

**RESOLUTION OF THE BOARD OF EDUCATION OF THE TOWNSHIP OF MIDDLETOWN IN THE COUNTY OF MONMOUTH, NEW JERSEY, AUTHORIZING CERTAIN ACTIONS NECESSARY IN CONNECTION WITH THE SALE AND ISSUANCE OF NOT TO EXCEED \$63,500,000 AGGREGATE PRINCIPAL AMOUNT OF REFUNDING SCHOOL BONDS AND AUTHORIZING THE APPROPRIATE OFFICIALS TO DO ALL ACTS AND THINGS DEEMED NECESSARY AND ADVISABLE IN CONNECTION WITH THE SALE, ISSUANCE AND DELIVERY OF SAID BONDS**

**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 not exceeding \$63,500,000 in Refunding School Bonds, Series 2009 (the “Refunding School Bonds”) to currently refund all or a portion of its outstanding 2001 School Bonds (the “Refunded Bonds”); and

**WHEREAS**, the Board, pursuant to a refunding school bond ordinance (the “Refunding Bond Ordinance”) introduced on first reading by resolution of the Board on August 26, 2009, authorized the issuance of the Refunding School Bonds for the purpose of refunding the Refunded Bonds; and

**WHEREAS**, the Board, pursuant to a resolution duly adopted by the Board on August 26, 2009, authorized the filing of an application with the Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs (the “Local Finance Board”), in accordance with N.J.S.A. 18A:24-61 et seq., seeking the Local Finance Board’s consent to enact and adopt the Refunding Bond Ordinance and its endorsement to be placed thereon and to authorize the issuance of the Refunding School Bonds; and

**WHEREAS**, on September 9, 2009, the Local Finance Board considered and approved the Board’s application in connection with the issuance of the Refunding School Bonds and consented to the Board’s adoption and enactment of the Refunding Bond Ordinance; and

**WHEREAS**, on the date hereof, the Board has held a public hearing on the Refunding Bond Ordinance; and

**WHEREAS**, the Board has determined to issue and sell such Refunding School Bonds in accordance with the consent granted by the Local Finance Board; and

**WHEREAS**, the Board now desires to finally adopt the Refunding Bond Ordinance and to authorize certain actions in connection with the sale and issuance of the Refunding School Bonds.

**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 Refunding Bond Ordinance is hereby adopted and shall take effect immediately.

**SECTION 2.** The Refunding School Bonds are hereby authorized to be sold to, and the Board hereby appoints **[to be completed by September 23, 2009 after RFP process]**, to serve as the Underwriter(s) (the "Underwriter"), upon the terms set forth herein and set forth in its proposal to the Board.

**SECTION 3.** There is hereby delegated to the Business Administrator/Board Secretary, subject to the limitations contained herein and in consultation with Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Board ("Bond Counsel") and Acacia Financial Group, Inc., financial advisor to the Board (the "Financial Advisor") the power with respect to the Refunding School Bonds to determine and carry out the following:

a) the sale of the Refunding School Bonds at private sale, provided that the purchase price paid by the purchaser thereof shall not be less than ninety-five percent (95%) of the principal amount of the Refunding School Bonds so sold;

b) the principal amount of Refunding School Bonds to be issued, provided that (i) such amount shall not exceed \$63,500,000, and (ii) such amount shall not exceed the amount necessary to pay the costs of issuance associated with the Refunding School Bonds and to fund the deposit to the escrow fund as set forth in the Escrow Deposit Agreement (as defined herein) in an amount that, when invested, will be sufficient to provide for the timely payments required for the Refunded Bonds;

c) the maturity dates and the principal amount of each maturity of the Refunding School Bonds, provided that no Refunding School Bonds refunding the Refunded Bonds shall mature later than August 1, 2027.

d) the interest payment dates and the interest rates on the Refunding School Bonds, provided that the true interest cost on the Refunding School Bonds shall produce a present value debt service savings of at least three percent (3%) of the principal amount of the Refunded Bonds;

e) the denomination or denominations of and the manner of numbering and lettering the Refunding School Bonds, provided that all Refunding School Bonds of like maturity shall be identical in all respects, except as to denominations, amounts, numbers and letters;

f) provisions for the sale or exchange of the Refunding School Bonds and for the delivery thereof;

g) the form of the Refunding School Bonds shall be substantially in the form set forth in Exhibit A attached hereto, with such additions, deletions and omissions as may be necessary for the Board to market the Refunding School Bonds in accordance with the requirements of The Depository Trust Company, New York, New York, ("DTC") and the Purchase Contract (as defined herein);

h) the direction for the application and investment of the proceeds of the Refunding School Bonds; and

i) any other provisions deemed advisable by the Business Administrator/Board Secretary not in conflict with the provisions hereof.

The Business Administrator/Board Secretary shall execute a certificate evidencing the determinations or other actions taken pursuant to the authority granted hereunder, and any such certificate shall be conclusive evidence of the actions or determinations of the Business Administrator/Board Secretary as to the matters stated therein.

**SECTION 4.** The President and Vice-President of the Board are hereby authorized and directed to execute by manual or facsimile signature the Refunding School Bonds in the name of the Board and the corporate seal (or facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. The Business Administrator/Board Secretary is hereby authorized and directed to attest to such signature and to the affixing of said seal to the Refunding School Bonds.

**SECTION 5.** The Business Administrator/Board Secretary, in consultation with Bond Counsel and the Financial Advisor, is hereby authorized and directed to approve the Bond Purchase Contract (the "Purchase Contract") for the Refunding School Bonds, to be dated the date of sale of such Refunding School Bonds and to be executed by the Underwriter. The President, Vice-President and Business Administrator/Board Secretary are hereby authorized and directed on behalf of the Board to execute and deliver said Purchase Contract.

**SECTION 6.** The Business Administrator/Board Secretary, in consultation with Bond Counsel and the Financial Advisor, is hereby authorized to apply and qualify for the issuance of any policy of municipal bond insurance and to approve a Commitment for Municipal Bond Insurance (the “Commitment”) setting forth the terms and conditions (including premium charges) upon which a bond insurer proposes to issue its bond insurance policy covering the Refunding School Bonds. The Business Administrator/Board Secretary is hereby authorized and directed on behalf of the Board to execute and deliver said Commitment.

**SECTION 7.** The Business Administrator/Board Secretary, in consultation with Bond Counsel and the Financial Advisor, is hereby authorized and directed to approve the Escrow Deposit Agreement (the “Escrow Deposit Agreement”) with an escrow agent (the “Escrow Agent”) to be selected by the Business Administrator/Board Secretary, in consultation with Bond Counsel, with respect to the Refunded Bonds, to be dated the date of the closing on the Refunding School Bonds. The President and Vice-President of the Board are hereby authorized and directed to execute and deliver the Escrow Deposit Agreement in the name of the Board and the corporate seal (or facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. The Business Administrator/Board Secretary is hereby authorized and directed to attest to such signature and to the affixing of said seal to the Escrow Deposit Agreement. The Underwriter is hereby authorized to act as the agent and representative of the Board for the purpose of subscribing for the purchase of United States Treasury Securities – State and Local Government Series to be held by the Escrow Agent.

**SECTION 8.** The Business Administrator/Board Secretary is hereby authorized and directed to select a verification agent (the “Verification Agent”), if required, in consultation with Bond Counsel and the Financial Advisor, with respect to the Refunded Bonds. The Verification Agent shall prepare the verification report required to verify the sufficiency of the escrowed monies to refund the Refunded Bonds.

**SECTION 9.** It is hereby delegated to the Business Administrator/Board Secretary the authority to “deem final” (as defined under the Rule (as hereinafter defined)) a Preliminary Official Statement (the “Preliminary Official Statement”) and such official is hereby authorized and directed to execute and deliver a certificate to the Underwriter evidencing the same. The preparation and distribution by the Board, in consultation with Bond Counsel and counsel to the Underwriter, of a Preliminary Official Statement for the Refunding School Bonds to be used in connection with the marketing of such Refunding School Bonds, is hereby approved and any previous actions undertaken by various representatives and officers of the Board with respect thereto are hereby ratified and confirmed. Upon the sale of the Refunding School Bonds to the Underwriter, the Preliminary Official Statement shall be so modified by the Business Administrator/Board Secretary, in consultation with Bond Counsel, to reflect the effect of the pricing of the Refunding School Bonds and the Purchase Contract and any other revision not inconsistent with the substance thereof deemed necessary or advisable by Bond Counsel, and said Preliminary Official Statement as so modified shall constitute the final Official Statement (the “Official Statement”). The Business Administrator/Board Secretary is

authorized and directed on behalf of the Board to execute and deliver said Official Statement.

**SECTION 10.** The Board hereby covenants and agrees that it will comply with and carry out all of the provisions of a Continuing Disclosure Certificate (the "Certificate") which will set forth the obligation of the Board to file budgetary, financial and operating data on an annual basis and notices of certain enumerated events deemed material in accordance with the provision of the Rule. The Business Administrator/Board Secretary is hereby authorized and directed to execute and deliver this Certificate evidencing the Board's undertaking with respect to the Rule. Notwithstanding the foregoing, failure of the Board to comply with the Certificate shall not be considered a default on the Refunding School Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance to cause the Board to comply with its obligations hereunder.

**SECTION 11.** The President, Vice-President and Business Administrator/Board Secretary or any other appropriate officer or representative of the Board, are hereby authorized and directed to execute and deliver any and all documents and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this resolution, the Purchase Contract, the Certificate, the Escrow Deposit Agreement and the Commitment, and for the authorization, sale and issuance of the Refunding School Bonds. The execution by such officials and officers of any such documents, with changes, insertions or omissions approved by the Business Administrator/Board Secretary, in consultation with Bond Counsel, as hereinabove provided, shall be conclusive and no further ratification or other action by the Board shall be required with respect thereto.

**SECTION 12.** The Board hereby 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 the Refunding School Bonds.

**SECTION 13.** The Business Administrator/Board Secretary, in consultation with Bond Counsel and the Financial Advisor is hereby authorized and directed to select a paying agent for the Refunding School Bonds.

**SECTION 14.** All other resolutions adopted in connection with the Refunding School Bonds and inconsistent herewith are hereby rescinded to the extent of such inconsistency.

**SECTION 15.** This resolution shall take effect immediately.

The foregoing resolution was adopted by the following roll call vote on September 23, 2009.

**Recorded Vote**

**AYE:**

**NAY:**

**ABSTAIN:**

**ABSENT:**

**CERTIFICATION**

I, WILLIAM J. DOERING, Business Administrator/Board Secretary of The Board of Education of the Township of Middletown in the County of Monmouth, New Jersey (the "Board"), DO HEREBY CERTIFY that the annexed resolution entitled, "RESOLUTION OF THE BOARD OF EDUCATION OF THE TOWNSHIP OF MIDDLETOWN IN THE COUNTY OF MONMOUTH, NEW JERSEY, AUTHORIZING CERTAIN ACTIONS NECESSARY IN CONNECTION WITH THE SALE AND ISSUANCE OF NOT TO EXCEED \$63,500,000 AGGREGATE PRINCIPAL AMOUNT OF REFUNDING SCHOOL BONDS AND AUTHORIZING THE APPROPRIATE OFFICIALS TO DO ALL ACTS AND THINGS DEEMED NECESSARY AND ADVISABLE IN CONNECTION WITH THE SALE, ISSUANCE AND DELIVERY OF SAID BONDS", is a copy of a resolution which was duly adopted by the Board at a meeting duly called and held on September 23, 2009, in full compliance with the Open Public Meetings Act, N.J.S.A. 10:4-6 et seq., at which meeting a quorum was present and acting throughout and which resolution has been compared by me with the original thereof as contained in the minutes as officially recorded in my office in the Minute Book of the Board and is a true, complete and correct copy thereof and the aforesaid resolution has not been repealed, amended or rescinded but remains in full force and effect on and as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said Board this 23rd day of September, 2009.

(SEAL)

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**WILLIAM J. DOERING,  
Business Administrator/  
Board Secretary**

**EXHIBIT A**

Payment of this obligation is secured under the provisions of the "New Jersey School Bond Reserve Act" in accordance with which an amount equal to 1% of the aggregate outstanding bonded indebtedness (but not to exceed the moneys available in the fund), of New Jersey counties, municipalities and school districts for school purposes as of September 15 of each year, is held within the State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payments of principal and interest due on such bonds in the event of the inability of the issuer to make payment.

**REGISTERED  
NUMBER R-«number»**

**PRINCIPAL SUM  
\$«sum»**

**UNITED STATES OF AMERICA  
STATE OF NEW JERSEY  
THE BOARD OF EDUCATION OF THE  
TOWNSHIP OF MIDDLETOWN  
IN THE COUNTY OF MONMOUTH**

**REFUNDING SCHOOL BOND, SERIES 2009**

<b><u>DATE OF ORIGINAL ISSUE</u></b>	<b><u>MATURITY DATE</u></b>	<b><u>RATE OF INTEREST PER ANNUM</u></b>	<b><u>CUSIP NUMBER</u></b>
_____	_____, «date»	«rate»%	«cusip»

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) hereby acknowledges itself indebted and for value received promises to pay to CEDE & CO., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository (the "Securities Depository"), on the MATURITY DATE specified above, the PRINCIPAL SUM, and to pay interest on such sum from the DATE OF ORIGINAL ISSUE of this Bond until it matures at the RATE OF INTEREST PER ANNUM specified above on \_\_\_\_\_ and semi-annually thereafter on the \_\_\_\_\_ day of \_\_\_\_\_ and \_\_\_\_\_ in each year until maturity. Principal of and interest on this Bond will be paid to the Securities Depository by the Board or its duly appointed paying agent and will be credited to the participants of DTC, as listed on the records of DTC, as of each \_\_\_\_\_ and \_\_\_\_\_ next preceding the date of such payments (the "Record Dates" for such payments).

This Bond is not transferable as to principal or interest except to an authorized nominee of DTC. DTC shall be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of the interests among its participants. The participants are responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers.

The Bonds of this issue maturing prior to \_\_\_\_\_ are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after \_\_\_\_\_ are redeemable at the option of the Board of Education in whole or in part on any date on or after \_\_\_\_\_ upon notice as required herein at one-hundred percent (100%) of the principal amount thereof (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of Redemption ("Notice of Redemption") shall be given by mailing at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board of Education or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Board of Education determines to redeem a portion of the Bonds prior to maturity, such Bonds to be redeemed shall be selected by the Board of Education; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

This Bond is one of an authorized issue of Bonds and is issued pursuant to: (i) title 18A of the New Jersey Statutes, as amended and supplemented; (ii) a refunding bond ordinance enacted and adopted by the Board on September 23, 2009; and (iii) a resolution adopted by the Board on September 23, 2009 (the "Authorization Proceedings"). The Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs consented to the adoption and enactment of the Refunding Bond Ordinance for this Bond on September 9, 2009. The full faith and credit of the School District 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 School District, is within every debt and other limit prescribed by such Constitution or statutes.

IN WITNESS WHEREOF, THE BOARD OF EDUCATION OF THE TOWNSHIP OF MIDDLETOWN 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 President, its corporate seal to be hereunto imprinted or affixed, this Bond and the seal to be attested by the manual signature of its Business Administrator/Board Secretary, and this Bond to be dated the DATE OF ORIGINAL ISSUE as specified above.

**THE BOARD OF EDUCATION OF THE  
TOWNSHIP OF MIDDLETOWN IN THE  
COUNTY OF MONMOUTH, NEW  
JERSEY**

**(SEAL)**

**By:** \_\_\_\_\_  
**LAURA AGIN,**  
**President**

**ATTEST:**

**By:** \_\_\_\_\_  
**WILLIAM J. DOERING,**  
**Business Administrator/Board Secretary**