

ORDINANCE NO. 2010-30

REFUNDING BOND ORDINANCE OF THE BOROUGH OF RED BANK, IN THE COUNTY OF MONMOUTH, STATE OF NEW JERSEY (THE "BOROUGH") PROVIDING FOR (i) THE REFUNDING OF CERTAIN UNFUNDED PENSION LIABILITIES OF THE BOROUGH, AND (ii) AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$565,000 AGGREGATE PRINCIPAL AMOUNT OF PENSION REFUNDING BONDS OF THE BOROUGH TO EFFECT SUCH REFUNDING AND APPROPRIATING THE PROCEEDS THEREFOR

WHEREAS, in accordance with P.L. 1991, c. 229, the Borough of Red Bank, in the County of Monmouth, State of New Jersey (the "Borough") adopted an early retirement incentive program for eligible employees covered by the Public Employees' Retirement System ("PERS"); and

WHEREAS, by participating in these early retirement incentive programs, the Borough created an unfunded liability with PERS, that would be paid by the Borough with annual payments to PERS through the year 2021; and

WHEREAS, P.L. 2002, c. 42, was enacted to permit local units such as the Borough to issue and sell refunding bonds, in accordance with the requirements of N.J.S.A. 42A:2-51.3, to retire the present value of the unfunded liabilities attributable to early retirement incentive programs; and

WHEREAS, the present value of the Borough's liability for the early retirement incentive program from PERS has been established by the State of New Jersey Division of Pensions and Benefits at an amount equal to \$537,648.00 as of August 10, 2010 (the the "Pension Liabilities"); and

WHEREAS, the Borough Council has determined that the current interest rate environment may enable it to generate future savings for the taxpayers of the Borough through the issuance by the Borough of Pension Refunding Bonds (the "Pension Refunding Bonds") to refund all of the Borough's Pension Liabilities; and

WHEREAS, in efforts to realize taxpayer savings, the Borough Council now desires to adopt and enact a pension refunding bond ordinance (the "Pension Refunding Bond Ordinance") authorizing the issuance of the Pension Refunding Bonds in an aggregate principal amount of not exceeding \$565,000, the net proceeds of which shall be used to refund the present value of the Pension Liabilities.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE BOROUGH COUNCIL OF THE BOROUGH OF RED BANK, IN THE COUNTY OF MONMOUTH, STATE OF NEW JERSEY (not less than two-thirds of all members thereof affirmatively concurring), as follows:

SECTION 1. The Borough is hereby authorized to refund all of the Pension Liabilities.

SECTION 2. In order to finance the retirement of the Borough's Pension Liabilities and to pay all related costs associated therewith, the Borough is hereby authorized to issue not to exceed \$565,000 aggregate principal amount of Pension Refunding Bonds, all in accordance with the requirements of N.J.S.A. 40A:2-51.3, and appropriate the proceeds of such Pension Refunding Bonds to such purpose described in Section 5 hereof. Such Pension Refunding Bonds shall be designated as "Pension Refunding Bonds (Taxable), Series 2010".

SECTION 3. The Borough desires to provide for the retirement of the Borough's Pension Liabilities in order to generate annual interest expense savings by issuing the Pension

Refunding Bonds at interest rates lower than those currently being assessed against the Borough for these unfunded Pension Liabilities.

SECTION 4. An aggregate amount not exceeding \$25,000 may be allocated from the aggregate principal amount of the Pension Refunding Bonds to pay for items of expense listed and permitted under N.J.S.A. 40A:2-51(b), including, but not limited to, the aggregate costs of issuance thereof, including underwriting, printing, credit enhancement or other insurance, advertising, accounting, financial, legal and other expenses in connection therewith.

SECTION 5. The purpose of the issuance of the Pension Refunding Bonds is to reduce the annual recurring expenses of the Borough for its unfunded Pension Liabilities.

SECTION 6. A certified copy of this Pension Refunding Bond Ordinance, as approved by a resolution of the Borough, has been filed with the Director of the Division of Local Government Services, in the New Jersey Department of Community Affairs prior to final adoption and enactment hereof.

SECTION 7. This Pension Refunding Bond Ordinance shall take effect twenty (20) days after the first publication hereof after final adoption and approval by the Mayor, as provided by the Local Bond Law, subsequent to and provided that the consent of the Local Finance Board has been endorsed upon a certified copy hereof.

ADOPTED ON FIRST READING

DATED: August 23, 2010

PAMELA BORGHI, Municipal Clerk
Borough of Red Bank

ADOPTED ON SECOND READING

DATED: September 13, 2010

PAMELA BORGHI, Municipal Clerk
Borough of Red Bank

APPROVAL BY THE MAYOR ON THIS _____ DAY OF _____, 2010.

PASQUALE MENNA, Mayor