

**RESOLUTION DECLARING INTENT FOR FEDERAL
INCOME TAX PURPOSES TO REIMBURSE ANY
EXPENDITURES MADE FOR THE UNION COUNTY
EDUCATIONAL SERVICES COMMISSION'S CAPITAL
IMPROVEMENT PROJECT FROM PROCEEDS OF TAX-
EXEMPT OBLIGATIONS**

WHEREAS the Union County Educational Services Commission (the "Commission") intends to finance renovations, alterations and improvements at 45 Cardinal Drive and 53 Cardinal Drive located in the Township of Westfield and owned by the Commission, including all related costs (the "Project") through the issuance of tax exempt bonds or other obligations on its own or through a conduit issuer (the "obligations") in an amount not to exceed \$20,000,000, but may find it necessary to begin work prior to the issuance of the obligations to meet its scheduling requirements, and it may be necessary to advance certain costs prior to the time of issuance of such tax exempt obligations and repay those advances with the proceeds of the tax exempt obligations; now therefore,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE UNION
COUNTY EDUCATIONAL SERVICES COMMISSION, AS FOLLOWS:**

Section 1. This Commission hereby makes the following covenants and declarations with respect to obligations determined by the Business Administrator to be issued by the Commission or through a conduit borrower on a tax-exempt basis. The Commission hereby covenants that it will comply with any conditions subsequent imposed by the Internal Revenue Code of 1986, as amended (the "Code"), in order to preserve the exemption from taxation of interest on the obligations, including, if necessary, the requirement to rebate all net investment earnings on the gross proceeds above the yield on the obligations. The Commission hereby declares the intent of the Commission to issue the obligations in the amount set forth in the preamble to this resolution and to use the proceeds to pay or reimburse expenditures for the costs of the Project. This resolution is a declaration of intent within the meaning and for purposes of Treasury Regulations §1.150-2 or any successor provisions of federal income tax law.

Section 2 The costs to be reimbursed with the proceeds of the obligations will be "capital expenditures" in accordance with the meaning of Section 150 of the Code.

Section 3. No reimbursement allocation will employ an "abusive arbitrage device" under Treasury Regulations Section 1.148-10 to avoid arbitrage restrictions or to avoid the restrictions under Sections 142 through 147 of the Code. The proceeds of the obligations used to reimburse the Commission for costs, or funds corresponding to such amounts, will not be used in a manner that results in the creation of "replacement proceeds," including "sinking funds," "pledged funds," of funds subject to a "negative pledge" (as such terms are defined in Treasury Regulations Section 1.148-1) of the obligations or another issue of debt obligations of the Commission, other than amounts deposited into a "bona fide debt service fund" (as defined in Treasury Regulations Section 1.148-1).

Section 4. All reimbursement allocations will occur not later than 18 months after the later of (i) the date the expenditure from a source other than the obligations is paid, or (ii) the date the Project is “placed in service” (within the meaning of Treasury Regulations Section 1.150-2) or abandoned, but in no event more than three (3) years after the expenditure is paid.

Section 5. This resolution shall take effect immediately.

