

PRELIMINARY OFFICIAL STATEMENT DATED MAY 20, 2015

NEW ISSUE (BOOK-ENTRY ONLY)

RATING ON BONDS: S&P: "A+"
RATING ON NOTES: NOT RATED
(See "RATINGS" herein)

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds and Notes (as respectively defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax imposed on individuals and corporations. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and Notes and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX EXEMPTION" herein.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX
STATE OF NEW JERSEY

\$25,132,000 GENERAL OBLIGATION BONDS, SERIES 2015

\$15,881,000 BOND ANTICIPATION NOTES

Consisting of:

\$12,135,000 General Improvement Bonds, Series 2015

\$4,773,000 Sewer Utility Bonds, Series 2015

\$8,224,000 Water Utility Bonds, Series 2015

NON-CALLABLE

Dated: June 9, 2015

Due: June 8, 2016

Coupon: ____%

Yield: ____%

CALLABLE

Dated: Date of Delivery

Due: March 15, as shown on the inside front cover

The \$25,132,000 aggregate principal amount of General Obligation Bonds, Series 2015, consisting of \$12,135,000 aggregate principal amount of General Improvement Bonds, Series 2015 (the "General Improvement Bonds"), \$4,773,000 aggregate principal amount of Sewer Utility Bonds (the "Sewer Utility Bonds") and \$8,224,000 aggregate principal amount of Water Utility Bonds, Series 2015 (the "Water Utility Bonds") and together with the General Improvement Bonds and the Sewer Utility Bonds, the "Bonds", are general obligations of the City of New Brunswick, in the County of Middlesex, State of New Jersey (the "City") for which the full faith and credit of the City are pledged. The City is authorized and required by law to levy ad valorem taxes on all taxable property within the City without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The \$15,881,000 aggregate principal amount of Bond Anticipation Notes, dated the date of delivery (the "Notes"), are also general obligations of the City, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Notes are issued, but if not so paid or if not paid from other sources, are payable ultimately from ad valorem taxes levied upon all the taxable property within the City for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The Bonds and the Notes will be issued in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds and the Notes. Individual purchases of the Bonds will be made in book-entry only form in the principal amount of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on the fifteenth day of March and September of each year, commencing March 15, 2016, at such rates of interest as shown on the inside front cover hereof until maturity or prior redemption. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the City or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the City to the registered owner thereof as of the Record Dates (as defined herein).

The Notes will bear interest at the rate set forth above, commencing their date of delivery. Interest on the Notes will be payable at maturity as set forth above. Principal of and interest on the Notes will be payable by the City or a duly designated paying agent at the date of maturity.

While DTC is acting as securities depository for the Bonds and the Notes, the principal of and interest on the Bonds and the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Bonds or the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), various bond ordinances duly adopted by the City Council on the dates set forth herein and by resolutions duly adopted by the City Council on May 6, 2015. The Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, and various bond ordinances duly adopted by the City Council on the dates set forth herein.

The Bonds are subject to optional redemption prior to their stated maturities as set forth herein. See "DESCRIPTION OF THE BONDS" under the subheading entitled "Optional Redemption." The Notes are not subject to redemption prior to their stated maturity.

The Bonds and the Notes are not debt or obligations, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the City.

This cover page and inside front cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement, including all appendices, to obtain information essential to making an informed investment decision.

The Bonds and Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel, and certain other conditions. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Financial Advisor to the City in connection with the issuance of the Bonds and the Notes. Certain legal matters will be passed upon for the City by the City Attorney, T.K. Shamy, Esq., New Brunswick, New Jersey. It is anticipated that the Bonds and the Notes will be available for delivery through DTC on or about June 9, 2015.

ELECTRONIC SUBMISSIONS FOR THE BONDS, IN ACCORDANCE WITH THE FULL NOTICE OF SALE, MUST BE MADE VIA PARITY AT 11:00 A.M. EASTERN DAYLIGHT SAVING TIME ON MAY 27, 2015. FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED AT WWW.PROSPECTUSHUB.COM

Bids for the Notes, in accordance with the Full Notice of Sale for the Notes, will be received by Bond Counsel, on behalf of the Chief Financial Officer of the City, until 11:00 a.m. on May 27, 2015, via electronic mail at Igorab@wilentz.com, via facsimile at (732) 726-6580 or via PARITY.

This is a Preliminary Official Statement "deemed final" by the City within the meaning of and with the exception of certain information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The City will deliver a final Official Statement in compliance with Rule 15c2-12. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these Bonds or Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities law of any such jurisdiction.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Sewer Utility Bonds</u>	<u>Water Utility Bonds</u>	<u>Combined Principal Amounts</u>	<u>Interest Rates</u>	<u>Yields</u>
2016	\$550,000			\$550,000		
2017	725,000	\$120,000	\$300,000	1,145,000		
2018	1,010,000	125,000	315,000	1,450,000		
2019	1,050,000	130,000	430,000	1,610,000		
2020	1,100,000	135,000	445,000	1,680,000		
2021	1,100,000	140,000	455,000	1,695,000		
2022	1,100,000	145,000	470,000	1,715,000		
2023	1,100,000	150,000	485,000	1,735,000		
2024	1,100,000	155,000	525,000	1,780,000		
2025	1,100,000	160,000	600,000	1,860,000		
2026	1,100,000	165,000	600,000	1,865,000		
2027	1,100,000	175,000	600,000	1,875,000		
2028		180,000	600,000	780,000		
2029		185,000	600,000	785,000		
2030		190,000	600,000	790,000		
2031		220,000	600,000	820,000		
2032		240,000	599,000	839,000		
2033		240,000		240,000		
2034		240,000		240,000		
2035		240,000		240,000		
2036		240,000		240,000		
2037		240,000		240,000		
2038		240,000		240,000		
2039		240,000		240,000		
2040		240,000		240,000		
2041		238,000		238,000		
Total:	\$12,135,000	\$4,773,000	\$8,224,000	\$25,132,000		

**CITY OF NEW BRUNSWICK
IN THE COUNTY OF MIDDLESEX
STATE OF NEW JERSEY**

MAYOR

James M. Cahill

CITY COUNCIL

Kevin P. Egan, Council President
John A. Anderson
Rebecca H. Escobar
Glenn J. Fleming, Sr.
Elizabeth Sheehan Garlatti

CITY ATTORNEY

T.K. Shamy, Esq.
New Brunswick, New Jersey

CHIEF FINANCIAL OFFICER

Douglas A. Petix

CITY CLERK

Daniel A. Torrissi

CITY ADMINISTRATOR

Thomas A. Loughlin, III

INDEPENDENT AUDITORS

Samuel Klein and Company
Newark, New Jersey

FINANCIAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

BOND COUNSEL

Wilentz, Goldman & Spitzer, P.A.
Woodbridge, New Jersey

No dealer, broker, salesperson or other person has been authorized by the City of New Brunswick, in the County of Middlesex, State of New Jersey (the "City") to give any information or to make any representations with respect to the Bonds and Notes other than those contained in this Official Statement and if given or made, such information or representation must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the City, The Depository Trust Company, New York, New York ("DTC") and other sources deemed reliable by the City; however, no representation or warranty is made as to its accuracy or completeness, and as to the information from sources other than the City, such information is not to be construed as a representation or warranty by the City.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Bonds or Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier. The City has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein and may not be reproduced or used in whole or part, for any other purpose. This Official Statement should be read in its entirety.

The presentation of information is intended to show recent historical information except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial condition of other affairs of the City. No representation is made that past experience, as is shown by the financial and other information, will necessarily continue or be repeated in the future.

The order and placement of materials in this Official Statement, including the Appendices, are not deemed to be a determination of the relevance, materiality or importance, and this Official Statement, including the Appendices, and must be considered in its entirety.

In order to facilitate the distribution of the Bonds and Notes, the respective Underwriters may engage in transactions intended to stabilize the price of the Bonds and Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The prices at which the Bonds and Notes are offered to the public by the respective Underwriters and the yields resulting there from may vary from the initial public offering prices or yields on the cover page and/or inside cover page hereof. In addition, the Underwriters may allow concessions or discounts from such initial public offering prices to dealers and others.

The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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**OFFICIAL STATEMENT
OF THE
CITY OF NEW BRUNSWICK
IN THE COUNTY OF MIDDLESEX, STATE OF NEW JERSEY
RELATING TO
\$25,132,000 GENERAL OBLIGATION BONDS, SERIES 2015
Consisting of:
\$12,135,000 General Improvement Bonds, Series 2015
\$4,773,000 Sewer Utility Bonds, Series 2015 and
\$8,224,000 Water Utility Bonds, Series 2015**

\$15,881,000 BOND ANTICIPATION NOTES

INTRODUCTION

The purpose of this Official Statement is to provide certain information regarding the financial and economic condition of the City of New Brunswick (the "City"), in the County of Middlesex (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$25,132,000 aggregate principal amount of General Obligation Bonds, Series 2015, consisting of \$12,135,000 aggregate principal amount of General Improvement Bonds, Series 2015 (the "General Improvement Bonds"), \$4,773,000 aggregate principal amount of Sewer Utility Bonds (the "Sewer Utility Bonds") and \$8,224,000 aggregate principal amount of Water Utility Bonds, Series 2015 (the "Water Utility Bonds" and together with the General Improvement Bonds and the Sewer Utility Bonds, the "Bonds") and \$15,881,000 Bond Anticipation Notes (the "Notes") of the City. This Official Statement, which includes the cover page, inside front cover page and appendices attached hereto, has been authorized by the City Council, and executed by and on behalf of the City by its Chief Financial Officer, to be distributed in connection with the sale of the Bonds and Notes.

This Official Statement contains specific information relating to the Bonds and Notes including their general description, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historical information and, but only to the extent specifically provided herein, certain projections of the immediate future, and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the City.

DESCRIPTION OF THE BONDS

General Description

The Bonds are dated the date of delivery thereof and shall bear interest at the rates shown on the inside front cover page hereof from such date, payable semi-annually on the fifteenth day of March and September of each year (each an "Interest Payment Date") until maturity or prior redemption, commencing March 15, 2016. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year and will be paid by check, draft or wire transfer mailed, transmitted or delivered to the registered owners of the Bonds as of each respective March 1 and September 1 preceding each Interest Payment Date (the "Record Dates"), at the address shown on the registration books for the Bonds kept for that purpose by the City's Chief Financial Officer, as Registrar and Paying Agent.

The Bonds will mature on March 15 in each of the years and in the respective principal amounts as set forth on the inside front cover page.

The Bonds, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds (the "Securities Depository"). Purchases of beneficial interests in the Bonds will be made in book-entry only form, without certificates, in denominations of \$1,000 each or any integral multiple thereof, with minimum purchases of \$5,000 required. Under certain circumstances, such beneficial interests in the Bonds are exchangeable for one or more fully registered Bond certificates of like series, maturity and tenor in authorized denominations.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly by the City as Paying Agent, or some other paying agent as may be designated by the City, to Cede & Co. Disbursement of such payments to the DTC Participants (as hereinafter defined) is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Bonds is the responsibility of the DTC Participants and Indirect Participants (as hereinafter defined). See "BOOK-ENTRY ONLY SYSTEM" herein.

Optional Redemption

The Bonds maturing prior to March 15, 2026 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after March 15, 2026 are redeemable at the option of the City, in whole or in part, on any date on or after March 15, 2025, upon notice as required herein, at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the City or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the City determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by the City. The Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

Authorization for the Issuance of the Bonds

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances duly adopted by the City Council of the City on the dates set forth in the chart on the following page and published and approved as required by law, and by resolutions duly adopted by the City Council on May 6, 2015.

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the City. Such estoppel period has concluded as of the date of this Official Statement.

Purpose of the Bonds

The General Improvement Bonds are being issued to permanently finance the cost of various capital improvements by and in the City in the amount of \$12,135,000.

The purposes for which the General Improvement Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described on the following table by ordinance number, description and date of final adoption and the amount of General Improvement Bonds to be issued for such purposes. The bond ordinances are:

Ordinance Number	Description and Date of Final Adoption	Amount
O-040906	Reconstruction of George Street, finally adopted April 15, 2009	\$ 578,000
O-031004	Various improvements to the police department headquarters and acquisition and installation of various equipment for the police department, finally adopted April 7, 2010	228,000
O-081003	2010 capital improvement program, finally adopted September 1, 2010	1,044,000
O-031103	Rehabilitation of the Remsen Avenue Firehouse, finally adopted April 6, 2011	1,079,000
O-071106	2011 capital improvement program, finally adopted August 3, 2011	1,833,000
O-061203	2012 capital improvement program, finally adopted July 5, 2012	2,615,000
O-071302	2013 capital improvement program, finally adopted August 7, 2013	<u>4,758,000</u>
TOTAL		<u>\$12,135,000</u>

The Sewer Utility Bonds are being issued to permanently finance the cost of various sewer utility improvements by and in the City in the amount of \$4,773,000.

The purposes for which the Sewer Utility Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described on the following table by ordinance number, description and date of final adoption and the amount of Sewer Utility Bonds to be issued for such purposes. The bond ordinances are:

Ordinance Number	Description and Date of Final Adoption	Amount
O-070106 as amended by O-040302 and O-060803	Rehabilitation/construction of the Lyle Brook Branch Sewer System, finally adopted July 18, 2001 (O-070106), April 23, 2003 (O-040302) and July 18, 2008 (O-060803)	\$1,545,000

Ordinance Number	Description and Date of Final Adoption	Amount
O-081002	Rehabilitation of the South Pennington Pump Station, finally adopted September 1, 2010	330,000
O-071108	Various improvements to the sanitary sewer system, finally adopted August 3, 2011	425,000
O-071304	Various improvements to the sanitary sewer system, finally adopted August 7, 2013	<u>2,473,000</u>
	TOTAL	<u>\$4,773,000</u>

The Water Utility Bonds are being issued to permanently finance the cost of various water utility improvements by and in the City in the amount of \$8,224,000.

The purposes for which the Water Utility Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the City, which bond ordinances are described on the following table by ordinance number, description and date of final adoption and the amount of Water Utility Bonds to be issued for such purposes. The bond ordinances are:

Ordinance Number	Description and Date of Final Adoption	Amount
O-081001	Various improvements to the water system, finally adopted September 1, 2010	\$ 962,000
O-071107	Various improvements to the water system, finally adopted August 3, 2011	410,000
O-061204	Various improvements to the water system, finally adopted July 5, 2012	930,000
O-071303	Various improvements to the water system, finally adopted August 7, 2013	1,920,000
O-121306	Acquisition and installation of generators for the Water Treatment Plant and the D & R Canal Raw Water Pump Station, finally adopted December 30, 2013	1,850,000
O-051404	Various improvements to the water system, finally adopted May 21, 2014	<u>2,152,000</u>
	TOTAL	<u>\$8,224,000</u>

Payment of Bonds

As hereinafter stated, the Bonds are general obligations of the City for which the full faith and credit of the City will be pledged. The City is authorized and required by law to levy *ad valorem* taxes on all taxable property within the City for the payment of principal of and interest on Bonds without limitation as to rate or amount.

DESCRIPTION OF THE NOTES

General Description

The Notes shall be dated and shall bear interest as shown on the front cover page of this Official Statement. The Notes shall bear interest at the rate as indicated on the cover of this Official Statement, payable upon maturity. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Notes will be issued as fully registered notes in book-entry only form, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the City or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000 or any integral multiple thereof, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificate will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the City or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See "DESCRIPTION OF THE BONDS" herein.

Optional Redemption

The Notes are not subject to redemption prior to their stated maturity.

Authorization for the Issuance of the Notes

The Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the "Local Bond Law"), and are authorized by various bond ordinances duly adopted by the City Council of the City on the dates set forth under "Purpose of the Notes" herein and published and approved as required by law.

The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the City. Such estoppel period has concluded as of the date of this Official Statement.

Purpose of the Notes

The Notes are being issued to temporarily finance the cost of various capital improvements by and in the City in the amount of \$15,881,000. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the City, which bond ordinances are described on the following table by ordinance number, description and date of final adoption:

Ordinance Number	Description and Date of Final Adoption	Amount
O-100508 as amended by O-100602	Various improvements to the water treatment plant, finally adopted October 19, 2005 (O-100508) and October 18, 2006 (O-100602)	\$361,000
O-061401	2014 capital improvement program, finally adopted July 2, 2014	3,297,000
O-061402	Various improvements to the sanitary sewer system, finally adopted July 2, 2014	2,215,000
O-041501	2015 capital improvement program, finally adopted April 15, 2015	6,437,000
O-041502	Various improvements to the sanitary sewer system, finally adopted April 15, 2015	2,650,000
O-041503	Various improvements to the water system, finally adopted April 15, 2015	921,000
	TOTAL	<u>\$15,881,000</u>

Payment of Notes

As hereinafter stated, the Notes are general obligations of the City for which the full faith and credit of the City will be pledged. The City is authorized and required by law to levy *ad valorem* taxes on all taxable property within the City for the payment of principal of and interest on Notes without limitation as to rate or amount.

SECURITY FOR THE BONDS AND NOTES

The Bonds and Notes are valid and legally binding general obligations of the City for which the full faith and credit of the City are irrevocably pledged for the punctual payment of the principal of and interest on the Bonds and Notes. Unless otherwise paid from other sources, the City has the power and is obligated by law to levy *ad valorem* taxes upon all the taxable property within the City for the payment of the principal of the Bonds and Notes and the interest thereon without limitation as to rate or amount.

The City is required by law to include the total amount of principal of and interest on all of its general obligation indebtedness, such as the Bonds and Notes, for the current year in each annual budget unless provision has been made for payment of such general obligation indebtedness from other sources. The enforceability of rights or remedies with respect to the Bonds and Notes may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted. See "RISK TO HOLDERS OF BONDS AND NOTES" and "MUNICIPAL BANKRUPTCY" herein.

The Bonds and Notes are not a debt or obligation, legal, moral or otherwise of the State or any county, municipality or political subdivision thereof, other than the City.

NO DEFAULT

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on the bonds, notes or other obligations of the City as of the date hereof.

MARKET PROTECTION

The City does not anticipate issuing any additional bonds or bond anticipation notes in 2015.

BOOK-ENTRY ONLY SYSTEM

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds and Notes, payment of principal and interest, and other payments on the Bonds and Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Bonds and Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the City. Accordingly, the City does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds and Notes. The Bonds and Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of the issue of the Bonds, and will be deposited with DTC. One fully registered Note certificate will be issued for the Notes in the aggregate principal amount of the Notes, as set forth on the cover hereof, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds or Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds or Notes on DTC's records. The ownership interest of each actual purchaser of Bonds or Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds or Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds or Notes, except in the event that use of the book-entry system for the Bonds or Notes is discontinued.

To facilitate subsequent transfers, all Bonds or Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds or Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds or Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds or Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds or Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds or Notes, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds or Notes may wish to ascertain that the nominee holding the Bonds or Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds or Notes, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds or Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds and Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, nor its nominee, Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest on the Bonds and Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds or Notes at any time by giving reasonable notice to the City or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Paying Agent, upon direction of the City, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Discontinuance of Book-Entry Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds or Notes, the following provisions apply: (i) the Bonds or Notes may be exchanged for an equal aggregate principal amount of Bonds or Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the City or Paying Agent; (ii) the transfer of any Bonds or Notes may be registered on the books maintained by the City or Paying Agent for such purposes only upon the surrender thereof to the City or Paying Agent together with the duly executed assignment in form satisfactory to the City or Paying Agent; and (iii) for every exchange or registration of transfer of Bonds or Notes, the City or Paying Agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds or Notes. Interest on the Bonds or Notes will be payable by check or draft, mailed on the Interest Payment Date to the registered owners thereof.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Procedure for Authorization

The City has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of City debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The City is not required to submit the proposed incurrence of indebtedness to a public referendum.

The City, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the City Council and approved by the Mayor. The Local Bond Law requires publication and posting of the bond ordinance. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the City.

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Bonds and Notes are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and bond anticipation notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and the improvements involving State grants, a five percent (5%) cash down payment must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the City are general "full faith and credit" obligations.

Short Term Financing

Local governmental units (including the City) may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or subsequent resolution so provides. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter, unless an amount of such note at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the City, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued.

Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)

Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of refunding bonds. The Local Finance Board, in the Division of Local Governmental Services, New Jersey Department of Community Affairs (the "Local Finance Board") must approve the authorization of the issuance of refunding bonds.

Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)

There are statutory requirements which limit the amount of debt which the City is permitted to authorize. The authorized bonded indebtedness of a City is limited by the Local Bond Law and other laws to an amount equal to three and one-half percent (3 1/2%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the City for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" herein.

As shown in APPENDIX A, the City has not exceeded its statutory debt limit.

Exceptions to Debt Limitation – Extensions of Credit (N.J.S.A. 40A:2-7 et seq.)

The debt limit of the City may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed its debt limit, the City must apply to the Local Finance Board for an extension of credit. The Local Finance Board considers the request, concentrating its review on the effect of the proposed authorization on outstanding obligations and operating expenses and the anticipated ability to meet the proposed obligations. If the Local Finance Board determines that a proposed debt authorization is not unreasonable or exorbitant, that the purposes or improvements for which the obligations are issued are in the public interest and for the health, welfare and convenience or betterment of the inhabitants of the City and that the proposed debt authorization would not materially impair the credit of the City or substantially reduce the ability of the City to meet its obligations or to provide essential services that are in the public interest and makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain obligations, for self-liquidating purposes and, in each fiscal year, in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes) plus two-thirds of the amount raised in the tax levy of the current fiscal year by the local unit for the payment of bonds or notes of any school district. The City has not exceeded its debt limit.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

The Local Fiscal Affairs, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", must be completed within six (6) months (June 30) after the close of the City's fiscal year (December 31), includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the City Clerk and is available for review during regular municipal business hours and shall, within five (5) days thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of

the City Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted in the United States.

Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)

An annual financial statement ("Annual Financial Statement") which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, such as the City, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. It reflects the results of operations for the year of the Current and Utility Funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire annual financial statement is filed with the clerk of the local unit and is available for review during business hours.

Investment of Municipal Funds

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a cash management plan pursuant to the requirements outlined by said statute. Once a municipality adopts a cash management plan it must deposit or invest its funds pursuant to such plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its cash management plan. Some of the permitted securities are as follows: (a) obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"), (b) Government money market mutual funds which invest in securities permitted under the statute, (c) bonds of certain Federal Government agencies having a maturity date not greater than 397 days from the date of purchase, (d) bonds or other obligations of the particular municipality or school districts of which the local unit is a part or within which the school district is located, and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

FINANCIAL MANAGEMENT

Accounting and Reporting Practices

The accounting policies of the City conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the City does not record obligations for accumulated unused vacation and sick pay.

Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the City, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be

finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit may examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but the Director's budgetary review functions, focusing on anticipated revenues, and serves to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriation. N.J.S.A. 40A:4-22. If in any year the City's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program, and (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. See "CAPITAL IMPROVEMENT PROGRAM" herein.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate section of the budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "current" or operating budget.

Local Examination of Budgets (N.J.S.A. 40A:4-78(b))

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the City was not eligible for local examination of its budget in 2014. The City has adopted its 2015 budget in accordance with the procedures described under the heading entitled, "FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)".

State Supervision (N.J.S.A. 52:27BB-1 et seq.)

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring cash deficit.

Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1, et seq.)

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law provides that the City shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the City may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the City for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. See N.J.S.A. 40A:4-45.14. In addition, N.J.S.A. 40A:4-45.15a restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. The City has not utilized a portion of its "Cap Bank" in its 2013 Budget. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP".

Additionally, new legislation constituting P.L. 2010, c.44, effective July 13, 2010, imposes a 2% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care costs in excess of 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

The Division of Local Government Services has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the City to levy *ad valorem* taxes upon all taxable property within the boundaries of the City to pay debt service on bonds and notes, including the Bonds and Notes.

Deferral of Current Expenses

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the City, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in N.J.S.A. 40A:4-48, and approved by at least two-thirds of the full membership of the governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

Anticipation of Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A 40A:4-29 sets limits on the anticipation of delinquent tax collections and provides that, "[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that, "[r]eceipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the sum will at least equal the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\begin{array}{rcl} \text{Total of Local, County,} & & \\ \text{and School Levies} & - \text{ Anticipated Revenues} & = \text{Cash Required from Taxes to Support} \\ & & \text{Local Municipal Budget and Other Taxes} \\ \\ \text{Cash Required from Taxes to Support Local Municipal Budget and Other Taxes} & & = \text{Amount to be} \\ \text{Prior Year's Percentage of Current Tax Collection (or Lesser \%)} & & \text{Raised by} \\ & & \text{Taxation} \end{array}$$

Anticipation of Miscellaneous Revenues

N.J.S.A 40A:4-26 provides that, "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

Debt Statements

The City must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a

refunding debt authorization. Before the end of the first month (January 31) of each fiscal year of the City, the City must file an Annual Debt Statement which is dated as of the last day of the preceding fiscal year (December 31) with the Division and with the City Clerk. This report is made under oath and states the authorized, issued and unissued debt of the City as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the City's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

CAPITAL IMPROVEMENT PROGRAM

In accordance with the Local Budget Law, the City must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The Capital Budget and Capital Improvement Program must be adopted as part of the annual budget pursuant to N.J.A.C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

TAX ASSESSMENT AND COLLECTION

Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a "like" basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the City, the local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special district.

Tax bills are sent in June of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county or school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the City Attorney (as defined herein) for in rem foreclosures in order to acquire title to these properties.

The provisions of chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The

purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures, minimum bidding terms and requires the review and approval of the sale by the Division.

Tax Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1st day of April of the current tax year for its review or the 1st day of May for municipalities that have conducted revaluations. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

TAX EXEMPTION

Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Bonds and Notes in order for the interest on the Bonds and Notes to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds or Notes to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds and Notes. The City will represent in its tax certificate that it expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the City with the requirements of the Code described above, interest on the Bonds and Notes is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and will not be treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax imposed on individuals and corporations; such interest on the Bonds and Notes will, however, be included in the adjusted current earnings of a corporation for purposes of the Federal alternative minimum tax imposed on corporations.

The Bonds and Notes do not constitute "qualified tax-exempt obligations" as defined in and for the purpose of Section 265(b)(3) of the Code.

Additional Federal Income Tax Consequences Relating to Bonds and Notes

Prospective purchasers of the Bonds and Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds and Notes, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds and Notes should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

Bond Counsel is also of the opinion that interest on the Bonds and Notes, and any gain on the sale thereof, is not includable in gross income under the existing New Jersey Gross Income Tax Act, 1976 N.J.

Laws c. 47, as amended. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Bonds or Notes.

Prospective Tax Law Changes

Federal, state or local legislation, administrative pronouncements or court decisions may affect the federal and State tax-exempt status of interest on the Bonds and Notes and the State tax-exempt status of interest on the Bonds and Notes, gain from the sale or other disposition of the Bonds and Notes, the market value of the Bonds and Notes or the marketability of the Bonds and Notes. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Bonds and Notes should consult their own tax advisors regarding such matters.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Bonds and Notes. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds and Notes and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds and Notes paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See APPENDIX C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds and APPENDIX D for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Notes.

Prospective purchasers of the Bonds and Notes should consult their tax advisors with respect to all tax consequences (including but not limited to those listed above) of holding the Bonds and Notes.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the City, including the Bonds and Notes, and such Bonds and Notes are authorized security for any and all public deposits.

RISK TO HOLDERS OF BONDS AND NOTES

It is understood that the rights of the holders of the Bonds and Notes, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Municipal Bankruptcy

THE CITY HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE CITY EXPECTS TO UTILIZE THE BENEFITS OF ITS PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS AND NOTES, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

The undertakings of the City should be considered with reference to 11 U.S.C. §101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provided that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such act.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a local unit, including the City, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

Remedies of Holders of Bonds or Notes (N.J.S.A. 52:27-1 et seq.)

If the City defaults for over sixty (60) days in the payment of the principal or interest on any bonds or notes outstanding, any holder of such bonds or notes may bring an action against the City in the Superior Court of New Jersey (the "Superior Court") to obtain a judgment that the City is so in default. Once a judgment is entered by the Superior Court to the effect that the City is in default, the Municipal Finance Commission (the "Commission") would become operative in the City. The Commission was created in 1931 to assist in the financial rehabilitation of municipalities which were in default in their obligations. The powers and duties of the Commission are exercised within the Division, which constitutes the Commission.

The Commission exercises direct supervision over the finances and accounts of any municipality which has been adjudged by the Superior Court to be in default of its obligations. The Commission continues in force in such municipalities until all bonds, notes or other indebtedness of the municipality which have fallen due, and all bonds or notes which will fall due within one (1) year (except tax anticipation or revenue anticipation notes), and the interest thereon, have been paid, funded or refunded, or the payment thereof has been adequately provided for by a cash reserve, at which time the Commission's authority over such municipality ceases. The Commission is authorized to supervise tax collections and assessments, to approve the funding or refunding of bonds, notes or other indebtedness of the municipality which the Commission has found to be outstanding and unpaid, and to approve the adjustment or composition of claims of creditors and the readjustment of debts under the Bankruptcy Code.

CERTIFICATES OF THE CITY

Upon the delivery of the Bonds and Notes, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the City, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the City from that set forth in or

contemplated by this Official Statement. In addition, the respective original purchaser of the Bonds and Notes shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds and Notes and receipt of payment therefor, and a certificate dated as of the date of the delivery of the Bonds and Notes, and signed by the officers who signed the Bonds and Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds or Notes or the levy or collection of taxes to pay the Bonds or Notes, as applicable, or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Bonds or Notes, as applicable, are issued, and that neither the corporate existence or boundaries of the City, nor the title of any of the said officers to the respective offices, is being contested.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds and Notes are subject to the approval of Bond Counsel, whose approving legal opinions will be delivered with the Bonds and Notes substantially in the form set forth as APPENDIX C and APPENDIX D, respectively, hereto. Certain legal matters with respect to the Bonds and Notes will be passed on for the City by its City Attorney, T.K. Shamy, Esq., New Brunswick, New Jersey (the "City Attorney").

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the City of New Brunswick, Douglas A. Petix, Chief Financial Officer, City Hall, 78 Bayard Street, New Brunswick, New Jersey 08901, (732) 745-5045 and Lisa A. Gorab, Esq., Wilentz, Goldman & Spitzer, P.A., 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, (732) 855-6459, or Mary K. Lyons, Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey 08505, (609) 291-0130.

FINANCIAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as financial advisor to the City with respect to the issuance of the Bonds and Notes ("Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

LITIGATION

To the knowledge of the City Attorney there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds or Notes offered for sale or the levy and collection of any taxes to pay the principal of or the interest on said Bonds or Notes, or in any manner questioning the authority of a proceeding for the issuance of the Bonds or Notes or for the levy or collection of taxes to pay the principal of and interest on the Bonds or Notes, or any action contesting the corporate existence or boundaries of the City or the title of any of its present officers. Further, to the knowledge of the City Attorney, there is no litigation presently pending or threatened against the City that, in the opinion of the City Attorney, would have a material adverse impact on the financial condition of the City if adversely decided. The respective original purchasers of the Bonds and Notes will receive a certificate of the City Attorney to such effect upon the closing of the Bonds and Notes.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS

The City has covenanted for the benefit of the holders of the Bonds and the beneficial owners of the Bonds to provide certain financial information and operating data of the City on or prior to September 30 of each year and to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in APPENDIX E attached hereto. Such Certificate shall be delivered concurrently with the delivery of the Bonds. Annual financial information, including operating

data, and notices of events specified in the Rule, if material, shall be filed with the Municipal Securities Rulemaking Board (the "MSRB").

In addition, the City has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the City with the MSRB. The specific nature of the Notices will be detailed in a certificate to be executed on behalf of the City by its Chief Financial Officer, in the form appearing in APPENDIX F hereto, such certificate to be delivered concurrently with the delivery of the Notes.

The City previously failed to timely file, in accordance with the Rule, under prior filing requirements (i) its annual financial information for the fiscal years ended December 31, 2009, 2010, 2011, 2012 and 2013; (ii) its most current annual debt statement for the fiscal years ended December 31, 2009, 2010, 2011, 2012 and 2013; (iii) notice of previous rating changes relating to prior undertakings for the City of New Brunswick School District and (iv) annual financial information on certain City of New Brunswick Parking Authority and Housing Authority CUSIPS for which the City is an obligated party for the fiscal years ended December 31, 2009, 2010, 2011, 2012 and 2013. Additionally, the City acknowledges that it previously failed to file material event notices and late filing notices in connection with: (i) its timely filings of annual financial information; and (ii) rating changes. Such notices of material events and late filings have been filed with EMMA as of the date of this Official Statement. The City has taken steps to remedy prior disclosure delays and has appointed Phoenix Advisors, LLC to serve as continuing disclosure agent.

PREPARATION OF OFFICIAL STATEMENT

Bond Counsel has participated in the preparation and review of this Official Statement and in the collection of financial, statistical or demographic information contained in this Official Statement but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

Samuel Klein and Company, Newark, New Jersey, the Auditor to the City, has participated in the preparation of the information contained in this Official Statement but has not verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report appearing in APPENDIX B hereto.

The City Attorney has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

All other information has been obtained from sources which the City considers to be reliable but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

RATINGS

Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("Standard & Poor's"), has assigned a rating of "A+" to the Bonds. The Notes are not rated.

An explanation of the significance of the ratings on the Bonds and Notes may be obtained from Standard & Poor's at 55 Water Street, New York, New York 10041. Such ratings reflect only the views of Standard & Poor's, and there is no assurance that the ratings will continue for any period of time or that they will not be revised or withdrawn entirely, if in the judgment of Standard & Poor's, circumstances so warrant. Any revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds and Notes. Except as set forth in the Disclosure Certificate, the City has not agreed to take any action with respect to any proposed rating changes or to bring the rating changes, if any, to the attention of the owners of the Bonds and Notes.

UNDERWRITING

The Bonds have been purchased from the City at a public sale by _____ (the "Bond Underwriter") at a price of \$_____. The purchase price of the Bonds reflects the par amount of Bonds, less an Underwriter's discount of \$_____ plus a net original issue premium of \$_____.

The Notes have been purchased from the City at a public sale by _____ (the "Note Underwriter") at a price of \$_____. The purchase price of the Notes reflects the par amount of Notes, less an Underwriter's discount of \$_____ plus an original issue premium of \$_____.

The Bond Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Bond Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Bond Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investments trusts) at yields higher than the public offering yields set forth on the inside front cover page of this Official Statement, and such yields may be changed, from time to time, by the Bond Underwriter without prior notice.

The Note Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield stated on the front cover page hereof.

FINANCIAL STATEMENTS

The financial statements of the City for the years ended December 31, 2013, 2012, 2011 and 2010, together with the Notes to the Financial Statements for the year ended December 31, 2013 are presented in APPENDIX B to this Official Statement. The financial statements referred to above have been audited by Samuel Klein and Company, Newark, New Jersey, independent auditors, as stated in their report appearing in APPENDIX B. The financial statements for the year ended December 31, 2014, which are presented in APPENDIX B, are unaudited.

MISCELLANEOUS

All quotations from summaries and explanations of the provisions of the laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement is not to be construed as a contract or an agreement between the City and any purchasers or holders of any of the Bonds or Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs of the City, the State or any of their agencies or authorities, since the date hereof.

This Official Statement has been duly executed and delivered on behalf of the City by the Chief Financial Officer.

CITY OF NEW BRUNSWICK

DOUGLAS A. PETIX,
Chief Financial Officer

DATED: _____, 2015

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APPENDIX A
CERTAIN ECONOMIC INFORMATION
RELATING TO THE CITY OF NEW BRUNSWICK

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CERTAIN INFORMATION REGARDING THE CITY

General

New Brunswick is known nationally as the “Health Care City”. It is the home to Rutgers University, a nationally-recognized research university with an enrollment in excess of 40,000 students, Johnson and Johnson, a Fortune 50 company that is the world’s largest maker of medical devices, RWJ University Hospital, the primary teaching hospital for Rutgers Medical School and St. Peter’s University Hospital, a teaching hospital also associated with Rutgers University.

Since 2000, \$1.2 billion has been invested in projects throughout the City, including 2,000,000 sf of office space and over 2,200 new housing units. Commercial projects have included expansion of the healthcare sector including the development of the Cancer Institute of New Jersey and the Bristol-Myers Squibb Children’s Hospital, the Heldrich Conference Center, and Wellness Plaza supermarket and fitness center. The City’s industrial area has seen new investment with the development of over 1,000,000 sf of new warehouse and manufacturing space and the attraction of new employers such as Unitex’s commercial laundry facility that created over 200 new jobs. Additionally, the City’s residential population has grown through the development of new housing. In the downtown area, the City has encouraged the development of mixed-use projects that have developed over 1,300 housing units affordable to a wide range of income levels within a few blocks of the train station and major employers. Other residential development has occurred in neighborhoods outside of the downtown, including the private housing for off-campus Rutgers students, and market-rate and affordable housing for both homeowners and renters.

New Brunswick is well positioned to attract growth in the coming years as it offers:

- A pro-growth development policy with a history of stable taxes,
- Excellent transportation options,
- A well-developed downtown with a mix of residential, retail and commercial uses,
- A wide range of housing options including high-density urban environments, suburban-style single-family neighborhoods with a variety of units priced from luxury high-rise housing to affordable housing.
- A growing local job base with a diverse labor market

The exciting physical, economic, social and cultural renaissance is taking place in the setting of a historic City that was established over 325 years ago. Over the past two decades, the City has been making history again as a national model of the revitalization when public and private sectors join forces.

Location and Transportation

Located in the center of New Jersey, on the Raritan River, New Brunswick is halfway between New York and Philadelphia.

The City’s highway system and links provide for excellent access to the City. The City is located at New Jersey Turnpike Exit 9 and travel into the center of the city is provided by the recently upgraded NJ. Route 18. The Turnpike provides access into New York City in about 40 minutes and to Philadelphia in a little over an hour. Additionally, US Route 1 serves New Brunswick, as New Brunswick is part of the desirable Route 1 development corridor between Princeton and Edison. They highway system provides excellent access to New Brunswick for freight as well as passenger vehicles.

New Brunswick is also located on the Northeast Corridor rail line and is served by over 90 NJ Transit and Amtrak trains, with service to Newark, New York, Trenton and Philadelphia. The Northeast Corridor is the nation’s busiest rail corridor. Additionally, the City is well served with bus transit, including commuter routes into and out of the City connecting both suburban areas to the city and allowing for easy commutation to Newark, Jersey City and New York. Transit service within the City is particularly robust, with service provided by five different NJ Transit routes, as well as the Rutgers Campus bus system, the largest university bus system in the nation, which is accessible to the general public as well as students.

Air transportation is easily accessible via Newark Liberty Airport, which can be reached by car or train in less than 30 minutes. Newark Liberty is one of the nation’s busiest airports, providing flights throughout the country and around the world. JFK, La Guardia and Philadelphia International airports are also easily reach in about an hour’s time.

Port Newark and Port Elizabeth are about 30 minutes away, providing New Brunswick manufacturers and wholesalers with easy port access for their shipping needs.

Consumer Market and a Sound Economy

New Brunswick is located in the heart of one of the largest, wealthiest consumer markets in the country and which is regularly ranked among the top markets for disposable income, housing expenditures and average spending.

The City's population increases from 55,181 to daytime population 70,221 as out-of-town workers arrive to work in New Brunswick's employment centers. Additionally, over 40,000 students attend Rutgers' New Brunswick campuses. New Brunswick residents, workers and students provide a ready consumer market for the City's retail base.

New Brunswick boasts a sound economy. The tax rate is considered stable. Property owners paid \$3.53 per \$100 valuation in 1973 compared to \$5.624 per \$100 in 2014.

New Brunswick's unemployment rate for 2014 was 4.3%, which was lower than the State of New Jersey (5.8%) Since 1990, the number of jobs in the City has increased by 37%. In comparison, the increase in employment in New Jersey over the same period is 7%.

Revitalization progress, including the new jobs and sources of revenue it creates, ensures a bright economic future for New Brunswick.

Labor Market

Approximately 28,000 people are employed in New Brunswick, according to the USDOL Bureau of Labor Statistics. The health care and administrative sectors are the largest employment sectors according to the 2007 Economic Census.

Health Care and Social Assistance	41.72%
Administrative and Support and Waste Management and Remediation Services	19.81%
Accommodation and Food Services	9.15%
Manufacturing	7.93%
Professional, Scientific and Technical Services	5.61%
Retail Trade	4.40%
Other Services (Except Public Administration)	3.91%
Wholesale Trade	3.87%
Information	1.73%
Arts, Entertainment and Recreation	0.94%
Real Estate and Rental Leasing	0.92%

2007 Economic Census, USDOC, Bureau of Census

Because the City is an easy commute from anywhere within a 35-mile radius, New Brunswick employers have access to a large, diversified work force. This labor pool includes persons with clerical experience as well as the professionals who staff research and development facilities in the area.

Finally, organizations within the City itself are training unemployed or underemployed people for the new jobs being created by revitalization projects. New Brunswick has the lowest unemployment rate among the state's urban centers. Further, programs such as the County's Work Force Development Office address training and work force readiness issues.

Receptive Business Climate

In New Brunswick, a favorable business climate means more than a polite reception. The City has re-zoned the downtown area to encourage high-density, mixed-use development. The City's Planning and Development Department assists developers and businesses with site location assistance, financing incentives through local, state and federal programs and assists them in navigating the regulatory approval process efficiently.

Locating in New Brunswick also qualifies businesses and developers for assistance from local, State and county economic development agencies. Programs range from low interest loans arranged through the New Jersey Economic Development Authority to financial assistance for relocation feasibility studies micro-enterprise loans. Portions of the City have also been designated as an Urban Enterprise Zone (UEZ) by the State, making businesses eligible to charge 50% of the regular sales tax on retail sales and to make purchases by the business 100% sales tax exempt.

The City also often works with the non-profit New Brunswick Development Corporation (Devco) in developing public-private partnerships to undertake new development projects. Through partnerships with Devco and other private developers, the City has been able to help developers assemble development sites, obtain project financing and navigate the regulatory approval process to develop new projects such as the Heldrich Conference Center, Gateway Center and Wellness Plaza that have increased revenue to the City and created new jobs in New Brunswick.

New Brunswick is the home base of Johnson & Johnson, the international medical device, biotechnology and health care products manufacturer. Other corporate city residents are Bristol-Myers Squibb and Verizon. Firms such as the commercial laundry company, Unitex, have moved to New Brunswick. Unitex's new facility employs over 200 persons, many of whom are local residents. Large corporations such as Merck, Black Rock, Dow Jones, Novo Nordisk, Prudential, Telcordia and Amerada Hess are just minutes away in nearby communities.

Eleven local banks and credit unions offer a complete range of banking services for businesses and individuals at their main and branch offices throughout the City.

The 300-room Hyatt Regency Hotel and Conference Center and 250-room Heldrich Hotel and conference center in downtown New Brunswick provide convenient, luxurious accommodations. The conference centers are able to serve the meeting needs of 10 to 1,200 people. Accommodations also are available in other nearby conference centers.

The City is served by two daily and Sunday newspapers, the Home News Tribune and Star Ledger. The City also is the home of WCTC-AM and WMGQ- FM radio stations. Cable television service is provided by both Cablevision and Verizon FIOS. Both systems provide opportunities for local programming.

New Brunswick is also the home of a major Verizon switching facility. This facility allows technology companies locating in downtown New Brunswick to obtain low cost, high-speed telecommunications access. Rutgers University has also developed a \$100 million project, RU Net, that installed a fiber optic network throughout its campuses in the New Brunswick area.

New Development

Since 2000 over \$1.2 billion of private and public sector dollars have been and are being invested in the City of New Brunswick.

Recent revitalization projects include:

Gateway Transit Village	\$150,000,000	Mixed-use w/ retail, offices, rental & condo residential
Wellness Plaza	\$105,100,000	50,000 sf supermarket & 60,000 sf fitness center
The George	\$35,000,000	104 mixed income rental residential units in downtown
College Avenue Redevelopment (U/C)	\$295,000,000	Private student housing, retail, classrooms & honors college housing
The Aspire	\$75,000,000	238 mixed income rental units near the train station plus street level commercial space
RiverEdge	\$99,500,000	393 luxury rental units in downtown

Suburban Living, Urban Convenience

The Greater New Brunswick area offers the choice of urban or suburban living styles. Those who prefer a suburban setting can live in places such as Princeton, Bedminster, East Brunswick, Somerset, or even the New Jersey shore, and be less than 30 minutes from New Brunswick. For those who seek an urban environment, New Brunswick offers a full range of detached housing, apartments and condominiums at reasonable prices.

After work hours, the city offers a range of dining, entertainment and cultural offerings, including concerts at the 1,800 seat State Theater, award-winning regional professional theater at George Street Playhouse and Crossroads Theater, a 16-screen multiplex movie theater, a dozen fine dining restaurants and scores of moderately priced restaurants, as well as galleries and museums such as the Zimmerli fine arts museum, Rutgers Geology Museum. Broadway shows and other New York City entertainment are also easily accessible from the City.

Medical and Education Center

New Brunswick is the home of Rutgers, The State University of New Jersey and the University of Medicine and Dentistry's Robert Wood Johnson Medical School. These two institutions are in the process of merging to create one of the nation's leading university research institutions that will attract millions of dollars of additional research dollars to the New Brunswick area. Rutgers will have four campuses in New Brunswick: College Avenue main campus, Douglass, Cook – home of the School of Environmental and Biological Sciences and the Rutgers Robert Wood Johnson Medical Campus, located in downtown adjacent to Robert Wood Johnson University Hospital. In addition, the Mason Gross School of Arts and Bloustein School of Planning and Public Policy are located in downtown New Brunswick. Rutgers is one of the nation's leading research universities, with over 40,000 undergraduate and graduate students at the New Brunswick campuses. The University joined the prestigious Big 10 conference in 2014, joining other prestigious public research universities such as Penn State, Ohio State and Michigan.

Middlesex County College has a New Brunswick campus and is based in nearby Edison, and Princeton University is about 15 miles south.

The health center hub of central New Jersey, New Brunswick is the site of two excellent hospitals, the Robert Wood Johnson/University Hospital ("RWJUH") and St. Peter's University Hospital plus the nationally recognized Cancer Institute of NJ. These institutions provide highly sophisticated medical care and are considered among the leading hospitals in New York metropolitan region. Robert Wood Johnson is the primary teaching hospital for the Rutgers Robert Wood Johnson Medical School and St. Peter's University Hospital is affiliated with Drexel Medical School. RWJUH's facilities include the Bristol-Myers Squibb Children's Hospital and the Cancer Hospital of New Jersey and Children's Specialized Hospital. Additionally, the Rutgers Medical School's Cancer Institute of New Jersey and Child Health Institute provide cutting-edge medical research and services. The City is known as the Healthcare City due to this concentration of medicine and health products institutions.

The City is also home to the St. John's Community Health Center and Chandler Community Health Center. They provide many area residents with a total health care package, making them an asset to the City.

Cultural Center

New Brunswick is a statewide cultural center with professional theaters, a ballet company, and music and art groups and is less than an hour away from New York and Broadway, Lincoln Center, the Metropolitan Museum of Art and more.

Locally, the City boasts three active professional theaters: The George Street Playhouse, with over 4,000 subscribers, the Tony Award-winning Crossroads Theater and the State Theater. These three theaters, along with the American Repertory Ballet comprise the resident companies at the New Brunswick Cultural Center. Additional concerts are presented throughout the year by Rutgers University, the New Brunswick Jazz Project and local promoters. The Jane Voorhees Zimmerli Art Museum at the Rutgers College Campus is a prominent regional museum that hosts nationally-recognized exhibitions. The public can also enjoy exhibits at the New Jersey Agricultural Museum as well as its performing arts programs, and at the American Hungarian Cultural Center.

The renovation of the State Theatre has restored the 1,876 seat theatre to its original elegance, and attracts theatergoers from all over central New Jersey.

The City's rich ethnic history is reflected in festivals that annually attract thousands of people to downtown New Brunswick, including Hungarian and Hispanic festivals, and food and music festivals.

Public Safety Agencies

The City's 139 member police department operates from new headquarters on Kirkpatrick Street. These new facilities provide the police department with current technology for crime fighting and public safety. Specialized Enforcement Programs are administered from a substation on Remsen Avenue.

A 75-member professional fire department operates from three stations within the City. Emergency Medical Services facilities are housed at RWJUH, providing advanced life support services. A "911" dispatching facility is performing efficiently.

Fiscal

The City government has achieved and maintained essential property tax stabilization despite the pressures of inflation. Revenues derived from the influx of commercial and industrial rates and the State's Municipal Aid Program provide the funding necessary for neighborhood improvement programs.

Infrastructure

The City has invested in public infrastructure. Recent projects include significant upgrades at the City's water treatment facility, a rebuilding of storm sewers along Remsen Avenue and the installation of one of the largest municipal solar projects in New Jersey, which allows the City, school district and parking authority to reduce their energy costs.

The City has a capital improvement program that annually budgets funds for streets, parks, water and sewer improvements to maintain public infrastructure in good order.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

POPULATION

<u>Year</u>	<u>Source</u>	<u>Population</u>
2013 (Estimate)	U.S. Census Bureau	55,831
2012 (Estimate)	U.S. Census Bureau	56,160
2010	Federal Census	55,181
2006 (Estimate)	U.S. Census Bureau	50,172
2000	Federal Census	48,573
1990	Federal Census	41,711

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

ECONOMIC INFORMATION

<u>Median Family Income - 2013</u>					<u>Per Capita Personal Income</u>		
<u>Income Group</u>		<u>City of New Brunswick</u>	<u>County of Middlesex</u>	<u>State of New Jersey</u>	<u>Year</u>	<u>County of Middlesex</u>	<u>State of New Jersey</u>
\$ 0	\$ 10,000.00	596	4,865	75,915	2013	\$34,345.00	\$36,027.00
10,000.00	14,999.00	516	3,135	47,776	2012	34,494.00	35,928.00
15,000.00	24,999.00	1,166	8,859	121,165	2011	34,153.00	35,678.00
25,000.00	34,999.00	1,444	11,062	141,470	2010	33,289.00	34,858.00
35,000.00	49,999.00	1,150	17,605	209,473	2009	47,392.00	49,960.00
50,000.00	74,999.00	1,390	32,293	345,431			
75,000.00	99,999.00	770	31,084	308,629			
100,000.00	149,999.00	710	48,400	451,479			
150,000.00	199,999.00	278	23,459	236,645			
200,000.00	Or More	<u>192</u>	<u>22,348</u>	<u>268,600</u>			
Total Families		<u>8,212</u>	<u>203,110</u>	<u>2,206,583</u>			
Median Family Income		<u>\$39,000</u>	<u>\$93,519</u>	<u>\$ 87,347</u>			

Source: American FactFinder

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

HOUSING CHARACTERISTICS - HOUSING UNITS - 2013

	<u>City of New Brunswick</u>	<u>County of Middlesex</u>	<u>State of New Jersey</u>
Number of Units:			
Owner Occupied	3,237	185,879	2,102,465
Renter Occupied	10,771	95,109	1,111,895
Vacant	<u>1,041</u>	<u>15,293</u>	<u>339,202</u>
Total	<u>15,049</u>	<u>296,281</u>	<u>3,553,562</u>
Median Value Owned	<u>\$248,100</u>	<u>\$330,000</u>	<u>\$327,100</u>

Source: American FactFinder

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

LABOR FORCE ESTIMATES

<u>Year</u>	<u>City of New Brunswick</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2014	26,382	24,754	1,628	6.2 %
2013	30,018	27,936	2,082	6.9
2012	29,840	27,543	2,297	7.7
2011	29,424	27,112	2,312	7.9
2010	27,290	25,078	2,212	8.1

<u>Year</u>	<u>County of Middlesex</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2014	432,112	406,174	25,938	6.0 %
2013	443,800	410,900	32,900	7.4
2012	443,880	406,150	37,730	8.5
2011	436,228	399,546	36,682	8.4
2010	422,895	386,219	36,676	8.7

<u>Year</u>	<u>State of New Jersey</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2014	4,524,658	4,209,269	315,389	7.0 %
2013	4,537,800	4,166,000	371,800	8.2
2012	4,595,500	4,159,300	436,200	9.5
2011	4,556,200	4,131,800	424,400	9.3
2010	4,502,400	4,076,700	425,700	9.5

Source: New Jersey Department of Labor, Office of Labor Planning and Analysis, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

LARGEST TAXPAYERS

<u>Taxpayer</u>	<u>Description</u>	<u>2014 Assessed Valuation</u>
Johnson & Johnson	Offices and Other Buildings	\$74,545,700
Verizon - New Jersey	Switching Hub and Utility	26,500,000
Golden Triangle	Office Building with Retail	18,000,000
DJN Raritan Crossing	Regency Manor Apartments	15,000,000
Rutan Realty (Hyatt Hotel)	Hotel and Conference Center	13,500,000
Sears, Roebuck & Co.	Retail Store and Restaurants	12,605,800
Raritan Brunswick, LP	The Gardens at Raritan Apartments	12,480,000
Van Dyke Avenue, LLC	Industrial	11,101,800
BPT, LLC	Colony House Apartments	10,900,000
MC Riverwatch NB, LLC/Mack Cali	Apartments	9,000,000

Source: City of New Brunswick.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

REAL PROPERTY CLASSIFICATION - 2010 - 2015

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total Real Property</u>	<u>Business Personal Property*</u>	<u>Net Valuation Taxable</u>
2015	\$ 9,284,100	\$622,114,900	\$342,634,500	\$106,115,600	\$160,820,000	\$1,240,969,100	\$20,000,000	\$1,260,969,100
2014	10,474,000	623,043,100	330,783,900	102,913,300	140,888,600	1,208,102,900	25,000,000	1,233,102,900
2013	10,833,400	628,989,900	333,115,600	105,699,400	134,520,600	1,213,158,900	25,000,000	1,238,158,900
2012	10,649,000	632,044,500	325,429,300	115,363,300	133,361,500	1,216,847,600	25,000,000	1,241,847,600
2011	12,967,300	630,279,300	339,245,800	120,416,000	133,100,800	1,236,009,200	23,929,036	1,259,938,236
2010	14,004,800	629,641,100	366,019,700	122,171,700	132,270,900	1,264,108,200	21,593,396	1,285,701,596

*Consists of machinery, implements and equipment of telephone, telegraph and messenger systems companies (Chapter 38, P.L. 1966).

Source: Middlesex County Abstract of Ratables.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

ASSESSED VALUATION AND TAX RATES

<u>Year</u>	<u>Real Property</u>	<u>Net Taxable Value Real and Personal Property*</u>	<u>Tax Rate per \$100.00</u>	<u>Real Property Assessed Valuation Percentage of True Value</u>
2015	\$1,240,969,100.00	\$1,260,969,100.00	\$ -	\$38.72
2014	1,208,102,900.00	1,233,102,900.00	5.624	39.00
2013	1,213,158,900.00	1,238,158,900.00	5.579	39.87
2012	1,216,847,600.00	1,241,847,600.00	5.474	39.40
2011	1,236,009,200.00	1,259,938,236.00	5.333	39.05
2010	1,264,108,200.00	1,285,701,596.00	5.162	37.03

*Consists of machinery, implements and equipment of telephone, telegraph and messenger systems companies (Chapter 38, P.L. 1966).

COMPARISON OF COMPONENTS OF TAX RATE

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax Rate	<u>\$5.624</u>	<u>\$5.579</u>	<u>\$5.474</u>	<u>\$5.333</u>	<u>\$5.162</u>
Apportionment of Tax Rate:					
Municipal - Including Library	\$2.336	\$2.340	\$2.303	\$2.154	\$2.160
County	0.941	0.884	0.831	0.872	0.753
School	2.270	2.279	2.263	2.230	2.194
County Open Space	<u>0.077</u>	<u>0.076</u>	<u>0.077</u>	<u>0.077</u>	<u>0.055</u>

Source: City of New Brunswick.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

TAX COLLECTION EXPERIENCE

Year	Tax Levy	Collections During Year of Levy		Added Taxes	Collections to Date Dec. 31, 2014		*Uncollected Dec. 31, 2014	
		Amount	Percentage		Amount	Percentage		
2010	\$67,020,212.63	\$66,833,568.95	99.72%	\$ -	\$66,837,145.23	99.73 %	\$ -	
2011	67,738,813.62	67,634,044.22	99.84	-	67,634,044.22	99.84	-	
2012	68,439,991.69	68,330,424.53	99.80	-	68,391,199.45	99.93		
2013	69,614,427.94	69,461,798.65	99.78		69,481,490.31	99.81		
2014*	70,002,152.04	69,972,201.01	99.95		69,972,201.01	99.95	17,915.95	
Tax Title Liens								439,350.31
Property Acquired for Taxes at Assessed Valuation								5,353,500.00

*Unaudited

*Balances remaining after credits for remissions and transfers to tax title liens.

Tax Collection Procedure

Property taxes are based on the Assessor's valuation of real property and are levied for the calendar year. The taxes for City, Local School District and County purposes are combined into one levy which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the purposes of the Local School District cover the current calendar year. Turnovers by the City to the Board of Education are based on school needs and are generally made on a periodic basis throughout the year. The City remits County Taxes quarterly, on the 15th days of February, May, August and November.

Tax bills for the second half of the current year's levy and an estimate, based on 50% of the levy for the first half of the following year, are mailed annually in June and are due in quarterly installments on the first day of the following months of August, November, February and May. Delinquent payments are subject to an interest penalty at 8% on the first \$1,500.00 of delinquency and 18% on amounts exceeding \$1,500.00. Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The City in 1997 held an advance tax sale according to new State statutes. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

Source: City of New Brunswick

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

DEBT STATEMENT AS OF DECEMBER 31, 2014
(Unaudited)

Gross Debt

School Debt:		
Serial Bonds Issued and Outstanding		\$ 26,980,000.00
Municipal Debt:		
General:		
Serial Bonds Issued and Outstanding	\$ 12,831,000.00	
Capital Appreciation Bonds	6,456,635.35	
Bond Anticipation Notes Authorized but Not Issued	3,297,000.00	
Guaranteed Parking/Housing Authority Bonds - Issued	244,385,000.00	
Green Acres Loan Payable	708,814.51	
Refunding Bonds	2,209,000.00	
Bond Anticipation Notes Issued	<u>12,135,000.00</u>	
		282,022,449.86
Water Utility:		
Serial Bonds Issued and Outstanding	3,171,000.00	
Bond Anticipation Notes Authorized but Not Issued	362,122.00	
Refunding Bonds Issued and Outstanding	4,422,000.00	
N.J. Environmental Infrastructure Loan	14,044,872.17	
Bond Anticipation Notes Issued	<u>8,224,000.00</u>	
		30,223,994.17
Sewer Utility:		
Serial Bonds Issued and Outstanding	5,673,000.00	
Bond Anticipation Notes Authorized but Not Issued	2,215,750.00	
Waste Water Treatment Loan	3,432,382.44	
Bond Anticipation Notes Issued	<u>4,773,000.00</u>	
		<u>16,094,132.44</u>
Total Gross Debt		355,320,576.47
<u>Statutory Deductions*</u>		
School Debt:		
Maximum (4% of Average Equalized Valuation \$123,770,699.13)	26,980,000.00	
Municipal Debt:		
General:		
Pension Refunding - Capital Appreciation Bonds	6,456,635.35	
Parking/Housing Authorities	244,385,000.00	
Water Utility Debt	30,223,994.17	
Sewer Utility Debt	<u>16,094,132.44</u>	
		<u>324,139,761.96</u>
Statutory Net Debt		<u>\$ 31,180,814.51</u>
Average Equalized Valuation of Real Property for 2012-2014		<u>\$3,094,267,478.33</u>
Net Debt Percentage - Statutory Debt Limit 3 1/2%		<u>1.008%</u>

REMAINING STATUTORY BORROWING POWER
(Unaudited)

3 1/2% of Equalized Valuation Basis	\$108,299,361.74
Less: Statutory Net Debt	<u>31,180,814.51</u>
Remaining Municipal Borrowing Power December 31, 2014	<u>\$ 77,118,547.23</u>

*Statutory deductions are used for the purpose of determining Municipal borrowing power under State law. The Municipality is obligated to pay the full amount of its gross debt.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

UNDERLYING DEBT - DECEMBER 31, 2014
(Unaudited)

County of Middlesex:	
*Gross Debt December 31, 2014	<u>\$801,823,325.00</u>
Apportionment to City of New Brunswick	<u>\$26,532,333.82</u>
Basis of Debt Apportionment:	
Ratio of Equalized Valuations:	
City of New Brunswick - 2014	<u>\$3,173,887,778.00</u>
Total Middlesex County - 2014	<u>\$95,920,975,412.00</u>
Ratio - City of New Brunswick	<u>3.309%</u>

*Includes both the Middlesex County Improvement Authority Guarantee of Bonds and Bonds Issued and Bonds Authorized but Not Issued - Capital Projects for County Colleges.

GROSS DEBT COMPARED WITH TRUE VALUE
(Unaudited)

	<u>Municipal Debt</u>	<u>Municipal Debt Including Apportioned Underlying Debt</u>
Gross Debt as of December 31, 2014	<u>\$355,320,576.47</u>	<u>\$381,852,910.29</u>
Aggregate Fair Value for 2014 - All Taxable Property:		
Assessed Valuation	\$1,233,102,900.00	
Amount Added for Equalization:		
Real Property Assessed at 39.00% of True Value	<u>1,940,784,878.00</u>	
Total - With Real Property at True Value	<u>\$3,173,887,778.00</u>	
Gross Debt as a Percentage of True Value	<u>11.195%</u>	<u>12.031%</u>

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APPENDIX B

FINANCIAL STATEMENTS OF THE CITY OF NEW BRUNSWICK

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SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

*550 Broad Street
Newark, New Jersey 07102-4517
Phone (973) 624-6100
Fax (973) 624-6101*

*36 West Main Street, Suite 301
Freehold, New Jersey 07728-2291
Phone (732) 780-2600
Fax (732) 780-1030*

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of the City Council
City of New Brunswick
New Brunswick, New Jersey 08903

The accompanying summary financial statements - regulatory basis, and the related notes, are derived from the audited basic financial statements of the City of New Brunswick, State of New Jersey, as of and for the years ended December 31, 2013, 2012, 2011 and 2010. We expressed unmodified audit opinions on those audited financial statements - regulatory basis in our report dated June 13, 2014. The audited financial statements - regulatory basis, and the summary financial statements - regulatory basis derived therefrom, do not reflect the effects of events, if any, that occurred subsequent to the date of our report on the audited financial statements - regulatory basis.

The summary financial statements - regulatory basis do not contain all the disclosures required by Generally Accepted Accounting Principles of the City of New Brunswick, State of New Jersey. Reading the summary financial statements - regulatory basis, therefore is not a substitute for reading the audited financial statements - regulatory basis of the City of New Brunswick, State of New Jersey.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements - regulatory basis on the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statements - regulatory basis are consistent, in all material respects, with the audited financial statements - regulatory basis based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements - regulatory basis with the related information in the audited financial statements - regulatory basis from which the summary financial statements - regulatory basis have been derived, and evaluating whether the summary financial statements - regulatory basis are prepared in accordance with the basis described in Note 1. We did not perform any audit procedures regarding the audited financial statements - regulatory basis after the date of our report on those financial statements.

Opinion

In our opinion, the summary financial statements - regulatory basis of the City of New Brunswick, State of New Jersey as of and for the years then ended December 31, 2013, 2012, 2011 and 2010 referred to above are consistent, in all material respects, with the audited financial statements - regulatory basis from which they have been derived, on the basis described in Note 1.

Emphasis-of-Matter

These summary financial statements - regulatory basis were prepared for the purpose of inclusion in an official statement for the issuance of General Obligation Bonds, Series 2015 of the City of New Brunswick, State of New Jersey and were abstracted from audit reports issued under the periods referred to above as dated June 13, 2014, June 21, 2013, April 25, 2012 and May 27, 2011, respectively.


SAMUEL KLEIN AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey
June 13, 2014

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

Sheet #1

	Unaudited	Audited			
	Balance Dec. 31, 2014	Balance Dec. 31, 2013	Balance Dec. 31, 2012	Balance Dec. 31, 2011	Balance Dec. 31, 2010
<u>ASSETS AND DEFERRED CHARGES</u>					
<u>Regular Fund</u>					
Cash	\$ 6,930,988.92	\$ 10,456,945.90	\$ 6,405,196.81	\$ 9,716,247.69	\$ 5,800,260.28
Change Fund	1,535.00	1,535.00	1,535.00	1,535.00	1,535.00
Due from State of New Jersey - Ch. 20, P.L. 1971	33,103.50	26,937.32	23,345.94	22,008.16	46,789.73
	<u>6,965,627.42</u>	<u>10,485,418.22</u>	<u>6,430,077.75</u>	<u>9,739,790.85</u>	<u>5,848,585.01</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	17,915.95	23,350.17	109,567.16	6,062.06	12,661.40
Tax Title Liens Receivable	439,350.31	425,924.01	498,038.42	474,174.32	453,594.27
Other Municipal Liens	16,563.29	16,563.29	19,163.79	18,018.60	39,572.60
⊘ Property Acquired for Taxes - Assessed Valuation	5,353,500.00	5,353,500.00	5,353,500.00	5,353,500.00	5,353,500.00
⊘ Mortgage Receivable	27,377.55	27,377.55	27,377.55	27,377.55	27,377.55
⊘ Other Accounts Receivable	32,598.58	12,872.70	11,073.06	9,485.20	13,677.49
Sales Contracts Receivable	8,610.00	8,610.00	8,610.00	8,610.00	8,610.00
Revenue Accounts Receivable		204,362.03		557,787.73	600,820.02
Interfunds Receivable	2,400.61	950.39		200.00	
	<u>5,898,316.29</u>	<u>6,073,510.14</u>	<u>6,027,329.98</u>	<u>6,455,215.46</u>	<u>6,509,813.33</u>
	<u>12,863,943.71</u>	<u>16,558,928.36</u>	<u>12,457,407.73</u>	<u>16,195,006.31</u>	<u>12,358,398.34</u>
<u>Federal and State Grant Fund</u>					
Federal and State Grants Receivable	3,324,261.12	3,732,222.46	6,297,783.16	9,826,757.12	10,405,767.59
Due from Current Fund	688,054.84	583,169.14	644,025.21	4,321,140.33	108,811.93
Total Federal and State Grant Fund	<u>4,012,315.96</u>	<u>4,315,391.60</u>	<u>6,941,808.37</u>	<u>14,147,897.45</u>	<u>10,514,579.52</u>
	<u>\$ 16,876,259.67</u>	<u>\$ 20,874,319.96</u>	<u>\$ 19,399,216.10</u>	<u>\$ 30,342,903.76</u>	<u>\$ 22,872,977.86</u>

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - CURRENT FUND - REGULATORY BASIS

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Unaudited</u>	<u>Audited</u>			
	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Regular Fund</u>					
Appropriation Reserves:					
Encumbered	\$ 2,138,838.74	\$ 2,086,347.86	\$ 2,271,014.47	\$ 2,021,904.69	\$ 2,183,167.44
Unencumbered	1,506,841.92	1,210,002.84	1,002,322.07	757,863.31	533,187.03
Interfunds Payable	691,588.59	4,059,627.22	849,840.77	4,354,276.71	111,761.12
Payment in Lieu of Tax Overpayments					78,448.28
Tax Levy Overpayments	393,698.12	102,091.63	99,857.36	86,609.60	87,727.11
Accounts Payable	144,019.86	156,742.32	4,653.72	568.00	31,273.62
Due to Redflex Traffic Systems	66,293.50	19,546.50	25,296.75	27,149.00	37,066.00
Deposits on Sale of Property	760.00	760.00	760.00	760.00	760.00
Prepaid Taxes	919,702.40	436,254.06	390,625.47	351,255.18	321,164.42
Prepaid Special Improvement District Taxes	1,999.16	913.23	915.19	1,233.88	1,363.40
Prepaid Payment in Lieu of Taxes	43,847.67	34,377.19	45,910.55	18,296.41	29,685.49
Sub-Total	<u>5,907,589.96</u>	<u>8,106,662.85</u>	<u>4,691,196.35</u>	<u>7,619,916.78</u>	<u>3,415,603.91</u>
Reserve for Receivables	5,898,316.29	6,073,510.14	6,027,329.98	6,455,215.46	6,509,813.33
Fund Balance	<u>1,058,037.46</u>	<u>2,378,755.37</u>	<u>1,738,881.40</u>	<u>2,119,874.07</u>	<u>2,432,981.10</u>
Total Regular Fund	<u>12,863,943.71</u>	<u>16,558,928.36</u>	<u>12,457,407.73</u>	<u>16,195,006.31</u>	<u>12,358,398.34</u>
<u>Federal and State Grant Fund</u>					
Due to State of New Jersey	94,697.02	94,697.02	94,697.02	94,697.02	94,697.02
Appropriated Grant Reserves	3,826,490.88	4,220,694.58	6,847,111.35	14,053,200.43	10,419,882.50
Unappropriated Reserves	91,128.06				
Total Federal and State Grant Fund	<u>4,012,315.96</u>	<u>4,315,391.60</u>	<u>6,941,808.37</u>	<u>14,147,897.45</u>	<u>10,514,579.52</u>
	<u>\$16,876,259.67</u>	<u>\$20,874,319.96</u>	<u>\$19,399,216.10</u>	<u>\$30,342,903.76</u>	<u>\$22,872,977.86</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - CURRENT FUND - REGULATORY BASIS

	Unaudited	Audited			
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenue and Other Income Realized					
Fund Balance Utilized	\$ 2,050,000.00	\$ 1,630,000.00	\$ 1,800,000.00	\$ 2,110,000.00	\$ 1,200,000.00
Miscellaneous Revenue Anticipated	49,395,287.28	47,331,160.04	45,364,704.07	50,032,169.24	46,461,376.92
Receipts from Delinquent Taxes				15,309.86	50,442.18
Receipts from Current Taxes	69,972,201.01	69,401,023.73	68,305,860.98	67,634,044.23	66,833,568.95
Nonbudget Revenue	876,855.20	894,828.15	1,118,081.62	698,982.53	481,982.01
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	797,733.77	1,263,725.07	639,794.66	914,141.77	803,267.73
Interfunds Liquidated	950.39		200.00		12,760.80
Prepaid PILOT Cancelled				72,776.74	
Special Improvement District Receivable					7,744.29
Grant Reserves Cancelled		488.39	2,720.20		
Tax Overpayments Cancelled	17,502.93				
Other Accounts Receivable Cancelled	134,741.39				
Accounts Payable Cancelled				25,987.37	
	<u>123,245,271.97</u>	<u>120,521,225.38</u>	<u>117,231,361.53</u>	<u>121,503,411.74</u>	<u>115,851,142.88</u>
Expenditures					
Budget and Emergency Appropriations	81,476,537.73	79,032,435.95	76,936,858.97	81,462,454.39	75,942,776.74
Tax Overpayments				119,260.89	80,113.79
Prior Year Revenue Refunded				208,880.12	3,512.39
Special Improvement District Taxes	487,473.90	476,794.90	465,725.27	481,031.84	498,827.00
Interfunds Established	2,400.61	950.39		200.00	
State Tax Court Judgments	1,383,486.83	309,397.32	575,206.96		28,688.89
Federal and State Grants Receivable - Cancelled	13,843.69			4,286.21	
County Taxes	12,549,177.98	11,873,766.57	11,264,388.16	10,869,569.45	10,375,673.84
Due County for Added and Omitted Taxes	46,148.14	10,444.28	22,651.84	10,557.30	24,055.40
Local School District Taxes	26,556,921.00	26,547,562.00	26,538,773.00	26,525,497.00	26,516,670.00
Due from State of New Jersey Cancelled			8,750.00	24,781.57	
	<u>122,515,989.88</u>	<u>118,251,351.41</u>	<u>115,812,354.20</u>	<u>119,706,518.77</u>	<u>113,470,318.05</u>
Statutory Excess to Fund Balance	729,282.09	2,269,873.97	1,419,007.33	1,796,892.97	2,380,824.83
Fund Balance					
Balance January 1	2,378,755.37	1,738,881.40	2,119,874.07	2,432,981.10	1,252,156.27
	<u>3,108,037.46</u>	<u>4,008,755.37</u>	<u>3,538,881.40</u>	<u>4,229,874.07</u>	<u>3,632,981.10</u>
Decreased by:					
Amount Utilized as Anticipated Revenue	<u>2,050,000.00</u>	<u>1,630,000.00</u>	<u>1,800,000.00</u>	<u>2,110,000.00</u>	<u>1,200,000.00</u>
Balance December 31	<u>\$ 1,058,037.46</u>	<u>\$ 2,378,755.37</u>	<u>\$ 1,738,881.40</u>	<u>\$ 2,119,874.07</u>	<u>\$ 2,432,981.10</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE STATEMENT OF MISCELLANEOUS REVENUE REALIZED - CURRENT FUND - REGULATORY BASIS

	<u>Unaudited</u>	<u>Audited</u>			
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Local Revenues Including Payments in Lieu of Taxes	\$28,040,522.30	\$26,080,028.93	\$24,228,013.21	\$21,427,593.11	\$21,098,359.31
State Aid Without Offsetting Appropriations	13,469,718.00	13,460,357.94	13,451,570.00	13,438,294.00	13,429,467.00
State Aid Building Aid Allowance for Schools	1,362,390.00	1,572,276.00	1,527,875.00	1,350,907.00	1,784,875.00
State - Business Personal Property Tax - Schools	769,670.00	779,030.00	787,818.00	801,094.00	809,921.00
⊞ Uniform Construction Code Fees	1,076,178.00	1,080,682.00	897,464.00	656,477.00	810,052.00
⊞ Shared Service Agreements	1,784,529.36	1,111,128.73	1,134,989.19	1,109,995.64	1,129,945.28
Public and Private Revenues	1,750,722.94	1,271,099.29	1,564,684.65	8,248,037.26	4,475,487.98
Refunds and Reimbursements	917,241.02	1,636,845.35	1,247,379.63	1,133,986.24	1,513,830.19
Miscellaneous	224,315.66	339,711.80	524,910.39	1,865,784.99	1,409,439.16
	<u>\$49,395,287.28</u>	<u>\$47,331,160.04</u>	<u>\$45,364,704.07</u>	<u>\$50,032,169.24</u>	<u>\$46,461,376.92</u>

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE STATEMENT OF BUDGET APPROPRIATIONS - CURRENT FUND - REGULATORY BASIS

	Unaudited	Audited			
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Appropriations</u>					
Operations:					
General Government	\$ 588,952.44	\$ 637,470.39	\$ 655,883.65	\$ 539,821.51	\$ 524,372.88
Administration	15,440,693.60	15,132,443.15	13,557,861.05	12,999,765.67	12,996,430.35
Policy and Economic Development	217,540.71	213,473.47	241,539.03	168,221.11	296,462.66
Law	528,762.84	539,219.21	511,677.67	479,352.58	455,839.75
Finance	945,398.38	905,830.95	786,216.68	789,397.53	776,376.85
Engineering	383,547.24	324,163.79	277,347.59	258,208.05	248,692.66
Public Works	5,605,225.55	5,639,886.14	5,428,254.51	5,114,878.26	5,289,632.72
Social Services	1,677,460.32	1,643,864.04	1,701,601.23	1,555,751.97	1,628,839.71
Police	17,467,271.47	17,672,760.52	17,983,784.83	17,150,124.40	16,666,306.82
Fire	10,643,133.33	10,399,792.69	9,996,690.84	9,049,167.43	8,863,191.36
Uniform Construction Code - Construction Official	490,071.06	475,322.10	450,991.99	422,563.78	434,150.91
Municipal Court	1,168,060.74	1,215,940.31	1,129,479.47	1,107,952.73	1,083,608.08
Maintenance of Free Public Library	1,331,517.92	1,282,942.36	1,228,229.37	1,218,327.61	1,215,882.39
Interlocal Municipal Service Agreements	1,873,884.00	1,186,954.86	1,186,954.86	1,185,947.00	1,185,947.00
Lease Agreement	858,337.50	861,228.75	858,065.00	858,862.50	858,688.75
Unclassified	2,909,750.13	2,715,638.00	2,595,522.77	2,724,784.00	2,635,575.00
Insurance					171,676.00
Public and Private Programs Offset By Revenue	1,459,927.69	1,305,202.29	1,597,505.65	8,280,858.26	4,510,043.98
Capital Improvements	593,460.00	251,846.44	138,000.00	138,000.00	95,000.00
Recycling - State Tax (P.L. 2007, C. 311)	55,500.00	60,000.00	60,000.00	60,000.00	60,000.00
Statutory Expenditures:					
Public Employees' Retirement System	1,297,111.00	1,192,469.00	1,259,897.00	1,240,527.00	884,215.00
Social Security System (OASI)	1,415,986.30	1,255,427.98	1,261,407.17	1,177,674.19	1,207,813.28
Consolidated Police and Firemen's Pension Fund	13,161.82	1,853.84	26,437.91	7,911.51	18,364.74
Police and Firemen's Retirement System	5,194,543.00	5,477,787.00	4,994,581.00	5,950,943.00	4,976,049.00
State Unemployment Insurance Fund	80,000.00	44,975.24	80,000.00	80,000.00	29,200.93
DCRP	6,000.00	6,000.00	3,654.21	4,633.80	1,000.00
Debt Service - Municipal	5,659,133.19	4,576,744.99	4,837,985.78	4,784,349.01	4,519,309.08
Transferred to Board of Education for Use of Local Schools (N.J.S.A. 40:48-17.1 and 17.3)	769,670.00	779,030.00	787,818.00	801,094.00	809,921.00
Debt Service - Type I School District	2,802,437.50	3,234,168.44	3,299,471.71	3,313,337.49	3,500,185.84
	<u>\$81,476,537.73</u>	<u>\$79,032,435.95</u>	<u>\$76,936,858.97</u>	<u>\$81,462,454.39</u>	<u>\$75,942,776.74</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - TRUST FUND - REGULATORY BASIS

<u>ASSETS</u>	<u>Unaudited</u>	<u>Audited</u>			
	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
<u>Animal Control Trust Fund</u>					
Cash	\$ 376.94	\$ 428.20	\$ 894.00	\$ 421.80	\$ 407.80
<u>Payroll Trust Fund</u>					
Cash	429,616.55	489,709.55	450,152.48	495,278.56	458,929.24
<u>Other Trust Funds</u>					
Cash - Treasurer - Checking	4,801,359.95	4,581,875.60	3,347,975.31	3,456,669.85	2,250,449.88
Due from Current Fund		0.30	4,740.46		
	<u>4,801,359.95</u>	<u>4,581,875.90</u>	<u>3,352,715.77</u>	<u>3,456,669.85</u>	<u>2,250,449.88</u>
<u>Federal and State Grant Trust Fund</u>					
Cash - Checking	3,182,161.35	60,111.46	191,193.11	309,142.47	452,322.10
Due from Department of Housing and Development	1,655,644.12	1,537,283.19	1,311,269.00	1,501,641.82	1,547,696.87
Due from Current Fund		3,473,382.65			
	<u>4,837,805.47</u>	<u>5,070,777.30</u>	<u>1,502,462.11</u>	<u>1,810,784.29</u>	<u>2,000,018.97</u>
	<u>\$ 10,069,158.91</u>	<u>\$ 10,142,790.95</u>	<u>\$ 5,306,224.36</u>	<u>\$ 5,763,154.50</u>	<u>\$ 4,709,805.89</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>Animal Control Trust Fund</u>					
Due to State of New Jersey	\$	\$ 13.20	\$ 4.20	\$	\$
Reserve for Animal Control Fund Expenditures	376.94	415.00	889.80	421.80	407.80
	<u>376.94</u>	<u>428.20</u>	<u>894.00</u>	<u>421.80</u>	<u>407.80</u>
<u>Payroll Trust Fund</u>					
Payroll Deductions	429,616.55	489,709.55	450,152.48	495,278.56	458,929.24
<u>Other Trust Funds</u>					
Due to Current Fund	1,265.98			200.00	
Public Library Fund	3,127.40	1,458.90	1,128.80	3,415.32	2,962.74
Street Opening Deposits	394,877.71	365,784.20	324,831.90	297,502.13	262,678.69
Reserve for Health Benefits	34,647.60	219,134.41	148,098.67	299,277.08	56,566.56
Reserve for Developer's Escrow	1,093,993.11	1,303,221.74	895,099.13	661,949.48	672,714.94
Special Reserves	3,268,155.14	2,687,013.34	1,978,293.96	2,189,062.53	1,250,263.64
Fund Balance	5,293.01	5,263.31	5,263.31	5,263.31	5,263.31
	<u>4,801,359.95</u>	<u>4,581,875.90</u>	<u>3,352,715.77</u>	<u>3,456,669.85</u>	<u>2,250,449.88</u>
<u>Federal and State Grant Trust Fund</u>					
Due from Federal and State Grant			11,300.00		
Reserves for:					
Community Development Block Grants	1,660,576.74	1,542,215.81	1,363,773.44	1,554,146.26	1,600,422.47
Repayment of Urban Development Action Grants	3,177,228.73	3,528,561.49	127,388.67	256,638.03	399,596.50
	<u>4,837,805.47</u>	<u>5,070,777.30</u>	<u>1,502,462.11</u>	<u>1,810,784.29</u>	<u>2,000,018.97</u>
	<u>\$ 10,069,158.91</u>	<u>\$ 10,142,790.95</u>	<u>\$ 5,306,224.36</u>	<u>\$ 5,763,154.50</u>	<u>\$ 4,709,805.89</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND - REGULATORY BASIS

<u>ASSETS AND DEFERRED CHARGES</u>	Unaudited	Audited			
	Balance Dec. 31, 2014	Balance Dec. 31, 2013	Balance Dec. 31, 2012	Balance Dec. 31, 2011	Balance Dec. 31, 2010
General Capital:					
Cash	\$ 13,041,995.93	\$ 12,247,893.37	\$ 12,232,153.12	\$ 9,091,457.99	\$ 10,078,819.95
Due from Regional Contribution Agreements				1,671,080.00	1,671,080.00
Deferred Charges to Future Taxation:					
Funded	49,185,449.86	54,127,686.30	59,472,859.81	65,031,771.28	69,720,684.62
Unfunded	15,432,000.00	12,960,000.00	8,203,846.44	5,588,846.44	3,234,438.00
	<u>\$ 77,659,445.79</u>	<u>\$ 79,335,579.67</u>	<u>\$ 79,908,859.37</u>	<u>\$ 81,383,155.71</u>	<u>\$ 84,705,022.57</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
General Capital:					
Reserve to Pay Debt	\$ 108,167.05	\$ 24,062.05	\$ 192,239.39	\$ 5,795.05	\$ 56,412.05
Capital Improvement Fund			12,822.05		
Reserve for Regional Contribution Agreements	4,157,974.94	4,122,501.24	4,108,063.12	5,722,778.00	6,116,579.57
Reserve for Future Improvements	36,564.00	36,564.00	36,564.00	36,564.00	36,564.00
Due to Current Fund	1,134.63				
Reserve for Payment of Debt Service		900,154.42		192,239.39	55,816.13
Improvement Authorizations:					
Funded	3,007,023.92	3,480,474.17	4,122,561.97	5,273,634.07	6,650,649.17
Unfunded	8,759,286.54	8,245,953.72	6,296,059.26	5,117,037.15	2,064,980.26
Bond Anticipation Notes	12,135,000.00	8,202,000.00	5,587,000.00		
Green Acres Loan Payable	708,814.51	790,938.95	893,059.80	1,137,918.64	1,505,779.35
School Facilities Loan Payable			326,052.66	652,105.29	978,157.92
General Serial Bonds	12,831,000.00	13,731,000.00	13,831,000.00	15,781,000.00	23,231,000.00
School Serial Bonds				70,000.00	75,000.00
General Refunding Bonds	2,209,000.00	4,135,000.00	7,292,000.00	8,670,000.00	3,595,000.00
School Refunding Bonds	26,980,000.00	28,600,000.00	30,260,000.00	31,850,000.00	33,465,000.00
Capital Appreciation Bonds	6,456,635.35	6,870,747.35	6,870,747.35	6,870,747.35	6,870,747.35
Fund Balance	268,844.85	196,183.77	80,689.77	3,336.77	3,336.77
	<u>\$ 77,659,445.79</u>	<u>\$ 79,335,579.67</u>	<u>\$ 79,908,859.37</u>	<u>\$ 81,383,155.71</u>	<u>\$ 84,705,022.57</u>
Bonds and Notes Authorized but Not Issued:					
General	<u>\$ 3,297,000.00</u>	<u>\$ 4,758,000.00</u>	<u>\$ 5,588,846.44</u>	<u>\$ 3,234,438.00</u>	<u>\$ 3,836,721.00</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - WATER UTILITY - REGULATORY BASIS

	Unaudited		Audited		
	Balance Dec. 31, 2014	Balance Dec. 31, 2013	Balance Dec. 31, 2012	Balance Dec. 31, 2011	Balance Dec. 31, 2010
ASSETS					
<u>Operating Fund</u>					
Cash	\$ 1,674,141.00	\$ 2,125,138.12	\$ 2,636,099.31	\$ 2,820,397.29	\$ 3,117,334.32
Interfunds Receivable	2,213.32		111,774.77	18,086.79	2,024.71
Receivables and Inventory with Full Reserves:					
Consumers' Accounts Receivable	750,637.54	614,745.87	782,996.62	773,763.95	812,888.55
Water Utility Liens	51,554.78	39,454.81	32,264.08	19,980.35	14,912.21
Other Accounts Receivable	116,902.71	157,103.76	5,585.60	4,783.98	4,931.28
Inventory of Materials and Supplies	42,869.55	42,869.55	42,869.55	42,869.55	42,869.55
Deferred Charges	550,000.00				
	<u>1,511,964.58</u>	<u>854,173.99</u>	<u>863,715.85</u>	<u>841,397.83</u>	<u>875,601.59</u>
Total Operating Fund	<u>3,188,318.90</u>	<u>2,979,312.11</u>	<u>3,611,589.93</u>	<u>3,679,881.91</u>	<u>3,994,960.62</u>
<u>Capital Fund</u>					
Cash	5,970,196.41	638,461.97	1,041,593.93	53,381.73	1,364,190.20
Interfunds Receivable		724.89			
Fixed Capital	64,742,693.64	64,742,693.64	63,289,165.82	61,685,936.13	61,685,936.13
Fixed Capital Authorized and Uncompleted	6,939,791.86	4,679,683.86	2,362,509.68	3,035,739.37	2,625,739.37
Total Capital Fund	<u>77,652,681.91</u>	<u>70,061,564.36</u>	<u>66,693,269.43</u>	<u>64,775,057.23</u>	<u>65,675,865.70</u>
	<u>\$80,841,000.81</u>	<u>\$73,040,876.47</u>	<u>\$70,304,859.36</u>	<u>\$68,454,939.14</u>	<u>\$69,670,826.32</u>
LIABILITIES, RESERVES AND FUND BALANCE					
<u>Operating Fund</u>					
Liabilities:					
Appropriation Reserves:					
Encumbered	\$ 742,320.91	\$ 876,579.68	\$ 827,023.38	\$ 747,979.15	\$ 1,216,611.00
Unencumbered	190,474.91	3,101.16	271,360.86	300,021.06	193,671.42
Interfunds Payable	1,441.95	2,632.42		1,041.42	710.50
Accounts Payable	5,630.92	5,630.92	5,630.92	5,630.92	5,630.92
Prepaid Water Rents	19,580.00	19,580.00		5,741.34	
Accrued Interest on Loans	72,502.69	122,582.78	130,563.02	91,511.17	178,170.67
Accrued Interest on Notes	21,645.96	10,690.17			
Accrued Interest on Bonds	66,060.00	71,393.06	93,157.50	111,878.36	130,355.75
Water Rents Overpaid	11,041.34	11,041.34	99,072.93	93,331.59	17,731.33
	<u>1,130,698.68</u>	<u>1,123,231.53</u>	<u>1,426,808.61</u>	<u>1,357,135.01</u>	<u>1,742,881.59</u>
Reserve for Receivables and Inventory	961,964.58	854,173.99	863,715.85	841,397.83	875,601.59
Fund Balance	1,095,655.64	1,001,906.59	1,321,065.47	1,481,349.07	1,376,477.44
Total Operating Fund	<u>3,188,318.90</u>	<u>2,979,312.11</u>	<u>3,611,589.93</u>	<u>3,679,881.91</u>	<u>3,994,960.62</u>
<u>Capital Fund</u>					
Serial Bonds	3,171,000.00	3,196,000.00	3,221,000.00	3,366,000.00	8,539,000.00
Refunding Bonds	4,422,000.00	4,932,000.00	5,674,000.00	6,301,000.00	1,855,000.00
Bond Anticipation Notes	8,224,000.00	2,302,000.00	1,372,000.00		
Interfunds Payable	497.86		65.46	9.58	436.83
Environmental Infrastructure Loan Payable	14,044,872.17	15,123,278.87	16,195,467.76	17,260,493.29	18,302,481.67
Capital Improvement Fund	62,907.00	58,010.00	58,010.00	58,010.00	58,010.00
Reserves for:					
Amortization	41,307,691.33	39,586,176.63	37,746,173.74	35,909,148.21	34,140,159.83
Deferred Amortization	150,800.00	150,800.00	150,800.00	150,800.00	150,800.00
Payment of Bond Anticipation Notes	33,615.00	33,615.00	4,238.00	4,238.00	4,238.00
Improvement Authorizations:					
Funded	96,549.53	107,596.07	24,786.03	24,786.03	68,863.26
Unfunded	6,138,749.02	4,572,087.79	2,246,728.44	1,700,572.12	2,556,876.11
Total Capital Fund	<u>77,652,681.91</u>	<u>70,061,564.36</u>	<u>66,693,269.43</u>	<u>64,775,057.23</u>	<u>65,675,865.70</u>
	<u>\$80,841,000.81</u>	<u>\$73,040,876.47</u>	<u>\$70,304,859.36</u>	<u>\$68,454,939.14</u>	<u>\$69,670,826.32</u>
Bonds and Notes Authorized but Not Issued	\$ 362,122.00	\$ 4,132,122.00	\$ 1,292,234.00	\$ 1,734,234.00	\$ 1,324,234.00

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - WATER UTILITY - REGULATORY BASIS

	<u>Unaudited</u>	<u>Audited</u>			
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>					
Surplus Anticipated	\$	\$	\$	\$ 180,605.00	\$
Rents	9,548,475.70	9,311,812.52	9,048,339.53	9,228,041.07	9,072,835.21
Services to Other Systems	1,114,373.22	1,150,364.52	1,508,241.86	1,343,742.83	1,319,633.01
Miscellaneous Service Revenue	891,942.65	518,758.39	263,334.90	249,516.46	440,343.49
Interest and Costs on Water Rents				88,028.37	83,151.41
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	89,308.52	582,268.10	677,377.67	678,148.63	625,131.70
Water Rent Overpayment - Cancelled		68,451.59			
	<u>11,644,100.09</u>	<u>11,631,655.12</u>	<u>11,497,293.96</u>	<u>11,768,082.36</u>	<u>11,541,094.82</u>
<u>Expenditures</u>					
Budget Appropriations:					
Operating	7,989,953.21	6,975,637.87	6,793,412.73	6,818,112.35	6,721,066.91
Capital Improvements	153,005.00	50,000.00	40,000.00	30,000.00	30,000.00
Debt Service	2,039,197.74	2,326,167.04	2,362,987.31	2,387,493.38	2,449,201.50
Deferred Charges and Statutory Expenditures	330,000.00	1,399,009.09	424,177.52	410,000.00	1,148,209.23
Surplus - General Budget	988,195.09		737,000.00	737,000.00	
	<u>11,500,351.04</u>	<u>10,750,814.00</u>	<u>10,357,577.56</u>	<u>10,382,605.73</u>	<u>10,348,477.64</u>
Prior Year Refunds					857.89
	<u>11,500,351.04</u>	<u>10,750,814.00</u>	<u>10,357,577.56</u>	<u>10,382,605.73</u>	<u>10,349,335.53</u>
Add: Deferred Charges - Emergency	550,000.00				
Excess in Revenue	693,749.05	880,841.12	1,139,716.40	1,385,476.63	1,191,759.29
<u>Fund Balance</u>					
Balance January 1	<u>1,001,906.59</u>	<u>1,321,065.47</u>	<u>1,481,349.07</u>	<u>1,376,477.44</u>	<u>1,309,718.15</u>
	1,695,655.64	2,201,906.59	2,621,065.47	2,761,954.07	2,501,477.44
Decreased by:					
Surplus Anticipated				180,605.00	
Amount Utilized as Current Fund Revenue	600,000.00	1,200,000.00	1,300,000.00	1,100,000.00	1,125,000.00
Balance December 31	<u>\$ 1,095,655.64</u>	<u>\$ 1,001,906.59</u>	<u>\$ 1,321,065.47</u>	<u>\$ 1,481,349.07</u>	<u>\$ 1,376,477.44</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE BALANCE SHEET - SEWER UTILITY - REGULATORY BASIS

	Unaudited		Audited		
	Balance Dec. 31, 2014	Balance Dec. 31, 2013	Balance Dec. 31, 2012	Balance Dec. 31, 2011	Balance Dec. 31, 2010
ASSETS					
<u>Operating Fund</u>					
Cash	\$ 2,452,657.88	\$ 2,752,886.80	\$ 1,588,341.21	\$ 2,080,066.82	\$ 1,015,880.02
Interfunds Receivable	3,864.14	4,854.39	89,890.23	17,291.02	3,244.57
Receivables with Full Reserves:					
Consumer Accounts Receivable	755,895.91	654,352.40	679,181.13	710,803.28	735,089.11
Sewer Utility Liens	44,354.22	34,117.51	27,281.50	18,319.75	13,182.39
	<u>800,250.13</u>	<u>688,469.91</u>	<u>706,462.63</u>	<u>729,123.03</u>	<u>748,271.50</u>
Total Operating Fund	<u>3,256,772.15</u>	<u>3,446,211.10</u>	<u>2,384,694.07</u>	<u>2,826,480.87</u>	<u>1,767,396.09</u>
<u>Capital Fund</u>					
Cash	5,990,045.83	3,697,002.67	865,206.95	2,792,778.82	3,240,231.34
Due from State of New Jersey	348,818.00	354,390.00	4,341,733.00	4,479,738.00	4,479,738.00
Fixed Capital	23,784,214.20	23,784,214.20	22,372,821.44	17,764,952.12	17,764,952.12
Fixed Capital Authorized and Uncompleted	8,593,590.50	6,378,590.50	5,316,983.26	9,924,852.58	9,499,852.58
Total Capital Fund	<u>38,716,668.53</u>	<u>34,214,197.37</u>	<u>32,896,744.65</u>	<u>34,962,321.52</u>	<u>34,984,774.04</u>
	<u>\$ 41,973,440.68</u>	<u>\$ 37,660,408.47</u>	<u>\$ 35,281,438.72</u>	<u>\$ 37,788,802.39</u>	<u>\$ 36,752,170.13</u>
LIABILITIES, RESERVES AND FUND BALANCE					
<u>Operating Fund</u>					
Liabilities:					
Appropriation Reserves:					
Encumbered	\$ 37,700.52	\$ 128,635.51	\$ 77,844.35	\$ 79,431.60	\$ 52,161.82
Unencumbered	70,599.60	64,616.46	145,921.84	70,598.55	77,056.91
Accrued Interest on Bonds	56,741.79	60,032.08	122,688.35	81,308.23	131,005.24
Accrued Interest on Notes	18,595.84	16,105.38			
Accrued Interest on Loans	38,036.68	23,942.72	70,417.00	36,818.53	47,789.37
Sewer Rents Overpaid	4,027.57	4,027.57	2,445.07	2,445.07	3,083.56
Accounts Payable			5,239.28		
	<u>225,702.00</u>	<u>297,359.72</u>	<u>424,555.89</u>	<u>270,601.98</u>	<u>311,096.90</u>
Reserve for Receivables	800,250.13	688,469.91	706,462.63	729,123.03	748,271.50
Fund Balance	<u>2,230,820.02</u>	<u>2,460,381.47</u>	<u>1,253,675.55</u>	<u>1,826,755.86</u>	<u>708,027.69</u>
Total Operating Fund	<u>3,256,772.15</u>	<u>3,446,211.10</u>	<u>2,384,694.07</u>	<u>2,826,480.87</u>	<u>1,767,396.09</u>
<u>Capital Fund</u>					
Serial Bonds	5,673,000.00	5,977,000.00	6,503,000.00	7,058,000.00	7,593,000.00
Bond Anticipation Notes	4,773,000.00	2,300,000.00	2,067,000.00		
Interfunds Payable	603.90	822.12	524.44	1,190.43	1,172.76
Waste Water Treatment Loan Payable	3,417,652.52	4,016,023.78	4,668,312.28	5,401,278.80	6,159,879.87
Capital Improvement Fund	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Reserve for Amortization	16,102,652.18	15,199,530.92	14,020,042.42	12,732,075.90	11,438,474.83
Deferred Reserve for Amortization	196,500.00	196,500.00	196,500.00	196,500.00	196,500.00
Reserve for Future Improvements	92,754.00	92,754.00	92,754.00	92,754.00	92,754.00
Reserve for Payment of Debt Service	49,836.05	49,836.05	28,488.25		
Improvement Authorizations:					
Funded	2,709,606.00	2,753,737.35	1,138,512.73	5,047,216.58	5,157,430.79
Unfunded	5,697,923.88	3,624,853.15	4,178,470.53	4,430,165.81	4,342,421.79
Fund Balance	<u>140.00</u>	<u>140.00</u>	<u>140.00</u>	<u>140.00</u>	<u>140.00</u>
Total Capital Fund	<u>38,716,668.53</u>	<u>34,214,197.37</u>	<u>32,896,744.65</u>	<u>34,962,321.52</u>	<u>34,984,774.04</u>
	<u>\$ 41,973,440.68</u>	<u>\$ 37,660,408.47</u>	<u>\$ 35,281,438.72</u>	<u>\$ 37,788,802.39</u>	<u>\$ 36,752,170.13</u>
Bonds and Notes Authorized but Not Issued	<u>\$ 2,215,000.00</u>	<u>\$ 2,473,750.00</u>	<u>\$ 234,950.00</u>	<u>\$ 2,301,950.00</u>	<u>\$ 1,876,950.00</u>

See accompanying notes to financial statements.

CITY OF NEW BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE- SEWER UTILITY - REGULATORY BASIS

	Unaudited	Audited			
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Revenue and Other Income Realized</u>					
Rents	\$11,212,145.68	\$11,117,171.15	\$10,652,981.17	\$10,994,691.95	\$ 9,169,607.43
Miscellaneous	1,305,413.82	1,776,644.14	139,424.01	201,353.80	299,150.92
Additional Billings Based on Rate Increase					1,020,639.19
Additional Billings Based on Connection Fees					197,000.00
Additional Billings from Other Municipal Systems					231,000.00
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	84,707.92	114,090.63	105,818.75	84,812.88	49,389.90
	<u>12,602,267.42</u>	<u>13,007,905.92</u>	<u>10,898,223.93</u>	<u>11,280,858.63</u>	<u>10,966,787.44</u>
<u>Expenditures</u>					
Operating	7,588,976.98	7,347,256.94	7,557,436.82	7,294,891.70	8,598,964.67
Capital Improvements	18,343.07	18,343.07	18,343.07	18,343.07	18,343.07
Debt Service	1,239,143.38	1,449,784.55	1,714,924.35	1,718,295.69	1,657,731.45
Statutory Expenditures and Deferred Charges	37,350.00	37,800.00	580,600.00	580,600.00	36,600.00
Surplus - General Budget	1,848,015.44	1,848,015.44			
	<u>10,731,828.87</u>	<u>10,701,200.00</u>	<u>9,871,304.24</u>	<u>9,612,130.46</u>	<u>10,311,639.19</u>
Prior Year Rents Refunded					590.91
	<u>10,731,828.87</u>	<u>10,701,200.00</u>	<u>9,871,304.24</u>	<u>9,612,130.46</u>	<u>10,312,230.10</u>
Excess in Revenue	1,870,438.55	2,306,705.92	1,026,919.69	1,668,728.17	654,557.34
<u>Fund Balance</u>					
Balance January 1	2,460,381.47	1,253,675.55	1,826,755.86	708,027.69	303,470.35
	<u>4,330,820.02</u>	<u>3,560,381.47</u>	<u>2,853,675.55</u>	<u>2,376,755.86</u>	<u>958,027.69</u>
Decreased by:					
Amount Utilized as Current Fund Revenue	2,100,000.00	1,100,000.00	1,600,000.00	550,000.00	250,000.00
	<u>2,100,000.00</u>	<u>1,100,000.00</u>	<u>1,600,000.00</u>	<u>550,000.00</u>	<u>250,000.00</u>
Balance December 31	<u>\$ 2,230,820.02</u>	<u>\$ 2,460,381.47</u>	<u>\$ 1,253,675.55</u>	<u>\$ 1,826,755.86</u>	<u>\$ 708,027.69</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF NEW BRUNSWICK

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of New Brunswick is organized as a Mayor-Council municipality. The City is “governed by an elected Council and by an appointed City Administrator, and by such other officers and employees as may be duly appointed. The Council shall consist of five members elected at large by voters of the municipality and shall serve for a term of three years beginning on the first day of January next following their election. The Mayor is elected by the voters and serves for a four year term”.

Each member of the Council carries a legislative vote.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

The financial statements of the City of New Brunswick include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the City, as required by the provisions of N.J.S. 40A:5-5.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The accounting policies of the City of New Brunswick conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City of New Brunswick accounts for its financial transactions through the following separate funds which differ from the fund structure required by generally accepted accounting principles.

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Animal Control Trust Fund, General Trust Fund, Payroll Fund and the Federal Grant Trust Fund.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as, related long-term debt accounts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Description of Funds (Continued)

Utilities Funds - Water and Sewer Utilities are treated as separate entities. Each maintains its own Operating and Capital Funds which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Capital Fixed Assets - These accounts reflect estimated valuations of land, buildings and certain movable fixed assets of the City as discussed under the caption of "Basis of Accounting".

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from generally accepted accounting principles. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

Property Taxes and Other Revenue

Property taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenue

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the City of New Brunswick budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

Expenditures

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31st of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Encumbrances

As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences

Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes

Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

Self-Insurance Contributions

Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

Interfunds Receivable

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the corresponding fund. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies

Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water and Sewer Utilities are required, by regulation, to be prepared by City personnel for inclusion on the Water and Sewer Utility Operating Fund balance sheet. Annual charges in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Capital Fixed Assets

General:

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the City of New Brunswick has developed a fixed asset accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the Capital Fixed Assets. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the City.

Utilities:

Capital acquisitions, including utility infrastructure costs of the Water and Sewer Utilities, are recorded at cost upon purchase or project completion in the Fixed Capital Account of the utilities. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include movable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Fixed Assets. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisitions.

The Fixed Capital Accounts reflected herein are as recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

D. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The City of New Brunswick presents the financial statements listed in the table of contents which are required by the Division of Local Government Services and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

B. Investments

New Jersey statutes permit the City to purchase the following types of securities:

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- . Government money market mutual funds.
- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- . Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- . Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- . New Jersey State Cash Management Fund.
- . Repurchase agreements of fully collateralized securities subject to special conditions.
- . In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2013 the City had funds on deposit in checking, sweep accounts and governmental money market funds and New Jersey Cash Management Accounts. The amount of the City's cash and cash equivalents on deposit as of December 31, 2013 was \$39,180,049.87. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities categorized as investments as defined by GASB Statement No. 40.

3. TAXES AND TAX TITLE LIENS RECEIVABLE

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the City, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the Board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance. The City established a 2% fee of the total municipal charges on property subject to the tax sale. Said fee cannot be less than \$15.00 nor more than \$100.00.

Taxes unpaid on the 11th day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years:

Comparative Schedule of Tax Rates

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tax Rate	<u>\$5.579</u>	<u>\$5.474</u>	<u>\$5.333</u>	<u>\$5.162</u>	<u>\$ 5.027</u>
Apportionment of Tax Rate:					
Municipal	\$2.258	\$2.219	\$2.154	\$2.160	\$ 2.064
County	0.884	0.831	0.786	0.753	0.720
School	2.279	2.262	2.230	2.194	2.161
County Open Space	0.076	0.078	0.077	0.055	0.082
Municipal Library	0.082	0.084	0.086		

3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

Assessed Valuations

<u>Year</u>	<u>Amount</u>
2013	\$ 1,238,158,900.00
2012	1,241,847,600.00
2011	1,259,938,236.00
2010	1,285,701,596.00
2009	1,292,460,757.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2013	\$ 69,440,950.61 *	\$ 69,401,023.73	99.94 %
2012	68,581,119.03 *	68,305,860.98	99.60
2011	67,738,813.62	67,634,044.23	99.84
2010	67,020,212.63	66,833,568.95	99.72
2009	65,724,850.58	65,473,231.53	99.61

*Net of Reduction Due to Tax Appeals.

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 425,924.01	\$ 23,350.17	\$ 449,274.18	0.65 %
2012	498,038.42	109,567.16	607,605.58	0.89
2011	474,174.32	6,062.06	480,236.38	0.71
2010	453,594.27	12,661.40	466,255.67	0.70
2009	379,162.37	105,637.60	484,799.97	0.74

4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of properties acquired by tax title lien liquidation, which is carried at assessed valuation in the year of acquisition, was as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 5,353,500.00
2012	5,353,500.00
2011	5,353,500.00
2010	5,353,500.00
2009	5,353,500.00

5. WATER CONSUMER ACCOUNTS RECEIVABLE

The City of New Brunswick maintains a utility fund for the billing and collection of water rents. The City bills on a quarterly basis for residential customers and municipalities and a monthly basis for industrial users in general. A comparison of Water Utility billings and collections for the past five years is as follows:

<u>Year</u>	<u>Billings</u>	<u>Cash Collections*</u>
2013	\$ 10,874,647.39	\$ 10,884,189.25
2012	10,578,097.79	10,556,581.39
2011	10,537,727.44	10,569,855.49
2010	10,464,509.10	10,392,468.22
2009	9,717,941.99	9,840,269.29

*Cash collections include realization of prior year uncollected balances and water liens.

6. SEWER CONSUMER ACCOUNTS RECEIVABLE

The City of New Brunswick maintains a utility fund for the billing and collection of sewer rents. The City bills on a quarterly basis for residential customers and municipalities on a monthly basis for industrial users. A comparison of Sewer Utility billings and collections for the past five years is as follows:

<u>Year</u>	<u>Billings</u>	<u>Cash Collections*</u>
2013	\$ 11,099,178.43	\$ 11,117,171.15
2012	10,630,320.77	10,652,981.17
2011	10,975,543.48	10,992,701.37
2010	10,741,596.31	10,618,246.62
2009	8,615,922.61	8,682,071.43

*Cash collections include realization of prior year uncollected balances and sewer liens.

7. FUND BALANCES APPROPRIATED

Year	Current Fund		Water Fund		Sewer Utility	
	Balance December 31	Utilized in Budget of Succeeding Year	Balance December 31	Utilized in Budget of Succeeding Year	Balance December 31	Utilized in Budget of Succeeding Year
2013	\$ 2,378,755.37	\$2,050,000.00	\$ 1,001,906.59	\$ 600,000.00 *	\$ 2,460,381.47	\$ 2,100,000.00 *
2012	1,738,881.40	1,630,000.00	1,321,065.47	1,200,000.00 *	1,253,675.55	1,000,000.00 *
2011	2,119,874.07	1,800,000.00	1,481,349.07	1,300,000.00 *	1,826,755.86	1,600,000.00
2010	2,432,981.10	2,110,000.00	1,376,477.44	917,605.00	708,027.69	544,000.00 *
2009	1,252,156.27	1,200,000.00	1,309,718.15	737,731.59 *	303,470.35	344,173.03

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*Anticipated in Current Fund

8. PENSION PLANS

Description of Systems

Substantially all of the City's employees participate in one of the following contributor defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). In addition, the City contributes to the Consolidated Police and Firemen's Pension Fund (CPFPF). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered cost sharing multiple-employer plans.

Public Employees' Retirement System:

The Public Employees' Retirement System (PERS) was established in January, 1995 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the members lacks of attaining age 55).

Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit of that system.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

8. PENSION PLANS (Continued)

Description of Systems

Police and Firemen's Retirement System:

The Police and Firemen's Retirement System (PFRS) was established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full-time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and, if required to retire because of attaining the mandatory retirement age of 65, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

Consolidated Police and Firemen's Pension Fund:

The Consolidated Police and Firemen's Pension Fund (CPFPPF) is a closed system with no active members and was established in January 1952 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944.

Contributions Required and Made

Contributions made by employees for PERS and PFRS are currently 6.5% and 10% of their base wages, respectively. Employer contributions are actuarially determined on an annual basis by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>PERS</u>		<u>PFRS</u>	
	<u>City</u>	<u>Employees</u>	<u>City</u>	<u>Employees</u>
2013	\$ 1,380,269.00	\$ 1,299,263.62	\$ 5,477,787.00	\$ 3,312,343.09
2012	1,447,697.00	1,121,032.32	4,994,581.00	3,236,510.91
2011	1,428,327.00	1,016,534.30	5,950,943.00	2,805,219.07

9. DEFINED CONTRIBUTION RETIREMENT PROGRAM

Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

9. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)

Description of System (Continued)

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employee's Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PERS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in PERS.

Contributions Required and Made

Contributions made by employees for DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

During the year 2013 there were four officials or employees enrolled in the DCRP. During 2013 the City contributed the amount of \$3,730.65.

10. MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. Pursuant to N.J.S.A. 40A:2-8, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legal requirement is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.

10. MUNICIPAL DEBT (Continued)

	<u>Year 2013</u>	<u>Year 2012</u>	<u>Year 2011</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 21,933,000.00	\$ 19,418,000.00	\$ 15,781,000.00
Refunding Bonds	4,135,000.00	7,292,000.00	8,670,000.00
Green Trust Loan	790,938.95	893,059.80	1,137,918.64
Capital Appreciation Bonds	6,870,747.35	6,870,747.35	6,870,747.35
Water Utility:			
Bonds and Notes	5,498,000.00	4,593,000.00	3,366,000.00
Refunding Bonds	4,932,000.00	5,674,000.00	6,301,000.00
Environmental Infrastructure Loan	15,123,278.87	16,195,467.76	17,260,493.29
Sewer Utility:			
Bonds and Notes	8,277,000.00	8,570,000.00	7,058,000.00
Waste Water Treatment Loan	4,016,023.78	4,668,312.28	5,401,278.80
	<u>71,575,988.95</u>	<u>74,174,587.19</u>	<u>71,846,438.08</u>
 <u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	4,758,000.00	2,616,846.44	5,588,846.44
Water Utility:			
Bonds and Notes	4,132,122.00	1,292,234.00	1,734,234.00
Sewer Utility:			
Bonds and Notes	2,473,750.00	234,950.00	2,301,950.00
	<u>11,363,872.00</u>	<u>4,144,030.44</u>	<u>9,625,030.44</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 82,939,860.95</u>	<u>\$ 78,318,617.63</u>	<u>\$ 81,471,468.52</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.997%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$ 28,600,000.00	\$ 28,600,000.00	\$
Utilities	49,210,174.65	49,210,174.65	
General:			
Municipal	38,487,686.30	7,578,662.38	30,909,023.92
Outside Agencies - Guarantees	249,410,000.00	249,410,000.00	
	<u>\$ 365,707,860.95</u>	<u>\$ 334,798,837.03</u>	<u>\$ 30,909,023.92</u>

Net debt of \$30,909,023.92, divided by the Equalized Valuation Basis per N.J.S. 40:2-2, \$3,099,927,052.67 equals 0.997%.

10. MUNICIPAL DEBT (Continued)

Borrowing Power Under N.J.S. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis	\$ 108,497,446.84
Net Debt	<u>30,909,023.92</u>
Remaining Borrowing Power	<u><u>\$ 77,588,422.92</u></u>

School Debt Deductions

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local School District.

Calculation of "Self-Liquidating Purposes" Water Utility per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$10,980,935.43
Deductions:		
Operating and Maintenance Costs	\$8,424,646.96	
Debt Service per Water Utility Operating Fund	<u>2,326,167.04</u>	
		<u>10,750,814.00</u>
Excess in Revenue		<u><u>\$ 230,121.43</u></u>

There being an excess in revenue, all Water Utility Debt is deductible for Debt Statement purposes.

Calculation of "Self-Liquidating Purposes" Sewer Utility per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 12,893,815.29
Deductions:		
Operating and Maintenance Costs	\$ 9,251,415.45	
Debt Service per Sewer Utility Operating Fund	<u>1,449,784.55</u>	
		<u>10,701,200.00</u>
Excess in Revenue		<u><u>\$ 2,192,615.29</u></u>

There being an excess in revenue, all Sewer Utility Debt is deductible for Debt Statement purposes.

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

10. MUNICIPAL DEBT (Continued)

As of December 31, 2013, the City's long-term debt is as follows:

General Obligation Bonds

\$13,981,000, 2010 Bonds due in annual installments of \$900,000 to \$3,031,000 through September 2019, interest at 3.00% to 3.125% \$ 13,731,000.00

General Refunding Bonds

\$6,280,000, 2011 Refunding Bonds due in annual installments of \$1,926,000 to \$2,209,000 through October 2015, interest at 3.00% \$ 4,135,000.00

Capital Appreciation Bonds

\$6,870,747.35, Issuance Value of Capital Appreciation Bonds due to mature starting in the year 2014 \$ 6,870,747.35

Water Utility Bonds

\$3,271,000, 2010 Bonds due in annual installments of \$25,000 to \$700,000 through September 2025, interest at 3.00% to 4.00% \$ 3,196,000.00

Water Refunding Bonds

\$5,071,000 Refunding Bonds due in annual installments of \$510,000 to \$520,000 through October 2023, interest at 2.00% to 3.25% \$ 4,932,000.00

Sewer Obligation Bonds

\$4,554,000, 2010 Bonds due in annual installments of \$200,000 to \$304,000 through September 2028, at 3.00% to 4.00% \$ 4,104,000.00

Sewer Refunding Bonds

\$1,989,000, Refunding Bonds due in annual installments of \$103,000 to \$236,000 through October 2023, interest at 2.00% to 3.25% \$ 1,873,000.00

10. MUNICIPAL DEBT (Continued)

A Schedule of Annual Debt Service for Principal and Interest for Bonded Debt is as follows:

Year	General Bonds		Water Utility Bonds		Sewer Utility Bonds	
	Original Issue	Interest	Original Issue	Interest	Original Issue	Interest
2014	\$ 900,000.00	\$ 415,718.76	\$ 25,000.00	\$110,840.00	\$ 200,000.00	\$ 141,910.00
2015	1,100,000.00	388,718.76	200,000.00	110,090.00	200,000.00	135,910.00
2016	2,700,000.00	355,718.76	200,000.00	104,090.00	200,000.00	129,910.00
2017	3,000,000.00	274,718.76	200,000.00	98,090.00	200,000.00	123,910.00
2018	3,000,000.00	184,718.76	200,000.00	92,090.00	300,000.00	117,910.00
2019	3,031,000.00	94,718.76	200,000.00	86,090.00	300,000.00	108,910.00
2020			200,000.00	79,840.00	300,000.00	99,535.00
2021			200,000.00	73,590.00	300,000.00	90,160.00
2022			200,000.00	67,090.00	300,000.00	80,410.00
2023			200,000.00	60,090.00	300,000.00	69,910.00
2024			700,000.00	53,090.00	300,000.00	59,410.00
2025			671,000.00	26,840.00	300,000.00	48,160.00
2026					300,000.00	36,160.00
2027					300,000.00	24,160.00
2028					304,000.00	12,160.00
	<u>\$13,731,000.00</u>	<u>\$ 1,714,312.56</u>	<u>\$3,196,000.00</u>	<u>\$961,830.00</u>	<u>\$4,104,000.00</u>	<u>\$ 1,278,525.00</u>

Year	General Refunding Bonds		Water Utility Refunding Bonds		Sewer Utility Refunding Bonds	
	Original Issue	Interest	Original Issue	Interest	Original Issue	Interest
2014	\$ 1,926,000.00	\$ 124,050.00	\$ 510,000.00	\$135,310.00	\$ 104,000.00	\$ 50,915.00
2015	2,209,000.00	66,270.00	503,000.00	120,010.00	103,000.00	47,795.00
2016			520,000.00	104,920.00	170,000.00	44,705.00
2017			516,000.00	89,320.00	169,000.00	39,605.00
2018			504,000.00	79,000.00	236,000.00	36,225.00
2019			493,000.00	67,660.00	232,000.00	30,915.00
2020			483,000.00	55,335.00	227,000.00	25,115.00
2021			476,000.00	42,052.50	224,000.00	18,872.50
2022			466,000.00	28,962.50	219,000.00	12,712.50
2023			461,000.00	14,982.50	189,000.00	6,142.50
	<u>\$ 4,135,000.00</u>	<u>\$ 190,320.00</u>	<u>\$4,932,000.00</u>	<u>\$737,552.50</u>	<u>\$1,873,000.00</u>	<u>\$ 313,002.50</u>

10. MUNICIPAL DEBT (Continued)

Capital Appreciation:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 414,112.00	\$ 385,888.00	\$ 800,000.00
2015	407,048.00	442,952.00	850,000.00
2016	674,010.90	855,989.10	1,530,000.00
2017	624,699.00	905,301.00	1,530,000.00
2018	575,341.20	954,658.80	1,530,000.00
2019	532,715.40	997,284.60	1,530,000.00
2020	494,955.00	1,035,045.00	1,530,000.00
2021	459,413.10	1,070,586.90	1,530,000.00
2022	422,876.70	1,107,123.30	1,530,000.00
2023	393,898.50	1,136,101.50	1,530,000.00
2024	367,171.95	1,161,331.51	1,528,503.46
2025	343,592.10	1,186,407.90	1,530,000.00
2026	319,957.00	1,207,475.23	1,527,432.23
2027	299,425.00	1,229,730.36	1,529,155.36
2028	279,748.50	1,248,607.54	1,528,356.04
2029	261,783.00	1,268,217.00	1,530,000.00
	<u>\$6,870,747.35</u>	<u>\$16,192,699.74</u>	<u>\$23,063,447.09</u>

Green Trust Loans

The City of New Brunswick was issued loans from the New Jersey Department of Environmental Protection for the purpose of improvements to the City's parks at an interest rate of 2%. Loans payable at December 31, 2013 in the amount of \$790,938.95 are as follows:

4th Ward Park (Development)	\$ 139,060.94
Youth Sports Complex	228,801.08
New Brunswick Landing	<u>423,076.93</u>
Balance December 31, 2013	<u>\$ 790,938.95</u>

10. MUNICIPAL DEBT (Continued)

Green Trust Loans (Continued)

The following is a Schedule of Annual Principal and Interest for the Green Trust Loans:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 89,200.67	\$ 82,124.44	\$ 7,076.23
2015	89,200.68	83,259.76	5,940.92
2016	89,200.68	84,417.90	4,782.78
2017	89,199.62	85,598.26	3,601.36
2018	72,966.63	70,570.44	2,396.19
2019	56,732.60	55,077.15	1,655.45
2020	56,732.62	55,668.83	1,063.79
2021	56,733.72	56,273.49	460.23
2022	25,641.02	25,641.02	
2023	25,641.02	25,641.02	
2024	25,641.02	25,641.02	
2025	25,641.02	25,641.02	
2026	25,641.02	25,641.02	
2027	25,641.02	25,641.02	
2028	25,641.02	25,641.02	
2029	25,641.02	25,641.02	
2030	12,820.52	12,820.52	
	<u>\$ 817,915.90</u>	<u>\$ 790,938.95</u>	<u>\$ 26,976.95</u>

Environmental Infrastructure Loan - Water Utility

The City of New Brunswick was a recipient of an Environmental Infrastructure Loan in the sum of \$22,145,000.00 for the construction of a new water treatment plant.

The following is a Schedule of Annual Principal and Interest for the Loans:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	1,266,462.96	1,078,406.70	188,056.26
2015	1,273,690.69	1,098,134.43	175,556.26
2016	1,278,750.12	1,116,443.86	162,306.26
2017	1,267,185.73	1,118,879.47	148,306.26
2018	1,277,015.46	1,140,309.20	136,706.26
2019	1,270,655.04	1,146,148.78	124,506.26
2020	1,277,593.68	1,165,687.42	111,906.26
2021	1,268,342.16	1,169,635.90	98,706.26
2022	1,271,160.99	1,186,479.73	84,681.26
2023	1,272,190.93	1,202,153.43	70,037.50
2024	1,270,094.89	1,215,782.39	54,312.50
2025	1,272,263.21	1,237,200.71	35,062.50
2026	1,265,866.85	1,248,016.85	17,850.00
	<u>\$ 16,531,272.71</u>	<u>\$ 15,123,278.87</u>	<u>\$ 1,407,993.84</u>

10. MUNICIPAL DEBT (Continued)

Waste Water Treatment Trust Loans - Sewer Utility

The City of New Brunswick was a recipient of three Waste Water Treatment Loans in 1997 in the sum of \$9,836,240.00, a 1998 loan in the sum of \$1,307,206.00, and a 2003 loan in the sum of \$4,749,750.00.

The three 1997 projects associated with the loans were completed and closed out. The close outs resulted in the loans being reduced by \$2,172,762.00. Final loan amounts for the 1997 projects now total \$7,663,478.00. New debt schedules were not supplied by the State of New Jersey. The reduction has been accounted for by reducing the final years of the project debt schedule.

The following is a Schedule of Annual Principal and Interest for the Waste Water Treatment Trust Loans:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2014	674,852.98	583,641.34	91,211.64
2015	690,898.74	615,995.52	74,903.22
2016	660,468.37	604,042.14	56,426.23
2017	683,803.71	646,681.13	37,122.58
2018	305,622.45	288,453.30	17,169.15
2019	257,947.30	246,843.89	11,103.41
2020	260,858.29	253,286.04	7,572.25
2021	262,816.51	259,019.20	3,797.31
2022	266,909.06	264,398.36	2,510.70
2023	254,941.04	253,662.86	1,278.18
	<u>\$ 4,319,118.45</u>	<u>\$ 4,016,023.78</u>	<u>\$ 303,094.67</u>

Bond Anticipation Notes

Outstanding Bond Anticipation Notes issued and outstanding are as follows:

	<u>Original Issue</u>	<u>Amount</u>
General Capital Fund:		
Various Capital Improvements	6-26-12	\$ 5,587,000.00
Various Capital Improvements	6-21-13	<u>2,615,000.00</u>
		<u>\$ 8,202,000.00</u>
Water Utility Fund:		
Various Water Improvements	6-26-12	\$ 1,372,000.00
Various Water Improvements	6-21-13	<u>930,000.00</u>
		<u>\$ 2,302,000.00</u>
Sewer Utility Fund:		
Various Sewer Improvements	6-26-12	\$ 2,067,000.00
Lyle Brook Branch Sewer Improvements	6-21-13	<u>233,000.00</u>
		<u>\$ 2,300,000.00</u>

10. MUNICIPAL DEBT (Continued)

Bond Anticipation Notes (Continued)

Statutory requirements for providing sums equivalent to legally payable installments for the redemption of notes (Budget Appropriations) and permanent funding (Bond Issues) are summarized as follows:

<u>Note Issued</u>	<u>Installments Due</u>	<u>Permanent Funding</u>
2012	2015 - 2022	2023
2013	2016 - 2023	2024

Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amounts:

	<u>Balance Dec. 31, 2013</u>	<u>Balance Dec. 31, 2012</u>
General Capital Fund:		
General Improvements	<u>\$ 4,758,000.00</u>	<u>\$ 2,616,846.44</u>
Water Utility Capital Fund:		
General Improvements	<u>\$ 4,132,122.00</u>	<u>\$ 1,292,234.00</u>
Sewer Utility Capital Fund:		
General Improvements	<u>\$ 2,473,750.00</u>	<u>\$ 234,950.00</u>

11. SCHOOL DEBT

The Board of Education of the City of New Brunswick is a Type I School District and the members of the Board of Education are appointed by the Mayor. A Board of School Estimate approves the school district tax levy after the final budget is determined by the Board of Education. The members of the Board of School Estimate include the Mayor, two members of the local school board and two members of the Governing Body. School debt, authorized by the Board of School Estimate, are obligations of the City and school debt service is raised as part of the school tax levy. School debt is reported on the balance sheet of the General Capital Fund and is detailed as follows:

\$29,505,000, 2010 Refunding Bonds due in annual installments of \$1,600,000 to \$2,040,000 through October 2028, interest at 3.00% to 5.00%	<u>\$ 28,600,000.00</u>
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11. SCHOOL DEBT (Continued)

A Schedule of Annual Debt Service for Principal and Interest is as follows:

<u>Year</u>	School Refunding Bonds	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,620,000.00	\$ 1,182,437.50
2015	1,600,000.00	1,133,837.50
2016	1,675,000.00	1,085,837.50
2017	1,865,000.00	1,018,837.50
2018	1,955,000.00	944,237.50
2019	2,040,000.00	866,037.50
2020	2,030,000.00	784,437.50
2021	2,020,000.00	698,162.50
2022	2,020,000.00	597,162.50
2023	2,020,000.00	496,162.50
2024	2,025,000.00	395,162.50
2025	2,005,000.00	314,162.50
2026	1,985,000.00	233,962.50
2027	1,970,000.00	149,600.00
2028	1,770,000.00	70,800.00
	<u>\$ 28,600,000.00</u>	<u>\$ 9,970,837.50</u>

Bond Anticipation Note

There are no Type One School Bond Anticipation Notes outstanding at year end.

Bonds and Notes Authorized but Not Issued

There were no Bonds and Notes Authorized but Not Issued for Type One School Debt at December 31, 2013.

12. DEBT GUARANTEED BY THE CITY OF NEW BRUNSWICK

The gross debt of the New Brunswick Parking Authority has been guaranteed by the City of New Brunswick and is summarized as follows:

	<u>Amount</u>
New Brunswick Parking Authority	<u>\$ 249,410,000.00</u>

13. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2013, Interfund Receivables and Payables that resulted from various Interfund transactions were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 950.39	\$ 4,059,627.22
Federal and State Grant Fund	583,169.14	
Other Trust Fund	0.30	
Federal Grant Trust Fund	3,473,382.65	
Water Operating Fund		2,632.42
Water Capital Fund	724.89	
Sewer Operating Fund	4,854.39	
Sewer Capital Fund		822.12
	<hr/>	<hr/>
	<u>\$ 4,063,081.76</u>	<u>\$ 4,063,081.76</u>

14. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2013 there were no deferred charges.

15. DEFERRED COMPENSATION PLAN

The City of New Brunswick offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The “Small Business Job Protection Act of 1996” revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The City of New Brunswick authorized such modifications to their plan by resolution of the City Council adopted April, 1998.

The Administrators for the City of New Brunswick’s Deferred Compensation Plan are the Equitable Assurance Company, ICMA Retirement Corporation and the Variable Annuity Life Insurance Company.

16. RISK MANAGEMENT

The City of New Brunswick is a member of the Middlesex County Municipal Joint Insurance Fund for various coverages.

Health Benefits:

The City maintains two HMO plans with Aetna – U.S. Healthcare and CIGNA – CoMed. These two plans are full indemnification plans.

In addition, the City has a self-insurance plan which is administered by Aetna – U.S. Healthcare. The coverage under this plan is as follows:

Aggregate: \$1,000,000 in excess of 125% of the ECC
\$242.63 or \$1,564,976, whichever is greater.

Specific: \$1,000,000 any one person per annum up to a
group maximum of \$2,000,000. Excess of \$110,000 per
person per annum.

17. CONTINGENT LIABILITIES

c. Compensated Absences

The City of New Brunswick has various labor contracts with their employee unions. Payment of accrued sick time varies with each labor agreement and date of employment.

It is estimated that the sum of \$14,180,446.30 computed internally at the 2013 salary rates would be payable to officials and employees of the City of New Brunswick as of December 31, 2013 for accumulated sick days and unused vacation days.

The above amount represents a contingent liability and is not reflected on the financial statements. The amount has been calculated by management and is unaudited.

b. Tax Appeals

There are a number of tax appeals pending before the New Jersey Tax Court and the Middlesex County Board of Taxation, not one of which has the potential to cause a significant adverse effect to the City.

Judgments favorable to the taxpayers generally extend to two years following the year judged and would also subject the City to a liability for statutory interest based upon the amount of taxes refunded from the date of payment to the date of refund (R.S. 54:3-27.2).

c. Federal and State Awards

The City participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2013 may be impaired. In the opinion of management, there are no known significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

17. CONTINGENT LIABILITIES (Continued)

d. Arbitrage Rebate Calculation

In 1985, under the Tax Reform Act, the Arbitrage Rebate Law went into effect requiring issuers of tax exempt debt obligations to rebate to the Federal Government all of the earnings in excess of the yield on investments of proceeds of such debt issuances the ("rebate arbitrage"). The Rebate Regulations apply to obligations issued after August 31, 1986. The arbitrage rebate liability must be calculated every installment computation date (last day of the fifth bond year) or earlier if the bonds are retired, defeased or refunded and pay at least 90% of the rebatable arbitrage (plus any earnings thereon) within 60 days after such date.

e. Litigation

The City Attorney's letter indicated that there are two (2) cases that could result in a potential significant liability to the City. It is expected that any other unfavorable judgments to the City will be subject to the City's insurance coverage.

18. SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

APPENDIX C

FORM OF APPROVING LEGAL OPINION FOR THE BONDS

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ATTORNEYS AT LAW

90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000
Fax 732.855.6117

Meridian Center I
Two Industrial Way West
Eatontown, NJ 07724-2265
732.542.4500
Fax 732.493.8387

110 William Street
26th Floor
New York, NY 10038-3927
212.267.3091
Fax 212.267.3828

Two Penn Center Plaza
Suite 910
Philadelphia, PA 19102
215.940.4000
Fax 215.636.3999

www.wilentz.com

DAVID T. WILENTZ (1919-1988)
G. GEORGE GOLDMAN (1922-1959)
HENRY M. SPITZER (1928-1988)
WARREN W. WILENTZ (1949-2010)

RICHARD F. LERT²
JOHN A. HOFFMAN
STEPHEN E. BARCAN
VINCENT P. MALTESE
DAVID M. WILDSTEIN
GORDON J. GOLUB
MARVIN J. BRAUTH²
STUART A. HOBERMAN^{2,3}
STEPHEN A. SPITZER
ANNE S. BABINEAU²
BRIAN J. MOLLOY⁴
RANDALL J. RICHARDS
JOSEPH J. JANKOWSKI
DAVID S. GORDON
FREDERICK J. DENNEHY
ROY H. TANZMAN²
STEVEN J. TRIPP
JAY J. ZIZNEWSKI
JAMES E. TRABILSY
MAUREEN S. BINETTI⁴
ANTHONY J. PANNELLA, JR.
MICHAEL J. BARRETT⁴
MICHAEL F. SCHAFF^{2,7}
ANGELO JOHN CIFALDI
KEVIN M. BERRY⁴
JOHN T. KELLY⁴
EDWIN LEAVITT-GRUBERGER²
BARRY A. COOKE
JON G. KUPILIK
PETER R. HERMAN²

EDWARD T. KOLE
ERIC JOHN MARCY
ROBERT C. KAUTZ^{2,6}
VIOLA S. LODI²
LYNNE M. KIZIS
KEVIN P. RODDY^{2,8,9}
DANIEL S. BERNHEIM 3d^{1,3}
DAVID H. STEIN
DOUGLAS WATSON LUBIC²
DOMINICK J. BRATTI
LISA A. GORAB²
LAWRENCE F. JACOBS²
BETH HINSDALE-PILLER
FRED HOPKE²
DONALD E. TAYLOR³
BRETT R. HARRIS²
JEFFREY W. CAPPOLA
ALFRED M. ANTHONY²
DARREN M. GELBER^{2,3}
GRACE D. MACK²
DONNA M. JENNINGS
GIOVANNI ANZALONE
PETER A. GREENBAUM²
WILLARD C. SHIH²
LAWRENCE C. WEINER²
LAURIE E. MEYERS^{2,4}
DAVID P. PEPE
JOHN E. HOGAN²
EVERETT M. JOHNSON²
DANIEL R. LAPINSKI^{2,3}
TODD E. LEHDER^{2,7}
PHILIP A. TORTORETI^{11,12}
KELLY A. ERHARDT-WOJIE³
ALEX LYUBARSKY²
ELLEN TORREGROSSA-O'CONNOR
MICHAEL A. PAFF²

JOSEPH J. RUSSELL, JR.²
BARBARA J. KOONZ^{2,10}

OF COUNSEL

ALAN B. HANDLER⁵
FRANCIS V. BONELLO
BRUCE M. KLEINMAN^{2,5}
C. KENNETH SHANK²
WILLIAM J. LINTON

COUNSEL

RUTH D. MARCUS^{1,2}
RICHARD J. BYRNES
JAMES E. TONREY, JR.²
DEIRDRE WOULFE PACHECO²
ROBERTO BENITES
JONATHAN J. BART^{1,2,3}
YVONNE MARCUSE
ABBY RESNICK-PARIGIAN^{2,3}
ELIZABETH C. DELL²
ROBERT L. SELVERS²
JOHN P. MURDOCH¹
GREGORY D. SHAFFER^{2,4}
ALYSON M. LEONE²

ASSOCIATES

LINDA LASHBROOK
STEPHANIE D. GIRONDA
LOUIS J. SEMINSKI, JR.
MICHAEL F. FRIED²
KEITH L. HOVEY^{2,3}
MATTHEW SKOLNIK²
VINCENT CHENG²
JAMES TRACY
DANIEL J. KLUSKA

KARIN K. SAGE
SATISH V. POONDI
KUSH SHUKLA^{2,10}
RACHEL C. HEINRICH³
ANNEMARIE T. GREENAN³
ERIC M. FINKELSTEIN²
NANOR L. TERJANIAN²
JENNA N. SHAPIRO²
ANDREW GROUS^{2,3}
BRIDGET V. KAINE²
RISA M. CHALFIN
JUSTIN HOLLANDER²
LISA GORA
FOTINI KARAMBOULIS²
JUNE Y. LEE²
JASON J. KRISZA²

< Certified Civil Trial Attorney
□ Certified Criminal Trial Attorney
† Certified Workers Comp. Attorney
1 Not admitted NJ
2 Admitted NY
3 Admitted PA
4 Admitted CT
5 Admitted DC
6 Admitted MA
7 Admitted MD
8 Admitted VA
9 Admitted CA
10 Admitted FL
11 Admitted PR
12 Admitted VI

_____, 2015

Mayor and Council
of the City of New Brunswick
New Brunswick, New Jersey

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, sale, issuance and delivery of the \$25,132,000 aggregate principal amount of General Obligation Bonds, Series 2015, consisting of aggregate principal amount of \$12,135,000 General Improvement Bonds (the "General Improvement Bonds"), \$4,773,000 aggregate principal amount of Sewer Utility Bonds, Series 2015 (the "Sewer Utility Bonds") and \$8,224,000 Water Utility Bonds, Series 2015 (the "Water Utility Bonds" and together with the General Improvement Bonds and the Water Utility Bonds, the "Bonds"), of the City of New Brunswick, in the County of Middlesex (the "City"), a body politic and corporate of the State of New Jersey (the "State").

The Bonds are authorized by and are issued pursuant to: (i) the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"); (ii) bond ordinances duly adopted by the City Council of the City on the various dates set forth in the Official Statement dated May 27, 2015 and published as required by law; (iii) a resolution combining bond ordinances for the purpose of sale of the General Improvement Bonds duly adopted by the City Council of the City on May 6, 2015; (iv) a resolution combining bond ordinances for the purpose of sale of the Sewer Utility Bonds duly adopted by the Council of the City on May 6, 2015, (v) a resolution combining bond ordinances for the purpose of sale of the Water Utility Bonds duly adopted by the Council of the City on May 6, 2015 and (vi) a resolution determining the form and other details of the Bonds duly adopted by the City Council of the City on May 6, 2015.

The General Improvements Bonds are being issued to: (i) permanently finance the cost of various capital improvements by and in the City and (ii) pay the costs associated with the issuance of the General Improvement Bonds.

The Sewer Utility Bonds are being issued to: (i) permanently finance the cost of various sewer utility improvements by and in the City and (ii) pay the costs associated with the issuance of the Sewer Utility Bonds.

The Water Utility Bonds are being issued to: (i) permanently finance the cost of various sewer utility improvements by and in the City and (ii) pay the costs associated with the issuance of the Water Utility Bonds.

The Bonds are issued in fully registered, book-entry only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. One certificate shall be issued for the aggregate principal amount of Bonds of each series maturing in each year. Purchases of the Bonds will be made in book-entry only form, without certificates, in the principal amount of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the City as Paying Agent (or a Paying Agent duly appointed by the City) directly to Cede & Co., as nominee for DTC. Disbursal of such payments to DTC participants is the responsibility of DTC and disbursal of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants.

The Bonds are dated and shall bear interest from their date of delivery, which interest shall be payable semi-annually on the fifteenth day of March and September (each an "Interest Payment Date") in each year until maturity or prior redemption, commencing March 15, 2016. The Bonds shall mature on March 15 in each of the years and in the principal amounts as follows:

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Sewer Utility Bonds</u>	<u>Water Utility Bonds</u>	<u>Combined Principal Amounts</u>	<u>Interest Rates</u>	<u>Yields</u>
2016	\$550,000			\$550,000		
2017	725,000	\$120,000	\$300,000	1,145,000		
2018	1,010,000	125,000	315,000	1,450,000		
2019	1,050,000	130,000	430,000	1,610,000		
2020	1,100,000	135,000	445,000	1,680,000		
2021	1,100,000	140,000	455,000	1,695,000		
2022	1,100,000	145,000	470,000	1,715,000		
2023	1,100,000	150,000	485,000	1,735,000		
2024	1,100,000	155,000	525,000	1,780,000		
2025	1,100,000	160,000	600,000	1,860,000		
2026	1,100,000	165,000	600,000	1,865,000		
2027	1,100,000	175,000	600,000	1,875,000		
2028		180,000	600,000	780,000		
2029		185,000	600,000	785,000		
2030		190,000	600,000	790,000		
2031		220,000	600,000	820,000		
2032		240,000	599,000	839,000		
2033		240,000		240,000		
2034		240,000		240,000		
2035		240,000		240,000		
2036		240,000		240,000		
2037		240,000		240,000		
2038		240,000		240,000		
2039		240,000		240,000		
2040		240,000		240,000		
2041		238,000		238,000		
Total:	\$12,135,000	\$4,773,000	\$8,224,000	\$25,132,000		

The Bonds of this issue are subject to redemption prior to their stated dates of maturity as set forth therein.

We have examined such matters of law, certified copies of the proceedings, including all authorization proceedings for the Bonds, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Local Bond Law, (ii) the Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the City enforceable in accordance with their terms, and (iii) the City has pledged its full faith and credit for the payment of the principal of and interest on the Bonds, and, unless paid from other sources, all the taxable property within the City is subject to the levy of ad valorem taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Bonds in order for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Bonds. The City has covenanted in its tax certificate relating to the Bonds to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the City with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Note is not includable for Federal income tax purposes in the gross income of the owners of the Note pursuant to Section 103 of the Code. The Note is not a "specified private activity bond" within the meaning of Section 57 of the Code and, therefore, the interest on the Note will not be treated as a preference item for purposes of computing the Federal alternative minimum tax imposed by Section 55 of the Code. However, the interest on the Note owned by corporations will be included in such corporations' "adjusted current earnings" (as defined in Section 56(g) of the Code) in calculating such corporations' alternative minimum taxable income for purposes of determining the Federal alternative minimum tax.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

The Bonds [maturing on March 15 of the years 20__ through 20__, inclusive (collectively, the "[Premium] Bonds")], have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted

basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.

Except as stated in the preceding [three (3)] paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of the Bonds, as executed by the City, and, in our opinion, the form of each Bond and their execution are regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

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APPENDIX D

FORM OF APPROVING LEGAL OPINION FOR THE NOTES

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ATTORNEYS AT LAW

90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000
Fax 732.855.6117

Meridian Center I
Two Industrial Way West
Eatontown, NJ 07724-2265
732.542.4500
Fax 732.493.8387

110 William Street
26th Floor
New York, NY 10038-3927
212.267.3091
Fax 212.267.3828

Two Penn Center Plaza
Suite 910
Philadelphia, PA 19102
215.940.4000
Fax 215.636.3999

www.wilentz.com

DAVID T. WILENTZ (1919-1988)
G. GEORGE GOLDMAN (1922-1969)
HENRY M. SPITZER (1928-1988)
WARREN W. WILENTZ (1949-2010)

RICHARD F. LERT²
JOHN A. HOFFMAN
STEPHEN E. BARCAN
VINCENT P. MALTESE
DAVID M. WILDSTEIN
GORDON J. GOLUM
MARVIN J. BRAUTI²
STUART A. HOBERMAN^{2,3}
STEPHEN A. SPITZER
ANNE S. BABINEAU²
BRIAN J. MOLLOY⁴
RANDALL J. RICHARDS
JOSEPH J. JANKOWSKI
DAVID S. GORDON
FREDERICK J. DENNEHY
ROY H. TANZMAN²
STEVEN J. TRIPP
JAY J. ZIZNEWSKI
JAMES E. TRABILSY
MAUREEN S. BINETTI⁴
ANTHONY J. PANNELLA, JR.
MICHAEL J. BARRETT⁴
MICHAEL F. SCHAFF^{2,7}
ANGELO JOHN CIFALDI
KEVIN M. BERRY²
JOHN T. KELLY²
EDWIN LEAVITT-GRUBERGER²
BARRY A. COOKE
JON G. KUPILIK
PETER R. HERMAN²

EDWARD T. KOLE
ERIC JOHN MARCY
ROBERT C. KAUTZ^{2,6}
VIOLA S. LORDI²
LYNNE M. KIZIS
KEVIN P. RODDY^{2,8,9}
DANIEL S. BERNHEIM 3d^{1,3}
DAVID H. STEIN
DOUGLAS WATSON LUBIC²
DOMINICK J. BRATTI
LISA A. GORAB²
LAWRENCE F. JACOBS²
BETH HINSDALE-PILLER
FRED HOPKE²
DONALD E. TAYLOR³
BRETT R. HARRIS²
JEFFREY W. CAPPOLA
ALFRED M. ANTHONY²
DARREN M. GELBER^{2,3}
GRACE D. MACK²
DONNA M. JENNINGS
GIOVANNI ANZALONE
PETER A. GREENBAUM²
WILLARD C. SHIH²
LAWRENCE C. WEINER²
LAURIE E. MEYERS^{2,4}
DAVID P. PEPE
JOHN E. HOGAN²
EVERETT M. JOHNSON²
DANIEL R. LAPINSKI^{2,3}
TODD E. LEHDER^{2,7}
PHILIP A. TORTORETTI^{11,12}
KELLY A. ERHARDT-WOJIE³
ALEX LYUBARSKY²
ELLEN TORREGROSSA-O'CONNOR
MICHAEL A. PAFF²

JOSEPH J. RUSSELL, JR.²
BARBARA J. KOONZ^{2,10}

OF COUNSEL
ALAN B. HANDLER⁵
FRANCIS V. BONELLO
BRUCE M. KLEINMAN^{2,5}
C. KENNETH SHANK²
WILLIAM J. LINTON

COUNSEL
RUTH D. MARCUS^{1,2}
RICHARD J. BYRNES
JAMES E. TONREY, JR.²
DEIRDRE WOULFE PACHECO²
ROBERTO BENITES
JONATHAN J. BART^{1,2,3}
YVONNE MARCUSE
ABBY RESNICK-PARIGIAN^{2,3}
ELIZABETH C. DELL²
ROBERT L. SELVERS²
JOHN P. MURDOCH II
GREGORY D. SHAFFER^{2,4}
ALYSON M. LEONE²

ASSOCIATES
LINDA LASHBROOK
STEPHANIE D. GIRONDA
LOUIS J. SEMINSKI, JR.
MICHAEL F. FRIED²
KEITH L. HOVEY^{2,3}
MATTHEW SKOLNIK²
VINCENT CHENG²
JAMES TRACY
DANIEL J. KLUSKA

KARIN K. SAGE
SATISH V. POONDI
KUSH SHUKLA^{2,10}
RACHEL C. HEINRICH³
ANNEMARIE T. GREENAN³
ERIC M. FINKELSTEIN²
NANOR L. TERJANIAN²
JENNA N. SHAPIRO²
ANDREW GROUS^{2,3}
BRIDGET V. KAINE²
RISA M. CHALFIN
JUSTIN HOLLANDER²
LISA GORA
FOTINI KARAMBOULIS²
JUNE Y. LEE²
JASON J. KRISZA²

< Certified Civil Trial Attorney
□ Certified Criminal Trial Attorney
† Certified Workers Comp. Attorney
1 Not admitted NJ
2 Admitted NY
3 Admitted PA
4 Admitted CT
5 Admitted DC
6 Admitted MA
7 Admitted MD
8 Admitted VA
9 Admitted CA
10 Admitted FL
11 Admitted PR
12 Admitted VI

_____, 2015

Mayor and Council
of the City of New Brunswick
New Brunswick, New Jersey

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City Council of the City of New Brunswick, in the County of Middlesex, State of New Jersey (the "City"), and other proofs submitted to us relative to the issuance and sale of the

\$15,881,000
BOND ANTICIPATION NOTE
CITY OF NEW BRUNSWICK
IN THE COUNTY OF MIDDLESEX
STATE OF NEW JERSEY

DATED: June 9, 2015

The \$15,881,000 Bond Anticipation Note (the "Note") of the City is dated June 9, 2015, matures June 8, 2016 and bears interest at the rate of _____ and _____ hundredths percentum (____%) per annum. The Note is issued in fully registered form without coupons, initially registered in the name of, and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Individual purchases of the Note will be made in book-entry only form in the principal amount of \$1,000 or any integral multiple thereof, with a minimum purchase of \$5,000 required. The Note is issued in book-entry only form and is not subject to redemption prior to maturity. So long as DTC or its nominee is the

registered owner of the Note, payments of principal of and interest on the Note will be made by the City or a duly designated paying agent directly to Cede & Co., as nominee for DTC.

The bonds in anticipation of which the Note is issued have been authorized pursuant to various bond ordinances of the City having been in all respects duly adopted, approved and published as required by law. The Note is being issued to temporarily finance various capital improvements by and in the City.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the issuance and sale of the Note pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented, (ii) the Note is a valid and legally binding obligation of the City, and (iii) all the taxable property within the City is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Note.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance and delivery of the Note in order for interest thereon to be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Note to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Note. The City has covenanted in its tax certificate relating to the Note to maintain the exclusion of the interest on the Note from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the City with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Note is not includable for Federal income tax purposes in the gross income of the owners of the Note pursuant to Section 103 of the Code. The Note is not a "specified private activity bond" within the meaning of Section 57 of the Code and, therefore, the interest on the Note will not be treated as a preference item for purposes of computing the Federal alternative minimum tax imposed by Section 55 of the Code. However, the interest on the Note owned by corporations will be included in such corporations' "adjusted current earnings" (as defined in Section 56(g) of the Code) in calculating such corporations' alternative minimum taxable income for purposes of determining the Federal alternative minimum tax.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Note and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding two (2) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Note.

Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Note, or the interest thereon, if any action is taken with respect to the Note or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Note may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the form of the unexecuted Note and, in our opinion, the form is regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated June 9, 2015 (the "Disclosure Certificate") is executed and delivered by the City of New Brunswick, in the County of Middlesex, State of New Jersey (the "City" or the "Issuer") in connection with the issuance of its \$25,132,000 aggregate principal amount of General Obligation Bonds, Series 2015, consisting of \$12,135,000 aggregate principal amount of General Improvement Bonds, Series 2015 (the "General Improvement Bonds"), \$4,773,000 aggregate principal amount of Sewer Utility Bonds, Series 2015 (the "Sewer Utility Bonds") and \$8,224,000 Water Utility Bonds, Series 2015 (the "Water Utility Bonds" and together with the General Improvement Bonds and the Sewer Utility Bonds, the "Bonds"), all such Bonds being dated their date of delivery. The Bonds are being issued pursuant to various bond ordinances duly adopted by the City Council of the City approved and published as required by law, and, as applicable, resolutions combining City bond ordinances for purposes of sale of the Bonds and a resolution entitled, "RESOLUTION (A) DETERMINING THE FORM AND OTHER DETAILS OF THE OFFERING OF \$25,132,000 GENERAL OBLIGATION BONDS, SERIES 2015, OF THE CITY OF NEW BRUNSWICK, IN THE COUNTY OF MIDDLESEX, STATE OF NEW JERSEY, CONSISTING OF \$12,135,000 GENERAL IMPROVEMENT BONDS, SERIES 2015, \$4,773,000 SEWER UTILITY BONDS, SERIES 2015 AND \$8,224,000 WATER UTILITY BONDS, SERIES 2015 AND PROVIDING FOR THEIR SALE AND DETERMINING CERTAIN OTHER MATTERS WITH RESPECT THERETO AND (B) AUTHORIZING THE SALE AND ISSUANCE OF \$15,881,000 BOND ANTICIPATION NOTES" (the "Bond Resolution"), being duly adopted by the City Council of the City on May 6, 2015. The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders of the Bonds and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter(s) in complying with the Rule (as defined below). The City acknowledges it is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds, as applicable (including persons holding Bonds, as applicable through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds, as applicable, for Federal income tax purposes.

“Continuing Disclosure Information” shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the City with the EMMA (as defined herein) pursuant to Section 3 of this Disclosure Agreement, and (iii) any notice of a Listed Event required to be filed by the Authority with EMMA pursuant to Section 5 of this Disclosure Agreement.

“Disclosure Representative” shall mean the Chief Financial Officer of the City or her designee, or such other person as the City shall designate in writing from time to time for the purposes of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the City or any Dissemination Agent subsequently designated in writing by the City which has filed with the City a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined herein) and approved by the SEC (as defined herein) to provide a central location where investors can obtain municipal bond information including disclosure documents. The City or the Dissemination Agent shall submit disclosure documents to EMMA as a Portable Document File (PDF file) to www.emma.msrb.org.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“State” shall mean the State of New Jersey.

“Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports. (a) The City shall provide or cause to be provided to the Dissemination Agent not later than September 15 of each year, (commencing September 15, 2015), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the City are not available by such date, the City shall

include unaudited financial statements with its Annual Report and when such audited financial statements become available to the City, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the City.

(b) Not later than September 30 of each year (commencing September 30, 2015) the Dissemination Agent shall file with EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the City does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot file the Annual Report with EMMA in accordance with subsection (b) above, the Dissemination Agent shall send a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the City (if the Dissemination Agent is not the City).

(d) Each year the Dissemination Agent shall file a report with the City (if the Dissemination Agent is not the City), certifying that the Annual Report has been provided to EMMA pursuant to this Disclosure Certificate, stating the date it was provided.

(e) If the fiscal year of the City changes, the City shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the City, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. (a) The City's Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the City (as of December 31 of each year).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) and the budget laws of the State.

(2) The most current annual debt statement of the City (as of December 31); and.

(3) The general financial information and operating data of the City consistent with the information set forth in Appendix A to the Official Statement dated May 27, 2015, prepared in connection with the sale of the Bonds (the "Official Statement") contained (a) under the caption entitled, "Economic Information", "Largest Taxpayers", "Real Property Classification – 2010-2015", "Assessed Valuation and Tax Rates", "Comparison of

Components of Tax Rate”, “Tax Collection Experience”, “Debt Statement as of December 31, 2014 (Unaudited)”, “Remaining Statutory Borrowing Power (Unaudited)”, “Underlying Debt – December 31, 2014” and “Gross Debt Compared With True Value (Unaudited)”.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the City is an “Obligated Person” (as defined by the Rule), which have been filed with EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

1. Principal and interest payment delinquencies;
2. Nonpayment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;

12. Bankruptcy, insolvency, receivership or similar event of the County;

13. The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material.

The County shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the County may, but shall not be required to, rely conclusively on an opinion of counsel

(b) Whenever the City has or obtains knowledge of the occurrence of any of the Listed Events, the City shall, as soon as possible, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the City determines that the occurrence of a Listed Event would be material to the Beneficial Owners of the Bonds, the City shall promptly notify the Dissemination Agent in writing (if the City is not the Dissemination Agent) and the City shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the City determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the City shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the City) and the Dissemination Agent (if the Dissemination Agent is not the City) shall be instructed by the City not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA, with a copy to the City (if the Dissemination Agent is not the City). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or

payment in full of all of the Bonds or when the City is no longer an “Obligated Person” (as defined in the Rule). The City shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with EMMA in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Compliance with the Rule. The City is currently in compliance with all previous undertakings, if any, to provide secondary market disclosure pursuant to the Rule.

SECTION 8. Dissemination Agent; Compensation. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the City. The City shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the City to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the City or “Obligated Person,” or by approving vote of the Beneficial Owners of the Bonds, as applicable pursuant to the terms of the Refunding Bond Resolution at the time of the amendment. The City shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the

change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the City agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the City) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the City further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Underwriters, and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 14. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the City of Education:

City of New Brunswick
City Hall
78 Bayard Street
New Brunswick, New Jersey 08901
Attention: Chief Financial Officer

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds, initially:

City of New Brunswick
City Hall
78 Bayard Street
New Brunswick, New Jersey 08901
Attention: Chief Financial Officer

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 15. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the City and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 16. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the City and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 17. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey as applicable.

CITY OF NEW BRUNSWICK

By: _____
DOUGLAS A. PETIX,
Chief Financial Officer

EXHIBIT A

**NOTICE TO EMMA OF FAILURE
TO FILE ANNUAL REPORT**

Name of Issuer: City of New Brunswick,
in the County of Middlesex, State of New Jersey

Name of Issue: \$25,132,000 General Obligation Bonds, Series 2015
Consisting of:
\$12,135,000 General Improvement Bonds, Series 2015,
\$4,773,000 Sewer Utility Bonds, Series 2015 and
\$8,224,000 Water Utility Bonds, Series 2015
Dated: June 9, 2015
(CUSIP Number: _____)

Date of Issuance: June 9, 2015

NOTICE IS HEREBY GIVEN that the above designated City has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate for the General Obligation Bonds dated June 9, 2015 executed by the City.

DATED: _____

DISSEMINATION AGENT
(on behalf of the City)

cc: The City

APPENDIX F

**FORM OF CERTIFICATE OF COMPLIANCE WITH SECONDARY MARKET DISCLOSURE
REQUIREMENTS FOR THE NOTES**

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**CERTIFICATE OF COMPLIANCE WITH
SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

I, DOUGLAS A. PETIX, Chief Financial Officer of the City of New Brunswick, in the County of Middlesex (the "City"), a body politic and corporate organized and existing under the laws of the State of New Jersey, DO HEREBY CERTIFY on behalf of _____, _____, _____, the purchaser (the "Purchaser") of \$15,881,000 aggregate principal amount of Bond Anticipation Notes of the City dated June 9, 2015 and maturing June 8, 2016 (the "Notes"), in connection with the issuance of the Notes, that pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the City will provide notice of certain material events (the "Notice") to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access system ("EMMA") as a PDF file to www.emma.msrb.org, of any of the following events with respect to the Notes herein described, as applicable, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events effecting the tax-exempt status of the security; (7) modifications to rights of security holders; (8) bond calls; (9) defeasances; (10) release, substitution or sale of property securing repayment of the securities; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event; (13) consummation of a merger, consolidation, or acquisition, or sale of all or substantially all of the assets of the City, entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action; or (14) appointment of a successor or additional trustee or change of name of a trustee.

Whenever the City obtains actual knowledge of the occurrence of any of the aforementioned events and when the occurrence of such events will constitute material information to the holders of the Notes, the City shall file a Notice of each such occurrence with the MSRB via EMMA on a timely basis.

The City's obligations under this Certificate shall terminate upon the defeasance, prior redemption or payment in full of the Notes.

In the event the City fails to comply with any provision of this Certificate, any Noteholder may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Certificate. Notwithstanding the above, the remedy for a breach of the provisions of this Certificate or the City's failure to perform hereunder shall be limited to bringing an action to compel specific performance.

This Certificate shall inure solely to the benefit of the City, the Purchaser and the holders from time to time of the Notes, and shall create no further rights in any other person or entity hereunder.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the City and caused the official seal of the City to be hereunto affixed and attested to by the Clerk of the City this 9th day of June, 2015.

CITY OF NEW BRUNSWICK

(SEAL)

DOUGLAS A. PETIX,
Chief Financial Officer

DANIEL A. TORRISI,
City Clerk