REFUNDING BOND ORDINANCE OF PRINCETON, IN THE COUNTY OF MERCER, NEW JERSEY, PROVIDING FOR THE REFUNDING OF ALL OR A PORTION OF CERTAIN GENERAL IMPROVEMENT BONDS, SERIES B OF 2003, ORIGINALLY ISSUED BY THE BOROUGH OF PRINCETON AND GENERAL OBLIGATION BONDS OF 2006 AND GENERAL IMPROVEMENT BONDS OF 2008, ORIGINALLY ISSUED BY THE TOWNSHIP OF PRINCETON, APPROPRIATING $25,500,000 THEREFOR AND AUTHORIZING THE ISSUANCE BY PRINCETON OF ONE OR MORE SERIES OF REFUNDING BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT EXCEEDING $25,500,000 FOR FINANCING THE COST THEREOF.

BE IT ORDAINED BY THE COUNCIL OF PRINCETON, IN THE COUNTY OF MERCER, NEW JERSEY (not less than two-thirds of all members thereof affirmatively concurring) AS FOLLOWS:

Section 1. Princeton, in the County of Mercer, New Jersey ("Princeton") is hereby authorized to:

(i) currently refund all or a portion of the $2,799,000 outstanding principal amount of General Improvement Bonds, Series B, dated August 15, 2003, originally issued by the Borough of Princeton, in the County of Mercer, New Jersey (the "Borough"), in the aggregate principal amount of $8,214,000, maturing on August 15 in each of the years 2014 through 2018, inclusive (the "2003 Refunded Bonds"). The 2003 Refunded Bonds are subject to optional redemption [in whole or in part] on or after August 15, 2013 at a redemption price of 100% equal to the principal amount of the 2003 General Improvement Refunded Bonds to be redeemed;

(ii) advance refund all or a portion of the $14,860,000 outstanding principal amount of General Obligation Bonds, dated June 29, 2006, originally issued by the Township of Princeton, in the County of Mercer, New Jersey (the "Township"), in the aggregate principal amount of $23,775,000, maturing on January 1 in each of the years 2017 through 2026, inclusive (the "2006 Refunded Bonds"). The 2006 Refunded Bonds are subject to optional redemption in whole or in part on any date on or after January 1, 2016 at a redemption price equal to 100% of the principal amount of the 2006 General Obligation Refunded Bonds to be redeemed; and

(iii) advance refund all or a portion of the $4,200,000 outstanding principal amount of General Improvement Bonds, dated January 6, 2009, originally by the Township issued in the aggregate principal amount of $8,000,000, maturing on January 1 in each of the years 2018 through 2024, inclusive (the "2009 Refunded Bonds" and, together with the 2003 Refunded Bonds and the 2006 Refunded Bonds, the "Refunded Bonds"). The 2009 Refunded Bonds are subject to optional redemption in whole or in part on any date on or after January 1, 2017 at a

redemption price equal to 100% of the principal amount of the 2009 Refunded Bonds to be redeemed.

Section 2. In order to finance the cost of the purpose described in Section 1 hereof and the costs of issuance associated therewith, negotiable refunding bonds are hereby authorized to be issued in one or more series in the aggregate principal amount not exceeding $25,500,000 (the "Refunding Bonds") pursuant to the Local Bond Law of the State of New Jersey.

Section 3. An aggregate amount not exceeding $300,000 for items of expense listed in and permitted under N.J.S.A. 40A:2-51(b) has been included in the aggregate principal amount of Refunding Bonds authorized herein.

Section 4. Princeton desires to provide for all or a portion of the principal amount of the Refunded Bonds outstanding and the interest and redemption premium, if any, thereon in order to provide for savings in debt service as a result of lower interest rates in the bond markets.

Section 5. The Supplemental Debt Statement required by the Local Bond Law has been duly prepared and filed in the office of the Clerk, and a complete executed duplicate thereof has been filed in the office of the Director of the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey. Such statement shows that the gross debt of Princeton is increased by the authorization of the Refunding Bonds provided in this refunding bond ordinance by $25,500,000, and that an amount representing the principal amount of the Refunded Bonds equal to $21,859,000 will be deductible from gross debt. The obligations authorized herein will be within all debt limitations prescribed by that law.

Section 6. A certified copy of this refunding bond ordinance as adopted on first reading has been filed with the Director of the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey prior to final adoption.

Section 7. This refunding bond ordinance shall take effect 20 days after the first publication thereof after final adoption, as provided by the Local Bond Law, provided that the consent of the Local Finance Board has been endorsed upon a certified copy of this refunding bond ordinance as finally adopted.