

RESOLUTION NO. 14-40

**RESOLUTION OF THE BOARD OF COMMISSIONERS
MORRIS COUNTY IMPROVEMENT AUTHORITY**

TITLE:

**RESOLUTION OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY
RATIFYING THE REVIEW OF COMPLIANCE WITH PRIOR ANNUAL
CONTINUING DISCLOSURE OBLIGATIONS AND AUTHORIZING
PARTICIPATION IN THE SECURITIES AND EXCHANGE COMMISSION'S
MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION INITIATIVE**

WHEREAS, the Morris County Improvement Authority (the "*Authority*"), has been duly created by resolution of the County of Morris (the "*County*"), State of New Jersey (the "*State*") and exists in good standing as a public body corporate and politic under and pursuant to all applicable law, including the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, as amended from time to time (codified at N.J.S.A. 40:37A-44 et seq., the "*Act*");

WHEREAS, the Authority has previously issued one or more series of bonds, in the past five (5) years, pursuant to one or more preliminary and final official statements (collectively, the "Bonds"); and

WHEREAS, in connection with the issuance of such Bonds, (i) the underlying obligors ("Underlying Obligors") of such Bonds have covenanted with Bondholders to provide certain secondary market information on an annual basis to the Nationally Recognized Municipal Securities Information Repositories (pre-2009) and to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access Data Port (2009 to present) ("EMMA"), including, but not limited to, audited financial statements, municipal budgets, other financial and operating data and ratings changes ("Disclosure Information"), and (ii) the Authority covenanted to provide certain notices of material events with respect to the Bonds; and

WHEREAS, the Securities and Exchange Commission (the "SEC") has recently focused attention on what it alleges is widespread failure of local government issuers across the nation to meet their continuing disclosure obligations and misrepresentation through material misstatements in an official statement (innocently, inadvertently or otherwise) of past compliance with continuing disclosure obligations; and

WHEREAS, in an effort to remedy these perceived issues, the SEC has implemented the Municipalities Continuing Disclosure Cooperation Initiative (the "SEC Initiative"), a limited-time program ending at 5:00 p.m. on December 1, 2014, that

encourages issuers of municipal bonds, including the Authority and the Underlying Obligors, to self-report possible material misstatements or omissions, made in the past five (5) years in an official statement regarding compliance with prior continuing disclosure obligations; and

WHEREAS, by participating in the SEC Initiative, issuers agree to accept certain non-monetary penalties, in lieu of unknown, and, by all accounts, monetary and non-monetary penalties the SEC has threatened on issuers that do not participate in the SEC Initiative, should the SEC determine that an issuer has made material misstatements in an official statement regarding compliance with prior continuing disclosure obligations; and

WHEREAS, by participating in the SEC Initiative, issuers agree to accept the following penalties, if imposed by the SEC (i) compliance with a cease and desist order in which the Authority neither admits nor denies the findings of the SEC, (ii) implementation of policies, procedures and training regarding continuing disclosure obligations, (iii) compliance with all existing continuing disclosure undertakings, (iv) cooperation with any further SEC investigation, (v) disclosure of settlement terms in any final official statement issued within five years of the date of institution of the proceedings, and (vi) production to the SEC of a compliance certificate regarding the applicable undertakings on the one year anniversary of the proceedings; and

WHEREAS, on July 24, 2014, the Division of Local Government Services issued Public Finance Notice (i) alerting New Jersey local governments to the SEC Initiative, (ii) strongly recommending that local governments examine their continuing disclosure contractual obligations and past official statements in order to determine if it is advisable for an issuer to participate in the SEC Initiative and (iii) cautioned that local governments that fail to complete a disclosure assessment in connection with the SEC Initiative will likely have difficulty accessing capital markets, difficulty in receiving timely approvals of the Local Finance Board or Director of the Division of Local Government Services, as applicable, and decreased scores on the future "Best Practices Questionnaires"; and

WHEREAS, the Authority is in the process of conducting a disclosure audit which will (i) summarize the results of the Authority's prior compliance with both the Authority's and the Underlying Obligors secondary market disclosure obligations and (ii) compare those results to the statements made by the Authority in its official statements regarding past compliance (the "Disclosure Audit"); and

WHEREAS, the County has retained the services of Acacia Financial Group, Inc., as disclosure specialist (the "Disclosure Specialist") to undertake the Authority Disclosure Audit; and

WHEREAS, based on the results of the Disclosure Audit to be provided to the Authority, and weighing heavily the known, non-monetary penalties that may come through the Authority's participation in the SEC Initiative versus the unknown, and, by all accounts, monetary and non-monetary penalties the SEC has threatened on issuers that do not self-report, the Authority further desires to delegate to the Chairperson, Vice-

Chairperson and the Treasurer of the Authority (including their designees, each an “*Authorized Officer*”), in consultation with the Authority's general counsel, bond counsel, auditor, Disclosure Specialist and other finance professionals, the power to prepare and submit all documentation required to enter the Authority's Bond issues into the SEC Initiative, as necessary.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE AUTHORITY, AS FOLLOWS:

Section 1. The Authority hereby ratifies the selection of the Disclosure Specialist and the undertaking of the Disclosure Audit by the Disclosure Specialist.

Section 2. In the event the Disclosure Audit reveals that the Authority may have made a material misstatement regarding the Authority's compliance with prior continuing disclosure undertakings, the Authority hereby authorizes and directs the Authorized Officer to prepare and submit all documentation necessary to enter the Authority's applicable Bond issues into the MCDC Initiative.

Section 3. All actions taken to date by the Authority, the Authorized Officers, the Authority's bond counsel, Pearlman & Miranda, LLC and the Disclosure Specialist, with respect to the matters set forth in or contemplated by this resolution, are hereby ratified, confirmed and approved.

Section 4. In accordance with N.J.S.A. 40:37A-50, the Secretary of the Authority is hereby authorized and directed to submit to each member of the Morris County Board of Freeholders, by the end of the fifth business day following this meeting, a copy of the minutes of this meeting. The Secretary is hereby further authorized and directed to obtain from the Clerk of the Morris County Board of Freeholders a certification from the Clerk stating that the minutes of this meeting have not been vetoed by the Director of the Morris County Board of Freeholders.

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Section 5. This resolution shall be effective immediately, unless it has been vetoed in accordance with N.J.S.A. 40:37A-50(e) of the Act.

MOVED/SECONDED:

Resolution moved by Commissioner _____.

Resolution seconded by Commissioner _____.

VOTE:

Commissioner	Yes	No	Abstain	Absent
Gallop				
Kovalcik				
Ramirez				
Sandman				
Bonanni				

ATTESTATION:

This Resolution was acted upon at the special meeting of the Authority held on November 17, 2014 at the Authority’s principal corporate office in Morristown, New Jersey.

Attested to this 17th day of November, 2014

By: _____

Secretary of the Authority

FORM and LEGALITY:

This Resolution is approved as to form and legality as of November 17, 2014.

By: _____

**Stephen B. Pearlman, Esq., Partner
Pearlman & Miranda, LLC
Counsel to the Authority**