

NOTICE OF SALE
\$2,851,000*
GENERAL OBLIGATION BONDS, SERIES 2019
OF THE BOROUGH OF ISLAND HEIGHTS
COUNTY OF OCEAN, NEW JERSEY

Consisting of:
\$371,000* GENERAL IMPROVEMENT BONDS, SERIES 2019
\$2,480,000* WATER-SEWER UTILITY BONDS, SERIES 2019
(BOOK-ENTRY ONLY) (CALLABLE) (BANK QUALIFIED)

NOTICE IS HEREBY GIVEN that electronic sealed bids (as described herein) will be received by the Borough of Island Heights in the County of Ocean, New Jersey (the “**Borough**”) for the purchase of \$2,851,000* original principal amount of the Borough’s General Obligation Bonds, Series 2019, consisting of \$371,000* General Improvement Bonds, Series 2019 and \$2,480,000* Water-Sewer Utility Bonds, Series 2019 (collectively, the “**Bonds**”), on Tuesday, November 19, 2019 (the “**Bid Date**”) until 11:00 a.m., New Jersey time (the “**Bid Time**”), at which time the bids will be announced. Bidders are required to submit their Proposal for the purchase of the Bonds in accordance with the terms of the Notice of Sale.

The Bonds

The Bonds will be dated the date of delivery and shall mature on December 1st of each year until maturity, or earlier redemption, in the combined maturity amounts as hereinafter shown.

<u>Year</u>	<u>General Improvement Bonds*</u>	<u>Water-Sewer Utility Bonds*</u>	<u>Combined Maturities*</u>
2020	\$31,000	\$60,000	\$91,000
2021	\$30,000	\$60,000	\$90,000
2022	\$30,000	\$60,000	\$90,000
2023	\$30,000	\$60,000	\$90,000
2024	\$30,000	\$60,000	\$90,000
2025	\$30,000	\$60,000	\$90,000
2026	\$30,000	\$60,000	\$90,000
2027	\$50,000	\$80,000	\$130,000
2028	\$55,000	\$120,000	\$175,000
2029	\$55,000	\$120,000	\$175,000
2030		\$120,000	\$120,000
2031		\$120,000	\$120,000
2032		\$120,000	\$120,000
2033		\$120,000	\$120,000
2034		\$120,000	\$120,000
2035		\$120,000	\$120,000
2036		\$120,000	\$120,000
2037		\$120,000	\$120,000

* Preliminary, subject to change

2038	\$120,000	\$120,000
2039	\$110,000	\$110,000
2040	\$110,000	\$110,000
2041	\$110,000	\$110,000
2042	\$110,000	\$110,000
2043	\$110,000	\$110,000
2044	\$110,000	\$110,000

Interest Payment Dates

The Bonds will be dated the date of delivery and will bear interest at the rate per annum specified by the successful bidder therefor in accordance herewith, payable on June 1, 2020, and semi-annually thereafter on the first (1st) day of December and June in each year until maturity.

Term Bond Option

Bidders may **not** elect to structure the issue to include term bonds.

Adjustment of Maturities

The Borough may, and expects to, after the receipt and opening of bids, adjust the maturity schedule of the Bonds, provided however, that (i) no maturity schedule adjustment shall exceed ten percent (10%) upward or downward of the principal for any maturity of the Bonds as specified herein, and (ii) the aggregate adjustment to the maturity schedule shall not exceed ten percent (10%) upward or downward of the aggregate principal amount of the Bonds, as specified herein, and the aggregate principal amount of Bonds, as adjusted, shall not exceed \$2,851,000. The dollar amount bid by the Successful Bidder (as defined herein) shall be adjusted to reflect any adjustments in the aggregate principal amount of the Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and the original issue premium or discount, but will not change the per bond underwriter's discount, as calculated from the bid, and the initial public offering prices required to be delivered to the Borough, as stated herein.

Redemption Provisions

The Bonds of this issue maturing on or prior to December 1, 2026, shall not be subject to redemption prior to their stated maturity dates. The Bonds maturing on or after December 1, 2027, are redeemable at the option of the Borough in whole or in part on any date on or after December 1, 2026, upon notice as required herein at par (the "Redemption Price"), plus in each case accrued interest to the date fixed for redemption.

Notice of Redemption shall be given by first class mail, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption, 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 Borough or duly appointed bond registrar.

However, so long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notices of Redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Bonds. Any failure of such 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 Borough determines to redeem a portion of the Bonds of a maturity, such Bonds shall be selected by the Borough by lot. If Notice of Redemption has been given as described 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. Payment shall be made upon surrender of the Bonds redeemed.

Book-Entry-Only System

As 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 to Cede & Co., as nominee of DTC, which will credit payments of principal of and interest on the Bonds to the DTC participants as listed in the records of DTC as of each next preceding May 15 and November 15, respectively (the “**Record Dates**” for payment of interest on the Bonds), which participants will in turn credit such payments to the beneficial owners of the Bonds.

All bidders of the Bonds must be participants of The Depository Trust Company, New York, New York (“**DTC**”) or affiliated with its participants. The Bonds will be issued in fully registered form, and when issued will be registered in the name of and held by Cede & Co., as the registered owner thereof and nominee for DTC, an automated depository for securities and clearinghouse for securities transactions.

Electronic Bidding Procedures

Bids must be submitted electronically via PARITY in accordance with this Notice of Sale, until the Bid Time on the Bid Date, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact PARITY at (212) 849-5021. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that:

1. The Borough may regard the electronic transmission of the bid through PARITY (including information about the purchase price of the Bonds, the interest rate or rates to be borne by the various maturities of the Bonds, the initial public offering price of each maturity and any other information included in such transmission) as though the same information were submitted directly to the Borough and executed by a duly authorized signatory of the bidder. If a bid submitted electronically via PARITY is accepted by the Borough, the terms of the Proposal for Bonds and this Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract, and the successful bidder shall be bound by the terms of such contract.

2. PARITY is not an agent of the Borough, and the Borough Bond Counsel and Municipal Advisor shall have no liability whatsoever based on any bidder's use of PARITY, including but not limited to any failure by PARITY to correctly or timely transmit information provided by the Borough or information provided by the bidder.

3. The Borough may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via TM3 News Services, or by other available means, no later than 3:00 p.m. (New Jersey time) on the last business date prior to the bid date set forth above.

4. Once the bids are communicated electronically via PARITY to the Borough as described above, each bid will constitute a Proposal for Bonds and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale. For purposes of submitting a Proposal for Bonds, whether by hand delivery or electronically via Parity, the time as maintained on PARITY shall constitute the official time.

5. Each bidder choosing to bid electronically shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Borough nor Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure access to any qualified prospective bidder, and neither the Borough nor Parity shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The Borough is using PARITY as a communication mechanism, and not as the Borough's agent, to conduct the electronic bidding for the Bonds. By using PARITY, each bidder agrees to hold the Borough, Bond Counsel and Municipal Advisor harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

Bid Specifications

Each Proposal submitted must name the rate or rates of interest per annum to be borne by the Bonds bid for and the rate or rates named must be multiples of one-eighth ($1/8^{\text{th}}$) or one-twentieth ($1/20^{\text{th}}$) of one per centum (1.0%). Not more than one rate may be named for Bonds of the same maturity. There is no limitation on the rates that may be named. **If more than one rate of interest is named, the difference between highest and lowest rate may not exceed two percent (2%) per annum and not more than one rate of interest may be named for the Bonds of the same maturity.** The purchase price specified in the Proposal must be not less than 100% of the aggregate par value of the Bonds nor more than 110% of such aggregate par value of the Bonds (the “**Max Bid Price**”).

Subject to the Bid requirements described herein, each Proposal for the Bonds must be submitted on an “All-or-None” (“**AON**”) basis for the entire amount of \$2,851,000. A Bidder must submit a conforming Proposal for the entire issue, and if such Proposal is accepted by the Borough, the Bidder will be required to purchase the entire issue in accordance with such Proposal.

Award, Delivery and Payment

The Bonds will be awarded to the bidder on whose bid the total loan may be made at the lowest true interest cost. Such true interest cost shall be computed, as to each bid, by determining the interest rate, compounded semiannually, necessary to discount the principal and interest payments on the Bonds to the date of delivery of the Bonds and to the price bid which shall not exceed the Max Bid Price. No Proposal shall be considered that offers to pay an amount less than the principal amount of Bonds offered for sale or under which the total loan is made at a true interest cost higher than the lowest true interest cost to the Borough under any legally acceptable proposal. If two or more such bidders offer to pay the lowest true interest cost, then the Bonds will be sold to one of such bidders selected by lot from among all such bidders. The bidder to which the Bonds are awarded (in the manner specified above) is herein referred to as the “**Successful Bidder**”.

It is expected that delivery of the Bonds to DTC and payment for the Bonds will take place on or about December 5, 2019, at the offices of Fleishman Daniels Law Offices, LLC, bond counsel to the Borough (“**Bond Counsel**”), in Linwood, New Jersey, or at such other place as may be agreed upon with the Successful Bidder. The Bonds will be delivered to DTC in single denominations for each combined maturity. **PAYMENT FOR THE BONDS AT THE TIME OF ORIGINAL ISSUANCE AND DELIVERY SHALL BE IN IMMEDIATELY AVAILABLE FUNDS.**

Change of Bid Date and Closing Date

The Borough reserves the right to postpone, from time to time, the date established for the receipt of bids and will undertake to notify registered prospective bidders via notification published on Thomson Municipal Market Monitor (“TM3”) (www.tm3.com). Prospective bidders may request notification by facsimile transmission of any such changes in the date or time for the receipt of bids by so advising, and furnishing their telecopier numbers to the Chief Financial Officer of the Borough at **(732) 270-8586**, or the Borough’s Municipal Advisor, Phoenix Advisors, LLC at **(609) 291-0130**, by 12:00 Noon, New Jersey time, on the day prior to the announced date for receipt of bids. In addition, the Borough reserves the right to make changes to this Notice of Sale. Such changes will be announced on TM3.

A postponement of the bid date will be announced via TM3 not later than 3:00 p.m., New Jersey time, on the last business day prior to any announced date for receipt of bids, and an alternative sale date and time will be announced via TM3 by 12:00 Noon, New Jersey time, not less than forty-eight (48) hours prior to such alternative date for receipt of bids.

On any such alternative date and time for receipt of bids, the Borough will accept electronic bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time for receipt of bids and any other changes announced via TM3 at the time the date and time for receipt of bids are announced.

Right To Reject Bids; Waive Irregularities

The right is reserved to reject all bids, and any bid not complying with the terms of this Notice of Sale will be rejected. The Borough reserves the right to reject any or all Proposals and as far as permitted by law, to waive any irregularity or informality in any or all Proposals.

Good Faith Deposit

A good faith deposit (the “**Deposit**”), in the form of a financial surety bond, if available (the “**Financial Surety Bond**”), wire transfer, or certified or cashier’s or treasurer’s check in the amount of **\$57,020** is required for each bid for the Bonds to be considered. **Wire instructions may be obtained by contacting Anthony P. Inverso of Phoenix Advisors, LLC (the “Municipal Advisor”) at (609) 291-0130.** The Financial Surety Bond, if available, must be from an insurance company licensed to issue such a bond in the State of New Jersey and approved by the Director of the Division of Local Government Services of New Jersey (the “**Director**”). **The Deposit must be submitted to the Borough prior to 10:30 a.m. New Jersey time on the date for receipt of bids and must be in the form described above.** A Financial Surety Bond must identify the bidder whose Deposit is guaranteed by such Financial Surety Bond. If the Successful Bidder satisfies the Deposit via a Financial Surety Bond, the Successful Bidder for the Bonds is required to submit its Deposit to the Borough in the form of a wire transfer not later than 3:00 p.m. New Jersey time on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Borough to satisfy the Deposit requirement. The Deposit of the Successful Bidder will be collected and the proceeds thereof retained by the Borough to be applied in partial payment for the Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the Successful Bidder shall fail to comply with the terms of its respective bid, the proceeds thereof will be retained as and for full liquidated damages. Award of the Bonds to the Successful Bidder or rejection of all bids is expected to be made within two hours after opening of the bids, but such Successful Bidder may not withdraw its Proposal for Bonds until after 5:00 p.m. of the day of such bid-opening and then only if such award has not been made prior to the withdrawal.

Bond Insurance

If the Bonds qualify for issuance of any policy of municipal bond insurance, any purchase of such policy shall be at the sole option and expense of the Successful Bidder. If the Bonds are to be insured, the Successful Bidder shall pay the premium therefor prior to the delivery of the Bonds. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued shall not in any way relieve the Successful Bidder of its contractual obligations arising from the acceptance of its Proposal for Bonds for the purchase of the Bonds.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for the failure or refusal of the Successful Bidder to accept delivery of and pay for the Bonds. The request for the assignment of CUSIP identification numbers shall be the

responsibility of the Municipal Advisor and the CUSIP Service Bureau charge therefor shall be the responsibility of, and shall be paid for by, the Successful Bidder. **There will be one CUSIP number for the combined amount of each maturity.**

**Establishment of Issue Price
(10% Test to Apply if Competitive Sale Requirements are Not Satisfied)**

The Successful Bidder shall assist the Borough in establishing the issue price of the Bonds and shall execute and deliver to the Borough at Closing an “**issue price**” or similar certificate, setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with supporting pricing wires or equivalent communications, substantially in the form prepared by and available from Bond Counsel, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Successful Bidder, the Borough and Bond Counsel. All actions to be taken by the Borough under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Borough by the Borough’s Municipal Advisor identified herein, if any, and any notice or report to be provided to the Borough may be provided to the Borough’s Municipal Advisor.

The Borough intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “**competitive sale**” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “**Competitive Sale Requirements**”) because: (1) the Borough shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters; (2) all Bidders shall have an equal opportunity to bid; (3) the Borough may receive bids from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and (4) the Borough anticipates awarding the sale of the Bonds to the Bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. By submitting a bid, bidders are deemed to have certified that they have an established industry reputation as a regular purchaser or underwriter of tax-exempt obligations such as the Bonds.

In the event that the Competitive Sale Requirements are not satisfied, the Borough shall so advise the Successful Bidder. The Borough shall treat the first price at which 10% of a Maturity of the Bonds (the “**10% Test**”) is sold to the Public as the issue price of that Maturity, applied on a Maturity-by-Maturity basis (and if different interest rates apply within a Maturity, to each separate CUSIP number within that Maturity). The Successful Bidder shall advise the Borough if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The Borough will not require Bidders to comply with the “hold-the-offering-price rule” and therefore, does not intend to use the initial offering price to the Public as of the sale date of any Maturity of the Bonds as the issue price of that Maturity. Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% Test in order to establish the issue price of the Bonds.

If Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each Maturity of the Bonds, the Successful Bidder agrees to promptly report to the Borough the prices at which the unsold Bonds of that Maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Bonds of that Maturity have been sold or (ii) the 10% Test has been satisfied as to the Bonds of that Maturity, provided that, the Successful Bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Borough or Bond Counsel, and evidenced by a Supplemental Issue Price Certificate.

By submitting a bid, each Bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable,

(A) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that Maturity allocated to it have been sold or it is notified by the Successful Bidder that the 10% Test has been satisfied as to the Bonds of that Maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Successful Bidder,

(B) to promptly notify the Successful Bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the Public, and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Successful Bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public.

(ii) any agreement among underwriters or selling group agreement, relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each Maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Successful Bidder or such underwriter that the 10% Test has been satisfied as to the Bonds of that Maturity, provided that the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Successful Bidder or such underwriter.

Sales of any Bonds to any person that is a related party to an Underwriter participating in the initial sale of the Bonds to the Public shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale: (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different Maturity dates, or Bonds with the same Maturity date but different stated interest rates, are treated as separate Maturities; (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or

corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly; (c) *Sale Date* means the first day on which the Bonds are awarded by the Borough to the Successful Bidder; (d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Borough (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third party distribution agreement participating in the initial sale of the Bonds to the Public).

Legal Opinions

The approving opinions of Fleishman Daniels Law Offices, LLC, Bond Counsel to the Borough, will be furnished without cost to the Successful Bidder, opinions to be substantially in the form set forth in the Official Statement distributed in preliminary form in connection with the marketing and sale of the Bonds, to the effect that the Bonds are valid and legally binding general obligations of the Borough, that all the taxable property therein will be subject to the levy of *ad valorem* taxes to pay the principal of the Bonds and the interest thereon without limitation as to rate or amount and that interest on the Bonds is not includable as gross income under the Internal Revenue Code of 1986, as amended (the “**Code**”) if the Borough complies with all conditions subsequent contained in the Code, and that interest on the Bonds and any gain on the sale thereof is not includable as gross income under the existing New Jersey Gross Income Tax Act.

Section 265 Qualification

The Bonds **will be** designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

Preliminary Official Statement

The Borough has prepared a Preliminary Official Statement for the Bonds which is dated November 12, 2019, which is deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), except for omissions permitted thereby, but is subject to revision or amendment. The Preliminary Official Statement will be posted on the internet and can be downloaded at www.munihub.com. The Successful Bidder will be furnished with a reasonable number of copies of the final Official Statement at the Borough’s expense. Additional copies may be obtained by the Successful Bidder at its own expense by arrangement with the Borough’s Municipal Advisor. The copies of the final Official Statement will be made available to the Successful Bidder not later than seven (7) business days after the bid opening.

The Successful Bidder agrees to promptly file a final Official Statement with the Municipal Securities Rulemaking Board and to take any and all other actions necessary to comply with the applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

Continuing Disclosure

In order to assist the Successful Bidder in complying with Rule 15c2-12, the Borough agrees to deliver on the Closing Date a Continuing Disclosure Certificate to be dated as of the Closing Date pursuant to which the Borough shall agree to provide at the times and to the information repositories and other persons described in Rule 15c2-12 the financial or operating data required to be disclosed on a continuing basis pursuant to Rule 15c2-12.

For more information regarding the Bonds and the Borough, reference is made to the Preliminary Official Statement dated November 12, 2019. Bid forms and copies of the Preliminary Official Statement may be obtained from www.munihub.com or from the Borough's Municipal Advisor, Anthony P. Inverso of Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, (609) 291-0130.

The Borough of Island Heights,
in the County of Ocean, New Jersey

Dated: November 12, 2019

By: _____
Margaret Gorman, Chief Financial Officer