

RESOLUTION OF THE TOWNSHIP OF SOUTH HARRISON, IN THE COUNTY OF GLOUCESTER, NEW JERSEY AUTHORIZING THE ISSUANCE AND SALE OF SPECIAL EMERGENCY NOTES OF THE TOWNSHIP OF SOUTH HARRISON IN THE AGGREGATE PRINCIPAL AMOUNT OF UP TO \$133,000; MAKING CERTAIN COVENANTS TO EFFECT AND MAINTAIN THE EXEMPTION OF INTEREST ON SAID NOTES FROM FEDERAL INCOME TAXATION; AND AUTHORIZING SUCH FURTHER ACTIONS AND MAKING SUCH DETERMINATIONS AS MAY BE NECESSARY OR APPROPRIATE TO EFFECTUATE THIS ISSUANCE AND SALE OF THE NOTES

BACKGROUND

WHEREAS, the Local Budget Law, constituting Chapter 169 of the Laws of the State of New Jersey, as amended and supplemented ("Local Budget Law"), authorizes, *inter alia*, municipalities to adopt resolutions authorizing special emergency appropriations to cover the cost of extraordinary expenses for the repair, reconstruction of streets, roads or bridges or other public property damaged by flood or hurricane where such expense was not foreseen at the time of the adoption of the municipality's budget; and

WHEREAS, the Township Committee ("Committee") of the Township of South Harrison, County of Gloucester, New Jersey ("Township"), desires to authorize \$133,000 of special emergency appropriations to cover the cost of extraordinary expense for the repair and reconstruction various streets and roads damaged by hurricane and flood including, but not limited to, Lincoln Mill Road and Ferrell Road ("Project") in accordance with N.J.S.A. 40A:4-54, et seq.; and

WHEREAS, such expense was not foreseen at the time of the adoption of the Township's 2011 budget; and

WHEREAS, Local Budget Law, and specifically N.J.S.A. 40A:4-54, authorizes the Township to borrow money and issue special emergency notes to finance the costs of the Project which Notes may be renewed from time to time; provided, however, at least 1/5 of all such special emergency notes, and the renewals thereof, shall mature and be paid in each year,

so that all special emergency notes and renewals shall have matured and have been paid not later than the last day of the fifth year following the date of the special emergency resolution.

NOW, THEREFORE BE IT RESOLVED BY THE TOWNSHIP COMMITTEE OF THE TOWNSHIP OF SOUTH HARRISON, IN THE COUNTY OF GLOUCESTER, NEW JERSEY, (NOT LESS THAN TWO-THIRDS OF ALL MEMBERS THEREOF AFFIRMATIVELY CONCURRING) PURSUANT TO THE LOCAL BUDGET LAW, AS FOLLOWS:

Section 1. A special emergency appropriation in the amount of \$133,000 to fund the Project in accordance with N.J.S.A. 40A:4-54 is hereby authorized and approved.

Section 2. Pursuant to the Local Budget Law, the issuance of special emergency notes of the Township, to be designated, substantially, "Township of South Harrison, County of Gloucester, New Jersey, Special Emergency Notes of 2011, Series A" ("Notes"), in an aggregate principal amount of up to \$133,000 is hereby authorized and approved.

Section 3. Payment of the Notes shall be provided for by the inclusion of an annual appropriation of at least 1/5 of the total amount appropriated by this Resolution. Said appropriation shall be paid annually from the Township's budget.

Section 4. The Chief Financial Officer, with the assistance of Parker McCay, P.A. ("Bond Counsel"), is hereby authorized and directed to award and sell the Notes, at public or private sale, in such amount as may be determined, at a price not less than par, plus accrued interest, and to deliver the same to the purchaser thereof, upon receipt of the purchase price for the Notes.

Section 5. The Notes shall be executed in the name of the Township by the manual signatures of the Mayor and Chief Financial Officer, and shall be under the corporate seal of the Township affixed, imprinted, or reproduced thereon, and attested by the manual signatures of the Township Clerk or Deputy Township Clerk.

Section 6. The Notes shall be dated their date of delivery, may be renewed from time to time, but shall be paid and mature in accordance with the provisions of N.J.S.A. 40A:4-55(b).

Section 7. The Notes shall not be subject to redemption prior to maturity, shall be issued in registered or bearer form, shall be in the denomination of \$50,000 or greater, and shall be in the form permitted by the Local Budget Law and as Bond Counsel shall approve.

Section 8. At the next meeting of the Township Committee after the sale of the Notes, the Chief Financial Officer is hereby authorized and directed to report, in writing, to the Township Committee, the principal amount, rate of interest and the name of the purchaser of the Notes.

Section 9. The Notes are ultimately payable from ad valorem taxes that shall be levied upon all taxable real property in the Township without limitation as to rate or amount.

Section 10. The Township hereby covenants that it will not make any use of the proceeds of the Notes or do or suffer any other action that would cause: (i) the Notes to be "arbitrage bonds" as such term is defined in Section 148(a) of the Internal Revenue Code of 1986, as amended ("Code"), and the Regulations promulgated thereunder; (ii) the interest on the Notes to be included in the gross income of the owners thereof for federal income taxation purposes; or (iii) the interest on the Notes to be treated as an item of tax preference under Section 57(a)(5) of the Code.

Section 11. The Township hereby covenants as follows: (i) it shall timely file, or cause to be filed, with the Internal Revenue Service, such information report or reports as may be required by Sections 148(f) and 149(e) of the Code; and (ii) it shall take no action that would cause the Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 12. The Township hereby covenants that it shall make, or cause to be made, the rebate required by Section 148(f) of the Code in the manner described in Treasury Regulation Sections 1.148-1 through 1.148-11, 1.149(b)-1, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2, as such regulations and statutory provisions may be modified insofar as they apply to the Notes.

Section 13. The Township hereby designates the Notes as "qualified tax-exempt obligations" as defined in and for the purposes of Section 265(b)(3) of the Code. For purposes of this designation, the Township hereby represents that: (i) during the period from January 1,

2011 through and including the date hereof, the Township has not issued or designated tax-exempt obligations in an amount which, when added to the aggregate principal amount of the Notes, exceeds \$10,000,000; and (ii) the Township reasonably anticipates that the amount of tax-exempt obligations to be issued by it during the period from January 1, 2011 to December 31, 2011, and the amount of obligations designated as "qualified tax-exempt obligations" by it, will not exceed \$10,000,000 when added to the aggregate principal amount of the Notes.

Section 14. All actions heretofore taken and documents prepared or executed by or on behalf of the Township by the Mayor, Chief Financial Officer, Township Clerk, Deputy Township Clerk, other Township officials or by the Township's professional advisors, in connection with the issuance and sale of the Notes are hereby ratified, confirmed, approved and adopted.

Section 15. The Mayor, Chief Financial Officer, Township Clerk and Deputy Township Clerk are each hereby authorized and directed to determine all matters and execute all documents and instruments in connection with the Notes not determined or otherwise directed to be executed by the Local Budget Law or by this or any subsequent resolution, and the signatures of the Mayor, Chief Financial Officer, Township Clerk or Deputy Township Clerk on such documents or instruments shall be conclusive as to such determinations.

Section 16. All other resolutions, or parts thereof, inconsistent herewith are hereby rescinded and repealed to the extent of any such inconsistency.

Section 17. This Resolution shall take effect immediately upon adoption this 22nd day of September, 2011.

TOWNSHIP OF SOUTH HARRISON

ATTEST:

JAMES McCALL, MAYOR

**NANCY E. KEARNS, RMC
TOWNSHIP CLERK**

CERTIFICATION

I hereby certify the above to be a true copy of a Resolution adopted by the Township Committee of the Township of South Harrison at the special meeting held on the 22nd day of September, 2011.

**NANCY E. KEARNS, RMC
TOWNSHIP CLERK**