

February 12, 2014

Stephen J. Pfeffer
Chief Financial Officer
Borough of Highlands
42 Shore Drive
Highlands, NJ 07732

Re: \$50,000/\$50,000 Supplemental Bond Ordinance

Dear Steve:

In accordance with your request, I have prepared and enclose herewith a form of supplemental bond ordinance providing for replacement of force mains. The bond ordinance should be adopted in accordance with the usual procedure set forth below for your convenience.

Please note that, pursuant to Local Finance Board Notice 2013-03, dated January 4, 2013, all Supplemental Debt Statements must be prepared electronically using the new form of Supplemental Debt Statement provided by the Division of Local Government Services, and must be filed with the Division of Local Government Services electronically. The Supplement Debt Statement should be prepared on the date of introduction of the bond ordinance and sent to the Clerk on that same date. The Supplemental Debt Statement should also be filed electronically with the Division of Local Government Services prior to final adoption of the bond ordinance. Please retain a copy of the electronic receipt sent to you by the Division of Local Government Services, as we will need a copy for our records. In order to comply with the capital budget regulations, the bond ordinance contains a provision amending the capital budget to the extent of any inconsistency with the bond ordinance and it should be sent to Trenton and filed along with the resolution of the governing body in the form required by the Local Finance Board showing the details of the amended capital budget. It will not be necessary to publish the resolution.

The bond ordinance may be introduced and read by title only and adopted by a majority of the members of the governing body present, assuming a quorum. After introduction, the Notice of Pending Bond Ordinance and Summary must be published in the local newspaper, a form of which I have enclosed for your use. Also, the bond ordinance should be posted on the bulletin board customarily used for notices, together with the Notice of Pending Bond Ordinance and Summary, and copies of the bond ordinance should be made available to anyone who requests them of the Clerk after introduction.

The bond ordinance can be considered for final adoption not less than ten days after introduction and not less than seven days after the publication of the Notice of Pending

Bond Ordinance and Summary. If the bond ordinance has been posted and copies made available as indicated above, the bond ordinance can be read at the second hearing by title only. If the bond ordinance posting procedure has not been followed, the bond ordinance must be read in full at the second hearing. After the bond ordinance is read for the second time, the governing body should hold a public hearing and should give all members of the public a chance to be heard on the bond ordinance. After the public hearing, the bond ordinance can be finally adopted by the affirmative vote of not less than two-thirds of the full membership of the governing body. After final adoption, the Bond Ordinance Statement and Summary must be published, a copy of which I have enclosed for your use. Note that if the approval of an officer is required to make the bond ordinance effective, the bond ordinance must be approved by that officer, or passed over veto, before it is published after final adoption.

After the bond ordinance is finally adopted, it will be necessary for us to establish a record of proceedings documenting the proper adoption of the bond ordinance. In order to do this, we will need one completely executed set of the documents enumerated on the attached checklist. By copy of this letter, I am sending the Clerk a copy of the checklist along with a copy of the bond ordinance. With the exception of the Affidavits of Publication, I am also sending the Clerk the necessary certificates to be completed, executed and returned to us along with the necessary attachments to provide us with this documentation. It should be noted that the Clerk's Certificate must be executed no sooner than 21 days following the final publication in order to attest that there has been no protest within the statutory twenty-day protest period.

If you or the Clerk have any questions about the form of the bond ordinance, the adoption procedure or the form of the certificates, please call me.

Thank you for this opportunity to have been of assistance.

Very truly yours,

Mattehw D. Jessup

Enclosures

cc: Carolyn Cummins, Clerk, w/encl.
Bruce Padula, Esq., w/encl.
Thomas P. Fallon, C.P.A., w/encl.

Mayor Nolan offered the following Bond Ordinance pass final reading and moved on its adoption and authorized its publication according to law:

O-14-5

BOND ORDINANCE PROVIDING A SUPPLEMENTAL APPROPRIATION OF \$50,000 FOR REPLACEMENT OF FORCE MAINS IN AND BY THE BOROUGH OF HIGHLANDS, IN THE COUNTY OF MONMOUTH, NEW JERSEY, AND AUTHORIZING THE ISSUANCE OF \$50,000 BONDS OR NOTES OF THE BOROUGH TO FINANCE THE COST THEREOF.

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. The improvement described in Section 3(a) of this bond ordinance has heretofore been authorized to be undertaken by the Borough of Highlands, in the County of Monmouth, New Jersey (the "Borough"). For the improvement or purpose described in Section 3(a), there is hereby appropriated the supplemental amount of \$50,000, such sum being in addition to the \$1,632,800 appropriated therefor by bond ordinance O-14-2 of the Borough, finally adopted February 5, 2014 (the "Original Bond Ordinance"). No down payment is required as the purpose authorized herein is deemed self-liquidating and the bonds and bond anticipation notes authorized herein are deductible from the gross debt of the Borough, as more fully explained in Section 6(e) of this bond ordinance.

Section 2. In order to finance the additional cost of the improvement or purpose, negotiable bonds are hereby authorized to be issued in the principal amount of \$50,000 pursuant to the Local Bond Law. In anticipation of the issuance of the bonds, negotiable bond anticipation notes are hereby authorized to be issued pursuant to and within the limitations prescribed by the Local Bond Law.

Section 3. (a) The improvement heretofore authorized and the purpose for the financing of which the bonds are to be issued is the replacement of force mains to connect with the Township of Middletown Sewerage Authority's interceptor main, including all work and materials necessary therefor and incidental thereto. The project was originally authorized to be undertaken and performed by the Atlantic Highlands – Highlands Regional Sewerage Authority (the "Authority"). Pursuant to Ordinance O-14-1 of the Borough, the Authority will be dissolved effective March 31, 2014, and the Borough will complete the construction and financing of this project.

(b) The estimated maximum amount of bonds or bond anticipation notes to be issued for the improvement or purpose is \$1,682,800, including the \$1,632,800 authorized by the Original Bond Ordinance and the \$50,000 bonds or bond anticipation notes authorized herein.

(c) The estimated cost of the Borough's share of the improvement or purpose is \$1,682,800, including the \$1,632,800 appropriated by the Original Bond Ordinance and the \$50,000 appropriated herein. The Borough of Atlantic Highlands, New Jersey by virtue of one or more bond ordinances shall provide for its share of the improvement or purpose.

Section 4. 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 5. The Borough hereby certifies that it has adopted a capital budget or a temporary capital budget, as applicable. The capital or temporary capital budget of the Borough 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 6. The following additional matters are hereby determined, declared, recited and stated:

(a) The improvement or purpose described in Section 3(a) of this bond ordinance is not a current expense. It is an improvement or purpose that the Borough may lawfully undertake as a self-liquidating purpose of a municipal public utility. No part of the cost thereof has been or shall be specially assessed on property specially benefitted thereby.

(b) The period of usefulness of the improvement or purpose within the limitations of the Local Bond Law, according to the reasonable life thereof computed from the date of the bonds authorized by this bond ordinance, is 30 years.

(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 the Borough as defined in the Local Bond Law is increased by the authorization of the bonds and notes provided in this bond ordinance by \$50,000, but that the net debt of the Borough determined as provided in the Local Bond Law is not increased by this bond ordinance. The obligations authorized herein will be within all debt limitations prescribed by the Local Bond Law.

(d) An aggregate amount not exceeding \$403,600 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 or improvement. Of this amount, \$353,600 was estimated for these items of expense by the Authority and shall be treated by the Borough as permitted items of expense permitted under N.J.S.A. 40A:2-20 and an additional \$50,000 is estimated therefor herein.

(e) This bond ordinance authorizes obligations of the Borough solely for purposes described in N.J.S.A. 40A:2-7(h). 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 the gross debt of the Borough pursuant to N.J.S.A. 40A:2-44(c).

Section 7. The Borough hereby declares the intent of the Borough to issue bonds or bond anticipation notes in the amount authorized in Section 2 of this bond ordinance and to use the proceeds to pay or reimburse expenditures for the costs of the purposes described in Section 3(a) of this bond ordinance. This Section 7 is a declaration of intent within the meaning and for purposes of Treasury Regulations.

Section 8. Any grant moneys received for the purpose described in Section 3 hereof shall be applied either to direct payment of the cost of the improvement or to payment of the obligations issued pursuant to this bond ordinance. The amount of obligations authorized but not issued hereunder shall be reduced to the extent that such funds are so used.

Section 9. The chief financial officer of the Borough 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 the Borough and to execute such disclosure document on behalf of the Borough. The chief financial officer is further authorized to enter into the appropriate undertaking to provide secondary market disclosure on behalf of the Borough pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") for the benefit of holders and beneficial owners of obligations of the Borough 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 the Borough fails to comply with its undertaking, the Borough shall not be liable for any monetary damages, and the remedy shall be limited to specific performance of the undertaking.

Section 10. The full faith and credit of the Borough are hereby pledged to the punctual payment of the principal of and the interest on the obligations authorized by this bond ordinance. The obligations shall be direct, unlimited obligations of the Borough, and the Borough shall be obligated to levy *ad valorem* taxes upon all the taxable real property within the Borough for the payment of the obligations and the interest thereon without limitation of rate or amount.

Section 11. This bond ordinance shall take effect 20 days after the first publication thereof after final adoption, as provided by the Local Bond Law.

Seconded by Ms. Kane and adopted on the following roll call Vote:

ROLL CALL:

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

NAYES: None

ABSENT: None

ABSTAIN: None

DATE: March 5, 2014

Carolyn Cummins, Borough Clerk

I hereby certify this to be a true copy of Bond Ordinance O-14-5 adopted by the Governing Body of the Borough of Highlands on March 5, 2014.

Borough Clerk/Deputy Clerk

Re: BOROUGH OF HIGHLANDS
 \$50,000/\$50,000 SUPPLEMENTAL BOND ORDINANCE
 REPLACEMENT OF FORCE MAINS

- 11 Certified copy of the Supplemental Debt Statement prepared as of the date of introduction of the bond ordinance, together with the electronic confirmation of filing provided by the Division of Local Government Services and evidence of filing in the Clerk's Office.
- 12 Certified copy of the minutes of the meeting of the Borough Council held on ___/___/___ showing introduction of the bond ordinance.
- 13 Affidavit of Publication in local newspaper following introduction of the bond ordinance.
- 14 Certified copy of the minutes of the meeting of the Borough Council held on ___/___/___ showing public hearing and final adoption of the bond ordinance.
- 15 Affidavit of Publication in local newspaper following final adoption of the bond ordinance.
- 16 Clerk's Certificate executed no sooner than 21 days following final publication of the bond ordinance.

BELOW FOR McMANIMON, SCOTLAND & BAUMANN, LLC USE ONLY

Posted: ___/___/___ Useful Life: 30 years Reviewed By: ___

'20 Costs: \$50,000 Mayor's Approval: ___/___/___

Amends/Amended By: Ord. # _____ F/A: ___/___/___

Amendment: _____

Supplements/Supplemented By: Ord. #0-14-2 F/A: February 5, 2014

Original Appropriation/Authorization: \$1,632,800/\$1,632,800

Authorization for CFO to Sell Notes: Yes No

Resolution Authorizing CFO to Sell Notes: F/A ___/___/___

Grant Moneys Expected: N/A

NOTES/BONDS ISSUED HEREUNDER						
AMOUNT	DATE	MATURITY	RATE	PAYDOWN	NEW/ RENEWAL	REMAINING AUTHOR- IZATION

DEBT STATEMENT CERTIFICATE

I, Carolyn Cummins, Clerk of the Borough of Highlands, in the County of Monmouth, New Jersey (herein called the "Borough"), HEREBY CERTIFY that annexed hereto is a true and complete copy of the Supplemental Debt Statement of the Borough that was prepared as of _____, 2014 by Stephen J. Pfeffer, who was then chief financial officer of the Borough and filed in my office on _____, 2014, and that a complete, executed copy of such statement was filed in the office of the Director of the Division of Local Government Services of the State of New Jersey on _____, 2014.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Borough this _____ day of _____, 2014.

Carolyn Cummins, Clerk

(SEAL)

EXTRACT from the minutes of a _____ meeting of the Borough Council of the Borough of Highlands, in the County of Monmouth, New Jersey held at the _____ in the Borough on _____, 2014 at ____ o'clock __.m.

PRESENT:

ABSENT:

[Attach appropriate minutes hereto]

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 on _____, 2014 has been compared by me with the original minutes as officially recorded in my office in the Minute Book of the governing body 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 _____, 2014.

Carolyn Cummins, Clerk

(SEAL)

EXTRACT from the minutes of a _____ meeting of the Borough Council of the Borough of Highlands, in the County of Monmouth, New Jersey held at the _____ in the Borough on _____, 2014 at _____ o'clock ____m.

PRESENT:

ABSENT:

[Attach appropriate minutes hereto]

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 on _____, 2014 has been compared by me with the original minutes as officially recorded in my office in the Minute Book of the governing body 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 _____, 2014.

Carolyn Cummins, Clerk

(SEAL)

CLERK'S CERTIFICATE

I, Carolyn Cummins, Clerk of the Borough of Highlands, in the County of Monmouth, State of New Jersey, HEREBY CERTIFY as follows:

1. I am the duly appointed Clerk of the Borough of Highlands, in the County of Monmouth, State of New Jersey (herein called the "Borough"). In this capacity, I have the responsibility to maintain the minutes of the meetings of the governing body of the Borough and the records relative to all ordinances and resolutions of the Borough. The representations made herein are based upon the records of the Borough.

2. Attached hereto is a true and complete copy of a bond ordinance passed by the governing body of the Borough on first reading on _____, 2014 and finally adopted by the governing body on _____, 2014 and, where necessary, approved by the Mayor on _____, 2014.

3. On _____, 2014, a copy of the bond ordinance and a notice that copies of the bond ordinance would be made available to the members of the general public of the Borough who requested copies, up to and including the time of further consideration of the bond ordinance by the governing body, was posted in the principal municipal building of the Borough at the place where public notices are customarily posted. Copies of the bond ordinance were made available to all who requested them.

4. A certified copy of the bond ordinance and a copy of the amended capital budget form has been filed with the Director of the Division of Local Government Services.

5. After final passage, the bond ordinance, a copy of which is attached hereto, was duly published on _____, 2014. No protest signed by any person against

making the improvement or incurring the indebtedness authorized therein, nor any petition requesting that a referendum vote be taken on the action proposed in the bond ordinance has been presented to the governing body or to me or filed in my office within 20 days after the publication or at any other time after the final passage thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Borough this _____ day of _____, 2014.

Carolyn Cummins, Clerk

[SEAL]

NOTICE OF PENDING BOND ORDINANCE AND SUMMARY

The bond ordinance, the summary terms of which are included herein, was introduced and passed upon first reading at a meeting of the governing body of the Borough of Highlands, in the County of Monmouth, State of New Jersey, on _____, 2014. It will be further considered for final passage, after public hearing thereon, at a meeting of the governing body to be held at the _____, in the Borough on _____, 2014 at ____ o'clock __.m. During the week prior to and up to and including the date of such meeting, copies of the full bond ordinance will be available at no cost and during regular business hours at the Clerk=s office for the members of the general public who shall request the same. The summary of the terms of such bond ordinance follows:

Title: BOND ORDINANCE PROVIDING A SUPPLEMENTAL APPROPRIATION OF \$50,000 FOR REPLACEMENT OF FORCE MAINS IN AND BY THE BOROUGH OF HIGHLANDS, IN THE COUNTY OF MONMOUTH, NEW JERSEY, AND AUTHORIZING THE ISSUANCE OF \$50,000 BONDS OR NOTES OF THE BOROUGH TO FINANCE THE COST THEREOF.

Purpose(s): replacement of force mains to connect with the Township of Middletown Sewerage Authority's interceptor main, including all work and materials necessary therefor and incidental thereto.

Appropriation: \$50,000

Bonds/Notes Authorized: \$50,000

Grants (if any) Appropriated: N/A

Section 20 Costs: \$50,000

Useful Life: 30 years

Carolyn Cummins, Clerk

This Notice is published pursuant to N.J.S.A. 40A:2-17.

BOND ORDINANCE STATEMENT AND SUMMARY

The bond ordinance, the summary terms of which are included herein, has been finally adopted by the Borough of Highlands, in the County of Monmouth, State of New Jersey on _____, 2014 and the 20 day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinance can be commenced, as provided in the Local Bond Law, has begun to run from the date of the first publication of this statement. Copies of the full bond ordinance are available at no cost and during regular business hours, at the Clerk=s office for members of the general public who request the same. The summary of the terms of such bond ordinance follows:

Title: BOND ORDINANCE PROVIDING A SUPPLEMENTAL APPROPRIATION OF \$50,000 FOR REPLACEMENT OF FORCE MAINS IN AND BY THE BOROUGH OF HIGHLANDS, IN THE COUNTY OF MONMOUTH, NEW JERSEY, AND AUTHORIZING THE ISSUANCE OF \$50,000 BONDS OR NOTES OF THE BOROUGH TO FINANCE THE COST THEREOF.

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Grants (if any) Appropriated: N/A

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Carolyn Cummins, Clerk