

# **City of Hendersonville, North Carolina**

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

**Implemented as of July \_\_, 2025**

## **Part I. Purpose.**

In connection with the issuance of securities in the public markets, the City of Hendersonville, North Carolina (the “*City*”) has entered into agreements obligating the City to provide continuing disclosure on certain information related to the City. The continuing disclosure obligations are entered into by the City 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 City will undertake and the City’s desire to ensure adherence with the City’s continuing disclosure obligations, the City hereby adopts the following policies and procedures (the “*Policies and Procedures*”). These Policies and Procedures are intended to serve as a guide for the City to facilitate compliance with its continuing disclosure obligations in accordance with the Rule.

## **Part II. Responsibility of City Officials.**

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

The City’s Finance Director will review these Policies and Procedures no less frequently than on the issuance of any securities for which the City 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 City remains in compliance.

## **Part III. Securities Subject to Continuing Disclosure Obligations.**

The City has entered into continuing disclosure obligations for the securities listed on Exhibit A hereto. The City will update Exhibit A each time that securities are issued for which the City 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 City 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 City for such 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 City for such Fiscal Year to be replaced subsequently by

audited financial statements of the City 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 such 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 City;

(m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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 City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, 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 City, 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 does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule

(4) in a timely manner, notice of a failure of the City 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 City. Leases under GASB 87 and GASB 96 will only be a Financial Obligation for purposes of the Rule if they operate as a vehicle to borrow money, such as leases that were previously considered to be “capital leases” under former GASB principles. A Financial Obligation will be considered “material” for purposes of the Rule if it exceeds \$5,000,000. 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.

**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 City 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 City 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 City's recordkeeping policies. In addition, the City will review this policy each calendar year in connection with the City'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 City will continue to consult regularly with its bond counsel and financial advisor regarding its continuing disclosure obligations and any changes to the Rule. The City will regularly update these Policies and Procedures to reflect any changes.

## **EXHIBIT A**

### **Securities Subject to Continuing Disclosure Obligation**

#### **I. General Obligation Bonds**

N/A; none outstanding

#### **II. Revenue Bonds**

N/A; none outstanding

#### **III. Special Obligation Bonds**

N/A; none outstanding

#### **IV. Limited Obligation Bonds**

Limited Obligation Bonds, Series 2021

## EXHIBIT B

### Annual Information to be Updated from Official Statements

<u>Security</u>	<u>Information</u>
<b>Limited Obligation Bonds, Series 2021</b>	<p>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 in Appendix A (excluding in each case information on overlapping units):</p> <ol style="list-style-type: none"><li>1) <b>“THE CITY – Debt Information”</b></li><li>2) <b>“THE CITY – Tax Information”</b> (including subheadings thereunder)</li></ol>