

EXTRACT from the minutes of a regular meeting of the Borough Council of the Borough of Highlands, in the County of Monmouth, New Jersey held at 42 Shore Drive, Highlands, New Jersey on December 4, 2013.

PRESENT: Ms. Ryan, Mr. Redmond, Mr. Francy, Ms. Kane, Mayor Nolan

ABSENT: None

* * * * *

Mayor Nolan introduced and moved the adoption of the following resolution and Ms. Kane seconded the motion:

R-13-269

**RESOLUTION DETERMINING THE FORM AND OTHER
DETAILS AND PROVIDING FOR THE DETERMINATION OF
OTHER TERMS OF NOT TO EXCEED \$1,494,985 GENERAL
OBLIGATION BONDS, SERIES 2013 OF THE BOROUGH OF
HIGHLANDS, IN THE COUNTY OF MONMOUTH, NEW JERSEY
AND PROVIDING FOR THEIR SALE TO THE MONMOUTH
COUNTY IMPROVEMENT AUTHORITY.**

BE IT RESOLVED BY THE BOROUGH COUNCIL OF THE BOROUGH OF HIGHLANDS, IN THE COUNTY OF MONMOUTH, NEW JERSEY AS FOLLOWS (not less than 2/3 of all members thereof affirmatively concurring):

Section 1. General Obligation Bonds of the Borough of Highlands, in the County of Monmouth, New Jersey (the "Borough"), referred to and described in a resolution of the Borough, finally adopted December 4, 2013, and entitled, "Resolution Providing for the Combination of Certain Issues of General Obligation Bonds of the Borough of Highlands, in the

County of Monmouth, New Jersey Into a Single Issue of Bonds Aggregating \$1,494,985 in Principal Amount", and the bond ordinances referred to therein, each in all respects duly approved and published as required by law, shall be issued in an amount not to exceed \$1,494,985 as "General Obligation Bonds, Series 2013" (the "Bonds").

Section 2. The Bonds are hereby authorized to be sold to The Monmouth County Improvement Authority (the "Authority") at a purchase price determined by the parameters set forth below and otherwise consistent with the terms included in the application submitted by the Authority to the Local Finance Board in the Department of Community Affairs, State of New Jersey (the "Local Finance Board") and approved by the Local Finance Board on November 13, 2013 (the "Application"):

- (a) the aggregate principal amount of the Bonds does not exceed \$1,494,985;
- (b) the True Interest Cost of the Bonds does not exceed an interest rate that would enable the Borough to issue the Bonds to the Authority and achieve the economic benefit (consisting of the AAA/Aaa/AAA guaranty from the County of Monmouth which is a higher credit rating than the current credit rating of the Borough) of financing through the Authority versus financing on its own;
- (c) the maturity structure or weighted average maturity for the Bonds is substantially similar to the structure submitted to and approved by the Local Finance Board any adjustments recommended by the Underwriter or the Authority on the sale date designed to reduce the total costs of the borrowing of the Borough; and
- (d) all conditions described in the Application as submitted to the Local Finance Board for the sale of the Bonds are satisfied.

Section 3. The Bonds are hereby authorized to be sold and issued to the Authority in accordance with the terms of a bond purchase agreement to be entered into by and between the Authority and the Borough (the "Bond Purchase Agreement"). The Bonds may be

issued in one or more series. The purchase price for the Bonds shall be as set forth in the Bond Purchase Agreement. The Mayor and Chief Financial officer are each hereby authorized and directed, without further authorization, to enter into and execute the Bond Purchase Agreement on behalf of the Borough in the form satisfactory to McManimon, Scotland & Baumann, LLC, bond counsel to the Borough ("Bond Counsel"), upon the terms consistent with the parameters set forth in this resolution. Upon execution of the Bond Purchase Agreement, the signature of the Mayor and Chief Financial Officer shall be conclusively presumed to evidence any necessary approvals for the sale and issuance of the Bonds. If the Chief Financial Officer, after consultation with the Authority, determines that the above parameters cannot be satisfied in the present market, the Bonds shall not be sold until such time as said parameters may be amended, in whole or in part, or a sale on different terms is otherwise approved by resolution of this Borough Council.

Section 4. (a) The Bonds shall be dated and shall bear interest at the interest rates per annum as the Chief Financial Officer shall determine.

(b) The Bonds shall be numbered and have such prefix as determined necessary by the Chief Financial Officer or as required by the Bond Purchase Agreement, and shall be sold and issued with such serial maturities or with such term bond maturities payable from mandatory sinking fund payments made by the Borough as determined in the Bond Purchase Agreement.

(c) The Bonds shall mature in the years 2014 through 2025, or such other years as may be determined by the Chief Financial Officer and in the principal amounts as may be determined by the Chief Financial Officer and shall bear interest on the dates as may be determined by the Chief Financial Officer.

(d) The Bonds shall be sold at such price or prices as the Chief Financial Officer shall determine.

(e) The Bonds may be subject to redemption prior to their stated maturities as determined by the Chief Financial Officer.

(f) One certificate shall be issued for the entire principal amount of Bonds being issued by the Borough, unless otherwise required by the Authority pursuant to the Bond Purchase Agreement, and shall be numbered GO-1. Both principal of and interest on the Bonds will be payable in lawful money of the United States of America. Each certificate will be registered in the name of "The Monmouth County Improvement Authority" unless otherwise specified in the Bond Purchase Agreement.

(g) Any other details that may need to be determined in connection with the sale and issuance of the Bonds shall be determined by the Chief Financial Officer.

Section 5. The Bonds shall be substantially in the following form with such additions, deletions and omissions as may be necessary for the Borough to conform the Bonds to the requirements of the Bond Purchase Agreement:

REGISTERED
NUMBER GO-1

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF NEW JERSEY

BOROUGH OF HIGHLANDS,
IN THE COUNTY OF MONMOUTH

GENERAL OBLIGATION BOND, SERIES 2013

DATE OF ORIGINAL ISSUE:
December ___, 2013

THE BOROUGH OF HIGHLANDS, IN THE COUNTY OF MONMOUTH, New Jersey (the "Borough") hereby acknowledges itself indebted and for value received promises to pay to the:

MONMOUTH COUNTY IMPROVEMENT AUTHORITY (the "Authority"),
c/o _____ (the "Trustee")

the principal sums on the dates and in the amounts set forth on **Schedule A** attached hereto and made a part hereof and to pay interest on such sum from the DATE OF ORIGINAL ISSUE of this bond until payment in full at the interest rates per annum and in the amounts shown on **Schedule A** attached hereto and made a part hereof. Interest is payable to the Authority at the corporate trust office of the Trustee on each _____ and _____ prior to each _____ and _____, respectively, commencing _____, 20__, in an amount equal to the interest accruing to each _____ and _____. This bond as to principal will be payable on _____ at the corporate trust office of the Trustee.

This bond is one of an authorized issue of bonds issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the Borough, duly adopted on December 4, 2013 and entitled, "Resolution Providing for the Combination of Certain Issues of General Obligation Bonds of the Borough of Highlands, in the County of Monmouth, New Jersey Into a Single Issue of Bonds Aggregating \$1,494,985 in Principal Amount" and the bond ordinances referred to therein, each in all respects duly approved and published as required by law, and a resolution duly adopted by the Borough on December 4, 2013,

The full faith and credit of the Borough are hereby irrevocably pledged for the punctual payment of the principal of and the interest on this bond according to its terms.

It is hereby certified and recited that all conditions, acts and things required by the constitution or the statutes of the State of New Jersey to exist, to have happened or to have been performed precedent to or in the issuance of this bond exist, have happened and have been performed and that the issue of bonds of which this is one, together with all other indebtedness of the Borough, is within every debt and other limit prescribed by such constitution or statutes.

IN WITNESS WHEREOF, THE BOROUGH OF HIGHLANDS, IN THE COUNTY OF MONMOUTH, New Jersey has caused this bond to be executed in its name by the manual or facsimile signature of its Mayor and its Chief Financial Officer, its corporate seal to be hereunto imprinted or affixed, this bond and the seal to be attested by the manual or facsimile signature of its Borough Clerk, and this bond to be dated the DATE OF ORIGINAL ISSUE as specified above.

BOROUGH OF HIGHLANDS, IN
THE COUNTY OF MONMOUTH,
NEW JERSEY

[SEAL]

By: _____
Mayor

ATTEST:

By: _____
Clerk

By: _____
Chief Financial Officer

Section 6. The Bonds shall be executed by the manual or facsimile signatures of the Mayor and the Chief Financial Officer under the official seal (or facsimile thereof) affixed, printed, engraved or reproduced thereon and attested by the manual signature of the Borough Clerk.

Section 7. The Bonds shall have printed thereon a copy of the written opinion with respect to the Bonds that is to be rendered by the law firm of McManimon, Scotland & Baumann, LLC, complete except for omission of its date. The Borough Clerk is hereby authorized and directed to file a signed duplicate of such written opinion in the Borough Clerk's office. Alternatively, each Bond may be accompanied by the signed legal opinion or copy thereof.

Section 8. The law firm of McManimon, Scotland & Baumann, LLC, is authorized to arrange for the printing of the Bonds. The proper officials of the Borough are hereby authorized and directed to execute the Bonds and to deliver them to the Authority upon receipt of payment therefor, including accrued interest from their date to the date of delivery, if any.

Section 9. The Chief Financial Officer is also authorized to pay the costs of issuance at or after the time of closing to the various participants regarding the sale and issuance of the Bonds. In the alternative, the Authority is hereby authorized to pay such costs of issuance on behalf of the Borough.

Section 10. The Mayor and Chief Financial Officer, and other appropriate representatives of the Borough are hereby authorized to take all steps necessary to provide for the issuance of the Bonds, including preparing and executing all such agreements, documents, certificates and other instruments, on behalf of the Borough and take all steps necessary or desirable to effectuate the transactions contemplated thereby.

Section 11. The Mayor and Chief Financial Officer are each hereby authorized and directed, without further authorization, to enter into and execute a continuing disclosure

agreement or such other agreement as may be required by the Authority for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), in a form satisfactory to Bond Counsel.

Section 12. The Borough hereby covenants that it will comply with any conditions subsequent imposed by the Internal Revenue Code of 1986, as amended (the "Code"), in order to preserve the exemption from taxation of interest on the Bonds, including the requirement to rebate all net investment earnings on the gross proceeds above the yield on the Bonds, if necessary.

Section 13. This resolution shall take effect immediately.

The foregoing resolution was adopted by the following vote:

AYES: Ms. Ryan, Mr. Redmond, Mr. Francy, Ms. Kane, Mayor Nolan

NAYS: None

Date: December 4, 2013

Carolyn Cummins, Borough Clerk

I hereby certify that this is a true copy of the resolution adopted by the Governing Body of the Borough of Highlands at their meeting held on December 4, 2013

BOROUGH CLERK/DEPUTY CLERK

CERTIFICATE

I, Carolyn Cummins, Clerk of the Borough of Highlands, in the County of Monmouth, State of New Jersey, HEREBY CERTIFY that the foregoing annexed extract from the minutes of a meeting of the governing body of the Borough duly called and held December 4, 2013 has been compared by me with the original minutes as officially recorded in my office in the minute book of the Borough and is a true, complete and correct copy thereof and of the whole of the original minutes so far as they relate to the subject matters referred to in the extract.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Borough this _____ day of December, 2013.

Carolyn Cummins, Clerk

(SEAL)