

RESOLUTION OF THE BOARD OF EDUCATION OF THE TOWNSHIP OF MIDDLETOWN IN THE COUNTY OF MONMOUTH, NEW JERSEY (i) AUTHORIZING THE MAKING OF AN APPLICATION TO THE LOCAL FINANCE BOARD PURSUANT TO N.J.S.A. 18A:24-61 THROUGH 62 FOR APPROVAL TO ISSUE REFUNDING SCHOOL BONDS TO REFUND ALL OR A PORTION OF ITS OUTSTANDING 2001 SCHOOL BONDS AND (ii) APPROVING A REFUNDING SCHOOL BOND ORDINANCE IN CONNECTION THEREWITH

WHEREAS, in February 2001, the Board of Education of the Township of Middletown in the County of Monmouth, New Jersey (the “Board” when referring to the governing body and the “School District” when referring to the territorial boundaries governed by the Board) issued \$67,200,000 aggregate principal amount of tax-exempt refunding school bonds (the “2001 School Bonds”); and

WHEREAS, the 2001 School Bonds were issued to effect the advance refunding of the Board’s 1997 School Bonds dated April 15, 1997 and maturing in the years 2008 to and including 2027; and

WHEREAS, the Board has determined that the current tax-exempt interest rate environment may enable it to realize going-forward debt service savings for the School District property taxpayers through the issuance by the Board of Refunding School Bonds, Series 2009 (the “Refunding School Bonds”) to currently refund all or a portion of the principal amount of its outstanding 2001 School Bonds (the “Refunded Bonds”); and

WHEREAS, in efforts to realize such taxpayer savings, the Board now desires to adopt a refunding school bond ordinance (the “Refunding Bond Ordinance”) authorizing the issuance of the Refunding School Bonds in an aggregate principal amount not to exceed \$63,500,000, the net proceeds of which shall be used to refund the Refunded Bonds in accordance with their terms; and

WHEREAS, in accordance with the requirements of N.J.S.A. 18A:24-61 through 62, the Board has determined to make application (the “Application”) to the Local Finance Board within the Division of Local Government Services, New Jersey Department of Community Affairs (the “LFB”) for approval to adopt the Refunding Bond Ordinance and to issue the Refunding School Bonds (collectively, the “Refinancing”); and

WHEREAS, the Board believes that:

- (a) it is in the public interest to accomplish the Refinancing;
- (b) the Refinancing is for the health, wealth, convenience or betterment of the inhabitants of the School District;

(c) the amounts to be expended for the Refinancing are not unreasonable or exorbitant; and

(d) the Refinancing is an efficient and feasible means of reducing the costs of providing services for the needs of the inhabitants of the School District and will not create an undue financial burden to be placed upon such School District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE TOWNSHIP OF MIDDLETOWN IN THE COUNTY OF MONMOUTH, NEW JERSEY as follows:

Section 1. The preparation of the Application and the filing of same with the LFB for its approval are hereby approved, and the school officials and officers, including but not limited to, the Board President, the Superintendent, the Business Administrator/Board Secretary and any other Board representative, together with bond counsel, Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel") and Acacia Financial Group, Inc. ("Financial Advisor"), are each hereby authorized and directed to represent the Board in such matters pertaining thereto.

Section 2. The LFB is hereby respectfully requested to consider the Application and to record its findings, recommendations and/or approvals as provided by N.J.S.A. 18A:24-61 through 62.

Section 3. The Refunding Bond Ordinance attached hereto as Exhibit A is hereby approved. Bond Counsel is hereby authorized and directed to publish the required notice of pending ordinance for the Refunding Bond Ordinance in the School District's official newspaper, in the form and at the time required by N.J.S.A. 18A:24-61.4.

Section 4. This resolution shall take effect immediately.

The foregoing resolution was adopted on August 26, 2009 by the following roll call vote:

Recorded Vote

AYE:

NAY:

ABSTAIN:

ABSENT:

EXHIBIT A

REFUNDING BOND ORDINANCE OF THE BOARD OF EDUCATION OF THE TOWNSHIP OF MIDDLETOWN IN THE COUNTY OF MONMOUTH, NEW JERSEY PROVIDING FOR THE REFUNDING OF ALL OR A PORTION OF ITS 2001 SCHOOL BONDS ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$67,200,000 AND AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$63,500,000 PRINCIPAL AMOUNT OF REFUNDING SCHOOL BONDS, SERIES 2009 OF THE BOARD OF EDUCATION TO EFFECT SUCH REFUNDING

WHEREAS, in February 2001, the Board of Education of the Township of Middletown in the County of Monmouth, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) issued \$67,200,000 aggregate principal amount of tax-exempt refunding school bonds (the "2001 School Bonds"); and

WHEREAS, the 2001 School Bonds were issued to effect the advance refunding of the Board's 1997 School Bonds dated April 15, 1997 and maturing in the years 2008 to and including 2027; and

WHEREAS, the Board has determined that the current tax-exempt interest rate environment may enable it to realize going-forward debt service savings for the School District property taxpayers through the issuance by the Board of Refunding School Bonds, Series 2009 (the "Refunding School Bonds") to currently refund all or a portion of the principal amount of outstanding 2001 School Bonds (the "Refunded Bonds"); and

WHEREAS, in efforts to realize such taxpayer savings, the Board now desires to adopt a refunding school bond ordinance (the "Refunding Bond Ordinance") authorizing the issuance of the Refunding School Bonds in an aggregate principal amount not to exceed \$63,500,000, the net proceeds of which shall be used to refund the Refunded Bonds in accordance with their terms.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE TOWNSHIP OF MIDDLETOWN IN THE COUNTY OF MONMOUTH, NEW JERSEY (not less than two-thirds of all members thereof affirmatively concurring) AS FOLLOWS:

Section 1. The Board is hereby authorized to refund all or a portion of its outstanding 2001 School Bonds. The Refunded Bonds may be redeemed on any date on or after August 1, 2010 (the "Redemption Date") at the redemption price of par, plus accrued interest to the Redemption Date.

Section 2. In order to finance the cost of the purpose set forth in Section 1 hereof, the Board is hereby authorized to issue not to exceed \$63,500,000 aggregate principal amount of Refunding School Bonds, all in accordance with the requirements of N.J.S.A. 18A:24-61 through 62.

Section 3. An aggregate amount not exceeding \$500,000 may be allocated from the aggregate principal amount of the Refunding School Bonds to pay for the aggregate costs of issuance thereof, including bond insurance premiums, underwriting fees, official statement printing fees, public advertisement expenses, refunding verification agent fees, refunding escrow agent fees, bond counsel fees and other expenses in connection therewith.

Section 4. The purpose of the issuance of the Refunding School Bonds is to realize *net* present value interest cost savings for the School District property taxpayers ("*net*" meaning savings after payment of all costs of issuance of the Refunding School Bonds). Applicable State requirements mandate that such *net* present value interest cost savings equal at least 3% of the principal amount of the Refunded Bonds.

Section 5. A certified copy of this Refunding Bond Ordinance as adopted on first reading has been filed with the Director of the Division of Local Government Services in the New Jersey Department of Community Affairs (the "Director") prior to final adoption hereof, together with a complete statement in the form prescribed by such Director and signed by the Business Administrator/Board Secretary, as chief financial officer of the School District, as to the Refunded Bonds to be refinanced by the issuance of the Refunding School Bonds authorized herein.

Section 6. The Supplemental Debt Statement required by N.J.S.A. 18A:24-16 and N.J.S.A. 18A:24-61.4 has been duly prepared and filed in the Office of the Clerk of the Township of Middletown and in the Office of the Business Administrator/Board Secretary of the School District as of the date of approval of this Refunding Bond Ordinance and a complete executed duplicate thereof has been filed in the Office of the Director, and such Statement shows that the gross debt of the Township of Middletown is increased by \$3,350,000 as a result of the authorization of the Refunding School Bonds.

Section 7. The Board covenants to maintain the exclusion from gross income under Section 103(a) of the Internal Revenue Code of 1986, as amended, of the interest on all Refunding School Bonds issued under this Refunding Bond Ordinance.

Section 8. This Refunding Bond Ordinance shall take effect upon final adoption hereof, after the consent of the Local Finance Board has been endorsed upon a certified copy hereof.

The foregoing Refunding Bond Ordinance was introduced by the Board on August 26, 2009 by the following vote:

AYES:
NAYS:
ABSTENTIONS:
ABSENT:

CERTIFICATION

I, WILLIAM J. DOERING, Business Administrator/Board Secretary to The Board of Education of the Township of Middletown in the County of Monmouth, New Jersey, HEREBY CERTIFY that the resolution entitled, "RESOLUTION OF THE BOARD OF EDUCATION OF THE TOWNSHIP OF MIDDLETOWN IN THE COUNTY OF MONMOUTH, NEW JERSEY (i) AUTHORIZING THE MAKING OF AN APPLICATION TO THE LOCAL FINANCE BOARD PURSUANT TO N.J.S.A. 18A:24-61 THROUGH 62 FOR APPROVAL TO ISSUE REFUNDING SCHOOL BONDS TO REFUND ALL OR A PORTION OF ITS 2001 SCHOOL BONDS AND (ii) APPROVING A REFUNDING SCHOOL BOND ORDINANCE IN CONNECTION THEREWITH" has been duly adopted by the Board on August 26, 2009 and that the foregoing annexed extract from the minutes of a regular meeting of the Board duly called and held on August 26, 2009 has been compared by me with the original minutes as officially recorded in my office in the Minute Book of such Board 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 said Board this ____ day of _____, 2009.

WILLIAM J. DOERING,
Business Administrator/Board Secretary

(SEAL)