

TOWN OF CHINO VALLEY, ARIZONA

PROCEDURES FOR COMPLIANCE WITH CONTINUING DISCLOSURE UNDERTAKINGS

IMPLEMENTED OCTOBER 12, 2021

These Procedures for Compliance with Continuing Disclosure Undertakings (these “Procedures”) set forth procedures of the Town of Chino Valley, Arizona (the “Issuer”) to assist in compliance with the continuing disclosure undertakings (“Continuing Disclosure Undertakings”) entered into by the Issuer in connection with the offering of obligations of the Issuer subject to the continuing disclosure requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

These Procedures document practices and describe various procedures for preparing and disseminating annual financial information and reporting “listed events” for the benefit of the holders of the Issuer’s obligations and to assist Participating Underwriters (within the meaning of the Rule) in complying with the Rule.

Compliance with pertinent law is an ongoing process; necessary during the entire term of any obligations issued by the Issuer, and is an integral component of the Issuer’s debt management. Implementation of these Procedures will require ongoing monitoring and consultation with bond/disclosure counsel and the Issuer’s accountants and advisors.

General Policies and Procedures

1. The Administrative Services Director of the Issuer (the “Compliance Officer”) will be responsible for monitoring post-issuance compliance.
2. The Compliance Officer will coordinate procedures for record retention and review of such records.
3. All documents and other records relating to obligations issued by the Issuer shall be maintained by or at the direction of the Compliance Officer.
4. The Compliance Officer will review post-issuance compliance procedures and systems on a periodic basis, but not less than annually.
5. The Compliance Officer will review the annual information required to be filed pursuant to each Continuing Disclosure Undertaking.
6. The Compliance Officer will train at least one other employee of the Issuer with respect to the matters contained in these Procedures to facilitate compliance with the Continuing Disclosure Undertakings in the event the Compliance Officer is no longer employed by the Issuer.

Continuing Disclosure

In order to monitor compliance by the Issuer with its Continuing Disclosure Undertakings, the Compliance Officer will take the actions listed below, if and as required by such Continuing Disclosure Undertakings. The Compliance Officer may coordinate with staff, and may engage a dissemination

agent, counsel, and/or other professionals to assist in discharging the Compliance Officer's duties under these Procedures as the Compliance Officer deems necessary.

A. Compilation of Currently Effective Continuing Disclosure Undertakings

The Compliance Officer shall compile and maintain a set of all currently effective Continuing Disclosure Undertakings of the Issuer. Such agreements are included in the transcript of proceedings for the Issuer's respective obligation issue. Continuing Disclosure Undertakings are "Currently Effective" for purposes of these Procedures (and hence shall be included in the set of Currently Effective Continuing Disclosure Undertakings) for so long as the obligations to which they relate are outstanding. As obligations are completely repaid or redeemed, the Compliance Officer shall remove the related Continuing Disclosure Undertakings from the set of Currently Effective Continuing Disclosure Undertakings.

B. Compilation of Currently Effective Financial Obligations

The Compliance Officer shall compile and maintain a list of all currently effective Financial Obligations of the Issuer. "Financial Obligations" means, for purposes of the Rule, a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, and existing or planned debt obligation, or (iii) a guarantee of (i) or (ii). For purposes of the Rule, Financial Obligation shall not include municipal securities of the Issuer as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule and as to which a continuing disclosure undertaking has been executed and delivered by the Issuer consistent with the Rule.

Such list shall include key terms of each Financial Obligation, such as date of incurrence, principal amount, maturity, amortization, interest rate, default rates, security and source of payment and key covenants.

C. Annual Review and Annual Reporting Requirements

The Compliance Officer shall ensure that all necessary financial statements, financial information and operating data is filed in the manner and by the filing dates set forth in the Currently Effective Continuing Disclosure Undertakings. The Compliance Officer shall review the set of Currently Effective Continuing Disclosure Undertakings annually, prior to each annual filing, keeping in mind:

- The financial information and operating data required to be reported under a particular Continuing Disclosure Undertaking may differ from the financial information and operating data required to be reported under another Continuing Disclosure Undertaking; and
- The timing requirements for reporting under a particular Continuing Disclosure Undertaking may differ from the timing requirements for filing under another Continuing Disclosure Undertaking.

D. Calendar; EMMA Notification System

The Compliance Officer shall keep a calendar of all pertinent filing dates required under the Issuer's Currently Effective Continuing Disclosure Undertakings. The Compliance Officer shall also subscribe to notification services made available through the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

E. Annual Review of Prior Filings

As part of the annual review process, the Compliance Officer shall also review prior filings made within the past five years subsequent to the last such review of prior filings. If the Compliance Officer discovers any late or missing filings, the Compliance Officer (after discussing the circumstances with the Issuer's dissemination agent, counsel or other agents as necessary) shall file the missing information.

F. Monitoring of Listed Events

The Compliance Officer shall monitor the occurrence of any of the following events and/or other events set forth in the Currently Effective Continuing Disclosure Undertakings and shall provide notice of the same in the required manner and by the relevant reporting deadline (generally within 10 days of the occurrence):

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 Issuer's obligations, or other material events affecting the tax status of the Issuer's obligations;
7. Modification to rights of holders of the Issuer's obligations, if material;
8. Calls of the Issuer's obligations, if material, and tender offers;
9. Defeasances of the Issuer's obligations;
10. Release, substitution or sale of property securing repayment of the Issuer's obligations, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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 Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

The list of Currently Effective Financial Obligations compiled pursuant to B. above will assist in making determinations with respect to Listed Events 15 and 16.

G. Review of Official Statements

The Compliance Officer shall review drafts of any offering document for a new offering of obligations, with assistance from its dissemination agent, counsel or other agents of the Issuer as necessary, and shall determine that the offering document accurately and completely describes the Issuer’s continuing disclosure compliance history within the five years prior to the date of the respective Official Statement. This compliance review is not meant to limit the Issuer’s other reviews of or diligence procedures relating to its offering documents.

H. Record Retention

The Compliance Officer shall retain documentation evidencing the Issuer’s annual reviews and its reviews of offering documents in connection with new offerings as set forth above. This Issuer shall retain this documentation, for each Continuing Disclosure Undertaking, for the period that the related obligations are outstanding.

I. Annual Review Checklist

The Compliance Officer may use and retain the attached Annual Review Checklist to assist in implementing these Procedures.

CONTINUING DISCLOSURE ANNUAL REVIEW CHECKLIST

- 1. **Fiscal Year Ending:** _____
- 2. **Compliance Officer:** _____
- 3. **Checklist Completion Date:** _____

4. Obligations for which there are Currently Effective Continuing Disclosure Undertakings

- Attach Agreements:

- \$ _____, _____, dated _____, 20__

5. Have any new Obligations subject to Continuing Disclosure Been Issued this Year?

_____ No

_____ Yes (Add Agreement to Currently Effective Continuing Disclosure Undertakings)

If Yes, did the Compliance Officer review the Offering Document's Description of the Issuer's Continuing Disclosure Compliance History within the Prior 5 Years?

Circle: Y/N (If N, review and discuss any issues with counsel.)

6. Have any Obligations subject to Continuing Disclosure Been Completely Paid or Redeemed this Year?

_____ No

_____ Yes (Remove Agreement from Currently Effective Continuing Disclosure Undertakings)

7. (a) Has the Compliance Officer Reviewed the Annual Continuing Disclosure Filing to Ensure that all Necessary Financial Statements, Financial Information and Operating Data is Included?

_____ Yes

_____ No (Compliance Officer must review the Annual Continuing Disclosure Filing)

(b) For purposes of this review, please keep in mind:

	Checked?
Different Continuing Disclosure Undertakings may require different information to be file (so check each one).	Y / N
Different Continuing Disclosure Undertakings may have different filing timing requirements (so check each one).	Y / N

8. Have any of the Following Listed Events Occurred this Year?

Event	Circle
1. Principal and interest payment delinquencies.	Y / N
2. Non-payment related defaults, if material.	Y / N
3. Unscheduled draws on debt service reserves reflecting financial difficulties.	Y / N
4. Unscheduled draws on credit enhancements reflecting financial difficulties.	Y / N
5. Substitution of credit or liquidity providers, or their failure to perform.	Y / N
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 Issuer's obligations, or other material events affecting the tax status of the Issuer's obligations.	Y / N
7. Modification to rights of holders of the Issuer's obligations, if material.	Y / N
8. Calls of the Issuer's obligations, if material, and tender offers.	Y / N
9. Defeasances of the Issuer's obligations.	Y / N
10. Release, substitution or sale of property securing repayment of the Issuer's obligations, if material.	Y / N

- 11. Rating changes. Y / N
- 12. Bankruptcy, insolvency, receivership or similar event of the Issuer. Y / N
- 13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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. Y / N
- 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material. Y / N
- 15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material. Y / N
- 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties. Y / N

9. If any such Event Occurred, was Proper Notice Provided?

_____ Yes

_____ No (Call your dissemination agent or counsel immediately to discuss)

_____ N/A

10. Has the Issuer Retained a Dissemination Agent?

_____ Yes: Name/Contact: _____

_____ No