

**Town of Waterford
Post-Issuance Compliance Procedures
For Bonds, Notes and Other Debt Obligations**

I. INTRODUCTION

These post-issuance compliance procedures of the Town of Waterford, Connecticut (the “Town”) are designed to provide for the effective management of the Town’s post-issuance compliance program related to bonds, notes, financing leases, or other debt obligations (collectively referred to herein as “bonds”) of the Town under federal tax laws and federal securities laws, to the extent applicable to a particular issue of bonds.

The Director of Finance of the Town will be the primary bond compliance officer responsible for each issuance of bonds and for overseeing the Town’s post-issuance compliance program through the implementation of these procedures. All information related to each bond issue and the facilities, equipment and other assets financed by such issue shall be maintained by or on behalf of the Director of Finance. The Director of Finance shall review these procedures on at least an annual basis and will update them as necessary to accurately reflect compliance responsibilities in consultation with bond counsel.

The Town will contract with a municipal advisor to advise the Town and assist with administering various responsibilities related to the Town’s bonds, including certain aspects of post-issuance compliance with federal tax and securities laws. The town will retain the services of a bond counsel firm to serve as bond counsel and provide legal advice related to the Town’s bonds, including advising on post-issuance compliance with federal tax and securities laws. In carrying out these post-issuance compliance procedures, the Director of Finance will consult with and seek assistance from the town’s bond counsel and municipal advisor to the extent appropriate.

II. POST-ISSUANCE TAX COMPLIANCE

The following procedures are applicable to any bonds issued by the Town the interest on which is excluded from federal income taxes.

A. Tax Certificate and Continuing Education

1. ***Tax Certificate*** - A Tax Certificate is prepared for each issuance of bonds. Immediately upon issuing any bonds, the Director of Finance, in consultation with bond counsel and municipal advisor, shall review the Tax Certificate and make notes regarding specific compliance issues for such bond issue on the Post-Issuance Compliance Notes form, which is attached hereto as Exhibit A (the “Notes”). The Tax Certificate and Notes shall clearly define the roles and responsibilities relating to the ongoing compliance activities for each bond issue and will identify specific compliance requirements. The Director of Finance will review the Tax Certificate and Post-Issuance Compliance Notes for each

issue of outstanding bonds on at least an annual basis to ensure that the specific compliance issues for such bonds are being monitored and addressed.

2. ***Continuing Education*** - The Director of Finance will actively seek out advice of bond counsel on any matters that appear to raise ongoing tax law compliance concerns and may attend or participate or direct other Town personnel to attend or participate in seminars, teleconferences, etc. that address federal tax law compliance issues and developments in the public finance arena.

B. Tax-Exempt Bonds Compliance Monitoring

1. ***Ownership of Bond-Financed Property*** – One of the requirements with respect to tax-exempt bonds issued for the benefit of issuers like the Town is that the bond-financed property generally must be owned by a State or local governmental unit throughout the lesser of (i) the term of the bonds (and of any refunding bonds subsequently issued to refinance the property) or (ii) the useful life of the property. Any proposed sale, exchange, trade-in, or other disposition of ownership of or title to bond-financed property (other than a sale for salvage value or the disposal of such property as waste at the end of its useful life to the Town) should be reviewed in advance with bond counsel so that appropriate, timely “remedial action” can be taken to protect the tax-advantaged status of the bonds, if required.
2. ***Restrictions against other Private Use*** – The Director of Finance will continuously monitor the expenditure of bond proceeds and the use of facilities or equipment financed with bonds to ensure compliance with Section 141 of the Internal Revenue Code (the “Code”), which establishes limitations on the use of bond-financed property by persons or entities that are not units of State or local government. These limitations apply, for example, to individuals using bond-financed assets on a basis other than as a member of the general public, to corporations and partnerships and to the federal government and its agencies and instrumentalities.
 - a. ***Use of Bond Proceeds*** – The Director of Finance will monitor and maintain records with respect to expenditures to ensure that “new money” bond proceeds are being used on capital expenditures for exempt purposes in accordance with the governing bond legal documents (and also to facilitate the tracking of such expenditures with respect to refunding issues that refinance such “new money” bonds) and will document the allocation of all bond proceeds including “new money” and refunding purposes.
 - b. ***Use of the Bond-Financed Facility or Equipment***
 - i. **Equipment assets financed or refinanced with bonds** will be listed in a schedule for each bond issue. The Director of Finance will maintain (i) a list of all bond-financed equipment allocable to each bond issue and (ii) a record of such equipment’s expected useful life. Equipment assets generally are not to be sold or disposed of prior to the earlier of (a) the date the “new money” bonds and all subsequent refundings of such bonds are fully paid or (b) the end of the useful life of such equipment.
 - ii. **Constructed, renovated or acquired assets financed or refinanced with bonds** – In order to ensure that assets constructed, renovated or acquired using

bond proceeds, such as buildings, real property improvements and other infrastructure assets, are not leased, sold or disposed of prior to the end of the term of the applicable bonds and of all subsequent refundings of such bonds:

- Any asset constructed, renovated or acquired with bond proceeds shall be flagged in the Town's records, and
- All uses of these assets will be monitored by the Director of Finance.

iii. **Change of Use** – If there is any proposal to change the use of a bond-financed facility from a qualified purpose to a use in which a private (or federal government) entity may have the use or benefit of such a facility, the Director of Finance will consult with bond counsel prior to the occurrence of the proposed change in use to determine what impact, if any, the proposed change may have on the tax-exempt status of the applicable bonds. Examples of changes in use that can affect the tax-exempt status of bonds include management contracts with third parties for the management or operation of bond-financed assets and leases of buildings or other property to third parties.

3. *Qualification for Initial Temporary Periods and Compliance with Restrictions against Hedge Bonds*

a. *Expectations as to Expenditure of Bond Proceeds*

- i. In order to qualify under the arbitrage rules of Code Section 148 for an initial temporary period, usually for three (3) years, with respect to a new money bond financing—during which bond proceeds can be invested without regard to yield (but potentially subject to rebate)—the Town must reasonably expect to spend at least 85% of “net sale proceeds” of the bonds by the end of the temporary period. Additionally, under Code Section 149, in order to avoid classification of an issue of bonds as “hedge bonds,” the Town must both (i) reasonably expect to spend 85% of the “net sale proceeds” of the bonds within the three-year period beginning on the issuance date of the bonds and (ii) invest not more than 50% of the proceeds of the issue in investments having a substantially guaranteed yield for four (4) years or more. These expectations will be documented for the Town’s outstanding bond issues in the Tax Certificate executed in connection with each new money bond issue.
- ii. If, for any reason, the Town’s expectations concerning the period over which the bond proceeds are to be expended change from what was documented in the applicable Tax Certificate, such that the length of expenditure period is expected to be extend beyond three years from the issuance date of a new money bond issue, the Director of Finance will consult with bond counsel.

b. *Bond Proceeds Spending Schedule Compliance Monitoring* – For as long as there are unspent “new money” proceeds of a bond issue, the Director of Finance will compare and analyze the original anticipated capital project spending schedule and the actual payouts and reimbursements on each bond-financed project, on an annual or more frequent basis. The purpose of this analysis is to identify variances from the original spending schedule for each project and to document the reasons for these variances (to

the extent they reflect delays in the expenditure of bond proceeds) to provide a continual record on the spending progress for each bond-financed project. Generally, if there are delays in expending new money bond proceeds, the tax-exempt status of the bonds under either the temporary period rules or the hedge bond rules should not be adversely affected, unless circumstances surrounding actual events relating to project development cast doubt on the reasonableness of the stated expectations regarding expenditures that were documented on the issuance date in the applicable Tax Certificate on the issuance date. Therefore, it is important for the Director of Finance to update the progress of each project at least quarterly, and consult with bond counsel as to any substantial delays from the original expenditure schedule.

- c. ***Investment Earnings Monitoring*** – As part of the monitoring process described in Section II.B.3.b above, the Director of Finance will track the actual investment earnings accruing on unexpended bond proceeds on an annual or more frequent basis and will track the expenditure of all such earnings (which are treated for tax law purposes as additional proceeds of the bonds) on project costs.

4. Arbitrage and Rebate Compliance

- a. ***In General.*** Bonds may lose their tax-favored status, retroactive to the date of issuance, if they do not comply with the arbitrage restrictions of Section 148 of the Code. Two sets of requirements under the Code generally must be applied in order to determine whether bonds satisfy Section 148 of the Code: (1) the yield restriction requirements of Section 148(a) and (2) the rebate requirements of Section 148(f).
- b. ***Yield Restriction Requirements.*** The yield restriction requirements provide, in general terms, that the “gross proceeds” of a bond issue may not be invested in investments generating a yield higher than the yield of the bond issue, except for investments (i) during one of the temporary periods permitted under the arbitrage rules (including the initial three year temporary period described in Section II.B.3.a.ii above, a 90-day temporary period for current refundings and another temporary period for moneys expected to be used on a current basis to pay debt service on the bonds), (ii) in a reasonably required reserve or replacement fund or (iii) in an amount not in excess of the lesser of 5% of the sale proceeds of the issue or \$100,000 (the so-called “minor portion”). Under limited circumstances, the yield on investments subject to yield restriction can be reduced through payments to the IRS known as “yield reduction payments.” The Tax Certificate will identify those funds and accounts associated with a particular issue of bonds known, as of the date of issuance, to be subject to yield restriction.

c. Rebate Requirements

- i. If, consistent with the yield restriction requirements of the arbitrage rules, amounts treated as bond proceeds are permitted to be invested at a yield in excess of the yield on the bonds pursuant to one of the three exceptions to yield restriction referred to above, rebate payments may be required to be made to the U.S. Treasury. Under the arbitrage rules, the aggregate rebate liability is generally the present value of the excess of the amount actually earned on bond funded investments over the amount that would have been earned on such

investments had they been invested at the yield on the bonds. At least 90% of the rebate amount calculated for the first computation period must be paid no later than 60 days after the end of the first computation period. The amount of rebate payments required for subsequent computation periods (other than the final period) is that amount which, when added to the future value of prior rebate payments, equals at least 90% of the rebate amount. For the final computation period, 100% of the calculated amount must be paid. Available exceptions to the rebate requirement, and related expectations, are generally documented for each bond issue in the applicable Tax Certificate, although rebate liability and compliance is generally based on actual facts established after bond closing.

- ii. As required, the Town will have their municipal advisor calculate, or engage another experienced independent rebate analyst to calculate, the cumulative rebate liability (positive or negative) that has accrued with respect to the bonds and provide a written rebate report to the Director of Finance documenting the rebate analyst's methodology and conclusions. Bond counsel can assist with referrals to qualified rebate analysts.

d. Timing of Rebate Payments

The Director of Finance will ensure the proper calculation and payment of any rebate payment (and/or yield-reduction payment) within the following time frames:

- i. The first installment with respect to a bond issue is due no later than 60 days after the end of the fifth (5th) anniversary of each bond issuance;
- ii. Succeeding installments are due at least every fifth (5th) following anniversary date;
- iii. The final installment with respect to a bond issue is due no later than 60 days after retirement of the last bond of the issue (whether at final maturity or earlier, on an optional bond redemption date or when bonds are purchased or otherwise acquired for retirement or cancellation); generally, a final rebate installment will be due not later than 60 days after early retirement of the last bond in the issue in connection with a refunding of that issue.

Rebate (and/or yield reduction) payments are accompanied by returns filed on IRS Form 8038-T.

C. Record Retention

1. General

Section 6001 of the Code provides the general rule for the proper retention of records for federal tax purposes. The IRS regularly advises taxpayers to maintain sufficient records to support their tax deductions, credits and exclusions. In the case of a tax-exempt bond transaction, the primary taxpayers are the bondholders. In order to ensure the continued tax-exempt treatment of interest on its bonds, it is important, in all cases, that the Town retain sufficient records to support characterization of the bonds as tax-exempt.

2. Storage of Records

- a. All records associated with any bond issue shall be stored electronically or in hard copy form at the Town's main offices or at another location conveniently accessible to the Town.
- b. The Director of Finance will ensure that the Town provides for appropriate storage of these records.
- c. If storing documents electronically, the Town shall conform with IRS Revenue Procedure 97-22, 1997-1 C.B. 652 (as the same may be amended, supplemented or superseded), which provides guidance on maintaining books and records by using an electronic storage system. Bond counsel can furnish a copy of this Revenue Procedure if needed.

3. Bond-Related Records

The Town shall maintain bond records as identified in this Section II.C.3 for the longer of (i) the life of the bonds plus six (6) years or (ii) the life of refunding bonds (or the series of refunding bonds) that refinance the bonds plus six (6) years. Bond records shall include the following documents:

a. Pre-Issuance Documents

- i. **Guaranteed Investment Contracts (“GICs”) and Other Investments (including Treasury State and Local Government Series obligations (“SLGS”))** – if applicable, the Director of Finance shall retain all documentation regarding the procurement of each GIC or other investment acquired prior to bond issuance in anticipation of the issuance of the bonds, including if applicable the request for bids, bid sheets, documentation of procurement method (i.e., competitive vs. negotiated), etc. If investments other than SLGS are used for a defeasance escrow, the documentation should include an explanation of the reason for the purchase of such non-SLGS securities and documentation establishing the fair value of the securities at the time of acquisition and compliance with safe harbor bidding rules. If SLGS are purchased, documentation relating to all preliminary and/or final SLGS subscriptions shall be maintained.
- ii. **Anticipated Capital Spending Schedule** – the Director of Finance shall retain all documentation and calculations relating to the anticipated capital spending schedule used to meet the “reasonable expectations” test and use of proceeds tests, as well as copies of contracts with general and sub-contractors or summaries thereof.
- iii. **Issue Sizing** – the Director of Finance shall maintain a copy of all bond structuring proposals and information furnished in connection with the bond issue.
- iv. **Bond Insurance or Other Credit Enhancement** – if applicable, the Director of Finance shall maintain a copy of insurer and credit provider premium or fee

quotes and calculations supporting the cost benefit of acquiring bond insurance or other credit enhancement with respect to the bonds.

- v. ***Forward Starting Swaps or Other Hedge Documentation*** – if applicable, the Director of Finance shall retain all documentation regarding any interest rate swap or other hedge agreement entered into on or before the date of bond issuance relating to the bonds, including any “swap identification” documentation prepared with respect thereto in order to facilitate the treatment of such agreement as a “qualified hedge” under the arbitrage rules of Code Section 148.
- vi. ***Costs of Issuance documentation*** – the Director of Finance shall retain all invoices, payments and certificates related to costs of issuance of the bonds.

b. Issuance Documents

- i. The Director of Finance shall retain a physical bond transcript and/or a digital copy of the bond transcript.

c. Post-Issuance Documents

- i. ***Post-Issuance Guaranteed Investment Contracts and Investments (including SLGS)*** – the Director of Finance shall retain all documentation regarding the procurement of any GIC or other investment acquired with bond proceeds after bond issuance, including as applicable the request for bids, bid sheets, documentation of procurement method (i.e., competitive vs. negotiated), etc. If investments other than SLGS are used for a refunding defeasance escrow, the documentation should include an explanation of the reason for the purchase of such non-SLGS securities and documentation establishing the fair value of the securities and compliance with safe harbor bidding rules. If SLGS are purchased, documentation relating to all preliminary and/or final SLGS subscriptions shall be maintained.
- ii. ***Post-Issuance Swap or Other Hedge Documentation*** – the Director of Finance shall retain all documentation regarding any interest rate swap or other hedge agreement entered into after date of bond issuance relating to the bonds, including any “swap identification” documentation prepared with respect thereto in order to facilitate the treatment of such agreement as a “qualified hedge” under the arbitrage rules of Code Section 148.
- iii. ***Interest Rate Resets*** – for bonds bearing interest at variable rates, records of each interest rate reset.
- iv. ***Records of Investments*** – statements of earnings and any other documentation regarding investments acquired with bond proceeds shall be retained by the Director of Finance.
- v. ***Investment and Expenditure Activity Statements*** – the Director of Finance shall maintain or shall cause to be maintained all invoices and other spending records relating to expenditures of bond proceeds for equipment purchases and

constructed, renovated or acquired projects or for any other purpose, as well as all records relating to the investment of such proceeds prior to expenditure. Such records may be maintained either electronically or in hard copy form.

vi. ***Records of Compliance***

- ***Qualification for Initial Temporary Periods and Compliance with Restrictions Against Hedge Bond Documentation*** – the Director of Finance shall prepare the annual analysis described in Section II.B.3 of this document and maintain these records.
- ***Arbitrage Rebate Reports*** – may be prepared by the Director of Finance or a third party as described in Section II.B.4.c.ii of this document, and copies of all such reports will be retained by the Director of Finance.
- ***Rebate Returns and Payment*** – shall be prepared at the direction of the Director of Finance and filed as described in Section II.B.4.d of this document, and copies of all such returns and payments will be retained by the Director of Finance.
- ***Contracts under which any bond proceeds are spent (consulting engineering, acquisition, construction, etc.)*** - the Director of Finance shall obtain copies of these contracts and retain them in the bond files.

d. ***General***

- i. ***Audited Financial Statements*** – the Director of Finance will maintain copies of the Town's annual audited financial statements.
- ii. ***Reports of any prior IRS Examinations*** – the Director of Finance will maintain copies of any written materials pertaining to any IRS examination of the Town's bonds.

D. Voluntarily Correcting Failures to Comply with Post-Issuance Compliance Requirements

If, in the course of monitoring compliance with applicable federal tax laws, a potential federal tax law violation is discovered in connection with an issue of its bonds, the Town may be able to address the violation through one of the methods listed below. The Town should work with bond counsel to determine the best way to proceed if a violation is discovered or suspected.

1. Taking remedial actions permitted under the Treasury Regulations

Depending upon the nature of the potential violation and the timing of the discovery of the potential violation, it may be possible for the Town to take “remedial action” under applicable Treasury Regulations to protect the tax-advantaged status of the bonds through timely action. Depending upon the facts, such remedial action might involve a prompt redemption or defeasance of all or a portion of the outstanding bonds or, in some cases, the tracing of sale or other disposition proceeds to the acquisition of other tax law compliant assets, or the tracing of the bond-financed assets themselves to another tax law

compliant use. It is essential, however, that the potential violation be brought to the attention of bond counsel as soon as possible because the remedial action rules are subject to strict timing limitations.

2. *Utilizing the Voluntary Closing Agreement Program*

The Internal Revenue Manual establishes a voluntary closing agreement program (VCAP) for tax-exempt bonds whereby bond borrowers can disclose and resolve tax law violations through closing agreements with the Internal Revenue Service in a manner that preserves the tax-exempt status of the bonds.

III. *POST-ISSUANCE CONTINUING DISCLOSURE COMPLIANCE*

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 Director of Finance will take primary responsibility to ensure that the Town complies with each obligation included in its continuing disclosure agreements or certificates executed in connection with each of its outstanding bond issues for which a continuing disclosure agreement was required and entered into by the Town, both as to (A) the timeliness and content of continuing disclosure filings, and (B) the accuracy of disclosure regarding such filings in the Town's official statements. In furtherance of this responsibility, the Director of Finance will take primary responsibility for ensuring that the Town carefully reviews its continuing disclosure obligations, submits timely and complete filings in accordance with such obligations and submits disclosure filings that are accurate, complete and not misleading.

A. The Obligations of the Town

Under the provisions of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), Participating Underwriters (as defined in the Rule) are required to determine that issuers have entered into written continuing disclosure agreements to make ongoing disclosure in connection with bonds subject to the Rule. Unless a bond issue of the Town is exempt from compliance with the Rule or the continuing disclosure provisions of the Rule as a result of certain permitted exceptions, the Town will enter into such a continuing disclosure agreement upon the issuance of the bonds.

Pursuant to any continuing disclosure agreement entered into by the Town in connection with an issue of bonds, the Town agrees to provide certain information for the benefit of the owners of the Town's bonds and to assist the purchasers of the Town's bonds in complying with the Rule. The information required to be provided will be specified in each continuing disclosure agreement and may include annual reports and/or notice of certain significant events, depending on the term of the bonds. Compliance with the filing requirements may be satisfied by filing the information with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") website.

Annual reports required to be filed will include audited financial statements of the Town and certain financial and operating data specified in the continuing disclosure agreement. The annual reports are required to be filed on an annual basis on or before a date specified in the continuing disclosure agreement.

Continuing disclosure agreements also require the Town to file notice of the occurrence of certain significant events by a certain number of days specified in the agreement from the occurrence of the event (typically 10 business days from the occurrence of the event). Although the list of significant events in a particular continuing disclosure agreement may differ based on the list that existed in the Rule at the time of the particular bond issue, the current list of significant events that must be included in a continuing disclosure agreement for which a filing is required is as follows:

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 Town's bonds or notes.
7. Modifications to rights of the registered owners, including beneficial owners, of the Town's bonds and notes, 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 Town's bonds or notes, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Town.*

* 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 the Town in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental Town has assumed jurisdiction over substantially all of the assets or business of the Town, 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 Town, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental Town having supervision or jurisdiction over substantially all of the assets or business of the Town.

13. The consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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 the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, 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 the Town, any of which reflect financial difficulties.[†]

The Director of Finance will compile and maintain a set of all currently effective continuing disclosure agreements of the Town for bonds that are currently outstanding, each of which will have been included in the closing transcript for the related bond issue. As bonds are completely paid or redeemed, the Director of Finance will remove the related continuing disclosure agreement from the set of currently effective continuing disclosure agreements. The following procedures are required for and shall apply to only the currently effective continuing disclosure agreements for which continued compliance is required.

B. Timeliness and Content of Continuing Disclosure Filings

I. Annual Reports

The Director of Finance will take primary responsibility for ensuring that the Town's Annual Reports are assembled to include the information required by its continuing disclosure agreements and are filed on EMMA within the period of time after the end of the Town's fiscal year specified in the applicable continuing disclosure agreement. The Town's Annual Report will be posted on EMMA by the town's municipal advisor. To ensure the Town's Annual Reports are complete, accurate and not misleading, the Town agrees to take the following steps:

1. The Director of Finance shall arrange for the town's municipal advisor to provide a notice of the deadline for filing an Annual Report at least two months prior to the deadline.

2. The Director of Finance shall review each of the Town's continuing disclosure agreements to confirm the information and material that is required to be filed as part of the Annual Report;

[†] 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. In the case of the Town, 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, letters of credit, and lease purchase agreements.

3. The Director of Finance will work with the municipal advisor to complete a draft of each Annual Report at least one month prior to the required filing date;

4. The Director of Finance will provide the draft Annual Report to and consult with any relevant officials of the Town, the Town's staff and any other party, as he or she deems appropriate, to solicit assistance in completing the Annual Report or to address 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; and

5. When the Director of Finance has resolved all questions regarding the accuracy and completeness of, and any potentially misleading statements in, the Annual Report and determined that it is in final form and responsive to the information required to be included pursuant to the continuing disclosure agreements of the Town, the Director of Finance will provide the final version of the Annual Report to the municipal advisor for filing and arrange for the filing of the Annual Report by the municipal advisor on EMMA on or before the deadline specified in the applicable continuing disclosure agreement or agreements.

II. Notices of Significant Events

The Director of Finance will monitor the Town's continuing disclosure compliance on a frequent and ongoing basis with respect to notice of the events specified in the Town's continuing disclosure agreements and be responsible for ensuring that notice of the occurrence of any such events is filed on EMMA by mstat within the time period required in the applicable continuing disclosure agreements. In order to facilitate such compliance, the Director of Finance will:

1. Arrange for the town's municipal advisor to provide written notification by email or otherwise to the Director of Finance on a periodic basis, but at least annually, to ensure he or she regularly reviews the list of events specified in the Town's continuing disclosure agreements to determine whether any event has occurred that may require filing notice on EMMA;
2. Establish an internal process that includes any other official of the Town that may have authority to negotiate and/or enter into the types of arrangements described in event number 15 of the Rule to ensure that any such arrangements are reviewed by the Director of Finance, in consultation with the Town's officials and staff, their municipal advisor and bond counsel and/or general counsel, as appropriate, sufficiently in advance of the execution thereof in order to determine whether the arrangement will result in a financial obligation or agreement that is material;
3. Upon the occurrence of any such event or potential event, immediately consult with the Town's officials and staff, municipal advisor and bond counsel and/or general counsel, as appropriate, to confirm the Town's obligation to disclose such event; and
4. Arrange with the town's municipal advisor for a timely filing of notice on EMMA regarding the occurrence of any such event.

C. Accuracy of Disclosure in Official Statements

The Director of Finance will be responsible for ensuring the accuracy and completeness of disclosure in the Town's official statements regarding the Town's continuing disclosure compliance. In furtherance of this responsibility, the Director of Finance will take the following steps while preparing any official statement of the Town:

1. Review both (i) the timeliness and (ii) the content and sufficiency of the Town's Annual Report filings for the five-year period preceding the official statement, noting any instances of late or incomplete filings;
2. Review the list of events specified in the Town's continuing disclosure agreements and certificates to determine 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;
3. Consult with the Town's staff, municipal advisor, bond counsel and/or general counsel, as appropriate, with respect to any question regarding the Town's continuing disclosure compliance;
4. If needed, arrange for the municipal advisor to file any corrective or missing disclosure and/or notices on EMMA; and
5. Collaborate with municipal advisor and bond counsel to draft a statement regarding the Town's continuing disclosure compliance in the five-year period preceding the official statement that reflects any instances of noncompliance by the Town during such period.

Adopted: July 20, 2022