



**BOARD OF EDUCATION
WAYNE TOWNSHIP PUBLIC SCHOOLS
WAYNE, NEW JERSEY
SPECIAL MEETING
August 19, 2014**

The Special Meeting/Board Retreat of the Wayne Township Board of Education was held on Tuesday, August 19, 2014 in the Wayne Township Board of Education Building, Large Conference Room, 50 Nellis Drive, Wayne, New Jersey 07470. The meeting was scheduled to begin at 7:00 p.m. pursuant to the terms of the Sunshine Law.

Reading of "Sunshine Law" Statement

Adequate notice of this Regular and Executive Meeting, setting forth time, date and location, has been provided in accordance with the requirements of the Open Public Meetings Act on August 4, 2014 by: Prominently posting a copy on the bulletin board in the lobby of the offices of the Board of Education, which is a public place reserved for such announcements, transmitting a copy of this notice to The Record, The Wayne Today, and the Municipal Clerk.

Roll Call

PRESENT: Eileen Albanese, Mitch Badiner, Michael Bubba, Robert Ceberio, Kim Essen, Cathy Kazan, Allan Mordkoff, Donald Pavlak, Jr. and Laura Stinziano

ALSO PRESENT: Dr. Mark Toback, Superintendent, Michael Ben-David, Assistant Superintendent, Juanita A. Petty, RSBA,SFO, Business Administrator/Board Secretary, and Isabel Machado, Board General Counsel.

A motion was made to convene into Executive Session at 7:01 p.m. for the purpose of discussion of personnel, property, negotiations and legal matters.

Convene into Executive Session

- RECOMMENDED ACTION:SX-15-01
-Approved-

WHEREAS, the Wayne Township Board of Education (hereinafter referred to as the "Board") from time to time must convene into Executive Session to discuss confidential matters including but not limited to personnel issues, legal matters, student issues and labor negotiations.

WHEREAS, THE Board has on its agenda for the meeting being held on August 19, 2014 on issues relating to personnel and legal matters which must be discussed in a confidential closed session.

NOW THEREFORE BE IT RESOLVED, the Board shall move into Executive Session to discuss the above referenced matter.

BE IT FURTHER RESOLVED, that the minutes of the executive session will provide as much information as possible without violating any applicable privilege or confidentiality so that the public can understand what was discussed and when available what the Board decision was.

BE IT FURTHER RESOLVED, that the minutes of the executive session will be released to the public in an appropriately redacted form within a reasonable period of time.

BE IT FURTHER RESOLVED, that the redacted portion of the executive session minutes will not be released until such time as the privilege or confidentiality is no longer applicable.

Motion: To Approve, Moved by Board Member ROBERT CEBERIO, Seconded by Board Member MICHAEL BUBBA. Passed. 9-0-0. Board Members voting Aye: ALBANESE, BADINER, BUBBA, CEBERIO, ESSEN, KAZAN, MORDKOFF, PAVLAK, STINZIANO.

Reconvene

The Executive Session of the Wayne Board of Education Regular Meeting of August 19, 2014 was convened in the Conference Room of the Wayne Board of Education, 50 Nellis Drive, Wayne, NJ 07470.

The Statement of Compliance setting forth time, date and location was read in accordance with the requirements of the Open Public Meetings Act and the roll call was taken. The meeting was recessed and is now being reconvened.

The Board reconvened at 9:00 p.m. in the Wayne Township Board of Education Building, Large Conference Room, 50 Nellis Drive, Wayne, New Jersey 07470. Mrs. Laura Stinziano,

Board President, advised that the Board had been meeting in Executive Session for the purpose of discussing personnel and legal matters. Information regarding these matters will be made public if, and when, appropriate.

PRESENT: Eileen Albanese, Mitch Badiner, Michael Bubba, Robert Ceberio, Kim Essen, Cathy Kazan, Allan Mordkoff, Donald Pavlak, Jr. and Laura Stinziano

ALSO PRESENT: Dr. Mark Toback, Superintendent, Michael Ben-David, Assistant Superintendent, Juanita A. Petty, RSBA,SFO, Business Administrator/Board Secretary, and Isabel Machado, Board General Counsel.

Administrative Summary Report

PUBLIC BOARD RETREAT

1. Committee Structure:

- **Legislative**
- **Shared Services**
- **Policy**

2. Impact of Affordable Care Act on Substitutes/Dual Positions

3. Kindergarten Feasibility Study Update

4. DISTRICT GOALS

5. BOARD GOALS (Self-Evaluation)

6. Consulting Services

DISCUSSION:

COMMITTEE STRUCTURE - LEGISLATIVE -

Mr. Mordkoff, Chair, explained purpose for forming committee and now since some Board members are on State and County Committees, feels the committee may be redundant. Discussion ensued. Noted County Committee focus is different from purpose of Board

committee but State efforts might be redundant. County and State however, do not represent all issues that might be specific to Wayne. Suggest to keep Committee in tact until January to determine continuation at that time. Also suggested that since 3 members are on Legislative Committees in some fashion, consider legislative issues as a Committee of the whole.

Approval to Eliminate Legislative Committee - moved that the Legislative Committee be disbanded and further, that time be slated at each meeting when required to allow the 3 Legislative members to report to the Board on issues that can be considered as Committee by the whole.

Motion: To Approve, Moved by Board Member ROBERT CEBERIO, Seconded by Board Member KIM ESSEN. Passed. 8-1-0. Board Members voting Aye: ALBANESE, BADINER, BUBBA, CEBERIO, ESSEN, MORDKOFF, PAVLAK, STINZIANO. Board Members voting Nay: KAZAN.

Board Comments:

Cathy Kazan - The purpose of the committee was to get together with other school board committees in the 40th district, and get the strength in numbers position together so that we can advocate for specific things that affected us here locally and within the district.

Allan Mordkoff feels efforts were still be effective as Committee of the whole.

Mr. Badiner clarified Board will be provided updates by Committee members.

COMMITTEE STRUCTURE - SHARED SERVICES -

Recommendation by Facilities Committee to reactivate the Shared Services Committee.

Don Pavlak, Jr. - Original committee worked well when Administration met quarterly with Township Officials.

Cathy Kazan - Noted Facilities Committee wanted to meet with Township about transportation issues but it did not happen.

Mitch Badiner noted Administration should meet with Township and bring recommendation back to Committee - not Committee meeting with Township.

Juanita A. Petty - to discuss with Mark Toback and report back on how they will proceed.

COMMITTEE STRUCTURE - POLICY COMMITTEE -

Done at each Committee now. President and Vice President do any not specific to a Committee. Support to keep structure. Annual updates all provided by Strauss Esmay. It was noted that our Personnel & Student policies were reviewed by legal Counsel last year.

DISTRICT GOALS -

Dr. Toback - reviewed the proposed goals. Goals were presented to Administration and the WEA both of whom supported. The goals were developed in consideration of BOE feedback, central administration and the Superintendent interview process. Discussion ensued.

Cathy Kazan - noted that under sustain change, we continue to assess items that are not statutory, ie: administration structure, performance reports. Also suggested that after feasibility study is complete, a committee be formed to determine direction for full day kindergarten.

Mitch Badiner - left at 9:45 p.m.

Don Pavlak, Jr. feels full day kindergarten should be Board goal, not District goal. Mrs. Stinziano supports this as well.

Cathy Kazan - wanted clarification on \$800,000 for the math adoption and how it will impact the budget. Noted that the budget impact will be 2015-2016.

COMMITTEE STRUCTURE - continued

Cathy Kazan - expressed her general concern about Committee activities not coming from the Committee to the full Board. Would like to see PWS re-instated. Committee reports don't provide a lot of information; suggest it be presented at PWS meetings. Discussion ensued.

IMPACT OF AFFORDABLE HEALTH CARE ON SUBSTITUTE AND DUAL POSITIONS -

Mrs. Petty - this was discussed at Personnel and Finance Committees.

Mrs. Petty - reviewed calculations provided for each Category of Substitute and outlined required measurement periods, average hours worked and potential impact to the budget. Discussion ensued.

Eileen Albanese - noted that at the Personnel Committee, - we had a questions as to the number of people who would qualify and how many of them would actually take the insurance. We need continuity in the classroom. We can not have people popping in and out to save money.

Mrs. Petty - noted that for dual positions in the District, we want to develop an SOP, and limit staff to work a maximum of 27 hours per week. Discussion ensued on the types of dual positions staff hold.

KINDERGARTEN FEASIBILITY STUDY -

Mrs. Petty - reported that three proposals were submitted and being reviewed.

Dr. Toback - noted each of the proposals has specific tasks, so they will give you analysis of facilities, analysis of finance and staffing. I think those are all things that we are going to talk about when we meet with them. Ultimately we are going to come up with someone who is going to come up with this work, and at that point we are going to have to spell out exactly what we need for a finished product.

Further discussion ensued on how the Board could fund for full day kindergarten if the decision is made to proceed.

BOARD GOALS -

Board members were asked to complete the self-assessment on the NJSBA site. Once the self evaluation is done, that is basis to develop Board goals.

CONSULTING AGREEMENT -

It was suggested that the whole Board communicate, not just Board President. Discussion ensued. Suggested to have a consultant in on a per diem basis.....not annual contract. Asked Dr. Toback's opinion. Discussion ensued. Consensus.

A motion was made to approve SH-15-01 to SH-15-03.

HUMAN RESOURCE:

Approval of Return from Administrative Leave

- RECOMMENDED ACTION:

that the Board approve the Superintendent's recommendation to approve for the 2014-2015 school year that employee #87968186 be returned from administrative leave effective August 20, 2014.

SH-15-01
-Approved-

Approval to Move Item from the Table

- RECOMMENDED ACTION:

that the Board move from the table Item H-15-31 from the July 31, 2014 Board meeting - Approval of Superintendent Merit.

SH-15-02
-Withdrawn-

Approval of Superintendent Merit

- RECOMMENDED ACTION:

that the Board approve a merit payment to Raymond A. Gonzalez for the achievement of 2013-2014 goals per his approved employment contract in the total amount of \$26,607.25, pending final review of the Executive County Superintendent, as per attached.

SH-15-03
-Withdrawn-

Motion: To Approve, Moved by Board Member MICHAEL BUBBA, Seconded by Board Member ALLAN MORDKOFF. Passed. 9-0-0. Board Members voting Aye: ALBANESE, BADINER, BUBBA, CEBERIO, ESSEN, KAZAN, MORDKOFF, PAVLAK, STINZIANO.

A motion was made to approve SS-15-01.

SCHOOL RESOURCES:

Approval of Resolution Concerning the SEC Initiative

SS-15-01
-Approved-

- RECOMMENDED ACTION:

that the Board approve the resolution concerning the Securities and Exchange Commission Municipalities Continuing Disclosure Cooperative Initiative, as reviewed in the Executive Session, directing the undertaking of a continuing disclosure review and authorizing participation in the Municipalities Continuing Disclosure review and authorizing participation in the Municipalities Continuing Disclosure Cooperation Initiative of the Division of Enforcement of the U.S. Securities and Exchange Commission, as per the attached.

Motion: To Approve, Moved by Board Member ROBERT CEBERIO, Seconded by Board Member EILEEN ALBANESE. Passed. 8-0-0. Board Members voting Aye: ALBANESE, BUBBA, CEBERIO, ESSEN, KAZAN, MORDKOFF, PAVLAK, STINZIANO. Board Members Absent: BADINER.

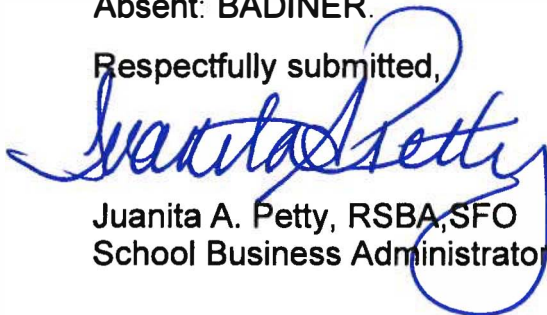
A motion was made to open the meeting to public comment on any item. Since no one was in attendance, public comment was closed.

Adjournment

There being no further business of the Board, a motion was made to adjourn the meeting at 10:49 p.m.

Motion: To Approve, Moved by Board Member MICHAEL BUBBA, Seconded by Board Member DONALD PAVLAK. Passed. 8-0-0. Board Members voting Aye: ALBANESE, BUBBA, CEBERIO, ESSEN, KAZAN, MORDKOFF, PAVLAK, STINZIANO. Board Members Absent: BADINER.

Respectfully submitted,



Juanita A. Petty, RSBA, SFO
School Business Administrator/Board Secretary

STEVEN L. ROGUT
DANIEL J. McCARTHY
DIANE U. DABULAS
THOMAS J. BACB ††

ROGUT McCARTHY LLC

COUNSELLORS AT LAW

RICHARD C. WISCHUBEN, Of Counsel
ANN B. BEDDINGFIELD, Of Counsel †
PATRICE E. HEW
RONALD CITRENBAUM

37 ALDEN STREET
CRANFORD, NEW JERSEY 07016

Telephone (908) 931-1150
Facsimile (908) 931-1151
Facsimile (908) 653-4832

www.rogutmccarthy.com

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†† ALSO ADMITTED IN FL AND DC

July 30, 2014

Ms. Juanita A. Petty
Business Administrator/
Board Secretary
Wayne Township Public Schools
50 Nellis Drive
Wayne, NJ 07470

Re: Resolution Concerning Securities and Exchange
Commission Municipalities Continuing Disclosure
Cooperation Initiative (the "SEC Initiative")

Dear Ms. Petty:

I have prepared the attached resolution for adoption by the board of education at its next meeting authorizing (1) a review of the accuracy of statements made in official statements for bond or note issues for the last five years concerning the board's compliance with its prior undertakings to provide secondary market disclosure of annual financial information and notice of material events and (2) the participation by the board in the SEC Initiative if the disclosure review finds possible material misstatements concerning secondary market disclosure compliance. For your reference, the SEC Initiative is attached as Exhibit A to the Resolution.

The SEC Initiative is a limited-time amnesty offer which expires midnight September 9, 2014. It is the SEC's response to its belief that municipal bond issuers nationwide have either negligently or intentionally failed to comply with their legal requirements to provide annual financial information and notice of material events, and have routinely misrepresented their prior compliance record in official statements for new debt issues. The SEC discovered instances where issuers affirmatively stated in official statements that they had never failed to provide required information, yet no continuing disclosure information was ever filed. Due to these instances

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and related pronouncements by the SEC, disclosure concerning prior compliance has greatly improved over the last two or three years. Therefore, many critics of the SEC Initiative consider it to be unnecessary, as well as time-consuming, punitive, costly and lacking rules for interpretation.

The SEC Initiative will allow issuers who self-report possible material misstatements concerning past secondary market disclosure to avoid monetary penalties. The non-monetary penalties to be imposed under the SEC Initiative include (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. The SEC has stated that issuers who fail to take advantage of the SEC Initiative will likely face monetary penalties and harsher settlement terms than stated above. Please note that self-reporting through the SEC Initiative does not automatically result in an SEC action - the SEC will review the filings and determine which reported instances constitute material misstatements requiring the imposition of the settlement terms.

Bond underwriters are also subject to the SEC Initiative. Bond underwriters who self-report will be subject to monetary penalties (\$20,000 or \$60,000 per issue, depending on the size of the issue, with a maximum \$500,000 total penalty per firm). The SEC has stated that it would likely seek higher penalties on underwriters who do not self-report. It is believed that large underwriters will pay the maximum \$500,000 fine and self-report a large percentage of the issues they underwrote due to the \$500,000 cap being significantly less than their potential exposure, and also due to the SEC so far refusing to provide any guidance on what it considers a "material misstatement". Therefore, many parties reviewing disclosure compliance are recommending that even the most technical instances of non-compliance should be reported. Technical instances include late filings of financial information or notices, or failure to properly identify a bond issue on the filing website.

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The SEC Initiative, due to its favorable settlement terms and warnings of harsher penalties for those who do not participate, incentivizes participation by both issuers and underwriters. Further, if an underwriter reports an issue and the issuer does not, the SEC would have a clear path to identify issuers with potential securities law violations. In addition, issuers who fail to self-report non-compliance will likely see the non-compliance disclosed in a future official statement as part of the enhanced due diligence process in today's bond market. This could result in an SEC action on unfavorable terms.

We strongly suggest that you adopt the resolution at your next meeting in order to be able to meet the September 9th deadline for participation in the SEC Initiative. Most public finance professionals in New Jersey believe that well over half the issuers in the State have non-compliance issues and will take advantage of the favorable terms of the SEC Initiative. Most issuers have filed a significant amount of their required information and have acted in good faith, but even the most technical non-compliance could result in an SEC enforcement action on unfavorable terms. Thus, if the board's disclosure review finds non-compliance, we will recommend participation in the SEC Initiative. *

Kindly distribute this cover letter with the resolution to the board of education members. After adoption of the resolution, please email and also mail a certified copy to me. Please contact me if you have any questions or if I can be of further assistance.

Very truly yours,



Steven L. Rogut

SLR:nca
Enclosure

cc: Isabel Machado, Esq.
David J. Gannon, CPA, RMA

RESOLUTION OF THE BOARD OF EDUCATION OF THE TOWNSHIP OF WAYNE DIRECTING THE UNDERTAKING OF A CONTINUING DISCLOSURE REVIEW AND AUTHORIZING PARTICIPATION IN THE MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION INITIATIVE OF THE DIVISION OF ENFORCEMENT OF THE U.S. SECURITIES AND EXCHANGE COMMISSION

WHEREAS, the Board of Education of the Township of Wayne (the "Board of Education") has entered into continuing disclosure agreement(s) in connection with certain of its prior bond and/or note issuance(s) (the "Prior Issuances"), agreeing to file certain financial information and operating data and/or certain enumerated event notices with the former nationally recognized municipal securities information repositories or the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the provisions of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"); and

WHEREAS, the Board of Education has made certain representations regarding its continuing disclosures in bond and/or note offering documents in connection with its Prior Issuances; and

WHEREAS, in response to widespread concerns that many municipal issuers have not been complying with their obligations to file continuing disclosure documents under the Rule, and furthermore have made false representations concerning compliance in bond and note offering documents, the Division of Enforcement (the "Division") of the U.S. Securities and Exchange Commission (the "Commission") has set forth its Municipalities Continuing Disclosure Cooperation Initiative (the "MCDC Initiative"), attached hereto as Exhibit A, whereby the Commission will recommend favorable settlement terms to municipal issuers involved in the offer or sale of municipal securities, as well as underwriters of such offerings, if they self-report to the Division, by 12:00 a.m. on September 10, 2014, possible violations involving materially inaccurate statements in bond and note offering documents relating to prior compliance with continuing disclosure obligations pursuant to the Rule; and

WHEREAS, in order to be able to participate in the MCDC Initiative and obtain favorable settlement terms with the SEC, the Board of Education needs to undertake a Review (as hereinafter defined) and authorize participation in the MCDC Initiative, if appropriate, as determined by the facts of the Review;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION, as follows:

Section 1. The Board of Education, through its Business Administrator or a third-party disclosure-dissemination agent, is hereby directed to conduct a continuing disclosure review of its prior continuing disclosure undertakings (the "Review"), and the Board of Education hereby ratifies any such previously conducted Review. Such Review shall include, but is not limited to, a historical review of the Board of Education's continuing disclosure obligations and filings in

connection with its Prior Issuances that are presently outstanding and which are no longer outstanding but, as of the date five years prior to the date of submission of the Questionnaire (as hereinafter defined), were outstanding; and the undertaking, at any time, of any applicable remedial filings with the MSRB deemed necessary for compliance with its continuing disclosure obligations.

Section 2. The Board of Education, through its Business Administrator, is hereby authorized to participate in the MCDC Initiative, if in the discretion of the Business Administrator after consultation with Board of Education officials, it is determined that the Board of Education may have made materially inaccurate statements in its bond and/or note offering documents relating to prior compliance with continuing disclosure obligations pursuant to the Rule in connection with its Prior Issuances issued during the period beginning five years prior to the date of submission of the Questionnaire.

Section 3. The Business Administrator of the Board of Education is hereby authorized to execute and deliver any and all documents and instruments, including the Municipalities Continuing Disclosure Cooperation Initiative Questionnaire for Self-Reporting Entities contained in the MCDC Initiative (the "Questionnaire"), and to do and cause to be done any and all acts and things necessary or proper for participating in the MCDC Initiative and all related transactions, including the Review, contemplated by this resolution.

Section 4. All resolutions or proceedings, or parts thereof, in conflict with the provisions of this resolution are to the extent of such conflict hereby repealed.

Section 5. This resolution shall become effective in accordance with applicable law.

RECORDED VOTE:

AYE

NO

ABSTAIN

ABSENT

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

Board Secretary

EXHIBIT A



U.S. Securities and Exchange Commission

Municipalities Continuing Disclosure Cooperation Initiative

Division of Enforcement

U.S. Securities and Exchange Commission

I. Introduction

The Municipalities Continuing Disclosure Cooperation Initiative (the "MCDC Initiative") is intended to address potentially widespread violations of the federal securities laws by municipal issuers and underwriters of municipal securities in connection with certain representations about continuing disclosures in bond offering documents.

As described below, under the MCDC Initiative, the Division of Enforcement (the "Division") of the U.S. Securities and Exchange Commission (the "Commission") will recommend favorable settlement terms to issuers and obligated persons involved in the offer or sale of municipal securities (collectively, "issuers") as well as underwriters of such offerings if they self-report to the Division possible violations involving materially inaccurate statements relating to prior compliance with the continuing disclosure obligations specified in Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Exchange Act").¹

II. Background

Rule 15c2-12 generally prohibits any underwriter from purchasing or selling municipal securities unless the issuer has committed to providing continuing disclosure regarding the security and issuer, including information about its financial condition and operating data.² Rule 15c2-12 also generally requires that any final official statement prepared in connection with a primary offering of municipal securities contain a description of any instances in the previous five years in which the issuer failed to comply, in all material respects, with any previous commitment to provide such continuing disclosure.

The Commission may file enforcement actions under either Section 17(a) of the Securities Act of 1933 (the "Securities Act"), and/or Section 10(b) of the Exchange Act against issuers for inaccurately stating in final official statements that they have substantially complied with their prior continuing disclosure obligations. In such instances, underwriters for these bond offerings may also have violated the anti-fraud provisions to the extent they failed to exercise adequate due diligence in determining whether issuers have complied with such obligations, and as a result, failed to form a reasonable basis for believing the truthfulness of a key representation in the issuer's official statement. For instance, on July 29, 2013, the Commission charged a school district in Indiana and its underwriter with falsely stating to bond investors that the school district had been properly providing annual financial information and notices required as part of its prior bond offerings.³ Without admitting or denying the Commission's findings, the school district and underwriter each consented to, among other things, an order to cease and desist from committing or causing any violations of Section 10(b) of the Exchange Act and Rule 10b-5. The underwriter also agreed to pay disgorgement and prejudgment interest of \$279,446 as well as a penalty of \$300,000.

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The Commission has in the past emphasized that the likelihood that an issuer will abide by its continuing disclosure obligations is critical to any evaluation of its covenants. An underwriter's obligation to have a reasonable basis to believe that the key representations in a final official statement are true and accurate extends to an issuer's representations concerning past compliance with disclosure obligations. Indeed, this provision of Rule 15c2-12 was specifically intended to serve as an incentive for issuers to comply with their undertakings to provide disclosures in the secondary market for municipal securities, and also assists underwriters and others in assessing the reliability of the issuer's disclosure representations. Moreover, the Commission has in the past stated that it believes that it is doubtful that an underwriter could form a reasonable basis for relying on the accuracy or completeness of an issuer's ongoing disclosure representations without the underwriter affirmatively inquiring as to that filing history, and the underwriter may not rely solely on a written certification from an issuer that it has provided all filings or notices.⁴

Based on available information, and as highlighted in the Commission's August 2012 Municipal Market Report, there is significant concern that many issuers have not been complying with their obligation to file continuing disclosure documents and that federal securities law violations involving false statements concerning such compliance may be widespread.

III. The MCDC Initiative

A. Who Should Consider Self-Reporting to the Division?

Issuers who may have made materially inaccurate statements in a final official statement regarding their prior compliance with their continuing obligations as described in Rule 15c2-12 should consider self-reporting to the Division to take advantage of the MCDC Initiative.

Underwriters of offerings in which the final official statement contains materially inaccurate statements regarding an issuer's prior compliance with continuing disclosure obligations should also consider self-reporting under the MCDC Initiative. Such underwriters may include the lead underwriter in an underwriting syndicate of such offerings or the sole underwriter in such offerings, and includes both competitive and negotiated underwritings.

Issuers or underwriters that have already been contacted by the Division as of the date of this announcement regarding possible inaccurate statements as to past compliance with continuing disclosure obligations, but against whom no enforcement action has yet been taken, may be eligible for the MCDC Initiative and should contact the Enforcement staff to discuss eligibility.

B. When and What Must Issuers and Underwriters Self Report?

To be eligible for the MCDC Initiative, an issuer or underwriter must self-report by accurately completing the attached questionnaire and submitting it within the six month period beginning March 10, 2014 and ending at 12:00 a.m. EST on September 10, 2014. Information required by the questionnaire includes:

- Identification and contact information of the self-reporting entity;
- Information regarding the municipal securities offerings containing the potentially inaccurate statements;
- Identities of the lead underwriter, municipal advisor, bond counsel, underwriter's counsel and disclosure counsel, if any, and the primary contact person at each entity, for each such offering;
- any facts that the self-reporting entity would like to provide to assist the staff in understanding the circumstances that may have led to the potentially inaccurate statement(s); and
- a statement that the self-reporting entity intends to consent to the applicable settlement terms under the MCDC Initiative.

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Submissions may be made by email to MCDCsubmissions@sec.gov, by fax to (301) 847-4713 or by mail to MCDC Initiative, U.S. Securities and Exchange Commission, Boston Regional Office, 33 Arch Street, Boston, MA 02110.

C. Standardized Settlement Terms the Division Will Recommend

To the extent an entity meets the requirements of the MCDC Initiative and the Division decides to recommend enforcement action against the entity ("eligible issuer" or "eligible underwriter"), the Division will recommend that the Commission accept a settlement which includes the terms described below.⁵

1. Types of Proceedings and Nature of Charges

For eligible issuers, the Division will recommend that the Commission accept a settlement pursuant to which the issuer consents to the institution of a cease and desist proceeding under Section 8A of the Securities Act for violation(s) of Section 17(a)(2) of the Securities Act.⁶ The Division will recommend a settlement in which the issuer neither admits nor denies the findings of the Commission.

For eligible underwriters, the Division will recommend that the Commission accept a settlement pursuant to which the underwriter consents to the institution of a cease and desist proceeding under Section 8A of the Securities Act and administrative proceedings under Section 15(b) of the Exchange Act for violation(s) of Section 17(a)(2) of the Securities Act. The Division will recommend a settlement in which the underwriter neither admits nor denies the findings of the Commission.

2. Undertakings

For eligible issuers, the settlement to be recommended by the Division must include undertakings by the issuers. Specifically, as part of the settlement, the issuer must undertake to:

- establish appropriate policies and procedures and training regarding continuing disclosure obligations within 180 days of the institution of the proceedings;
- comply with existing continuing disclosure undertakings, including updating past delinquent filings within 180 days of the institution of the proceedings;
- cooperate with any subsequent investigation by the Division regarding the false statement(s), including the roles of individuals and/or other parties involved;
- disclose in a clear and conspicuous fashion the settlement terms in any final official statement for an offering by the issuer within five years of the date of institution of the proceedings; and
- provide the Commission staff with a compliance certification regarding the applicable undertakings by the issuer on the one year anniversary of the date of institution of the proceedings.

For eligible underwriters, the settlement to be recommended by the Division must include undertakings by the underwriters. Specifically, as part of the settlement, the underwriter must undertake to:

- retain an independent consultant, not unacceptable to the Commission staff, to conduct a compliance review and, within 180 days of the institution of proceedings, provide recommendations to the underwriter regarding the underwriter's municipal underwriting due diligence process and procedures;
- within 90 days of the independent consultant's recommendations, take reasonable steps to enact such recommendations; provided that the underwriter make seek approval from the Commission staff to not adopt recommendations that the underwriter can demonstrate to be unduly burdensome;
- cooperate with any subsequent investigation by the Division regarding the false statement(s), including the roles of individuals and/or other parties involved; and

- provide the Commission staff with a compliance certifications regarding the applicable undertakings by the Underwriter on the one year anniversary of the date of Institution of the proceedings.

3. Civil Penalties

For eligible issuers, the Division will recommend that the Commission accept a settlement in which there is no payment of any civil penalty by the issuer.

For eligible underwriters, the Division will recommend that the Commission accept a settlement in which the underwriter consents to an order requiring payment of a civil penalty as described below:

- For offerings of \$30 million or less, the underwriter will be required to pay a civil penalty of \$20,000 per offering containing a materially false statement;
- For offerings of more than \$30 million, the underwriter will be required to pay a civil penalty of \$60,000 per offering containing a materially false statement;
- However, no underwriter will be required to pay more than \$500,000 total in civil penalties under the MCDC Initiative.

D. No Assurances Offered with Respect to Individual Liability

The MCDC Initiative covers only eligible issuers and underwriters. The Division provides no assurance that individuals associated with those entities, such as municipal officials and employees of underwriting firms, will be offered similar terms if they have engaged in violations of the federal securities laws. The Division may recommend enforcement action against such individuals and may seek remedies beyond those available through the MCDC Initiative. Assessing whether to recommend enforcement action against an individual for violations of the federal securities laws necessarily involves a case-by-case assessment of specific facts and circumstances, including evidence regarding the level of intent and other factors such as cooperation by the individual.

E. No Assurances for Entities That Do Not Take Advantage of MCDC Initiative

For issuers and underwriters that would be eligible for the terms of the MCDC Initiative but that do not self-report pursuant to the terms of the MCDC Initiative, the Division offers no assurances that it will recommend the above terms in any subsequent enforcement recommendation. As noted above, assessing whether to recommend enforcement action necessarily involves a case-by-case assessment of specific facts and circumstances, but entities are cautioned that enforcement actions outside of the MCDC Initiative could result in the Division or the Commission seeking remedies beyond those described in the Initiative. For issuers, the Division will likely recommend and seek financial sanctions. For underwriters, the Division will likely recommend and seek financial sanctions in amounts greater than those available pursuant to the MCDC Initiative.

Questions regarding the MCDC Initiative may be directed to MCDCInquiries@sec.gov.

¹ Recommendations by the Division to the Commission are subject to approval by the Commission.

² The Issuers' agreement to make such disclosures is memorialized in a written undertaking frequently called a Continuing Disclosure Agreement. The Continuing Disclosure Agreement requires that issuer to file annual financial information and notices of certain material events with the Electronic Municipal Market Access, or EMMA, an electronic information repository system maintained by the Municipal Securities Rulemaking Board (MSRB), which is accessible to all investors on the internet.

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³In the Matter of West Clark Community Schools, AP File No. 3-15391 (July 29, 2013); In the Matter of City Securities Corporation and Randy G. Ruhl, AP File No. 3-15390 (July 29, 2013).

⁴See "Municipal Securities Disclosure," Securities Exchange Act Release No. 34961 (November 10, 1994), 59 FR 59590, *supra* notes 50-54 (November 17, 1994). See also "Amendments to Municipal Securities Disclosure," Securities Exchange Act Release No. 34-62184A (May 26, 2010), 75 FR 331100, *supra* n. 348-362 (June 10, 2010).

⁵The standardized settlement terms of the MCDC Initiative are only applicable to inaccurate statements concerning compliance with continuing disclosure obligations. The MCDC Initiative and the standardized settlement terms are not applicable to other material misstatements in final official statements or related communications or other misconduct. Any other potential misconduct is subject to investigation and separate enforcement action, if appropriate. If enforcement action is taken, entities may be subject to additional remedies for that misconduct, including additional financial sanctions.

⁶Violations of Section 17(a)(2) require a finding of negligent conduct.

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**U.S. SECURITIES AND EXCHANGE COMMISSION
DIVISION OF ENFORCEMENT**

**MUNICIPALITIES CONTINUING DISCLOSURE COOPERATION INITIATIVE
QUESTIONNAIRE FOR SELF-REPORTING ENTITIES**

NOTE: The information being requested in this Questionnaire is subject to the Commission's routine uses. A list of those uses is contained in SEC Form 1662, which also contains other important information.

1. Please provide the official name of the entity that is self-reporting ("Self-Reporting Entity") pursuant to the MCDC Initiative along with contact information for the Self-Reporting Entity:
 - Individual Contact Name:
 - Individual Contact Title:
 - Individual Contact telephone:
 - Individual Contact Fax number:
 - Individual Contact email address:

 - Full Legal Name of Self-Reporting Entity:
 - Mailing Address (number and street):
 - Mailing Address (city):
 - Mailing Address (state): Select a state...
 - Mailing Address (zip):

2. Please identify the municipal bond offering(s) (including name of Issuer and/or Obligor, date of offering and CUSIP number) with Official Statements that may contain a materially inaccurate certification on compliance regarding prior continuing disclosure obligations (for each additional offering, attach an additional sheet or separate schedule):
 - State: Select a state...
 - Full Name of Issuing Entity:
 - Full Legal Name of Obligor (if any):
 - Full Name of Security Issue:
 - Initial Principal Amount of Bond Issuance:
 - Date of Offering:
 - Date of final Official Statement (format MMDDYYYY):
 - Nine Character CUSIP number of last maturity:

3. Please describe the role of the Self-Reporting Entity in connection with the municipal bond offerings identified in Item 2 above (select Issuer, Obligor or Underwriter):

- Issuer
- Obligor
- Underwriter

4. Please identify the lead underwriter, municipal advisor, bond counsel, underwriter's counsel and disclosure counsel, if any, and the primary contact person at each entity, for each offering identified in Item 2 above (attach additional sheets if necessary):

Senior Managing Underwriting Firm:

Primary Individual Contact at Underwriter:

Financial Advisor:

Primary Individual Contact at Financial Advisor:

Bond Counsel Firm:

Primary Individual Contact at Bond Counsel:

Law Firm Serving as Underwriter's Counsel:

Primary Individual Contact at Underwriter's Counsel:

Law Firm Serving as Disclosure Counsel:

Primary Individual Contact at Disclosure Counsel:

5. Please include any facts that the Self-Reporting Entity would like to provide to assist the staff of the Division of Enforcement in understanding the circumstances that may have led to the potentially inaccurate statements (attach additional sheets if necessary):

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On behalf of [Name of Self-Reporting Entity]
I hereby certify that the Self-Reporting Entity intends to consent to the applicable settlement terms under the MCDC Initiative.

By: _____

Name of Duly Authorized Signer:

Title: