



UNION COUNTY BOARD OF CHOSEN FREEHOLDERS 5/13/2010

ORDINANCE NUMBER: *706-2010*
 DATE OF INTRODUCTION: *5/13/2010*
 DATE OF ADOPTION: *6/10/2010*

GUARANTY ORDINANCE OF THE COUNTY OF UNION, NEW JERSEY REGARDING THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON CERTAIN REVENUE BONDS, SERIES 2010 (UNION COUNTY CHILD ADVOCACY CENTER PROJECT) OF THE UNION COUNTY IMPROVEMENT AUTHORITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$3,360,000 FOR THE PURPOSE OF PROVIDING ADDITIONAL SECURITY IN CONNECTION WITH THE AUTHORITY'S PROJECT

WHEREAS, the Union County Improvement Authority (the "Authority") has been duly created by an ordinance of the Board of Chosen Freeholders (the "Board of Frecholders") of the County of Union, New Jersey (the "County"), as a public body corporate and politic of the State of New Jersey (the "State") pursuant to in accordance with the County Improvement Authorities Law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State, as amended and supplemented from time to time (the "Act"); and

WHEREAS, the Authority is authorized under the provisions of the Act to acquire real estate within the County by lease or purchase and to construct, reconstruct and rehabilitate improvements thereon; and

WHEREAS, the Authority and the County are in the process of entering into a shared Services Agreement whereby the Authority has assumed a number of responsibilities relating to and in support of the proposed renovations and/or construction in connection with the Union County Child Advocacy Center Project (the "Project"); and

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*Subject to Inclusion of Testing Budgets
 Trans W/Advisory
 5-12-2010*

INTRODUCTION				RECORD OF VOTE				FINAL ADOPTION							
FREEHOLDER	Aye	Nay	Abs	Pass	Ord.	Sec	NP	FREEHOLDER	Aye	Nay	Abs	Pass	Ord.	Sec	NP
ESTRADA	X							ESTRADA	X						
JALLOH	X							JALLOH	X						
KOWALSKI	X							KOWALSKI	X						
MIRABELLA							X	MIRABELLA	X						
PROCTOR	X							PROCTOR	X						
VAN BLAKE							X	VAN BLAKE	X						
WARD							X	WARD	X						
SCANLON VICE CHAIRMAN	X					X		SCANLON VICE CHAIRMAN	X					X	
SULLIVAN CHAIRMAN	X				X			SULLIVAN CHAIRMAN	X				X		

APPROVED AS TO FORM

 COUNTY ATTORNEY

I hereby certify the above is an original ordinance adopted by the Board of Chosen Freeholders of the County of Union on the aforementioned date.

 CLERK

I hereby certify this is a true copy of a ordinance adopted by the Board of Chosen Freeholders of the County of Union on the aforementioned date.

 CLERK

WHEREAS, the Authority is authorized by the Act, including without limitation Section 11 thereof (N.J.S.A. 40:37A-54(a)), to provide public facilities for use by the County, including, without limitation, the provision for the demolition, construction and renovation, as applicable, of the proposed Union County Child Advocacy Center Project located in the City of Elizabeth, and the acquisition of equipment and fixtures therefore; and

WHEREAS, the Authority had determined that in order to under take the Project the Authority will issue not to exceed \$3,360,000 of its "Revenue Bonds, Series 2010" (Union County Child Advocacy Center Project) (the "2010 Bonds"), to be secured by the Union County Child Advocacy Center Project Loan and Security Agreement ("Loan Agreement"), and to further induce the prospective purchasers of the 2010 Bonds to purchase the same, it will be necessary that payment of the principal of (including sinking fund installments, if any) and interest on the herein defined 2010 Bonds be secured by a full faith and credit, unconditional and irrevocable guaranty of the County in accordance with this guaranty ordinance to be finally adopted by the governing body of the County and a guaranty certificate executed on the face of each Bond upon the issuance thereof by an authorized officer of the County (the "Guaranty"), all in accordance with Section 37 ("Section 37") of the Act (N.J.S.A. 40:37A-80) and other applicable law; and

WHEREAS, the proceeds of the 2010 Bonds will be applied to, inter alia, the payment of (a) the costs of the demolition, construction and reconstruction, as applicable, of the Union County Child Advocacy Project (b) the costs of the acquisition of equipment and fixtures for the Project, (c) costs of issuing the 2010 Bonds, (d) capitalized interest on the 2010 Bonds, if any, and (e) any other costs set forth in the Bond Resolution (hereinafter defined); and

WHEREAS, the County has determined to adopt a guaranty ordinance securing the timely payment of the principal of, redemption premium, if any, and the interest on the 2010 Bonds; and

WHEREAS, the 2010 Bonds have such other terms as shall be set forth in that certain Resolution authorizing the issuance of the "Union County Improvement Authority Revenue Bonds, Series 2010 (Union County Child Advocacy Center Project) of the Union County Improvement Authority and any Additional Bonds or Notes of the Union County Improvement Authority" adopted by the Authority prior to the issuance of the Bond (the "Initial Bond Resolution" and any amendments or supplements thereto in accordance with the terms thereof may be collectively referred to as the "Bond Resolution"); and

WHEREAS, the payment of the principal of and interests on the 2010 Bonds are secured by a Deficiency Agreement by and among the County, the Trustee for the 2010 Bonds and the Authority (the "Union County Child Advocacy Center Project, Series 2010 Bonds Deficiency Agreement"); and

WHEREAS, the Authority has made application, on behalf of the County, to the Local Finance Board in the Division of Local Government Services of the Department of Community Affairs of the State (the "Local Finance Board") for the Local Finance Board's review of the financing, including, *inter alia*, the Loan Agreement, the Union County Child Advocacy Center Project Deficiency Agreement and the Guaranty; and

WHEREAS, in accordance with the terms of Section 37 of the Act (N.J.S.A. 40:37A-80) and the Guaranty, the County shall be obligated, if necessary, to levy *ad valorem* taxes upon all the taxable property within the County without limitation as to rate or amount to make the timely payment of the principal of (including mandatory sinking fund installments, if any) and interest on the 2010 Bonds; and

WHEREAS, in order to market and sell the 2010 Bonds, (i) the Authority shall issue a Preliminary Official Statement (the "POS") and a final Official Statement (the "OS"), (ii) the Authority shall enter into a negotiated sale of the 2010 Bonds with one or more underwriters (collectively, the "Underwriter") pursuant to the terms of a bond purchase agreement (the

“BPA”), (iii) the Authority, the County and the trustee for the 2010 Bonds, or any successor thereto in accordance with the terms of the Bond Resolution (the “Trustee”) shall enter into a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) upon the issuance of the 2010 Bonds if necessary, convenient, useful or desirable in connection with Rule 15c2-12 promulgated by the Securities and Exchange Commission Act of 1934, as amended, or any successor rule or regulation thereto (“Rule 15c2-12”), and (iv) the County and the Authority shall take such actions and shall authorize, execute or acknowledge, as the case may be, and deliver such other documents, instruments or certificates as Bond Counsel to the Authority and to the County deem necessary, convenient, useful or desirable in order to issue the 2010 Bonds (collectively, the “Certificate”); and

WHEREAS, the Authority believes: (i) it is in the public interest to accomplish such purpose; (ii) said purpose is for the health, wealth, convenience or betterment of the inhabitants of the County; (iii) the amounts to be expended for said purpose are not unreasonable or exorbitant; and (iv) the proposal is an efficient and feasible means of providing services for the needs of the inhabitants of the County and will not create an undue financial burden to be placed upon the Authority or the Participants.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE COUNTY OF UNION, NEW JERSEY (not less than two-thirds of the full membership thereof affirmatively concurring) **as follows:**

Section 1. Revenue Bonds, Series 2010 (Union County Child Advocacy Center Project) are sometimes collectively referred to herein as the “2010 Bonds”.

Section 2. This guaranty ordinance shall be adopted by the governing body of the County in the manner provided for adoption of a bond ordinance as provided in the Local Bond Law, constituting Chapter 169 of the Pamphlet Laws of 1960 of the State, as amended (the “Local Bond Law”), codified as N.J.S.A. 40A:2-1, et seq.

Section 3. Pursuant to and in accordance with the terms of the Act, specifically Section 37 of the Act (N.J.S.A. 40:37A-80), the County is hereby authorized to and hereby shall unconditionally and irrevocably guarantee the punctual payment of the principal of (including sinking fund installments, if any) and interest on the Bond in an aggregate principal amount not exceeding \$3,360,000, which Series 2010 Bonds are to be issued to finance the Project as described in the preamble hereof, on such terms and conditions as may be agreed to by and between the County and the Authority. Upon the endorsement of the 2010 Bonds referred to in Section 3 below, the County shall be unconditionally and irrevocably obligated to pay the principal of (including sinking fund installments, if any) and interest on the 2010 Bonds, when due, in the same manner and to the same extent as in the case of bond issued by the County and accordingly, the County shall be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all the taxable property within the County for the payment thereof without limitation as to rate or amount when required under the provisions of applicable law.

Section 4. The County Manager and/or Chief Financial Officer of the County (each an “Authorized Officer”) shall, by manual or facsimile signature, execute an endorsement on each of the 2010 Bonds evidencing this guaranty by the County as to the punctual payment of the principal of and interest thereon. The endorsement on each 2010 Bonds shall be in substantially the following form, and absent the fully executed endorsement in such following form on any such 2010 Bond, such 2010 Bond shall not be entitled to the benefits of this guaranty ordinance:

GUARANTY OF THE COUNTY OF UNION OF THE STATE OF NEW JERSEY

The payment of the principal of and interest on the within Bond is hereby fully, unconditionally and irrevocably guaranteed by the County of Union of the State of New Jersey (the “County”), and the County shall be unconditionally and irrevocably obligated to pay the principal of (including sinking fund installments, if any) and interest on this Bond, when due, in the same manner and to the same extent as in the case of bond issued by the County and accordingly, the County shall be unconditionally and irrevocably obligated to levy *ad valorem* taxes upon all the taxable property within the County for the payment hereof without limitation as to rate or amount when required under the provisions of applicable law.

IN WITNESS WHEREOF, the County of Union of the State of New Jersey, has caused this Guaranty to be executed by the manual or facsimile signature of an Authorized Officer

COUNTY OF UNION
STATE OF NEW JERSEY

Title:

Section 5. It is hereby found, determined and declared by the governing body of the County that:

(a) This guaranty ordinance may be adopted notwithstanding any statutory debt or other limitations, including particularly any limitation or requirement under or pursuant to the Local Bond Law, but the aggregate principal amount of the Bond which shall be entitled to the benefits of this guaranty ordinance, being an amount not to exceed \$3,360,000, shall, after their issuance, be included in the gross debt of the County for the purpose of determining the indebtedness of the County under or pursuant to the Local Bond Law.

(b) The principal amount of the 2010 Bond entitled to the benefits of this guaranty ordinance and included in the gross debt of the County shall be deducted and is hereby declared to be and to constitute a deduction from such gross debt under and for all the purposes of the Local Bond Law (i) from and after the time of issuance of the 2010 Bonds until the end of the fiscal year beginning next after the completion of the Project, and (ii) in any annual debt statement filed pursuant to the Local Bond Law as of the end of said fiscal year or any subsequent fiscal year if the revenues or other receipts or moneys of the Authority in such year are sufficient to pay its expenses of operation and maintenance in such year and all amounts payable in such year on account of the principal of and interest on all such guaranteed 2010 Bonds, all bonds of the County issued as provided in Section 36 of the Act (N.J.S.A. 40:37A-79) and all bond of the Authority issued under the Act.

Section 6. The following matters are hereby determined, declared, recited and stated:

(a) The maximum principal amount of 2010 Bond of the Authority which are hereby and hereunder guaranteed as to the punctual payment of the principal thereof and interest thereon is and the maximum estimated cost the Project to be financed in accordance with the transaction contemplated hereby is \$3,360,000.

(b) The purpose described in this guaranty ordinance is not a current expense of the County and no part of the cost thereof has been or shall be assessed on property specially benefitted thereby.

(c) A supplemental debt statement of the County has been duly made and filed in the office of the Board of Chosen Freeholders 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, and such debt statement shows that while the gross debt of the County, as defined in the Local Bond Law, is increased by this guaranty ordinance by \$3,360,000 in accordance with the provisions of the Act, the net debt of the County is not increased, and the obligation of the County authorized by or incurred pursuant to the terms of this guaranty ordinance is permitted by an exception to the debt limitations of the Local Bond Law which exception is contained in the Act.

(d) All other items to be contained in a bond ordinance adopted pursuant to the Local Bond Law are hereby determined to be inapplicable to the County's guaranty of the 2010 Bond hereby.

Section 7. This guaranty ordinance shall take effect at the time and in the manner provided by law, but in any event no later than upon the issuance of the 2010 Bond.

Section 8. Upon the adoption hereof, the Clerk of the Board of Freeholders shall forward certified copies of this ordinance to the County Manager, County Counsel, Executive Director of the Authority, and the Law Office of John G. Hudak, Esq., LLC, Bond Counsel to the Authority.