CITY OF VINELAND

RESOLUTION NO. 2014-406

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, the City of Vineland (Issuer) has previously issued one or more series of bonds, including 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, the Issuer covenanted with Bondholders to provide certain secondary market disclosure 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"), which secondary market disclosure information may consist of one or more of the following: 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 5:00 p.m. on December 1, 2014, that encourages issuers of municipal bonds, including the Issuer, 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, should the SEC determine than an issuer has made material misstatements in an official statement regarding compliance with prior continuing disclosure obligations, issuers participating in the SEC Initiative agree to accept certain non-monetary penalties, in lieu of unknown, and, by all accounts, hefty monetary and non-monetary penalties the SEC has threatened on issuers that do not participate in the SEC Initiative; 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 Local Finance Notice 2014-9 (i) alerting 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) cautioning 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 Issuer desires to conduct a disclosure audit which will (i) summarize the results of the Issuer's prior compliance with its secondary market disclosure obligations and (ii) compare those results to the statements made by the Issuer in its official statements regarding past compliance (the "Disclosure Audit"); and

WHEREAS, the Issuer further desires to retain the services of disclosure specialist to conduct the Disclosure Audit; and

WHEREAS, based on the results of the Disclosure Audit, and weighing heavily the known, non-monetary penalties that may come through the Issuer'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 Issuer further desires to delegate to the Chief Financial Officer, in consultation with the Issuer's general counsel, bond counsel, auditor and other finance professionals, the power to prepare and submit all documentation required to enter the Issuer's Bond issues into the SEC Initiative, as necessary;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VINELAND (Issuer), AS FOLLOWS:

Section 1. The Issuer hereby authorizes completion of the Disclosure Audit.

Section 2. The Issuer hereby authorizes the Chief Financial Officer to engage the services of a disclosure specialist to complete the Disclosure Audit; 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 Disclosure Audit reveals that the Issuer **may** have made a material misstatement regarding the Issuer's compliance with prior continuing disclosure undertakings, the Issuer hereby authorizes and directs the Chief Financial Officer to prepare and submit all documentation necessary to enter the Issuer's applicable Bond issues into the SEC Initiative.

Section 4. Any action taken by the Chief Financial Officer, or any other officer of the Issuer, with respect to the Disclosure Audit, 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.

Adopted:

President of Council

ATTEST:

City Clerk

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September 23, 2014

Ms. Roxanne Tosto, Finance Officer
City of Vineland
640 East Wood St
PO Box 1508
Vineland, NJ 08362-1508

Re: Continuing Disclosure – SEC Initiative

Dear Roxanne:

In accordance with Local Finance Notice 2014-9, dated July 24, 2014 and attached hereto, we have prepared and enclosed a resolution for consideration by your governing body at its next regularly scheduled meeting. The resolution authorizes your municipality to hire a firm to perform a disclosure audit. Based on the results of that disclosure audit, the resolution also authorizes submission by your municipality of one or more bond issues to the Securities and Exchange Commission's Municipalities Continuing Disclosure Cooperative Initiative (the "SEC Initiative").

By now, you have likely received emails and mailings from us, your other public finance professionals, the Division of Local Government Services, the League of Municipalities, the Government Finance Officers Association and others, describing the SEC Initiative. In short, the SEC Initiative permits municipal bond issuers that **may** have made a material misstatement in an Official Statement in the past 5 years regarding compliance with prior secondary market disclosure undertakings, to self-report such possible material misstatements to the SEC. By self-reporting through the SEC Initiative, the issuer is agreeing to certain non-monetary penalties imposed by the SEC, in the event the SEC determines that such issuer has, in fact, made a material misstatement. The SEC Initiative is the SEC's response to its perceived belief that there has been widespread failure across the country by municipal bond issuers to comply with contractual continuing disclosure undertakings and material representations made by municipal bond issuers in disclosure documents regarding the status of prior compliance.

The first step for any issuer of municipal bonds in the past 5 years is to complete a disclosure audit. The disclosure audit will (i) summarize the results of an issuer's prior compliance with its secondary market disclosure obligations and (ii) compare those results to the statements made by the issuer in its official statements regarding past compliance. While issuers may complete this disclosure audit themselves, it is our recommendation and that of the Division of Local Government Services, that issuers hire a qualified disclosure specialist to complete this disclosure audit.

The second step for issuers, once the extent of any compliance or non-compliance is determined, is to decide whether or not to self-report one or more bond issues through the SEC Initiative. In weighing a decision regarding participation in the SEC Initiative, issuers should weigh heavily the known, non-monetary penalties that may come through 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 attached resolution provides authorization to your finance official to hire a disclosure specialist and further authorizes submission of one or more of your municipality's bond issues to the SEC Initiative, if appropriate.

The SEC Initiative ends at 5:00 p.m. on December 1, 2014 so time is of the essence. We echo the sentiments of the Division of Local Government Services and strongly encourage your municipality to complete a disclosure audit and consider participation in the SEC Initiative. To that end, and given typical summer governing body meeting schedules, we suggest your governing body consider the enclosed resolution at its next regularly scheduled meeting.

If you have any questions about the SEC Initiative, the enclosed resolution or the enclosed Local Finance Notice, please do not hesitate to contact us, your financial advisor, auditor or other finance professional.

Very truly yours,

Edward J. McManimon, III

cc: Ford- Scott & Associates, LLC

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new jersey department of community affairs
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division of local government services dlgs

LFN 2014-9

July 23, 2014

Local Finance Notice

Chris Christie, Governor | Kim Guadagno, Lt. Governor | Richard E. Constable, III, Commissioner | Thomas H. Neff, Director

Secondary Bond Market Continuing Disclosure Commitments

This Notice is intended to give fair warning to local government officials, including Certified Municipal Finance Officers and comparable staff of authorities and other local governments, that there will be consequences for failing to have identified past noncompliance (where applicable) with continuing financial disclosure requirements related to outstanding bonds and other securities and determining by September 10, 2014 whether to take advantage of a compliance initiative offered by the Securities Exchange Commission's (SEC). While this notice is important for all local governments that have outstanding bonds, bond anticipation notes, and other securities, it is critically important where local governments anticipate a need to access financial markets in the near future - as with the need to "roll over" Bond Anticipation Notes or to issue bonds.

Continuing disclosure requirements are indirectly required pursuant to federal law. The CFO, or another local official, was generally required in one or more documents authorizing the issuance of debt (commonly called "Continuing Disclosure Agreements") to annually, or more frequently, publicly disclose certain information. Consequences of failing to live up to requirements will likely include future difficulty accessing credit markets. Consequences could include, among other things: (1) enforcement actions being brought by the SEC that will result in more severe penalties otherwise available pursuant to "the SEC's "Municipalities Continuing Disclosure Cooperation Initiative" (see below for discussion); (2) denial or deferral of applications made to the Local Finance Board or Director of the Division for various approvals; (3) actions against State licensures in the event of fraudulent attestations of compliance; and/or (4) decreased scores on future "Best Practices Questionnaires" (which will contain questions as to past compliance) that could trigger a withholding of a portion of State Aid.

It is important that you read this notice in its entirety and consult your public finance professionals so you understand your continuing disclosure obligations and what must be done to achieve compliance.

Contact Information

Director's Office
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F. 609.292.9073

Local Government Research
V. 609.292.6110
F. 609.292.9073

Financial Regulation and Assistance
V. 609.292.4806
F. 609.984.7388

Local Finance Board
V. 609.292.0479
F. 609.633.6243

Local Management Services
V. 609.292.7842
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Distribution

Chief Financial Officers
Municipal Clerks
Freeholder Board Clerks
Authority Officials
Auditors

Local government access to capital is critical for advancing needed local infrastructure projects and meeting local cash flow needs. As a condition of providing access to capital in the form of debt, the financial community - at the time of buying debt and while debt remains outstanding - expects to be kept abreast of key financial information that could impact the value of securities in the secondary market. Legally, local governments have an obligation to provide certain information. They are obligated under federal law to issue certain information at the time of issuing new debt, and they are frequently contractually obligated to continue providing certain information while their debt remains outstanding.

Recently, the SEC and the financial community have focused attention on what is alleged to be a widespread failure of local government issuers across the nation to meet their continuing disclosure obligations. They maintain that local government issuers of debt frequently fail to meet their continuing disclosure obligations and misrepresent (sometimes innocently or inadvertently and other times fraudulently) their past compliance when issuing new debt.

Earlier this year, the SEC adopted a program to encouraged local government issuers to self-identify past noncompliance and improve timely continuing disclosure in the future. Their program, known as the "Municipalities Continuing Disclosure Cooperation Initiative" essentially establishes lesser enforcement actions provided local government issuers (and others) self-identify past noncompliance and agree to a plan designed to prevent future noncompliance. You can read more about this program by visiting: http://www.sec.gov/divisions/enforce/municipalities-continuing-disclosure-cooperation-initiative.shtml). It is strongly recommended that local government officials proactively take steps to self-identify their own levels of compliance with Continuing Disclosure Agreements if they have outstanding debt and consult their public finance officials during this process to, among other things, determine if it is advisable to participate in the SEC's program.

The private marketplace is also taking steps to improve disclosure by more closely reviewing past compliance and, as appropriate, refraining from underwriting or buying new debt unless compliance has been achieved. It is critically important that local governments anticipating a need to access financial markets conduct a self-assessment of past continuing disclosure compliance and correct deficiencies. Failure to do so could bar, or delay, access to capital markets.

As part of your self-assessment, it is recommended that you first identify your continuing disclosure contractual obligations with respect to past issuances of debt while it remained (or remains) outstanding. These obligations generally include filing audits, budgets, and certain operating data with various depositories.

Continuing Disclosure Agreements generally specify what information must be filed and where it must be filed. It is critically important that each local government understand the commitments it has made and live up to them. However, the Division recommends, as a best practice, that local governments with continuing disclosure requirements file the following information though the Municipal Securities Rulemaking Board's Electronic Municipal Marketplace Access (EMMA) website (www.emma.msrb.org) in addition to any information they had previously agreed to provide:

a) As soon as available: The issuer's Annual Financial Statement -- or a variation thereof where an Annual Financial Statement is not statutorily required; and

b) As soon as available: The Issuer's Audited Financial Statements; and

c) As soon as available: The Issuer's adopted budgets; and

d) Within 180 days of the end of the fiscal year: Annual Operating Data, consisting of:

   (i) Debt Statistics

   (ii) Property Tax Information and tax statistics where the issuer relies on property tax collections as a major source of revenue;

      Net Assessed Valuation
      Real Property Classifications
      Ratio of Assessed Valuation to True Value
      Percentage of Collection
      Delinquent Tax and Tax Title Lien Information
      Property Acquired By Tax Title Lien Liquidation
      Tax Rates
      Tax Levies
      Largest Taxpayers

   (iii) Other major revenue data and statistics where the issuer relies on revenues other than property tax collections;

      Sewer and water billings;
      Parking rents and collections;
      Etc.

   (iv) Capital Budget

   (v) New Construction Permits

e) Within 10 business days of the occurrence of any material events consisting of the following:

   (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 or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

   (vii) Modifications to rights of security holders, if material;

   (viii) Bond calls, if material, and tender offers;

   (ix) Defeasances;

   (x) Release, substitution, or sale of property securing repayment of the Securities, if material;

   (xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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.

f) Any and all additional or other information or documents required by the specific continuing disclosure obligations of such Issuer, for any particular series of Securities outstanding.

You should also ensure that past official statements -- or similar documents issued with respect to new issuances of debt -- have accurately reported your past compliance with continuing disclosure requirements.

While not required, the Chief Financial Officer is encouraged to seek the assistance of an experienced professional to assist or undertake such self-assessment.

As a final matter, the Division will be drafting a proposed Local Finance Notice -- or other appropriate action – to require: (1) CFOs to attest as part of budget submissions to the Division that appropriate steps are being taken to ensure compliance with continuing disclosure requirements; and (2) auditors to treat non-compliance with continuing disclosure requirements as an instance of non-compliance with prevailing laws, statutes, regulations, contracts and agreements that is required to be reported under *Government Auditing Standards.*

Approved: Thomas H. Neff, Director