

MORRIS COUNTY IMPROVEMENT AUTHORITY
MINUTES of the Board Meeting held on February 16, 2012, at 6:00 p.m.,
Knox Conference Room #525, Morris County
Administration and Records Building, Morristown, New Jersey

At 6:00 p.m., Christina Ramirez, Vice Chairman to the Morris County Improvement Authority called the meeting to order. The following persons were in attendance:

Christina Ramirez, Commissioner
Frank Pinto, Commissioner
Glenn Roe, Commissioner
Ellen Sandman, Commissioner
Stephen B. Pearlman Esq. - Inglesino, Pearlman, Wyciskala & Taylor LLC
Joe Santaiti, Gabel Associates
Cadence Bowen, Gabel Associates
Rich Lopatin, Acacia Financial
Joe Garifo, Public Information Officer, County of Morris

Commissioner Ramirez, Vice Chairman, asked for the reading of the public statement in accordance with the Open Public Meetings Act which was then read by recording secretary Cynthia Rueter.

Commissioner Ramirez, Vice Chairman, asked for “roll call” for the Authority. Four out of five Commissioners were in attendance; Ms. Christina Ramirez, Mr. Glenn Roe, Ms. Ellen Sandman and Mr. Frank Pinto, Mr. Bonanni was absent, a quorum was established.

Approval of the January 18, 2012 meeting minutes were considered, Commissioner Roe made a motion to accept the minutes of the January 18th meeting. Commissioner Sandman seconded the motion.

The public portion of the meeting was opened. – No comment at this time.

Agenda item 6(i) was discussed – Resolution appointing the officers of the Improvement Authority for 2012 through the Authority’s annual meeting in 2013. The Commissioners are as follows: John Bonanni, Chairman, Christina Ramirez, Vice Chairman, Ellen Sandman, Secretary, Frank Pinto, Assistant Secretary and Glenn Roe, Treasurer. Commissioner Roe made a motion to adopt this resolution, Commissioner Sandman seconded the motion. Roll was called. The resolution was approved unanimously. The motion carried and Resolution #12-05 “RESOLUTION APPOINTING OFFICERS OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY FOR THE PERIOD FROM THE AUTHORITY’S 2012 ANNUAL MEETING THROUGH THE AUTHORITY’S 2013 ANNUAL MEETING” (NO. 12-05) was adopted.

Agenda item 6(ii) was discussed –Resolution establishing the annual schedule of regular monthly meetings for the Improvement Authority for 2012. The meeting dates are as follows:

March 21, 2012	September 19, 2012
April 18, 2012	October 17, 2012
May 16, 2012	November 21, 2012
June 20, 2012	December 19, 2012
July 18, 2012	January 16, 2013
August 15, 2012	February 20, 2013 (includes annual meeting)

Commissioner Sandman made a motion to adopt this resolution, Commissioner Roe seconded the motion. Roll was called. The resolution was approved unanimously. The motion carried and Resolution #12-06

“RESOLUTION ESTABLISHING THE ANNUAL SCHEDULE OF REGULAR MONTHLY MEETINGS FOR THE MORRIS COUNTY IMPROVEMENT AUTHORITY FOR THE BALANCE OF CALENDAR YEAR 2012 AND EARLY 2013 THROUGH AND INCLUDING THE AUTHORITY’S 2013 ANNUAL MEETING” (NO. 12-06) was adopted.

Agenda item 6(iii) was discussed – Actual Bond Resolution for the refunding of the 2004 Morris Hills High School transaction. Commissioner Roe made a motion to adopt this resolution, Commissioner Sandman seconded the motion. Roll was called. The resolution was approved unanimously. The motion carried and Resolution #12-07 “SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY OF MORRIS GUARANTEED SCHOOL DISTRICT REVENUE REFUNDING BONDS, SERIES 2012 (MORRIS HILLS REGIONAL DISTRICT PROJECT) OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY (NO. 12-07) was adopted.

Agenda item 6(iv) was discussed – Resolution approving the payment of bills as listed on the Schedule of Warrants. Commissioner Roe made a motion to adopt this resolution; Commissioner Sandman seconded the motion. Roll was called. The resolution was approved unanimously. The motion carried and Resolution “Bill List” (NO. 12-08) was adopted.

7a. Discussion: Status of Renewable Energy Program Phase II – Joe Santaiti, from Gabel Associates met with Wanzek Construction, Innovative Engineering and SunLight General on Tuesday, February 14, 2011. The due diligence process continues to identify changes in system sizes, etc. at the participating local units. Minutes from the meeting will be forwarded to the Commissioners sometime this week. The next meeting with the professionals is scheduled for Friday, February 24th.

7b. Outreach meeting re: Tax Levy Cap – Nothing at this time.

7c. CGLP Activity – Nothing at this time.

7d. Payment of Bills between Meetings – Nothing at this time

7e. Status of Other Inquiries and potential transactions – Nothing at this time.

7f. Other items –ESIP (Energy Savings Improvement Program) Joe Santaiti, Gabel Associates met with County College of Morris to discuss their Energy Audit and the ESIP program.

8. Further Official Action – Nothing at this time.

The February 16, 2012 meeting of the Morris County Improvement Authority was adjourned at 6:30 p.m. All Commissioners were in favor to adjourn the meeting.

Respectfully submitted,

Cynthia Rueter
Recording Secretary

RESOLUTION NO. 12-05

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

TITLE:

**RESOLUTION APPOINTING OFFICERS OF THE MORRIS COUNTY
IMPROVEMENT AUTHORITY FOR THE PERIOD FROM THE
AUTHORITY'S 2012 ANNUAL MEETING THROUGH
THE AUTHORITY'S 2013 ANNUAL MEETING**

WHEREAS, the Morris County Improvement Authority (the "Authority") has been duly created by resolution no. 42 entitled "Resolution of the Board of Chosen Freeholders of Morris County, New Jersey creating the Morris County Improvement Authority" duly adopted by the Board of Chosen Freeholders (the "Board of Freeholders") of the County of Morris (the "County") in the State of New Jersey (the "State") on April 10, 2002 as a public body corporate and politic of the State pursuant to and in accordance with the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the "Act") and other applicable law; and

WHEREAS, it is the sense of the Commissioners of the Authority that the Authority appoint the following Commissioners to hold the offices of the Authority as set forth in Section 1 hereof.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Authority as follows:

Section 1. The Authority hereby appoints the following persons to the following respective offices of the Authority:

- a. Chairperson: John Bonanni
- b. Vice-Chairperson: Christina Ramirez
- c. Treasurer: Glenn Roe
- d. Secretary: Ellen Sandman
- e. Assistant Secretary: Frank T. Pinto

Section 2. Such officers are hereby severally authorized and directed to discharge the rights, duties and obligations of their respective offices to the extent provided for under applicable law, including the Act and in accordance with the provisions of the By-Laws, from the date of adoption of this resolution at the Authority's

2012 annual meeting through the Authority’s 2013 annual meeting to be held in February, 2013.

Section 3. This resolution shall take effect immediately.

MOVED/SECONDED:

Resolution moved by Commissioner _____.

Resolution seconded by Commissioner _____.

VOTE:

Commissioner	Yes	No	Abstain	Absent
Pinto				
Ramirez				
Roe				
Sandman				
Bonnanni				

ATTESTATION:

This Resolution was acted upon at the Regular Meeting of the Authority held on February 16, 2012 at the Authority’s principal corporate office in Morristown, New Jersey.

Attested to this 16th day of February, 2012.

By: _____

Secretary of the Authority

FORM and LEGALITY:

This Resolution is approved as to form and legality as of February 16, 2012

By: _____

**Stephen B. Pearlman, Esq., Partner
Inglesino, Pearlman, Wyciskala & Taylor, LLC
Counsel to the Authority**

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

TITLE:

**RESOLUTION ESTABLISHING THE ANNUAL SCHEDULE OF REGULAR
MONTHLY MEETINGS FOR THE MORRIS COUNTY IMPROVEMENT
AUTHORITY FOR THE BALANCE OF CALENDAR YEAR 2012 AND
EARLY 2013 THROUGH AND INCLUDING THE AUTHORITY'S
2013 ANNUAL MEETING**

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"); and

WHEREAS, in accordance with the Act and the Open Public Meetings Act, constituting Chapter 231 of the Pamphlet Laws of 1975 of the State, as amended from time to time (codified at N.J.S.A. 10:4-1 *et seq.*, the "Open Public Meetings Act") and Section 5.2 of the by-laws of the Authority adopted by resolution no. 02-13 on August 14, 2002 and entitled "RESOLUTION ADOPTING THE BY-LAWS OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY", as amended by resolution no. 04-18 on June 9, 2004 and entitled "RESOLUTION AMENDING THE BY-LAWS OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY", as amended by resolution no. 05-21 on October 11, 2005 and entitled, "RESOLUTION AMENDING THE BY-LAWS OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY" (collectively, the "By-Laws"), the Authority desires to establish its monthly regular meeting schedule for the balance of the 2012 calendar year, and the beginning of the 2013 calendar year through and including the Authority's 2013 annual meeting in February of 2013.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Authority as follows:

Section 1. In accordance with the Act, the Open Public Meetings Act and other applicable law, the Authority hereby establishes the following schedule of regular monthly meetings of the Authority for the balance of the 2012 calendar year through and including the Authority's 2013 annual meeting in February of 2013, unless subsequently changed in accordance with such law:

March 21, 2012	September 19, 2012
April 18, 2012	October 17, 2012
May 16, 2012	November 21, 2012
June 20, 2012	December 19, 2012
July 18, 2012	January 16, 2013
August 15, 2012	February 20, 2013 (includes annual meeting)

Section 2. Unless subsequently changed in accordance with the Act, the Open Public Meetings Act or other applicable law, all such meetings shall be (i) open to the public, except for those portions for which executive session is permitted under such applicable law and (ii) held at 6:00 p.m. in the Knox Conference Room, 5th Floor, Morris County Administration Building, Morristown, NJ.

Section 3. The Chairperson is hereby authorized and directed to publish and post said schedule and make said schedule generally available to the public upon request, all in accordance with the Act, the Open Public Meetings Act and all other applicable law.

Section 4. Such 2012 schedule for regular meetings does not preclude the Authority from calling special or emergency meetings in accordance with the By-Laws, the Act, the Open Public Meetings Act and all other applicable law.

Section 5. This resolution shall take effect immediately.

MOVED/SECONDED:

Resolution moved by Commissioner _____.

Resolution seconded by Commissioner _____.

VOTE:

Commissioner	Yes	No	Abstain	Absent
Pinto				
Ramirez				
Roe				
Sandman				
Bonanni				

ATTESTATION:

This Resolution was acted upon at the Regular Meeting of the Authority held on February 16, 2012 at the Authority’s principal corporate office in Morristown, New Jersey.

Attested to this 16th day of February, 2012

By: _____

Secretary of the Authority

FORM and LEGALITY:

This Resolution is approved as to form and legality as of February 16, 2012

By: _____

**Stephen B. Pearlman, Esq., Partner
Inglesino, Pearlman, Wyciskala & Taylor, LLC
Counsel to the Authority**

CONTINUING DISCLOSURE AGREEMENT

among

MORRIS HILLS SCHOOL DISTRICT

and

THE BANK OF NEW YORK MELLON, as Trustee

and

THE MORRIS COUNTY IMPROVEMENT AUTHORITY

Dated as of _____ 1, 2012

With respect to the Authority's
\$_____ aggregate principal amount of
County of Morris Guaranteed School District Revenue Refunding Bonds,
Series 2012 (Morris Hills Regional District Project)

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the “Local Unit Continuing Disclosure Agreement”) is made and entered into as of _____ 1, 2012 by and among MORRIS HILLS SCHOOL DISTRICT, a municipal corporation duly created and validly existing under the laws of the State of New Jersey (the “State”), (the “Local Unit”), THE BANK OF NEW YORK MELLON, a national banking association validly existing and authorized to do business under the laws of the United States of America (the “Trustee”), and THE MORRIS COUNTY IMPROVEMENT AUTHORITY, a public body corporate and politic duly created and validly existing under the laws of the State (the “Authority”).

WITNESSETH

WHEREAS, The Morris County Improvement Authority (including any successors and assigns, the “*Authority*”) has been duly created by resolution no. 42 entitled “Resolution of the Board of Chosen Freeholders of Morris County, New Jersey creating the Morris County Improvement Authority” duly adopted by the Board of Chosen Freeholders (the “*Board of Freeholders*”) of the County of Morris (the “*County*”) in the State of New Jersey (the “*State*”) on April 10, 2002 as a public body corporate and politic of the State pursuant to and in accordance with the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, and the acts amendatory thereof and supplemental thereto (the “*Act*”) and other applicable law;

WHEREAS, the Authority is authorized by law to finance public facilities through the acquisition of debt including without limitation the general obligation school district bond of the Morris Hills Regional District (the “*Morris Hills Board*” or the “*Local Unit*”);

WHEREAS, on March 31, 2004, the Authority issued its \$43,092,000 original aggregate principal amount of “County of Morris Guaranteed School District Revenue Bonds, Series 2004 (Morris Hills Regional District Project)” (the “*Series 2004 Bonds*”) for the purpose, among other things, of the purchase of a general obligation school district bond of the Morris Hills Board in the original aggregate principal amount of \$43,092,000 (the “*Series 2004 Morris Hills Board Bond*”);

WHEREAS, the Series 2004 Morris Hills Board Bond was issued pursuant to a proposal approved by the Morris Hills Board on February 3, 2003 and by the legal voters of such school district on March 11, 2003 (the “*Morris Hills Board Proposal*”) and a resolution of the Morris Hills Board authorizing the issuance by the Morris Hills Board and sale to the Authority of the Series 2004 Morris Hills Board Bond (the “*Series 2004 Morris Hills Board Bond Resolution*”);

WHEREAS, the Authority financed the acquisition, construction, renovation and installation of certain property and infrastructure improvements that were the subject of the Morris Hills Board Proposal (the “*2004 Morris Hills Board Project*”) as more fully set forth on Exhibit A to an agreement dated March 1, 2003 (the “*Series 2004 Loan Agreement*”) with the

Morris Hills Board evidencing the purchase by the Authority of the Series 2004 Morris Hills Board Bond (the “2004 Loan”);

WHEREAS, the 2004 Loan was secured through the Morris Hills Board Bond and the Original Loan Agreement which 2004 Loan was to be repaid by the Morris Hills Board in accordance with a debt service schedule set forth in Exhibit A to the Morris Hills Board Bond and Exhibit B to the Series 2004 Loan Agreement;

WHEREAS, the Series 2004 Bonds were issued pursuant to (i) a bond resolution of the Authority entitled “Resolution Authorizing the Issuance of County of Morris Guaranteed School District Revenue Bonds, Series 2004 (Morris Hills Regional District Project) and Additional Bonds of the Morris County Improvement Authority”, which was duly adopted by the Authority at a meeting thereof duly called and held on February 11, 2004, as amended and supplemented by a Certificate of the Chairman of the Authority dated March 31, 2004 issued pursuant to Section 2.02(1)(e) of the original bond resolution (collectively, the “*Series 2004 Bond Resolution*”), (ii) the Act, and other applicable law;

WHEREAS, payment of the principal of (including mandatory sinking fund installments, if any) and interest on the Series 2004 Bonds was fully, unconditionally and irrevocably guaranteed in an aggregate principal amount not to exceed \$45,000,000 in accordance with (i) the terms of a guaranty ordinance of the County finally adopted by the Board of Freeholders on February 11, 2004 and (ii) by a guaranty certificate executed by an authorized officer of the County on the face of each Series 2004 Bond (collectively, the “*Series 2004 County Guaranty*”), all pursuant to Section 37 (“*Section 37*”) of the Act (N.J.S.A. 40:37A-80) and other applicable law, which payments are included as part of the Trust Estate applicable to the Series 2004 Bonds pledged by the Authority to the Trustee under the Series 2004 Bond Resolution;

WHEREAS, the Series 2004 Bonds are presently Outstanding (as such term is defined in the Series 2004 Bond Resolution) in the aggregate principal amount of \$34,747,000, a portion of which is subject to redemption on or after October 1, 2014, at the option of the Morris Hills Board, upon notice to the Authority, at a redemption price equal to 100% of the principal amount to be redeemed (the “*Callable Series 2004 Bonds*”);

WHEREAS, the Morris Hills Board has notified the Authority of its intention to advance refund all or a portion of the Callable Series 2004 Bonds (the “*Series 2004 Bonds to be Refunded*”);

WHEREAS, the Authority and the Morris Hills Board have determined that there are debt service savings to be achieved through the advance refunding of all or a portion of the Series 2004 Bonds to be Refunded (the “*Advance Refunding Project*”);

WHEREAS, in order to implement the Advance Refunding Project, and to pay the costs of issuance and fund any necessary reserves or other costs related thereto (collectively the “*Series 2012 Project*”), the Authority shall adopt a bond resolution entitled "SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF COUNTY OF MORRIS GUARANTEED SCHOOL DISTRICT REVENUE REFUNDING BONDS, SERIES 2012

(MORRIS HILLS REGIONAL DISTRICT PROJECT) OF THE MORRIS COUNTY IMPROVEMENT AUTHORITY" (the "*Series 2012 Supplemental Bond Resolution* " and together with the Series 2004 Bond Resolution, and any further amendments thereof or supplements thereto, the "*Bond Resolution*");

WHEREAS, the Series 2012 Supplemental Bond Resolution shall authorize the issuance of "County of Morris Guaranteed School District Revenue Refunding Bonds, Series 2012 (Morris Hills Regional District Project)" in the aggregate principal amount not to exceed \$34,500,000 (the "*Series 2012 Refunding Bonds*");

WHEREAS, the Advance Refunding Project shall be achieved through the deposit of a portion of the proceeds of the Series 2012 Refunding Bonds with the trustee authorized under the Bond Resolution (the "*Trustee*"), as escrow agent (the "*Escrow Agent*") pursuant to an "Escrow Deposit Agreement" to be dated as of the first day of the month of issuance of the Series 2012 Refunding Bonds (the "*Escrow Deposit Agreement*") between the Authority and the Escrow Agent;

WHEREAS, upon issuance of the Series 2012 Refunding Bonds, and the deposits with the Escrow Agent of a portion of the proceeds thereof in accordance with the terms of the Escrow Deposit Agreement, the Series 2004 Bonds to be Refunded shall no longer be Outstanding under the Bond Resolution, and only the Series 2004 Bonds that are not refunded through the Advance Refunding Project (the "*Outstanding Series 2004 Bonds*") and the Series 2012 Refunding Bonds shall be Outstanding under the Bond Resolution;

WHEREAS, the Series 2012 Refunding Bonds shall be secured on a parity basis with the Outstanding Series 2004 Bonds, and any other Bonds issued under and as defined in the Bond Resolution (collectively, the "*Outstanding Bonds*"), by the Series 2012 Trust Estate under and as defined in the Bond Resolution, including the Series 2012 Supplemental Bond Resolution, which Series 2012 Trust Estate shall consist, in material part, of the payment of the principal, redemption premium, if any, and interest on the general obligation school district bond of the Morris Hills Board in an aggregate principal amount not to exceed \$34,500,000 (the "*Series 2012 Morris Hills Board Refunding Bond*"), which Series 2012 Morris Hills Board Refunding Bond shall be payable by the Morris Hills Board, if necessary, from the levy of *ad valorem* taxes upon all the taxable property within the jurisdiction of the Morris Hills Board, without limitation as to rate or amount;

WHEREAS, the Series 2012 Morris Hills Board Refunding Bond shall be authorized pursuant to:

- (i) A resolution authoring the Authority to include all of the Morris Hill Board's requirements with respect to the Advance Refunding Project in the Authority's Local Finance Board Application (as hereinafter defined), and accordingly submit the Local Finance Board Application on behalf of the Morris Hills Board (the "*Morris Hills Board Local Finance Board Resolution*");

- (ii) A refunding bond ordinance adopted by the Morris Hills Board (the “*Morris Hills Board Refunding Bond Ordinance*”);
- (iii) A resolution authorizing the sale of the Series 2012 Morris Hills Board Refunding Bond to the Authority (the “*Morris Hills Board Private Sale Resolution*”, and together with the Morris Hills Board Local Finance Board Resolution, the Morris Hills Board Refunding Bond Ordinance, and any other resolutions of the Morris Hills Board pertaining to the Series 2012 Project, the “*Morris Hills Board Official Action*”), which Morris Hills Board Private Sale Resolution may also provide for (x) a non-conforming maturity schedule (e.g., level debt service) for the Series 2012 Morris Hills Board Refunding Bond, and/or (y) redemption premium, both of which would require Local Finance Board (as hereinafter defined) consent, and (z) authorization for the Morris Hills Board to execute and deliver Loan Agreement Amendment No. 1 and the other Financing Documents (as such terms are hereinafter defined) applicable to the Morris Hills Board;

WHEREAS, the Series 2004 Loan Agreement shall be amended to implement the Series 2012 Project by revising the terms of the Series 2004 Loan (as amended, the “*Loan*”), including the Authority’s purchase of the Series 2012 Morris Hills Board Refunding Bond and the revised debt service schedule for the Loan and the Series 2012 Morris Hills Board Refunding Bond to be set forth on a revised Exhibit B to the Series 2004 Loan Agreement, all through that certain “Amendment No. 1 to Loan Agreement” to be dated as of the first day of the month of issuance of the Series 2012 Refunding Bonds (the “*Amendment No. 1 to Loan Agreement*”, and together with the Series 2004 Loan Agreement, and as the same may be further amended or supplemented in accordance with its terms from time to time, the “*Loan Agreement*”);

WHEREAS, payment of the principal of (including mandatory sinking fund installments, if any) and interest on the Series 2012 Refunding Bonds shall be fully, unconditionally and irrevocably guaranteed in an aggregate principal amount not to exceed \$34,500,000 in accordance with (i) the terms of a guaranty ordinance of the County to be finally adopted by the Board of Freeholders, (ii) by a guaranty certificate to be executed by an authorized officer of the County on the face of each Series 2012 Refunding Bond and (iii) as may be required by any rating agency, underwriter, Series 2012 Refunding Bond purchaser or other entity that will allow the Authority to sell the Series 2012 Refunding Bonds at the lowest possible cost to the Morris Hills Board, an agreement setting forth the County’s obligation to make any such guaranty payments in accordance with and within the parameters set forth in such ordinance (collectively, the “*Series 2012 County Guaranty*”, and together with the Series 2004 County Guaranty, the “*County Guaranty*”), all pursuant to Section 37 of the Act and other applicable law

WHEREAS, accordingly, the Trust Estate under the Bond Resolution shall also include, (i) with respect to the Outstanding Series 2004 Bonds, the Series 2004 County Guaranty, and (ii) with respect to the Series 2012 Refunding Bonds, the Series 2012 County Guaranty;

WHEREAS, pursuant to the terms of the Loan Agreement, the Morris Hills Board constitutes a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12 (“*Rule 15c-12*”) promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended, will be required to enter into those certain “Local Unit Continuing Disclosure Agreement (Morris Hills Regional District Project)” to be dated as of the first day of the month of issuance of the Series 2012 Refunding Bonds (as the same may be amended and supplemented from time to time in accordance with their respective terms, the “*Local Unit Continuing Disclosure Agreement*”) with the Authority and the Trustee, as dissemination agent (the “*Dissemination Agent*”) in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, pursuant to the terms of the Bond Resolution due to the County Guaranty, as a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12, the County shall be required to enter into that certain “County Continuing Disclosure Agreement (Pooled Unfunded ERI Liability Project)” to be dated as of the first day of the month of issuance of the Series 2012 Refunding Bonds (as the same may be amended and supplemented from time to time in accordance with its terms, the “*County Continuing Disclosure Agreement*”) with the Authority and the Dissemination Agent in order to satisfy the secondary market disclosure requirements of Rule 15c2-12;

WHEREAS, pursuant to the terms of the Bond Resolution, the Authority (i) shall not be considered a “materially obligated person” within the meaning and for the purposes set forth in Rule 15c2-12 and (ii) shall be required to provide certain material events notices in accordance with Rule 15c2-12, and accordingly, the Authority (a) may be required to enter into a separate continuing disclosure agreement, and (b) shall be required to provide such material events notices under the terms of the Local Unit Continuing Disclosure Agreement, all in order to satisfy the secondary market disclosure requirements of Rule 15c2-12 (the “*Authority Continuing Disclosure Agreement*” and together with the Local Unit Continuing Disclosure Agreements and the County Continuing Disclosure Agreement, the “*Continuing Disclosure Agreements*”);

WHEREAS, in order to market and sell the Series 2012 Refunding Bonds, the Authority will have to (i) make an application (the “*Local Finance Board Application*”) to, and seek, obtain, and officially recognize the findings from the Local Finance Board (the “*Local Finance Board*”) in the Department of Local Government Services of the State Department of Community Affairs, all in accordance with N.J.S.A. 40A:5A-6, 7 and 8 of the Local Authorities Fiscal Control Law, (ii) authorize the distribution of a preliminary official statement “deemed final” within the meaning and for the purposes of Rule 15c2-12 describing the terms of the Series 2012 Refunding Bonds, the Series 2012 Project and the other transactions contemplated hereby (the “*Preliminary Official Statement*”), (iii) enter into a bond purchase agreement with an underwriter to be selected from the Authority’s qualified underwriter list procured through a fair and open process (the “*Underwriter*”) by the Authority (the “*Bond Purchase Agreement*”), (iv) execute and deliver a final Official Statement incorporating the terms of the sale of the Series 2012 Refunding Bonds and certain other information into the Preliminary Official Statement (the

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“*Official Statement*” and together with the Preliminary Official Statement, the Bond Purchase Agreement, the “*Sale Documents*”);

WHEREAS, the Authority shall have no obligation with respect to the Series 2012 Project other than the financing thereof through the issuance of the Series 2012 Refunding Bonds; accordingly, the payment of the principal of and interest on the Outstanding Bonds shall remain the sole responsibility of the Morris Hills Board through their payment of the principal of and interest on the Outstanding Morris Hills Board Bond, as guaranteed by the County under the County Guaranty; and

WHEREAS, in accordance with Section 13 (“*Section 13*”) of the Act (N.J.S.A. 40:37A-56), prior to the issuance of the Series 2012 Refunding Bonds, the Authority will have made a detailed report of the Series 2012 Project to the Board of Freeholders, which report will include, without limitation, descriptions of the Series 2012 Supplemental Bond Resolution, the Series 2012 Morris Hills Board Authorizing Resolutions, the Series 2012 Refunding Bonds, the Series 2012 County Guaranty, the Amendment No. 1 to Loan Agreement, the Escrow Deposit Agreement, the Continuing Disclosure Agreements, and if necessary, desirable or convenient as determined by the Authority, the County, and as applicable, the Local Unit, such other applicable agreements that may include one or more of the Local Finance Board Application or any Sale Documents (collectively, the “*Financing Documents*”).

NOW, THEREFORE, in consideration of the premises and certain other consideration, the sufficiency of which is hereby acknowledged, the parties hereto mutually agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. Definitions.

“Annual Report” means Financial Statements and Operating Data provided at least annually with respect to the Local Unit.

“Bond Disclosure Event” means any event described in subsection 2.6(a) of this Local Unit Continuing Disclosure Agreement.

“Bond Disclosure Event Notice” means the notice to the MSRB as provided in subsection 2.6(b) of this Local Unit Continuing Disclosure Agreement.

“Bondholder” or “Holder” or any similar term, when used with reference to Bonds, means any person who shall be the registered owner of any outstanding Bonds, including holders of beneficial interests in the Authority Pooled Program Bonds.

“Dissemination Agent” means an entity acting in its capacity as Dissemination Agent under this Local Unit Continuing Disclosure Agreement, or any successor Dissemination Agent designated in writing by the Local Unit and which has filed a written acceptance of such designation.

“Financial Statements” means the audited financial statements of the Local Unit for each Fiscal Year and includes balance sheets, statements of changes in fund balances and statements of current funds, revenues, expenditures and other charges or statements which convey similar information.

“Fiscal Year” means the fiscal year of the Local Unit as determined by the Local Unit from time to time pursuant to State law. As of the date of this Local Unit Continuing Disclosure Agreement, the Fiscal Year of the Local Unit begins on January 1 of each calendar year and closes on the following December 31.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States of America, consistently applied, as modified by governmental accounting standards and mandated State statutory principles applicable to the Local Unit as may be in effect from time to time.

“GAAS” means generally accepted auditing standards as in effect from time to time in the United States of America, consistently applied, as modified by governmental auditing

standards and mandated State statutory principles applicable to the Local Unit as may be in effect from time to time.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12. Effective July 1, 2009 and until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Operating Data” means certain financial and statistical information of the Local Unit, which for purposes of this Local Unit Continuing Disclosure Agreement shall include the financial and statistical information in Appendix [B] to the Final Official Statement, a copy of which is attached hereto as Exhibit A.

Section 1.2. Interpretation.

Words of masculine gender include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing Persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Local Unit Continuing Disclosure Agreement. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms as used in this Local Unit Continuing Disclosure Agreement, refer to this Local Unit Continuing Disclosure Agreement as a whole unless otherwise expressly stated.

The headings of this Local Unit Continuing Disclosure Agreement are for convenience only and shall not define or limit the provisions hereof.

ARTICLE II

CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

Section 2.1. Continuing Disclosure Covenants of the Local Unit.

The Local Unit agrees that it will provide, or, if the Local Unit has appointed or engaged a Dissemination Agent, shall cause the Dissemination Agent to provide:

(a) Not later than two hundred twenty-five (225) days after the end of each Fiscal Year, commencing with the Fiscal Year of the Local Unit ended December 31, 2012, an Annual Report to the MSRB via electronic format (accompanied by such identifying information as is prescribed by the MSRB) and to the Authority; provided that the Financial Statements of the Local Unit may be submitted separately from the balance of the Annual Report and later than the date required herein for the filing of the Annual Report if the Financial Statements of the Local Unit are not available by that date, but only if the unaudited financial statements of the Local Unit are included in the Annual Report; and

(b) Not later than fifteen (15) days prior to the date of each year specified in subsection 2.1(a), a copy of the Annual Report, complete to the extent required in Section 2.1(a), to the Trustee and the Dissemination Agent, if the Local Unit has appointed or engaged a Dissemination Agent.

Section 2.2. Continuing Disclosure Representations of the Local Unit.

The Local Unit represents and warrants that:

(a) Financial Statements shall be prepared according to the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and Government Auditing standards issued by the Comptroller General of the United States.

(b) Financial Statements shall be audited by an independent certified public accountant or a registered municipal accountant or such other accountant as shall be permitted or required under State law in accordance with GAAS.

Section 2.3. Form of Annual Report.

(a) The Annual Report may be submitted by the Local Unit, or on behalf thereof, as a single document or as separate documents comprising a package.

(b) Any or all of the items which must be included in the Annual Report may be incorporated by reference from other documents, including official statements delivered in connection with other financings issued on behalf of the Local Unit or related public entities

thereof, which have been made available to the public on the MSRB's website. The Local Unit shall clearly identify each such other document so incorporated by reference.

(c) The Annual Report for any Fiscal Year containing any modified operating data or financial information (as contemplated by Sections 4.9 and 4.10 hereof) for such Fiscal Year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such Fiscal Year.

Section 2.4. Responsibilities and Duties of the Authority, the Local Unit, the Dissemination Agent and the Trustee.

(a) If fifteen (15) days prior to the date specified in subsection 2.1(a), the Trustee has not received a copy of the Annual Report, complete to the extent required in Section 2.1(a), the Trustee shall notify the Local Unit in writing to provide notice of the Local Unit's obligations pursuant to Sections 2.1(a), 2.1(b) and 2.4(c)(ii) hereof.

(b) If the Trustee, by the date specified in subsection 2.1(a) herein, has not received a written report from the Local Unit, as required by Section 2.4(c) hereof, indicating that an Annual Report, complete to the extent required in Section 2.1(a), has been provided to the MSRB and to the Authority by the date specified in subsection 2.1(a), the Trustee shall provide a notice to the MSRB, in substantially the form attached hereto as Exhibit B together with identifying information as prescribed by the MSRB as of the date thereof, with a copy thereof to the Authority and the Local Unit.

(c) The Local Unit shall, or, if the Local Unit has appointed or engaged a Dissemination Agent, shall cause the Dissemination Agent to, by the date specified in subsection 2.1(a) herein, provide a written report to the Authority and the Trustee (and, if a Dissemination Agent has been appointed, to the Local Unit), upon which said parties may rely, certifying that the Annual Report, complete to the extent required in Section 2.1(a), has been provided pursuant to this Local Unit Continuing Disclosure Agreement, and stating the date that it was provided to the MSRB.

(d) If the Fiscal Year of the Local Unit changes, the Local Unit shall promptly notify, in writing, the Authority and the Trustee, and shall disclose such change in its next Annual Report.

Section 2.5. Appointment, Removal and Resignation of the Dissemination Agent.

(a) The Local Unit may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Local Unit Continuing Disclosure Agreement and shall provide notice of such appointment to the Trustee and the Authority. Thereafter, the Local Unit may discharge any such Dissemination Agent and satisfy its obligations under this Local Unit Continuing Disclosure Agreement without the assistance of a Dissemination Agent, or the Local Unit may discharge a Dissemination Agent and appoint a successor Dissemination Agent, such discharge to be effective on the date of the appointment of a successor

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Dissemination Agent. The Local Unit shall provide notice of the discharge of a Dissemination Agent to the Trustee and the Authority and shall further indicate either the decision of the Local Unit to satisfy its obligations under this Local Unit Continuing Disclosure Agreement without the assistance of a Dissemination Agent or the identity of the new Dissemination Agent.

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Local Unit Continuing Disclosure Agreement.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Local Unit. Such resignation shall take effect on the date specified in such notice.

(d) The Trustee is hereby designated as the initial Dissemination Agent under this Continuing Disclosure Agreement.

Section 2.6. Responsibilities and Duties of the Authority.

(a) The Authority agrees that it will provide in a timely manner to the MSRB notice of any of the following events with respect to the Authority Pooled Program Bonds (each, a “Bond Disclosure Event”) and will provide a copy of such notice to the Trustee and the Local Unit, for informational purposes only:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves, reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements, reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 of determinations with respect to the tax status of the Authority Pooled Program Bonds, or other material events affecting the tax status of the Authority Pooled Program Bonds;
- (vii) Modifications to rights of the holder of the Authority Pooled Program Bonds, if material;
- (viii) Bond calls, if material, and tender offers;

- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Authority Pooled Program Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar events of Morris Hills School District;
- (xiii) The consummation of a merger, consolidation, or acquisition involving Morris Hills School District or the sale of all or substantially all of the assets of Morris Hills School District, 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; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) If the Authority has determined that the occurrence of a Bond Disclosure Event has occurred, the Authority shall promptly provide a notice of such occurrence to the MSRB (the “Bond Disclosure Event Notice”) in the form determined by the Authority together with identifying information as prescribed by the MSRB as of the date thereof; provided, that the Bond Disclosure Event Notice pertaining to the occurrence of a Bond Disclosure Event described in clauses 2.6(a)(viii) (Bond calls) or 2.6(a)(ix) (defeasances) need not be given under this subsection any earlier than the time when the notice (if any) of such Bond Disclosure Event shall be given to Holders of affected Bonds as provided in the Authority Pooled Program Bond Resolution. The obligations of the Authority to provide the notices required under this Local Unit Continuing Disclosure Agreement are in addition to, and not in substitution of, any of the obligations (if any) of the Trustee to provide notices of events of default to Holders under the Authority Bond Resolution. The Authority shall file a copy of each Bond Disclosure Event Notice with the Trustee and the Local Unit, for informational purposes only.

Section 2.7. Immunities and Liabilities of the Trustee.

Article IX of the Authority Bond Resolution, relating to compensation, reimbursement, immunities and liabilities of the Trustee, is hereby made applicable to its and the Dissemination Agent’s responsibilities under this Local Unit Continuing Disclosure Agreement. The immunities and liabilities of the Trustee and the Dissemination Agent shall survive the termination of Authority Bond Resolution, as amended and supplemented and the removal or resignation of the Trustee or the Dissemination Agent. The Trustee shall have no obligation hereunder to provide, or to monitor the Authority’s obligation to provide, Bond Disclosure Event Notices.

ARTICLE III

REMEDIES

Section 3.1 Remedies.

(a) The Trustee may (and at the written request of the Holders of at least twenty-five percent (25%) in aggregate principal amount of outstanding Bonds, and after provision of indemnity in accordance with Section 10.03 of Authority Bond Resolution, shall), or any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the Local Unit and the Authority and any of their respective officers, agents and employees which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Local Unit and the Authority under this Local Unit Continuing Disclosure Agreement and may compel the Local Unit or the Authority or any of their respective officers, agents or employees (except for the Dissemination Agent with respect to the obligations, agreements and covenants of the Local Unit), to perform and carry out their duties under this Local Unit Continuing Disclosure Agreement; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided further that any Bondholder, acting for the equal benefit and protection of all Bondholders similarly situated, may pursue specific performance only with respect to the failure to file the Annual Reports and Bond Disclosure Event Notices required by this Local Unit Continuing Disclosure Agreement, and may not pursue specific performance in challenging the adequacy of Annual Reports which have been filed pursuant to the provisions hereof.

(b) In case the Trustee or any Bondholder shall have proceeded to enforce its rights under this Local Unit Continuing Disclosure Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Bondholder, as the case may be, then and in every such case the Local Unit, the Authority, the Trustee and any Bondholder, as the case may be, shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Local Unit, the Authority, the Trustee and any Bondholder shall continue as though no such proceeding had been taken.

(c) A failure by the Authority or the Local Unit to perform their respective obligations under this Local Unit Continuing Disclosure Agreement shall not be deemed an event of default under any other agreement entered into in connection with the issuance of the Authority Pooled Program Bonds or Authority Bond Resolution, and the sole remedy under this Local Unit Continuing Disclosure Agreement in the event of any failure by the Authority or the Local Unit to comply with this Local Unit Continuing Disclosure Agreement shall be as set forth in subsection 3.1(a) of this Local Unit Continuing Disclosure Agreement.

ARTICLE IV

MISCELLANEOUS

Section 4.1. Purposes of this Local Unit Continuing Disclosure Agreement.

This Local Unit Continuing Disclosure Agreement is being executed and delivered by the Local Unit, the Trustee and the Authority for the benefit of the Bondholders and in order to assist the Underwriter in complying with clause (b)(5) of Rule 15c2-12.

Section 4.2. The Authority and the Bondholders.

(a) The Authority may enforce any such right, remedy or claim conferred, given or granted hereunder in favor of the Trustee or the Holders of the Authority Pooled Program Bonds.

(b) Each Bondholder is hereby recognized as being a third-party beneficiary hereunder and each may enforce, for the equal benefit and protection of all Bondholders similarly situated, any such right, remedy or claim conferred, given or granted hereunder in favor of the Trustee, to the extent permitted in Section 3.1(a) hereof.

Section 4.3. Obligations of the Authority Hereunder; Indemnified Parties.

Neither the Authority nor any member, official, employee, counsel, consultant or agent of the Authority or any person executing the Authority Pooled Program Bonds shall bear any obligation for the performance of any duty, agreement or covenant of the Local Unit or the Trustee under this Local Unit Continuing Disclosure Agreement. The obligations of the Authority under this Local Unit Continuing Disclosure Agreement are expressly limited to the duties set forth in Sections 2.6, 4.9(c) and 4.12 herein.

The Local Unit agrees to indemnify and hold harmless the Authority, any member, officer, official, employee, counsel (including, without limitation, Bond Counsel to the Authority), consultant and agent of the Authority, including the Trustee and the Dissemination Agent and any of their members, officers or employees or agents or any purchaser of the Authority Pooled Program Bonds (collectively, the "Indemnified Parties"), against any and all losses, claims, damages, liabilities or expenses whatsoever caused by the Local Unit's failure, or the Local Unit's Dissemination Agent's failure, to perform or observe any of the Local Unit's obligations, agreements or covenants under the terms of this Local Unit Continuing Disclosure Agreement, but only if and insofar as such losses, claims, damages, liabilities or expenses are caused directly or indirectly by any such failure of the Local Unit or the Dissemination Agent to perform. In case any action shall be brought against the Indemnified Parties based upon this Local Unit Continuing Disclosure Agreement and in respect of which indemnity may be sought against the Local Unit, the Indemnified Parties shall promptly notify the Local Unit in writing. Upon receipt of such notification, the Local Unit shall promptly assume the defense of such action, including the retention of counsel, the payment of all expenses in connection with such action and the right to negotiate and settle any such action on behalf of such party to the extent

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allowed by law. Any Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless the employment of such counsel has been specifically authorized by the Local Unit, or unless by reason of conflict of interest determined by the written opinion of counsel to any such party, it is advisable for such party to be represented by separate counsel, to be retained by the Local Unit, in which case the fees and expenses of such separate counsel shall be borne by the Local Unit. The Local Unit shall not be liable for any settlement of any such action effected without its written consent, but if settled with the written consent of the Local Unit or if there be a final judgment for the plaintiff in any such action with or without written consent, the Local Unit agrees to indemnify and hold harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment. Nothing in this paragraph shall require or obligate the Local Unit to indemnify or hold harmless the Indemnified Parties from or against any loss, claim, damage, liability or expense caused by any negligence, recklessness or intentional misconduct of the Indemnified Parties in connection with the Local Unit's performance of its obligations, agreements and covenants under this Local Unit Continuing Disclosure Agreement. The provisions of this Section shall survive the termination of this Local Unit Continuing Disclosure Agreement and the removal or resignation of the Trustee.

Section 4.4. Additional Information.

Nothing in this Local Unit Continuing Disclosure Agreement shall be deemed to prevent the Local Unit or the Authority (a) from disseminating any other information, using the means of dissemination set forth in this Local Unit Continuing Disclosure Agreement or any other means of communication, or (b) including, in addition to that which is required by this Local Unit Continuing Disclosure Agreement, in the case of the Local Unit, any other information in any Annual Report and in the case of the Authority, any other information in any Bond Disclosure Event Notice. If the Local Unit chooses to include any information in any Annual Report or if the Authority chooses to include any information in any Bond Disclosure Event Notice, in addition to that which is specifically required by this Local Unit Continuing Disclosure Agreement, neither the Local Unit nor the Authority shall have any obligation under this Local Unit Continuing Disclosure Agreement to update such information or include it in any future Annual Report or Bond Disclosure Event Notice, as the case may be.

Section 4.5. Notices.

All notices required to be given or authorized to be given by each party pursuant to this Local Unit Continuing Disclosure Agreement shall be in writing and shall be sent by registered or certified mail (as well as by facsimile), addressed to: in the case of the Local Unit, Morris Hills School District, _____ (attention: Chief Financial Officer); in the case of the Trustee, The Bank of New York Mellon, [address], (attention: Corporate Trust Department); and in the case of the Authority, The Morris County Improvement Authority, Administration and Records Building, P.O. Box 900, Morristown, New Jersey 07963-0900 (attention: Chairperson). In addition, all notices sent to the Local Unit shall also be sent to the Local Unit's auditor and bond counsel.

Section 4.6. Assignments.

This Local Unit Continuing Disclosure Agreement may not be assigned by any party without the consent of the others and, as a condition to any such assignment, only upon the assumption in writing of all of the obligations imposed upon such party by this Local Unit Continuing Disclosure Agreement.

Section 4.7. Severability.

If any provision of this Local Unit Continuing Disclosure Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 4.8. Execution of Counterparts.

This Local Unit Continuing Disclosure Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Each party hereto may sign the same counterpart or each party hereto may sign a separate counterpart.

Section 4.9. Amendments, Changes and Modifications.

(a) Except as otherwise provided in this Local Unit Continuing Disclosure Agreement, subsequent to the initial issuance of the Authority Pooled Program Bonds and prior to their payment in full (or provision for payment thereof having been made in accordance with the provisions of Authority Bond Resolution), this Local Unit Continuing Disclosure Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the parties hereto.

(b) Without the consent of any Bondholders, the Local Unit, the Trustee and the Authority at any time and from time to time may enter into any amendments or modifications to this Local Unit Continuing Disclosure Agreement for any of the following purposes:

(i) to add to covenants and agreements of the Local Unit or the Authority hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Local Unit or the Authority by this Local Unit Continuing Disclosure Agreement;

(ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Local Unit or to reflect changes in the identity, nature or status of the Local Unit or in the business, structure or operations of the Local Unit or any mergers, consolidations, acquisitions or dispositions made by or affecting the Local Unit;

provided that any such modification shall not be in contravention of Rule 15c2-12 as then in effect at the time of such modification; or

(iii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Local Unit Continuing Disclosure Agreement which, in each case, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; provided, that prior to approving any such amendment or modification, an opinion of Bond Counsel to the Authority is delivered to the Trustee that such amendment or modification does not adversely affect the interests of the Holders of the Authority Pooled Program Bonds in any material respect.

(c) Upon entering into any amendment or modification required or permitted by this Local Unit Continuing Disclosure Agreement which materially affects the interests of the Holders of the Authority Pooled Program Bonds, the Authority shall provide notice to the MSRB of any such amendment or modification.

(d) The Local Unit, the Trustee and the Authority shall be entitled to rely conclusively upon a written opinion of Bond Counsel to the Authority to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.9.

Section 4.10. Amendments Required by Rule 15c2-12.

The Local Unit, the Trustee and the Authority each recognize that the provisions of this Local Unit Continuing Disclosure Agreement are intended to enable the compliance with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof or the promulgation of a successor rule, statute or regulation thereto, a change in this Local Unit Continuing Disclosure Agreement shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery of an opinion of Bond Counsel to the Authority to the effect that such amendments shall be permitted or necessary to assure continued compliance with Rule 15c2-12 as so amended or interpreted, then the Local Unit, the Trustee and the Authority shall amend this Local Unit Continuing Disclosure Agreement to comply with and be bound by any such amendment to this Local Unit Continuing Disclosure Agreement to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and provide the notice of such amendment as required by subsection 4.9(c) hereof.

Section 4.11. Governing Law.

This Local Unit Continuing Disclosure Agreement shall be governed exclusively by and construed in accordance with the laws of the State and the laws of the United States, as applicable.

Section 4.12. Commencement and Termination of Continuing Disclosure Obligations.

Except as otherwise provided herein, the obligations of the Authority, the Local Unit and the Trustee hereunder shall be in full force and effect from the date of issuance of the Authority Pooled Program Bonds and shall continue in effect until the earlier of (i) the date the Authority Pooled Program Bonds are no longer outstanding in accordance with the terms of Authority Bond Resolution or (ii) the Local Unit's obligations under its [Name of Local unit] Bond are no longer outstanding, and only after the Authority provides notice to such effect to the MSRB.

Section 4.13. Prior Undertakings.

The Local Unit has not failed to comply in any material respect with any prior continuing disclosure undertaking made by the Local Unit, if any, in accordance with Rule 15c2-12.

Section 4.14. Binding Effect.

This Local Unit Continuing Disclosure Agreement shall inure to the benefit of and shall be binding upon the Local Unit, the Trustee and the Authority and their respective successors and assigns.

IN WITNESS WHEREOF, MORRIS HILLS SCHOOL DISTRICT, US BANK NATIONAL ASSOCIATION and the MORRIS COUNTY IMPROVEMENT AUTHORITY have caused this Local Unit Continuing Disclosure Agreement to be executed in their respective names and their corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

[SEAL]

ATTEST:

MORRIS HILLS SCHOOL DISTRICT

Name:
Title:

By: _____
Name:
Title:

[SEAL]

ATTEST:

THE BANK OF NEW YORK MELLON, as Trustee

Name:
Title:

By: _____
Name:
Title:

[SEAL]

ATTEST:

THE MORRIS COUNTY IMPROVEMENT AUTHORITY

Name: Ellen Sandman
Title: Secretary

By: _____
Name: John Bonanni
Title: Chairperson

EXHIBIT A
EXCERPT OF FINAL OFFICIAL STATEMENT

EXHIBIT B

**FORM OF NOTICE TO REPOSITORIES OF
FAILURE TO FILE ANNUAL REPORT**

Name of Obligated Person: _____ of _____, in the County of Morris

Name of Bond Issue: County of Morris Guaranteed School District Revenue Refunding
Bonds, Series 2012 (Morris Hills Regional District Project)

Date of Issuance: _____, 2012

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that Morris Hills School District, in the Local Unit of Morris (the "Local Unit") has not provided an Annual Report with respect to the above-named Bonds as required by the "Continuing Disclosure Agreement" dated as of [DATE], 2012 among the Local Unit, The Bank of New York Mellon, as Trustee, and the Morris County Improvement Authority. [The Local Unit anticipates that the Annual Report will be filed by _____.]

Dated: _____

The Bank of New York Mellon, as Trustee

By: _____