

BORDENTOWN SEWERAGE AUTHORITY

RESOLUTION 2014-062

RESOLUTION AUTHORIZING A REVIEW OF COMPLIANCE WITH PRIOR ANNUAL CONTINUING DISCLOSURE OBLIGATIONS AND PARTICIPATION IN THE SECURITIES AND EXCHANGE COMMISSION'S MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION INITIATIVE

WHEREAS, on December 2, 2010, the Bordentown Sewerage Authority (the "Authority") issued its \$13,500,000 Revenue Bonds (the "Bonds") and in connection with the issuance of the Bonds, the Authority authorized an Official Statement dated November 5, 2010 (the "Official Statement"); and

WHEREAS, in connection with the issuance of such Bonds, the Authority, together, at times, with other governmental entities within the County of Burlington, covenanted with Bondholders to provide certain secondary market information on an annual basis to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access Data Port ("EMMA"), including, but not limited to, audited financial statements, municipal budgets, other financial and operating data and ratings changes; 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 12:00 a.m. on December 1, 2014, that encourages issuers of municipal bonds, including the Authority, 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, significant 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 issuer

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 2014-9 (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 desires to conduct an analysis which will (i) summarize the results of the Authority's prior compliance with its secondary market disclosure obligations and (ii) compare those results to the statements made by the Authority in its Official Statement regarding past compliance (the "MCDC Compliance Analysis"); and

WHEREAS, the Authority further desires to retain the services of disclosure specialist to conduct the MCDC Compliance Analysis; and

WHEREAS, based on the results of the MCDC Compliance Analysis, 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, hefty monetary and non-monetary penalties the SEC has threatened on issuers that do not self-report, the Authority further desires to delegate to the Executive Director, in consultation with the Authority's general counsel, bond counsel, auditor 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 authorizes completion of the MCDC Compliance Analysis.

Section 2. The Authority hereby authorizes the Executive Director to engage the services of a disclosure specialist to complete the MCDC Compliance Analysis; provided that the award of any contract in connection therewith meets the requirements of the Local Public Contracts Law (N.J.S.A. 40A:11-1 et seq.).

Section 3. In the event the MCDC Compliance Analysis 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 Executive Director to prepare and submit all documentation necessary to enter the Authority's applicable Bond issues into the SEC Initiative.

Section 4. Any action taken by the Executive Director, or any other officer of the Authority, with respect to the MCDC Compliance Analysis, the engagement of a disclosure specialist and participation in the SEC Initiative is hereby ratified and confirmed.

Section 5. This resolution shall take effect immediately.

MOTION: Joseph R. Malone III

SECOND: Zigmont F. Targonski

RECORDED VOTE:

	<u>AYES:</u>	<u>NAYES:</u>	<u>ABSTAIN:</u>	<u>ABSENT:</u>
Ronald L. Marino	X			
Zigmont F. Targonski	X			
Nancy A. Liberman	X			
James E. Lynch, Jr.	X			
Joseph R. Malone III	X			
Stephen Monson	X			

The foregoing is a true copy of the Resolution adopted by the governing body of the Authority at a meeting thereof duly called and held on November 17, 2014.

THE BORDENTOWN SEWERAGE AUTHORITY

By: Ronald L. Marino
Chairman

ATTEST:
Nancy A. Liberman
Secretary