. If necessary, the Disclosure Compliance Officer will confer with Disclosure Counsel or other counsel regarding the meaning and scope of each obligation contained in the Continuing Disclosure Undertaking.

**Section 5.3.** **Update Continuing Disclosure Compliance File** *.* As soon as practicable after the issuance of any new Bonds, the Disclosure Compliance Officer will be responsible for updating the Continuing Disclosure Compliance File to reflect the issuance of such new Bonds.

**Article VI**

**Annual DisclosureS and event notice filing**

**Section 6.1.** **Annual Financial Information Preparation and Annual Disclosures Submission***.*  The Disclosure Compliance Officer will prepare or cause the preparation of the **Annual Financial Information** each year. The Disclosure Compliance Officer will cause the Annual Disclosures to be filed with the MSRB on EMMA each year before the deadline required by the Continuing Disclosure Undertaking, which is January 15th or as soon as practicable. If the Issuer has engaged a third-party to submit the Annual Disclosures on the Issuer’s behalf, the Disclosure Compliance Officer will request and review confirmation that such filing has been timely made as required.

**Section 6.2.** **Event Notice Submissions**. As necessary, the Disclosure Compliance Officer shall coordinate with those other employees and agents of the Issuer most likely to become aware of the occurrence of a Material Event to ensure such employee or agent promptly notifies the Disclosure Compliance Officer upon the occurrence of a Material Event. After obtaining actual knowledge of the occurrence of any event that the Disclosure Compliance Officer believes may constitute an event requiring an Event Notice, the Disclosure Compliance Officer will consult with counsel to assist with the determination of whether an Event Notice is required under the Continuing Disclosure Undertaking. If it is determined that an Event Notice is required, the Disclosure Compliance Officer will cause an Event Notice to be filed on EMMA.

**Section 6.2.1 Financial Obligation Materiality.** For all Financial Obligations, and amendments to existing Financial Obligations, qualifying as material events under material event 15, the materiality minimum threshold is set at $50 million. Upon notification to the Disclosure Compliance Officer of a potential Financial Obligation with a magnitude greater than the $50 million threshold, the Disclosure Compliance Officer will consult bond counsel to determine if the Financial Obligation is material.

ADOPTED BY THE STATE BONDING COMMISSION

OF THE STATE OF UTAH

February, 11, 2020

**EXHIBIT A**

**LIST OF BONDS COVERED BY THIS COMPLIANCE PROCEDURE**

**General Obligation Bonds:**

$449,625,000 State of Utah, Series 2020

$127,715,000 State of Utah, Series 2019

$343,155,000 State of Utah, Series 2018

$118,700,000 State of Utah, Series 2017 Refunding

$142,070,000 State of Utah, Series 2017

$220,980,000 State of Utah, Series 2015

$226,175,000 State of Utah, Series 2013

$609,920,000 State of Utah, Series 2011A

$172,055,000 State of Utah, Series 2010C

$621,980,000 State of Utah, Series 2010B (BABs)

$491,760,000 State of Utah, Series 2009D (BABs)

$490,410,000 State of Utah, Series 2009C

$394,360,000 State of Utah, Series 2009A

**Lease Revenue Bonds:**

$18,465,000 State Building Ownership Authority, Series 2018

$25,910,000 State Building Ownership Authority, Series 2017 Crossover Refunding

$98,150,000 State Building Ownership Authority, Series 2016

$30,015,000 State Building Ownership Authority, Series 2015

$11,700,000 State Building Ownership Authority, Series 2012B

$15,610,000 State Building Ownership Authority, Series 2012A

$5,250,000 State Building Ownership Authority, Series 2011

$36,735,000 State Building Ownership Authority, Series 2010

$89,470,000 State Building Ownership Authority, Series 2009E (BABs)

$16,715,000 State Building Ownership Authority, Series 2009C (BABs)

$8,445,000 State Building Ownership Authority, Series 2009B

$25,505,000 State Building Ownership Authority, Series 2009A

$105,100,000 State Building Ownership Authority, Series 1998C

**Recapitalization Revenue Bonds:**

$31,225,000 State of Utah, Series 2010C (BABs)

**EXHIBIT B**

**ANNUAL CONTINUING DISCLOSURE COMPLIANCE CHECKLIST**

|  |  |
| --- | --- |
| **Name of Disclosure Compliance Officer:** |  |
| **Period covered by checklist (“Annual Period”):** |  |
| **Date:** |  |
|  |  |

| **Item** | **Question** | **Response** |
| --- | --- | --- |
| **1**  **New/Defeased Bonds** | Were any Bonds issued, refunded or defeased during the Annual Period? | Yes  No |
|  | If answer above was “Yes,” update the Continuing Disclosure Compliance File to reflect the Bonds currently outstanding and changes, if any, to the deadline for filing or the content of information required under the Continuing Disclosure Undertaking. |  |
| **2**    **Annual**  **Disclosures**  **Filings** | During the Annual Period, was the required Annual Disclosures filed on EMMA by the due date? | Yes  No |
|  | If answer above was “No,” file the required Annual Disclosures on EMMA, if not yet filed, and any required Notice of Failure to File.  In either case, update the Disclosure Compliance File to reflect the date the Annual Disclosures were filed. |  |
| **3**  **Material**  **Event Filings** | During the Annual Period, did any of the following Material Events occur?   * principal and interest payment delinquencies; * non-payment related defaults, if material; * unscheduled draws on debt service reserves reflecting financial difficulties; * unscheduled draws on credit enhancements reflecting financial difficulties; * substitution of credit or liquidity providers, or their failure to perform; * 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 the Bonds; * modifications to rights of bondholders, if material; * bond calls, if material, and tender offers; * defeasances;   [Continued on next page]   * release, substitution or sale of property securing repayment of the Bonds, if material; * rating changes; * bankruptcy, insolvency, receivership or similar event of the obligated person; * the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the 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; and * appointment of a successor or additional trustee or the change of name of the trustee, if material; * incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;a * default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.a | Yes  No |
|  | If answer above was “Yes,” was an Event Notice filed on EMMA within 10 business days?  If No, file an Event Notice on EMMA.  If a Material Event occurred, update the Continuing Disclosure Compliance File to reflect the occurrence of the Material Event and the date the required notice was filed. | Yes  No |
| **4**  **Upcoming Annual Financial Information** | Has the Annual Financial Information for the most recent fiscal year been prepared? | Yes  No |
| **5**  **Annual Agent Training** | Annual agent training as required in the Disclosure Compliance Procedure section 3.2(a). | Date Completed: |
|  | If answer above was “No,” prepare and file or cause the preparation and filing of the Continuing Disclosure Memorandum for the most recent fiscal year as soon as practicable prior to the deadline. |  |

1. These reportable events are part of the new amendment to Rule 15c2-12 which takes effect February 27, 2019. Only undertakings entered into by the State after this date are subject to these new requirements.