

09-07

**ORDINANCE OF THE BOROUGH OF
MERCHANTVILLE, COUNTY OF CAMDEN, NEW
JERSEY, GUARANTEEING PAYMENT OF
CERTAIN BONDS TO BE ISSUED BY THE
MERCHANTVILLE-PENNSAUKEN WATER
COMMISSION IN CONNECTION WITH THE 2009
NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST PROGRAM**

BACKGROUND

WHEREAS, the Merchantville-Pennsauken Water Commission ("Commission"), a body politic of the State of New Jersey, situated at 20 West Maple Avenue, Merchantville, New Jersey 08109, has been duly organized in accordance with the provisions of *N.J.S.A. 40:62-108 et seq.*; and

WHEREAS, the Commission is jointly owned by the Borough of Merchantville, County of Camden, New Jersey ("Borough") and the Township of Pennsauken, County of Camden, New Jersey ("Township") in the following percentages:

Borough of Merchantville	11.58%
Township of Pennsauken	<u>88.42</u>
	<u>100.00%</u>

WHEREAS, the Commission has determined there exists a need within its service area for various improvements to its water system ("Water System") consisting of: (i) constructing a replacement well for Browning Road Well #1A; (ii) construction of a 1,650 square foot treatment facility; and (iii) reclamation of water from the Maple Shade Wastewater Treatment Plant and re-use of the water for irrigation purposes (collectively, the "2009 Project"), as described in that certain Loan Agreement ("Trust Loan Agreement") to be entered into between the Commission and the New Jersey Environmental Infrastructure Trust ("Trust") and that certain Loan Agreement ("Fund Loan Agreement" and together with the Trust Loan Agreement, the "Loan Agreement") to be entered into between the Commission and the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection ("State"), all pursuant to the 2009 New Jersey Environmental Infrastructure Trust Financing Program; and

WHEREAS, the Commission has determined to use the proceeds of the loans to be made by each of the Trust ("Trust Loan") and the State ("Fund Loan" and together with the Trust Loan, the "Loans") pursuant to the Trust Loan Agreement and the Fund Loan Agreement, respectively, to permanently finance the costs of the 2009 Project; and

WHEREAS, to evidence the Loans, each of the Trust and the State require the Commission to authorize, execute and deliver its Revenue Bonds, Series 2009A, to the Trust ("2009A Bonds") and its Revenue Bonds, Series 2009B, to the State ("2009B Bonds" and together with the 2009A Bonds, the "2009 Bonds") in a total principal amount of up to \$6,510,000, pursuant to the terms of applicable law and the Loan Agreements; and

WHEREAS, the Borough Council, after due deliberation, has ascertained that it will be in the best interest of the Commission to accept said low interest Loans and issue the 2009 Bonds to finance the costs of the 2009 Project; and

WHEREAS, it is the desire of the Borough to guarantee repayment of said 2009 Bonds in the event of a default by the Commission.

NOW, THEREFORE, BE IT ORDAINED BY THE BOROUGH COUNCIL OF THE BOROUGH OF MERCHANTVILLE, COUNTY OF CAMDEN, NEW JERSEY, AS FOLLOWS:

Section 1. The Borough hereby guarantees repayment of the principal of and interest on the 2009 Bonds, when due, in the event the Commission is unable to make such payment.

Section 2. Said unconditional guarantee by the Borough shall be to the full extent of its ownership interest in the Commission, that being 11.58% of the amount of any default by the Commission.

Section 3. The term of this Ordinance shall extend until the State certifies that the 2009 Bonds have been paid in full.

Section 4. All ordinances, or parts of ordinances, inconsistent or in conflict with the provisions of this Ordinance are hereby repealed to the extent of any such inconsistency.

Section 5. This Ordinance shall take effect upon publication and final enactment as provided by law.

THE BOROUGH OF MERCHANTVILLE

BY: _____
FRANK M. NORTH, MAYOR

ATTEST:

DENISE L. BROUSE, BOROUGH CLERK

The foregoing Ordinance was introduced by Mayor and Council at the regular meeting held on April 13, 2009. This Ordinance will be considered for adoption on final reading and public hearing to be held on May 26, 2009 at 7:30 p.m. in the Council Meeting Room, Merchantville Borough Hall, 1 West Maple Avenue, Merchantville, New Jersey.

The purpose of this Ordinance is to guarantee payment of certain bonds to be issued by the Merchantville-Pennsauken Water Commission in connection with the 2009 New Jersey Environmental Infrastructure Trust Program. A copy of this Ordinance is available at no charge to the general public between the hours of 8:30 AM to 4:30 PM, Monday through Friday (Legal Holidays excluded), at the Office of the Borough Clerk, Merchantville Borough Hall, 1 West Maple Avenue, Merchantville, New Jersey.