

RESOLUTION OF THE TOWNSHIP OF WASHINGTON

MORRIS COUNTY, NEW JERSEY

No. R-129-14

Date of Adoption: August 18, 2014

Title or Subject: RESOLUTION OF THE TOWNSHIP OF WASHINGTON, IN THE COUNTY OF MORRIS, NEW JERSEY, RELATING TO CONTINUING DISCLOSURE MATTERS APPLICABLE TO BONDS AND NOTES OF THE TOWNSHIP AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Township of Washington, in the County of Morris, New Jersey (the "Township") has previously issued its bonds, bond anticipation notes and/or other debt obligations (the "Bonds"); and

WHEREAS, in connection with this issuance of certain of the Bonds and for purposes of assisting underwriters to comply with Rule 15c-12 under the Securities Exchange Act of 1934, the Township has covenanted and/or entered into one or more undertakings or agreements to provide continuing disclosure (the "Continuing Disclosure Obligation") to the public marketplace; and

WHEREAS, in general the Continuing Disclosure Obligation requires the Township to file certain financial information and notice of certain events in specified places and at specified times; and

WHEREAS, in connection with the sale of certain of the Bonds, the Township issued one or more official statements that, among other things, described the Township's Continuing Disclosure Obligation and whether or not the Township had previously complied with its Continuing Disclosure Obligation in all material respects; and

WHEREAS, the Division of Enforcement (the "Enforcement Division") of the U.S. Securities and Exchange Commission (the "SEC") announced its Municipalities Continuing Disclosure Cooperation Initiative (the "Initiative") to address potentially materially inaccurate descriptions in official statements (made innocently, inadvertently or otherwise) of prior compliance with continuing disclosure obligations; and

WHEREAS, pursuant to the terms of the Initiative, the Enforcement Division will recommend "favorable settlement terms" for issuers and underwriters that self-report by 12:00 a.m., eastern standard time, on September 10, 2014, possible materially inaccurate statements in official statements in the last five years relating to prior compliance with continuing disclosure obligations by submitting a specified questionnaire (the "Questionnaire") to the Enforcement Division; and

WHEREAS, the Township has been provided with a copy of the Initiative, a copy of an advisory prepared by bond counsel to the Township describing the Initiative and a copy of the Questionnaire released by the Enforcement Division; and

WHEREAS, if an issuer takes advantage of the Initiative by self-reporting possible materially inaccurate statements and if any of such statements are determined to be materially inaccurate by the Enforcement Division, the Enforcement Division will recommend to the SEC a settlement in which (i) the issuer consents to a cease-and-desist order, (ii) the issuer neither admits nor denies the findings of the SEC and (iii) there is no payment of any civil penalty by the issuer; and

WHEREAS, any such settlement will require the issuer (i) to establish appropriate policies and procedures and training regarding continuing disclosure obligations within 180 days, (ii) comply with existing continuing disclosure undertakings, including updating past delinquent filings within 180 days, (iii) cooperate with any subsequent investigation by the Enforcement Division regarding the false statement(s), including the roles of individuals and/or other parties involved, (iv) disclose in a clear and conspicuous fashion the settlement terms in any final official statement for an offering by the issuer for five years and (v) provide the SEC staff with a compliance certification regarding the applicable undertakings by the issuer in one year; and

WHEREAS, the Initiative cautions that if an issuer does not take advantage of the Initiative by submitting a Questionnaire identifying any possible materially inaccurate statement with respect to prior compliance with a continuing disclosure obligation and the Enforcement Division later determines that such a materially inaccurate statement was made, then the Enforcement Division will likely recommend and seek financial sanctions against the issuer; and

WHEREAS, the New Jersey Division of Local Government Services issued Local Finance Notice 2014-9, dated July 23, 2014 (the "LFN"), which among other things strongly recommends that local government officials proactively take steps to self-identify their own levels of compliance with continuing disclosure obligations in order to determine if it is advisable to participate in the Initiative; and

WHEREAS, the LFN advises that the failure to live up to continuing disclosure requirements, in addition to having potential consequences under federal law, could have consequences for various State of New Jersey matters including, in particular, (i) the denial or deferral of applications made to the Local Finance Board and (ii) decreased scores on future "Best Practices Questionnaires" that could trigger a withholding of a portion of State aid; and

WHEREAS, in light of the foregoing, the Township is desirous of retaining a professional firm that specialized in continuing disclosure matters to examine the Township’s Continuing Disclosure Obligation and previous continuing disclosure filings and to report to the Township any noncompliance with its Continuing Disclosure Obligations; and

WHEREAS, upon receipt of such report from the continuing disclosure specialist, the Township will review such report with its professionals, including particularly its bond counsel, its auditor, its general counsel and its other finance professionals (the “Township Professionals”); and

WHEREAS, as a result of such review, it may be desirable for the Township to take advantage of this Initiative by submitting one or more Questionnaires to the Enforcement Division identifying a statement with respect to prior compliance with its Continuing Disclosure Obligation that is potentially materially inaccurate; and

WHEREAS, the Township is desirous of authorizing the submission of one or more Questionnaires to the Enforcement Division if deemed advisable by the Township Administrator or the Township Chief Financial Officer (the “Township Officials”) after consultation with the Township Professionals.

NOW, THEREFORE, BE IT RESOLVED, by the Township Committee of the Township of Washington, County of Morris, in the State of New Jersey as follows:

Section 1. Authorization to Retain a Continuing Disclosure Specialist. The Township Officials are each hereby authorized and directed to retain a firm that specializes in continuing disclosure matters (a) to examine the Township’s Continuing Disclosure Obligation and previous continuing disclosure filings, (b) to report to the Township any noncompliance with its Continuing Disclosure Obligation and (c) to otherwise assist the Township and the Township Professionals with respect to the Initiative, the Questionnaire and the provision of continuing disclosure materials to the public marketplace.

Section 2. Authorization to Submit Questionnaire. The Township Officials are each hereby authorized, after examining the report of the continuing disclosure specialist and consulting with the Township Professionals, to take advantage of the Initiative by submitting one or more Questionnaires to the Enforcement Division by the December 1, 2014, deadline established by the Initiative.

Section 3. Various Incidental Actions. The Township Officials are hereby authorized to execute and deliver all documents and instruments and to do all matters and things as may be necessary, useful, convenient or desirable in connection with the foregoing.

Section 4. Prior Action. All action heretofore taken by the Township Officials and the Township Professionals relating to the foregoing is hereby ratified, confirmed, adopted and approved, including without limitation soliciting and/or engaging a professional firm that specializes in continuing disclosure matters to undertake the continuing disclosure review described in this resolution.

Section 5. Capitalized Terms. All capitalized words and terms used but not defined in this resolution shall have the meanings ascribed to such words and terms, respectively, in this resolution.

Section 6. Effective Date. This resolution shall take effect immediately.

ATTEST:

**TOWNSHIP COMMITTEE OF THE
TOWNSHIP OF WASHINGTON**

Nina DiGregorio, Township Clerk

Kenneth W. Short, Mayor

I, Nina DiGregorio, Township Clerk, do hereby certify that the foregoing resolution was adopted at a meeting of the Township Committee held on August 18, 2014.

Nina DiGregorio, Township Clerk

Date