

County of Chatham, North Carolina

Post-Issuance Compliance Policies and Procedures for Complying with Continuing Disclosure Obligations (Rule 15c2-12)

Adopted July 17, 2021

Part I. Purpose.

In connection with the issuance of securities in the public markets, the County of Chatham, North Carolina (the “*County*”) has entered into agreements obligating the County to provide continuing disclosure on certain information related to the County. The continuing disclosure obligations are entered into by the County to allow the underwriter(s) of the securities offered to comply with Rule 15c2-12 (the “*Rule*”) promulgated by the Securities and Exchange Commission (the “*SEC*”). Given the increasing complexity of the Rule and scrutiny with respect to compliance with the Rule that underwriters of future issuance of securities by or on behalf of the County will undertake and the County’s desire to ensure adherence with the County’s continuing disclosure obligations, the County hereby adopts the following policies and procedures (the “*Policies and Procedures*”). These Policies and Procedures are intended to serve as a guide for the County to facilitate compliance with its continuing disclosure obligations in accordance with the Rule.

Part II. Responsibility of County Officials.

Except as otherwise described herein, the County’s Finance Department (the “*Department*”) has primary responsibility for ensuring that the County complies with its outstanding continuing disclosure obligations. The Department will consult with other departments within the County, as well as third-party professionals (e.g., the County’s bond counsel and financial advisor), as necessary, to ensure compliance with these Policies and Procedures.

The Finance Director will review these Policies and Procedures no less frequently than on the issuance of any securities for which the County agrees to additional continuing disclosure obligations to ensure that the terms and conditions of these Policies and Procedures are up to date and that the County remains in compliance.

Part III. Securities Subject to Continuing Disclosure Obligations.

The County has entered into continuing disclosure obligations for the securities listed on Exhibit A hereto. The County will update Exhibit A each time that securities are issued for which the County agrees to continuing disclosure and each time that securities are no longer outstanding and subject to continuing disclosure in accordance with the Rule.

Part IV. Continuing Disclosure Obligations.

(A) As part of its continuing disclosure obligations, the County has agreed to provide the following information related to each of the securities listed on Exhibit A to the Municipal Securities Rulemaking Board (the “*MSRB*”).

(1) by not later than seven months after the end of each Fiscal Year, the audited financial statements of the County for the preceding Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the County for such Fiscal Year to be

replaced subsequently by audited financial statements of the County to be delivered within 15 days after such audited financial statements become available for distribution;

(2) by not later than seven months after the end of each Fiscal Year, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the captions in the Official Statement related to each of the securities subject to and specified in each agreement to undertake continuing disclosure;

(3) in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the following events with respect to the securities subject to continuing disclosure:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (e) substitution of any credit or liquidity providers, or their failure to perform;
- (f) 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 securities, or other material events affecting the tax status of the securities;
- (g) modification of the rights of the security holders, if material;
- (h) call of any of the securities, other than mandatory sinking fund redemptions, if material, and tender offers;
- (i) defeasance of any of the securities;
- (j) release, substitution or sale of any property securing repayment of the securities, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the County;

(m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, 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 such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the County, any of which reflect financial difficulties.

The term “financial obligation” as used in items (o) and (p) above 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 shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule (obligations subject to subsections (o) and (p) above are listed in Exhibit C attached hereto).

(4) in a timely manner, notice of a failure of the County to provide required annual financial information described in (1) or (2) above on or before the date specified.

(B) The type of information to be provided under (A)(2) above is set forth in Exhibit B.

(C) All documents provided to the MSRB as described above are to be provided in an electronic format as prescribed by the MSRB (pdf, word-searchable) and accompanied by identifying information as prescribed by the MSRB.

(D) “Financial Obligations” will be identified by the Department, in consultation with bond counsel and the financial advisor, prior to being entered into by the County. A Financial Obligation will be considered “material” for purposes of the Rule if it exceeds \$1,000,000. The Department will post the entire relevant documents related to the Financial Obligation (with acceptable redactions identified by the counterparty to the documents) in accordance with the Rule. Exhibit C includes a list of “Financial Obligations” as identified in accordance with the materiality standard identified by the County. Such list should be reviewed and updated in accordance with Part VI below, as needed.

Part V. Continuing Disclosure Obligations Control.

Notwithstanding anything in these Policies and Procedures, the terms of each continuing disclosure obligation made at the time the County issued or executed and delivered the related debt obligation controls. The Department will maintain records of each continuing disclosure agreement.

Part VI. Recordkeeping and Review of Policy.

The County will maintain all records related to its compliance with its continuing disclosure obligations in such form and for such time period in accordance with the County's recordkeeping policies. In addition, the County will review this policy in January of each calendar year in connection with the County's continuing disclosure filing of audited and annual financial data, including a review of Exhibits to ensure they are complete, and update as necessary.

Part VII. Continuing Education.

The County will continue to consult regularly with its bond counsel and financial advisor regarding its continuing disclosure obligations and any changes to the Rule. The County will regularly update these Policies and Procedures to reflect any changes.

EXHIBIT A

Securities Subject to Continuing Disclosure Obligation

Limited Obligation Bonds, Series 2012

Limited Obligation Bonds, Series 2013

Limited Obligation Bonds, Series 2014

Refunding Limited Obligation Bonds, Series 2015

Limited Obligation Bonds, Series 2018

Limited Obligation Bonds, Series 2021⁺

⁺ Effective August 24, 2021, material events (o) and (p) incorporated in County's continuing disclosure obligation.

EXHIBIT B

Annual Information to be Updated from Official Statements

Security

Information

The financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the below captions to the extent such items are not included in the County's audited financial statements:

Limited Obligation Bonds

- 1) **"THE COUNTY – Debt Information"** in Appendix A (excluding any information on overlapping or underlying units)
- 2) **"THE COUNTY – Tax Information"** in Appendix A (including subheadings thereunder and excluding any information on overlapping or underlying units)
- 3) Combined budget of the County for the current fiscal year

EXHIBIT C

Financial Obligations for which Material Events (O) and (P) Apply

Effective: 8/24/2021

Financial Obligations Subject to (O)

<u>Issue Date</u>	<u>Description</u>	<u>Maturity Date</u>
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Financial Obligations Subject to (P)

<u>Issue Date</u>	<u>Description</u>	<u>Maturity Date</u>
7/23/10	\$4,396,129 Qualified School Construction Bond	2025
3/25/14	\$21,940,000 Judicial Center Financing	2053
10/6/06	\$6,050,967 State Revolving Loan	2026
7/12/19	\$7,120,000 Installment Financing	2029
5/8/20	\$18,151,334 Installment Financing	2030