

**BOROUGH OF HIGHLANDS**  
**Mayor & Council**  
**Special Meeting**  
**January 13, 2014**

**Meeting Location: Municipal Trailer, 42 Shore Drive, Highlands 07732**

Ms. Kane called the meeting to order at 9:32 a.m.

Mrs. Cummins read through the following statement: As per requirement of P.L. 1975, Chapter 231. Notice is hereby given that this is a Work Shop/Regular Meeting of the Mayor & Council of the Borough of Highlands and all requirements have been met. Notice has been transmitted to the Asbury Park Press and the Two River Times. Notice has been posted on the public bulletin board.

Mayor Nolan asked all to stand for the Pledge of Allegiance.

**ROLL CALL:**

**AYES:** Ms. Ryan, Mr. Francy, Ms. Kane  
**NAYES:** None  
**ABSENT:** Mr. Redmond, Mayor Nolan  
**ABSTAIN:** None

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**Resolutions:**

**R-14-31 – Resolution Approving Temporary Capital Budget**

Mrs. Cummins read the title of R-14-31.

Ms. Kane offered the following Resolution and moved its adoption:

**BOROUGH OF HIGHLANDS**  
**COUNTY OF MONMOUTH**

**R-14-31**

**TEMPORARY CAPITAL BUDGET**

**WHEREAS**, the Borough of Highlands desires to constitute the 2014 Temporary Capital Budget of the Borough of Highlands by inserting therein various capital projects,

**NOW, THEREFORE, BE IT RESOLVED** the Governing Body of the Borough of Highlands as follows:

Section 1. The 2014 Temporary Capital Budget of the Borough of Highlands is hereby constituted by the adoption of a schedule to read as follows:

Temporary Capital Budget Borough of Highlands County of Monmouth, New Jersey				
Projects Scheduled for 2014				
	Estimated	Capital		
	Costs	Improvement	Other	Debt
Project		Fund	Funds	Authorized
<hr/>				
Dissolution of the Atlantic Highlands-Highlands Regional Sewerage Authority Project # SU-14-01	\$ 5,731,272			\$5,731,272

Section 2. The Borough Clerk be and is authorized and directed to file a certified copy of this resolution with the Division of Local Government Services, within three days after the adoption of these projects for the 2014 Temporary Capital Budget, to be included in the 2014 Permanent Capital Budget as adopted.

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Seconded by Ms. Ryan and adopted on the following roll call vote:

**ROLL CALL:**

**AYES:** Ms. Ryan, Mr. Francy, Ms. Kane  
**NAYES:** None  
**ABSENT:** Mr. Redmond, Mayor Nolan  
**ABSTAIN:** None

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**Ordinances: On for Introduction & Setting of a Public Hearing Date of February 5, 2014:**

**O-14-01 – Ordinance Dissolving the AHHRSA**

Mrs. Cummins read the title of Ordinance O-14-01 on for introduction and setting of a public hearing for February 5, 2014.

**Ms. Kane offered the following Ordinance and moved on its introduction and setting of a public hearing date of February 5, 2014 at 8:00 p.m. and authorized its publication according to law:**

**O-14-01**

**AN ORDINANCE OF THE BOROUGH OF HIGHLANDS, IN THE  
COUNTY OF MONMOUTH, NEW JERSEY, DISSOLVING THE  
ATLANTIC HIGHLANDS - HIGHLANDS REGIONAL SEWERAGE  
AUTHORITY PURSUANT TO N.J.S.A. 40A:5A-20**

**WHEREAS**, the governing body of the Borough of Highlands, in the County of Monmouth, New Jersey ("Highlands"), by ordinance duly adopted by Highlands on May 21, 1968, and the governing body of the Borough of Atlantic Highlands, in the County of Monmouth, New Jersey ("Atlantic Highlands"), by ordinance duly adopted by Atlantic Highlands on March 26, 1968 jointly created the Atlantic Highlands - Highlands Regional Sewerage Authority (the "Authority"), in accordance with the "Sewerage Authorities Law", constituting Chapter 138 of the Pamphlet Laws of 1946 of the State (codified at N.J.S.A. 40:14A-1 et seq.), as the same may from time to time be amended and supplemented (the "Act"); and

**WHEREAS**, the Authority is responsible for the ownership, operation and maintenance of two pump stations, one in each of Highlands and Atlantic Highlands, force mains between the two pump stations and force mains from the pump station in Atlantic Highlands to the discharge point at the Township of Middletown Sewerage Authority ("TOMSA") trunkline (collectively, the "System"); and

**WHEREAS**, the collection systems located in Highlands and Atlantic Highlands are owned by each of Highlands and Atlantic Highlands, respectively; and

**WHEREAS**, in order to fund various capital improvements to the System, or refund outstanding bonds originally issued to fund such various capital improvements, the Authority has previously issued the following outstanding debt:

1. \$741,673.76 outstanding principal amount of Sewer Revenue Bonds, Series 2010, consisting of \$195,000 outstanding principal amount of Sewer Revenue Bonds, Series 2010A (the "Series 2010A Bonds"), issued to the New Jersey Environmental Infrastructure Trust (the "NJEIT") and \$546,673.76 outstanding principal amount of Sewer Revenue Bonds, Series 2010B (the "Series 2010B Bonds" and, together with the Series 2010A Bonds, the "Series 2010 Bonds"), issued to the State of New Jersey, Acting by and through the Department of Environmental Protection;
2. \$7,140,000 outstanding principal amount of Sewer Revenue Refunding Bonds, Series 2011, dated and issued on or about January 24, 2011 and maturing on

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January 15 in each of the years 2015 through 2032, inclusive (the "Series 2011 Bonds"), issued to the Monmouth County Improvement Authority County-Guaranteed Pooled Loan Program; and

3. \$2,833,082 New Jersey Environmental Infrastructure Trust Interim Financing Note, dated and issued on August 22, 2013 to the NJEIT, maturing on May 21, 2014, and bearing interest at a rate of zero per centum (0.00%) per annum (the "Interim Note" and, together with the Series 2010 Bonds and the Series 2011 Bonds, the "Authority Debt"); and

**WHEREAS**, the Authority Debt is secured by, among other things, Revenues (as defined in the Authority's resolution adopted October 2, 1986, as amended and supplemented (the "General Bond Resolution")), and a Service Contract dated October 6, 1970, as amended and supplemented (the "Service Contract"), by and among Highlands, Atlantic Highlands and the Authority, which Service Contract requires each of Highlands and Atlantic Highlands to make certain payments to the Authority from any available funds, including from the levy of *ad valorem* taxes upon all the taxable real property within Highlands and Atlantic Highlands, respectively; and

**WHEREAS**, Highlands, after a careful examination and analysis, has determined that it is in the best interests of the residents of Highlands to dissolve the Authority; and

**WHEREAS**, Atlantic Highlands, after a careful examination and analysis, has determined that it is in the best interests of the residents of Atlantic Highlands to dissolve the Authority; and

**WHEREAS**, Highlands has determined that dissolving the Authority will provide substantial annual operating savings to Highlands and will allow Highlands full control of the portion of the System that services the residents of Highlands and others (the "Highlands System"); and

**WHEREAS**, Highlands has further determined that dissolving the Authority will not materially impact the residents of Highlands nor the financial operations of Highlands, as Highlands has previously created a separate sewer utility within its municipal budget and has always collected service fees from residents through the utility and paid Highlands obligations to the Authority through such utility; and

**WHEREAS**, section 20 of the Local Authorities Fiscal Control Law (the "Fiscal Control Law") grants to a municipality the power to dissolve an authority, by ordinance, provided that the ordinance makes adequate provision for the payment of all creditors or obligees of the authority and further makes adequate provision for the assumption of services provided by the authority which are necessary for the health, safety and welfare of the recipients of such services; and

**WHEREAS**, Highlands desires to assume fifty-two percent (52.0%) of the Authority Debt payment obligations, as calculated and shown in **Exhibit A** attached hereto (the "Highlands Debt"), as well as to assume fifty-two percent (52.0%) of any outstanding payment obligations of the Authority as of the Effective Date; and

**WHEREAS**, in addition to the Authority Debt and any outstanding payment obligations, the Authority owns various property and assets, including but not limited to a building located on Block 118, Lot 2.02 of the tax maps of Atlantic Highlands (the "Authority Building") and a sport utility vehicle (the "Authority Vehicle"); and

**WHEREAS**, Highlands further desires to assume all of the rights, duties, and obligations of the Authority with respect to the Highlands System, and to assume the provision of those services provided by the Authority that are necessary for the health, safety and welfare of the recipients of such services within Highlands; and

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**WHEREAS**, Highlands further desires to negotiate and enter into a service contract with TOMSA, if necessary, on terms substantially similar to those contained in the existing service contract by and between the Authority and TOMSA, with respect to that portion of the Highlands System that provides flow to TOMSA; and

**WHEREAS**, Highlands, in conjunction with Atlantic Highlands, desires to dissolve the Authority in accordance with, and in fulfillment of, the provisions of N.J.S.A. 40A:5A-20.

**NOW, THEREFORE, BE IT ORDAINED**, by the Borough Council of the Borough of Highlands, in the County of Monmouth, State of New Jersey, as follows:

**Section 1.** Dissolution. Highlands hereby dissolves the Authority, subject to the approval of such dissolution by Atlantic Highlands and further subject to the terms and conditions hereof.

**Section 2.** Transfer of Title to Highlands of Authority Property and Facilities. Upon the effective date of the dissolution as set forth in Section 5 of this ordinance (the "Effective Date"), (i) the Highlands System and (ii) certain real and personal property, including but not limited to the property, facilities, contracts, leases and agreements of the Authority and certain monies and funds held by or for the Authority designated as being transferred to Highlands, as such designation is agreed to by both Highlands and Atlantic Highlands, which designation shall reflect a division fifty-two percent (52.0%) to Highlands and forty-eight percent (48.0%) to Atlantic Highlands of such real and personal property, or as close to such percentages as is equitably possible, except for the Authority Vehicle which is being conveyed in its entirety to Highlands and the Authority Building, which is being conveyed in its entirety to Atlantic Highlands, shall be deemed transferred to and become the property of Highlands (collectively, the "Highlands Property"). The existing officers of the Authority are hereby authorized and directed to execute any documents or instruments necessary to transfer legal title to the Highlands System and Highlands Property upon the Effective Date. At least one copy of all applicable documents and records of the Authority shall be delivered to the Highlands Clerk prior to the Effective Date.

**Section 3.** Payment of All Creditors and Obligees. Upon the Effective Date, Highlands and Atlantic Highlands shall initially jointly assume certain legal obligations to all existing and outstanding creditors and obligees of the Authority, subject to the specific terms and conditions of such obligations. It is the intention of Highlands and Atlantic Highlands that, immediately upon the Effective Date, Atlantic Highlands will pay such existing and outstanding creditors from Authority funds, to the extent available, and will thereafter divide any remaining funds fifty-two percent (52.0%) to Highlands and forty-eight percent (48.0%) to Atlantic Highlands (such share to Highlands shall be considered part of the Highlands Property). The Highlands Debt shall be debt of Highlands, payable by Highlands out of the first funds becoming legally available to Highlands, but if not otherwise available, then from the levy of *ad valorem* taxes upon all the taxable real property located in Highlands.

**Section 4.** Assumption of Services Provided by the Authority. Upon the Effective Date, Highlands shall become successor to the Authority on the Highlands Property; provided, that Highlands shall not be required to, nor shall it assume the obligation to employ any of the Authority's employees or administrators nor shall it assume any professional service contracts, all of whom and all of which, respectively, shall be terminated as of the Effective Date.

**Section 5.** Effective Date of Dissolution. The dissolution of the Authority shall take effect at 11:59 p.m., Eastern Standard Time, on March 31, 2014.

**Section 6.** Nature of Obligations Assumed; Limitation on Liability. Highlands assumes (i) the Highlands System and (ii) the Highlands Property, subject to the same terms, conditions, rights, responsibilities, obligations and limitations applicable to the Authority, and such assumption by Highlands shall not create, express or implied, any additional, extended, enhanced or modified obligation, liability, right or remedy of any party to any such contracts, leases and agreements.

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**Section 7.** Authorization of Highlands and Authority to Take all Necessary Action and to Execute Documents for the Provision of Treatment Services. (a) The Mayor, Business Administrator, Chief Financial Officer, Clerk and other Highlands officers, as directed by the Mayor and/or Business Administrator, are hereby authorized and directed to take any and all steps necessary to effectuate the purposes of this ordinance. The members of the Authority, its officers, employees, engineers, accountants, counsels and consultants are hereby authorized and directed to take all steps necessary to effectuate the purposes of this ordinance.

(b) The Mayor, Business Administrator, Chief Financial Officer, Clerk and other Highlands officers, as directed by the Mayor and/or Business Administrator, are hereby authorized and directed to negotiate, enter into and execute (i) a service contract with TOMSA on substantially similar terms contained in the existing service contract by and between the Authority and TOMSA, and substantially in the form on file in the office of the Clerk of Highlands, with such additions, deletions and modifications as determined necessary by such Highlands officer after consultation with counsel to Highlands and (ii) if necessary, a service contract and/or a shared services contract with Atlantic Highlands, each to provide for treatment services and water pollution control facilities necessary to preserve and maintain the water quality of Highlands in accordance with Federal, state and local requirements for the benefit of the residents of Highlands.

**Section 8.** Approval of Local Finance Board; Filing. This ordinance shall be submitted to, and approved by, the Local Finance Board in the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Local Finance Board") prior to final adoption in accordance with the requirements of N.J.S.A. 40A:5A-20 and the final adoption of this ordinance by Highlands shall represent conclusive proof of the fact that this ordinance has received the approval of the Local Finance Board. Immediately upon adoption of this ordinance, this ordinance shall be filed with the Local Finance Board and with the Secretary of State of the State of New Jersey, in accordance with N.J.S.A. 40A:5A-20.

**Section 9.** Severability. If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be unconstitutional or invalid by any court of competent jurisdiction, such decision shall not affect the remaining portions of this ordinance.

**Section 10.** Repeal of All Inconsistent Ordinances. All ordinances of Highlands which are inconsistent with the provisions of this ordinance are hereby repealed to the extent of such inconsistency.

**Section 11.** Effective Date. This ordinance shall take effect immediately upon adoption and shall not be subject to referendum, provided, however, that the Local Finance Board has approved this ordinance in accordance with N.J.S.A. 40A:5A-20.

Seconded by Mr. Francy and introduced on the following roll call vote:

**ROLL CALL:**

**AYES:** Ms. Ryan, Mr. Francy, Ms. Kane  
**NAYES:** None  
**ABSENT:** Mr. Redmond, Mayor Nolan  
**ABSTAIN:** None

**O-14-02 – Ordinance – Bond Ordinance for AHHRSA Obligations Post Dissolution:**

Mrs. Cummins read the title of Ordinance O-14-02 on for introduction and setting of a public hearing date of February 5, 2014.

Ms. Kane offered the following Bond Ordinance and moved on its introduction and setting of a public hearing date of February 5, 2014 at 8:00 p.m. and authorized its publication according to law:

**O-14-02**

**BOND ORDINANCE OF THE BOROUGH OF HIGHLANDS, IN THE  
COUNTY OF MONMOUTH, NEW JERSEY, IN FURTHERANCE OF**

**BOROUGH OF HIGHLANDS**

**Mayor & Council**

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**THE DISSOLUTION OF THE ATLANTIC HIGHLANDS - HIGHLANDS REGIONAL SEWERAGE AUTHORITY, APPROPRIATING \$5,731,272 THEREFOR AND AUTHORIZING NOT TO EXCEED \$5,731,272 PRINCIPAL AMOUNT OF BONDS OR NOTES IN CONNECTION THEREWITH**

**WHEREAS**, the governing body of the Borough of Highlands, in the County of Monmouth, New Jersey ("Highlands"), by ordinance duly adopted by Highlands on May 21, 1968, and the governing body of the Borough of Atlantic Highlands, in the County of Monmouth, New Jersey ("Atlantic Highlands"), by ordinance duly adopted by Atlantic Highlands on March 26, 1968 jointly created the Atlantic Highlands - Highlands Regional Sewerage Authority (the "Authority"), in accordance with the "Sewerage Authorities Law", constituting Chapter 138 of the Pamphlet Laws of 1946 of the State (codified at N.J.S.A. 40:14A-1 et seq.), as the same may from time to time be amended and supplemented (the "Act"); and

**WHEREAS**, the Authority is responsible for the ownership, operation and maintenance of two pump stations, one in each of Highlands and Atlantic Highlands, force mains between the two pump stations and force mains from the pump station in Atlantic Highlands to the discharge point at the Township of Middletown Sewerage Authority ("TOMSA") trunkline (collectively, the "System"); and

**WHEREAS**, the collection systems located in Highlands and Atlantic Highlands are owned by each of Highlands and Atlantic Highlands, respectively; and

**WHEREAS**, in order to fund various capital improvements to the System, or refund outstanding bonds originally issued to fund such various capital improvements, the Authority has previously issued the following outstanding debt:

4. \$741,673.76 outstanding principal amount of Sewer Revenue Bonds, Series 2010, consisting of \$195,000 outstanding principal amount of Sewer Revenue Bonds, Series 2010A (the "Series 2010A Bonds"), issued to the New Jersey Environmental Infrastructure Trust (the "NJEIT") and \$546,673.76 outstanding principal amount of Sewer Revenue Bonds, Series 2010B (the "Series 2010B Bonds" and, together with the Series 2010A Bonds, the "Series 2010 Bonds"), issued to the State of New Jersey, Acting by and through the Department of Environmental Protection;
5. \$7,140,000 outstanding principal amount of Sewer Revenue Refunding Bonds, Series 2011, dated and issued on or about January 24, 2011 and maturing on January 15 in each of the years 2015 through 2032, inclusive (the "Series 2011 Bonds"), issued to the Monmouth County Improvement Authority County-Guaranteed Pooled Loan Program; and
6. \$2,833,082 New Jersey Environmental Infrastructure Trust Interim Financing Note, dated and issued on August 22, 2013 to the NJEIT, maturing on May 21, 2014, and bearing interest at a rate of zero per centum (0.00%) per annum (the "Interim Note" and, together with the Series 2010 Bonds and the Series 2011 Bonds, the "Authority Debt"); and

**WHEREAS**, the Authority Debt is secured by, among other things, Revenues (as defined in the Authority's resolution adopted October 2, 1986, as amended and supplemented (the "General Bond Resolution")), and a Service Contract dated October 6, 1970, as amended and supplemented (the "Service Contract"), by and among Highlands, Atlantic Highlands and the Authority, which Service Contract requires each of Highlands and Atlantic Highlands to make certain payments to the Authority from any available funds, including from the levy of *ad valorem* taxes upon all the taxable real property within Highlands and Atlantic Highlands, respectively; and

**WHEREAS**, Highlands, after a careful examination and analysis, has determined that it is in the best interests of the residents of Highlands to dissolve the Authority; and

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**WHEREAS**, Atlantic Highlands, after a careful examination and analysis, has determined that it is in the best interests of the residents of Atlantic Highlands to dissolve the Authority; and

**WHEREAS**, Highlands has determined that dissolving the Authority will provide substantial annual operating savings to Highlands and will allow Highlands full control of the portion of the System that services the residents of Highlands and others (the "Highlands System"); and

**WHEREAS**, Highlands has further determined that dissolving the Authority will not materially impact the residents of Highlands nor the financial operations of Highlands, as Highlands has previously created a separate sewer utility within its municipal budget and has always collected service fees from residents through the utility and paid Highlands obligations to the Authority through such utility; and

**WHEREAS**, section 20 of the Local Authorities Fiscal Control Law (the "Fiscal Control Law") grants to a municipality the power to dissolve an authority, by ordinance, provided that the ordinance makes adequate provision for the payment of all creditors or obligees of the authority and further makes adequate provision for the assumption of services provided by the authority which are necessary for the health, safety and welfare of the recipients of such services; and

**WHEREAS**, by ordinance of Highlands, entitled, "AN ORDINANCE OF THE BOROUGH OF HIGHLANDS, IN THE COUNTY OF MONMOUTH, NEW JERSEY, DISSOLVING THE ATLANTIC HIGHLANDS - HIGHLANDS REGIONAL SEWERAGE AUTHORITY PURSUANT TO N.J.S.A. 40A:5A-20" (the "Highlands Dissolution Ordinance"), and by a parallel ordinance of Atlantic Highlands, entitled, "AN ORDINANCE OF THE BOROUGH OF ATLANTIC HIGHLANDS, IN THE COUNTY OF MONMOUTH, NEW JERSEY, DISSOLVING THE ATLANTIC HIGHLANDS - HIGHLANDS REGIONAL SEWERAGE AUTHORITY PURSUANT TO N.J.S.A. 40A:5A-20" (the "Atlantic Highlands Dissolution Ordinance"), Highlands and Atlantic Highlands have dissolved the Authority, subject to the terms and conditions of the Highlands Dissolution Ordinance and the Atlantic Highlands Dissolution Ordinance; and

**WHEREAS**, pursuant to the Fiscal Control Law and the applicable provisions of the Local Bond Law, N.J.S.A. 40A:2-1 at seq. (the "Local Bond Law"), Highlands is authorized to assume all or a certain portion of the outstanding debt of the Authority and/or issue obligations in furtherance of the dissolution of the Authority; and

**WHEREAS**, Highlands, as part of the dissolution of the Authority and in connection with the provision for the payment of all creditors or obligees of the Authority, has initially assumed the responsibility for and payment of fifty-two percent (52.0%) of the Authority Debt payment obligations, as calculated and shown in Exhibit A attached hereto (the "Highlands Debt"); and

**WHEREAS**, Highlands has further determined to authorize the issuance of bonds and, in anticipation thereof, bond anticipation notes to (i) currently refund Highlands' portion of the Interim Note, in the amount of \$1,473,203 (which amount is included in the Highlands Debt), and (ii) provide new money in the amount of \$159,597 to finance the cost (as defined in the Act) of capital improvements to the System not previously financed by the issuance of the Interim Note (together, the "2014 NJEIT Project").

**NOW, THEREFORE, BE IT ORDAINED**, by the Borough Council of the Borough of Highlands, in the County of Monmouth, New Jersey (not less than two-thirds of all members thereof affirmatively concurring), as follows:

**Section 1.** Highlands hereby initially assumes the responsibility for and payment of the Highlands Debt (in the aggregate principal amount of \$5,571,675). Highlands hereby determines that the initial assumption by Highlands of the Highlands Debt is a cost effective

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means of meeting such obligations.

**Section 2.** Highlands is hereby authorized to issue bonds and, in anticipation thereof, bond anticipation notes, in order to finance and re-finance the 2014 NJEIT Project as and when it deems appropriate and to evidence the assumption of the Highlands Debt, in order to provide for such financing and re-financing, and the costs of issuance associated therewith, Highlands hereby appropriates the aggregate amount of \$5,731,272 (consisting of Highlands' portion of the Interim Note, in the amount of \$1,473,203, the balance of the Highlands Debt, in the amount of \$4,098,472, plus new money in the amount of \$159,597), and authorizes the issuance of such bonds and bond anticipation notes in one or more series in the aggregate principal amount of not exceeding \$5,731,272. As provided in N.J.S.A. 40A:5A-20, no down payment is required in connection with this bond ordinance.

**Section 3.** All bond anticipation notes issued hereunder shall mature at such times as may be determined by the chief financial officer; provided that no bond anticipation note shall mature later than one year from its date. The bond anticipation notes shall bear interest at such rate or rates and be in such form as may be determined by the chief financial officer. The chief financial officer shall determine all matters in connection with bond anticipation notes issued pursuant to this bond ordinance, and the chief financial officer's signature upon the bond anticipation notes shall be conclusive evidence as to all such determinations. All bond anticipation notes issued hereunder may be renewed from time to time subject to the provisions of the Local Bond Law. The chief financial officer is hereby authorized to sell part or all of the bond anticipation notes from time to time at public or private sale and to deliver them to the purchasers thereof upon receipt of payment of the purchase price plus accrued interest from their dates to the date of delivery thereof. The chief financial officer is directed to report in writing to the governing body at the meeting next succeeding the date when any sale or delivery of the bond anticipation notes pursuant to this bond ordinance is made. Such report must include the amount, the description, the interest rate and the maturity schedule of the bond anticipation notes sold, the price obtained and the name of the purchaser.

**Section 4.** Highlands hereby certifies that it has adopted a capital budget or a temporary capital budget, as applicable. The capital or temporary capital budget of Highlands is hereby amended to conform with the provisions of this bond ordinance to the extent of any inconsistency herewith. To the extent that the purposes authorized herein are inconsistent with the adopted capital or temporary capital budget, a revised capital or temporary capital budget has been filed with the Division of Local Government Services.

**Section 5.** The following additional matters are hereby determined, declared, recited and stated:

(a) The purpose described in Section 1 hereof is authorized to be undertaken by Highlands as a result of the dissolution of the Authority and is an authorized purpose for which the bonds or notes may be issued. No part of the cost thereof has been or shall be specially assessed on property specially benefited thereby.

(b) The period of usefulness of the bonds issued in furtherance of the dissolution of the Authority is not exceeding 40 years from the date of issuance of such bonds.

(c) The Supplemental Debt Statement required by the Local Bond Law has been duly prepared and filed in the office of the Clerk, and a complete executed duplicate thereof has been filed in the office of the Director of the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey. Such statement shows that the gross debt of Highlands as defined in the Local Bond Law is increased by the authorization of the bonds and notes provided in this bond ordinance by \$5,731,272, but that the net debt of Highlands is not increased by this bond ordinance, as \$5,571,675 of such bonds and notes authorized may be deducted as provided in section 20 of the Fiscal Affairs Law and Section 5(e) hereof, and \$159,597 of such bonds and notes authorized may be deducted as provided in Section 5(f) hereof. The obligations authorized herein will be within all debt limitations prescribed by the Fiscal Affairs Law and the Local Bond Law.



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(d) No amount for items of expense listed in and permitted under N.J.S.A. 40A:2-20 is included in the estimated cost indicated herein for the purpose described in Section 1 hereof.

(e) This bond ordinance authorizes obligations of Highlands in the amount of \$5,571,675 solely for a purpose described in N.J.S.A. 40A:2-7(d). This purpose is in the public interest and is for the health, welfare, convenience or betterment of the inhabitants of Highlands. The amounts to be expended for this purpose pursuant to this bond ordinance are not unreasonable or exorbitant, and the issuance of the obligations authorized by this bond ordinance will not materially impair the credit of Highlands or substantially reduce its ability to pay punctually the principal of and the interest on its debts and to supply other essential public improvements and services. The Local Finance Board in the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Local Finance Board"), has heretofore made a determination to this effect and has caused its consent to be endorsed upon a certified copy of this bond ordinance as passed upon first reading.

(f) This bond ordinance authorizes obligations of Highlands in the amount of \$159,597 solely for purposes described in N.J.S.A. 40A:2-7(h). Such amount of the obligations authorized herein are to be issued for a purpose that is deemed to be self-liquidating pursuant to N.J.S.A. 40A:2-47(a) and are deductible from gross debt pursuant to N.J.S.A. 40A:2-44(c).

**Section 6.** The chief financial officer of Highlands is hereby authorized to prepare and to update from time to time as necessary a financial disclosure document to be distributed in connection with the sale of obligations of Highlands and to execute such disclosure document on behalf of Highlands. The chief financial officer is further authorized to enter into the appropriate undertaking to provide secondary market disclosure on behalf of Highlands pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") for the benefit of holders and beneficial owners of obligations of Highlands and to amend such undertaking from time to time in connection with any change in law, or interpretation thereof, provided such undertaking is and continues to be, in the opinion of a nationally recognized bond counsel, consistent with the requirements of the Rule. In the event that Highlands fails to comply with its undertaking, Highlands shall not be liable for any monetary damages, and the remedy shall be limited to specific performance of the undertaking.

**Section 7.** The full faith and credit of Highlands are hereby pledged to the punctual payment of the principal of and the interest on (a) the Highlands Debt, upon assumption of same by Highlands as and to the extent set forth in **Exhibit A** attached hereto and (b) the bonds and bond anticipation notes authorized by this bond ordinance. The Highlands Debt and the bonds and bond anticipation notes authorized herein shall be direct, unlimited obligations of Highlands, and Highlands shall be obligated to levy *ad valorem* taxes upon all the taxable real property within Highlands for the payment of the Highlands Debt and the bonds and bond anticipation notes authorized herein and the interest thereon without limitation as to rate or amount.

**Section 8.** If any section, subsection, sentence, clause or phrase of this bond ordinance is for any reason held to be unconstitutional or invalid by any court of competent jurisdiction, such decision shall not affect the remaining portions of this bond ordinance.

**Section 9.** This bond ordinance shall take effect immediately upon adoption and shall not be subject to referendum, provided, however, that the Local Finance Board has approved this bond ordinance in accordance with N.J.S.A. 40A:5A-20.

Seconded by Mr. Francy and introduced on the following roll call vote:

**ROLL CALL:**

**AYES:** Ms. Ryan, Mr. Francy, Ms. Kane

**NAYES:** None

**ABSENT:** Mr. Redmond, Mayor Nolan

**ABSTAIN:** None

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**Public Portion:**

There were no questions.

Ms. Kane offered a motion to adjourn, seconded by Ms. Ryan and all were in favor.

The Meeting adjourned at 9:35 a.m.

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Debby Dailey, Deputy Clerk

HIGHLANDSNJ.COM