

GUARANTY ORDINANCE SECURING THE SOMERSET COUNTY IMPROVEMENT
AUTHORITY'S OBLIGATIONS IN CONNECTION WITH THE RENOVATION OF A
WAREHOUSE BUILDING TO BE UTILIZED FOR VOCATIONAL CLASSES IN THE
TOWNSHIP OF BRIDGEWATER, NEW JERSEY FOR THE BENEFIT OF THE SOMERSET
COUNTY EDUCATIONAL SERVICES COMMISSION IN AN AGGREGATE PRINCIPAL
AMOUNT NOT EXCEEDING \$8,000,000

WHEREAS, the COUNTY OF SOMERSET, New Jersey (the "County"), pursuant to the Improvement Authorities Law of the State of New Jersey (the "State"), constituting Chapter 183 of the Pamphlet Laws of the State of 1960, as amended and supplemented (N.J.S.A. 40:37A-44 et seq.) (the "Act"), has heretofore duly created a body corporate and politic known as The Somerset County Improvement Authority (the "Authority"); and

WHEREAS, pursuant to Section 80 of the Act, the County is authorized to guaranty unconditionally the punctual payment of the principal of and interest on any Obligations of the Authority; and

WHEREAS, the County, in order to assist the Authority with permanently financing the renovation of a warehouse building to be utilized for vocational classes to be located in the Township of Bridgewater, in the County of Somerset, New Jersey and the leasing thereof to and for the benefit of the Somerset County Educational Services Commission (the "Project"), has determined to provide for the guaranty of revenue bonds or notes or other debt obligations of the Authority (the "Obligations") under one or more bond resolutions of the Authority;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF CHOSEN FREEHOLDERS OF THE COUNTY OF SOMERSET, NEW JERSEY, (not less than two-thirds of all members thereof affirmatively concurring), AS FOLLOWS:

Section 1. 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 and supplemented (the "Local Bond Law").

Section 2. 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 fully, unconditionally and irrevocably guaranty the punctual payment of the principal of and interest on the Obligations in an aggregate principal amount not exceeding at any time \$8,000,000, which Obligations are to be issued to finance and/or refinance the Project, on such terms and conditions as may be agreed to by and between the County and the Authority and as are reflected in this guaranty ordinance and in the guaranty certificate on the face of each Obligation. Upon the endorsement of the Obligations referred to in Section 3 below, the County

shall be fully, unconditionally and irrevocably obligated to pay the principal of and interest on the Obligations in the same manner and to the same extent as in the case of Obligations 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. This full, unconditional and irrevocable guaranty of the County effected hereby to pay the principal of and interest on the Obligations when due, in accordance with the terms hereof, shall not be abrogated for any reason. Any Obligations which are no longer considered outstanding under the resolution(s) of the Authority authorizing such Obligations shall not be counted for the purpose of \$8,000,000 limitation contained in this guaranty ordinance.

Section 3. The Director of the Board of Chosen Freeholders (the "Director") of the County shall, by manual or facsimile signature, execute an endorsement on each of the Obligations evidencing this guaranty by the County as to the punctual payment of the principal thereof and interest thereon. The endorsement on each Obligation shall be in substantially the following form, and absent the fully executed endorsement in such form on any such Obligation, such Obligation shall not be entitled to the benefits of this guaranty ordinance:

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The payment of the principal of and interest on the within [bond] [note] shall be fully, irrevocably and unconditionally guaranteed by the County of Somerset, New Jersey (the "County"), in accordance with the provisions of N.J.S.A. 40:37A-80 and the guaranty ordinance of the County finally adopted pursuant thereto, and the County is fully, irrevocably and unconditionally liable for the payment, when due, of the principal of and interest on this [bond] [note], and if necessary the County shall levy *ad valorem* taxes upon all the taxable property within the County, without limitation as to rate or amount, in order to make such payment.

IN WITNESS WHEREOF, the County has caused this Guaranty to be executed by the manual or facsimile signature of its Director.

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By: _____
Director of the Board of Chosen Freeholders

The Director is hereby further authorized to execute such other certificates or agreements relating to this guaranty that may be required by the Authority to comply with the terms of the financing documents relating to the Obligations, including, without limitation, (i) any agreements or certificates detailing the time and method that payment under this guaranty shall be made by the County, (ii) any letters of representations or similar undertakings to be executed in connection with the sale of the Obligations, setting forth certain representations, warranties and covenants of the County as an inducement to the purchase of the Obligations, and (iii) any certificates deeming "final" (for the purposes of Rule 15c2-12 of the U.S. Securities and

Exchange Commission) any Preliminary or final Official Statements of the Authority in connection with the Obligations. Such further agreements or certificates shall not abrogate the County's responsibilities hereunder.

The Director is hereby further authorized to execute one or more continuing disclosure agreement(s) or other instrument(s) undertaking the secondary disclosure obligations of the County required by Rule 15c2-12 of the United States Securities and Exchange Commission in connection with the issuance of any Obligations by the Authority.

Section 4. 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 Obligations that shall be entitled to the benefits of this guaranty ordinance, being an amount not to exceed \$8,000,000 outstanding at any time, 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 Obligations 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 Obligations until the end of the fiscal year beginning next after the completion of the acquisition or construction of the project to be financed from the proceeds of the Obligations, 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 fiscal year are sufficient to pay its expenses of operation and maintenance in such fiscal year and all amounts payable in such fiscal year on account of the principal of and interest on all such guaranteed Obligations, all Obligations of the County issued as provided in Section 36 of the Act (N.J.S.A. 40:37A-79), and all Obligations of the Authority issued under the Act.

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

(a) The maximum outstanding principal amount of Obligations of the Authority that are hereby and hereunder guaranteed as to the punctual payment of the principal thereof and interest thereon at any time is \$8,000,000.

(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 benefited thereby.

(c) A supplemental debt statement of the County has been duly made and filed in the office of the Clerk of the Board, 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 \$8,000,000 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 Obligations hereby.

Section 6. This guaranty ordinance shall take effect at the time and in the manner provided by law.

I, Kathryn Quick, Deputy Clerk of the Board of Chosen Freeholders of the County of Somerset in the State of New Jersey, do hereby certify that the Foregoing is a true copy of an Ordinance adopted by said Board of Chosen Freeholders at its regularly convened meeting of August 23, 2011.

Kathryn Quick, Deputy Clerk of the Board

