

**TOWNSHIP OF WARREN
RESOLUTION NO. 2022-132**

RESOLUTION OF THE TOWNSHIP OF WARREN, IN THE COUNTY OF SOMERSET,
STATE OF NEW JERSEY, MAKING CERTAIN DETERMINATIONS IN CONNECTION
WITH THE ASSUMPTION OF CERTAIN OUTSTANDING OBLIGATIONS OF THE
WARREN TOWNSHIP SEWERAGE AUTHORITY

WHEREAS, the governing body of the Township of Warren, in the County of Somerset, New Jersey (the "Township"), by ordinance duly adopted by the Township on September 7, 1972, created the Warren - Township 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, in order to fund various capital improvements to the Authority's sewerage system, the Authority has previously issued the following outstanding debt:

1. \$2,605,161.74 outstanding principal amount of Sewer Revenue Bonds, Series 2016 (originally issued in the principal amount of \$3,609,379), currently consisting of \$705,000 outstanding principal amount of Sewer Revenue Bonds, Series 2016A-1 (the "Series 2016A-1 Bonds"), issued to the New Jersey Infrastructure Bank (the "NJIB") and \$1,900,161.74 outstanding principal amount of Sewer Revenue Bonds, Series 2016A-2 (the "Series 2016A-2 Bonds" and, together with the Series 2016A-1 Bonds, the "Series 2016 Bonds"), issued to the State of New Jersey, Acting by and through the Department of Environmental Protection; and
2. \$2,558,290 outstanding principal amount of Sewer Revenue Bonds, Series 2021 (originally issued in the principal amount of \$2,558,290), currently consisting of \$835,000 outstanding principal amount of Sewer Revenue Bonds, Series 2021A-1 (the "Series 2021A-1 Bonds"), issued to the NJIB and \$1,723,290 outstanding principal amount of Sewer Revenue Bonds, Series 2021A-2 (the "Series 2021A-2 Bonds" and, together with the Series 2021A-1 Bonds, the "Series 2021 Bonds" and together with the Series 2016 Bonds, the "Authority Debt"), issued to the State of New Jersey, Acting by and through the Department of Environmental Protection; and

WHEREAS, the Authority Debt is secured by, among other things, Revenues (as defined in the Authority's resolution adopted November 19, 2014, as amended and supplemented on May 18, 2016 (collectively, the "2016 Bond Resolution") with respect to the Series 2016 Bonds and the Authority's resolution adopted November 14, 2018, as amended and supplemented on November 17, 2021 (collectively, the "2021 Bond Resolution" and together with the 2016 Bond Resolution, the "Bond Resolutions") with respect to the Series 2021 Bonds, and a Service Contract dated May 7, 1981, as amended and supplemented (the "Service Contract"), between the Township and the Authority, which Service Contract requires the Township to make certain payments to the Authority from any available funds, including from the levy of *ad valorem* taxes upon all the taxable property within the Township; and

WHEREAS, the Township, after a careful examination and analysis, has determined, pursuant to the provisions of the Local Authorities Fiscal Control Law (the "Authorities Control

Law”), specifically N.J.S.A. 40A:5A-20, that it is in the best interests of the residents of the Township to dissolve the Authority; 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 22-02 of the Township, entitled, "An Ordinance Dissolving the Warren Township Sewerage Authority Pursuant to N.J.S.A. 40A:5A-20" (the "Dissolution Ordinance"), the Township has dissolved the Authority, subject to the terms and conditions of the Dissolution Ordinance; and

WHEREAS, by bond ordinance 22-03 of the Township, entitled, “Bond Ordinance of the Township of Warren, in the County of Somerset, New Jersey, in Furtherance of the Dissolution of the Warren Township Sewerage Authority, for the Assumption of Certain Outstanding Obligations of Such Authority in the Amount of \$5,163,451.74 issued to Finance such Authority System Improvements” (the “Dissolution Bond Ordinance”), the Township has initially assumed the responsibility for and payment of the Authority Debt Obligations; and

WHEREAS, pursuant to N.J.S.A. 40A:5A-20, the Township’s initial assumption of the Authority Debt is not effective until (i) the Township determines, by resolution of the Township Committee setting forth facts that constitute the basis for the determination, that such assumption will be a cost effective means of meeting the obligations as compared with the issuance of obligations of the Township and (ii) the Township transmits a certified copy of such resolution to 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"); and

WHEREAS, the Township believes that, at this time, the assumption of the Authority Debt is the most cost effective means of meeting these debt obligations, versus the cost of issuing new debt obligations of the Township, as (i) the Series 2016 Bonds have been issued through the low-interest New Jersey Environmental Infrastructure Bank Financing Program, pursuant to which the Series 2016B Bonds bear interest at a rate of 0.00 per centum (0.00%) per annum and the Series 2016A Bonds bear interest at "triple-A" interest rates ranging from 2.00% to 5.00%, all of which are lower interest rates than the Township would achieve if it issued its own bonds; further, such Series 2016 Bonds are not subject to optional redemption in the near term and, accordingly, if the Township issued its own bonds today to refund the Series 2016 Bonds, the transaction would result in a significant net present value loss, and (ii) the Series 2021 Bonds have been issued through the low-interest New Jersey Environmental Infrastructure Bank Financing Program, pursuant to which the Series 2021B Bonds bear interest at a rate of 0.00 per centum (0.00%) per annum and the Series 2021A Bonds bear interest at "triple-A" interest rates ranging from 2.00% to 5.00%, all of which are lower interest rates than the Township would achieve if it issued its own bonds; further, such Series 2021 Bonds are not subject to optional redemption in the near term and, accordingly, if the Township issued its own bonds today to refund the Series 2021 Bonds, the transaction would result in a significant net present value loss; and

WHEREAS, based on the above-stated facts, the Township has determined that the initial assumption of the Authority Debt is a cost effective means of meeting such debt obligations as compared with the issuance of obligations of the Township.

NOW, THEREFORE, BE IT RESOLVED, by the Township Committee of the Township of Warren, in the County of Somerset, New Jersey, as follows

Section 1 The recitals of this resolution are incorporated herein as if set forth in full herein.

Section 2 The Township hereby determines, based on the above-stated facts, that the initial assumption by the Township of the Authority Debt is a cost effective means of meeting such debt obligations as compared with the issuance of obligations of the Township.

Section 3 The Chief Financial Officer of the Township is hereby authorized and directed to make payment of all outstanding invoices and payment obligations of the Authority, including but not limited to all debt service payments on the Authority Debt, and including all expenses incurred in connection with the dissolution of the Authority, out of funds and accounts transferred from the Authority to the Township pursuant to the Dissolution Ordinance.

Section 4 The Clerk of the Township is hereby authorized and directed to transmit a certified copy of this resolution, as adopted, to the Local Finance Board.

Section 5 This resolution shall take effect in accordance with applicable law.

INTRODUCED	SECONDED	COMMITTEE	AYE	NAY	ABSTAIN	ABSENT
X		MAZIARZ	X			
		MARION	X			
	X	LAZO	X			
		DINARDO	X			
		SORDILLO	X			

CERTIFICATION

I, Cathy Reese, Township Clerk of the Township of Warren, in the County of Somerset, New Jersey, do hereby certify the foregoing to be a true and correct copy of a resolution adopted at a meeting of the Township Committee held on June 16, 2022.

Cathy Reese, RMC
Township Clerk