



Warren H. Victor, Chairman
Herbert Barrack, Vice Chairman
Roger Ellis, Secretary
Andrew P. Sidamon-Eristoff, State Treasurer
Bob Martin, DEP Commissioner
Richard E. Constable, III, DCA Commissioner

David E. Zimmer, CFA, Executive Director

April 4, 2013

PUBLIC NOTICE

Public notice is hereby given that the members of the New Jersey Environmental Infrastructure Trust (the “Trust”) will hold a public meeting on Thursday, April 11, 2013 at 10:00 a.m., in the conference room, at 3131 Princeton Pike, Office Building 6, Suite 201, Lawrenceville, New Jersey. Formal action may be taken at this meeting.

To the extent known, the agenda of the public meeting will be as follows:

1. Call to Order - Chairman
2. Open Public Meeting Act Statement
3. Roll Call
- 4.* Approval of Minutes of March 14, 2013 Meeting
5. Announcements
6. Public Comments
7. Unfinished Business:
 - A. Discussion of the Construction Status Report (hand-out)
(E. Chebra)
 - B. Status of SFY2013 Financing Program Projects (hand-out)
(E. Chebra)
 - C. Status of the SFY2014 Financing Program Projects (hand-out)
(E. Chebra)
 - D. Status of Outstanding Trust RFPs
(F. Scangarella)
 - E. Update on closed IFP Loans
(D. Zimmer)
8. New Business
 - *A. Discussion and Approval of the March 2013 Treasurer's Report
(J. Hansbury)
 - *B. Discussion and Approval of a Resolution Authorizing the Award of a Financial Auditing Services Contract
(J. Hansbury)
 - *C. Discussion and Acknowledgement of Receipt of the Governor and State Treasurer’s Approval of Environmental Infrastructure Bond Resolutions Series 2013A and Series 2013B
(D. Zimmer)
 - *D. Discussion and Approval of Environmental Infrastructure Bond Resolution Series 2013A
(D. Zimmer)

- E. TEFRA Hearing; Public Hearing Pursuant to Section 147(f) of the Internal Revenue Code of the 1986, as amended, with Respect to the Environmental Infrastructure Bonds, Series 2013B
(F. Scangarella)
 - *F. Discussion and Approval of Environmental Infrastructure Bond Resolution Series 2013B
(D Zimmer)
 - *G. Discussion and Approval of a Resolution of the NJEIT Authorizing Direct Loans to Certain Borrowers Participating in the SFY2013 NJ Environmental Infrastructure Financing Program
(F. Scangarella)
 - *H. Discussion and Approval of a Resolution of the NJEIT Authorizing an Authorized Officer of the Trust to consent on Behalf of the Trust, as Bondholder, to Certain Proposed Amendments to the General Bond Resolution of the Two Rivers Water Reclamation Authority
(L. Kaltman)
 - *I. Discussion and Approval of the NJ Environmental Infrastructure Trust's SFY2014 Operating Budget
(D. Zimmer)
 - *J. Discussion and Approval of a Resolution Approving the NJ Environmental Infrastructure Trust's SFY2014 Financial Plan
(D. Zimmer)
- 9.* Executive Session (if necessary)

***ACTION ITEMS**

Please note this is a proposed agenda and the New Jersey Environmental Infrastructure Trust may consider and take action on such other business which may come before it at this public meeting. In addition, the New Jersey Environmental Infrastructure Trust may not act upon the items listed in the above proposed agenda in its discretion.



**New Jersey
Environmental
Infrastructure Trust**

"Financing New Jersey's
Water Quality Future"

Warren H. Victor, Chairman
Herbert Barrack, Vice Chairman
Robert A. Briant, Sr., Treasurer
Roger Ellis, Secretary
Andrew P. Sidamon-Eristoff, State Treasurer
Bob Martin, DEP Commissioner
Richard E. Constable, III, DCA Commissioner

David E. Zimmer, CFA, Executive Director



February 14, 2013

Honorable Chris Christie
Governor of the State of New Jersey
State House
PO Box 001
Trenton, New Jersey 08625

Dear Governor Christie:

In accordance with the provisions of the New Jersey Environmental Infrastructure Trust Act, I hereby transmit for your review and consideration the minutes of the February 14, 2013 meeting of the New Jersey Environmental Infrastructure Trust. The New Jersey Environmental Infrastructure Trust Act provides that the Governor has ten days from the delivery of the minutes, excluding weekends and holidays, to review and accept such minutes. In the event that the minutes are not acted upon within the statutory time frame by you, the minutes become effective automatically.

Sincerely,

Roger Ellis
Secretary

Enclosure

Cc: Honorable Stephen Sweeney, President of the Senate
Honorable Sheila Oliver, Speaker of the General Assembly



Warren H. Victor, Chairman
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Bob Martin, DEP Commissioner
Richard E. Constable, III, DCA Commissioner

David E. Zimmer, CFA, Executive Director

February 14, 2013

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – February 14, 2013

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, February 14, 2013 at 10:00 a.m., in the conference room of 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey.

The New Jersey Environmental Infrastructure Trust filed a notice of the time, place and location of this meeting with the Secretary of State via "fax" to the Bergen Record and The Trentonian in accordance with the New Jersey Open Public Meetings Act (N.J.A.C. 10:4-6 et. seq.) and to all press offices in the State House. A copy of this notice was posted outside the Secretary of State's Office, within the Department of Environmental Protection, and at the Trust Office.

DIRECTORS

Warren Victor, Chairman
Herbert Barrack, Vice Chairman (*)
Roger Ellis, Secretary
Eugene Chebra (for DEP Commissioner Martin)
Adrienne Kreipke (*)
(for State Treasurer Sidamon-Eristoff)
James Requa
(for DCA Commissioner Constable)

OTHERS

Frank Scangarella, Assistant Director
Lauren Seidman Kaltman, Chief Financial Officer
John Hansbury, Chief Budget Officer
Kerstin Sundstrom, Governor’s Authorities Unit
Clifford T. Rones, Deputy Attorney General
Richard Nolan, McCarter & English LLP
Geoffrey Stewart, Public Financial Management
Steven Betz, Municipal Finance & Construction
Lisa Price, Equal Opportunity & Contract

Mr. Scangarella reported that he will be conducting the meeting today in Executive Director Zimmer’s absence and is in receipt of a letter from Commissioner Martin appointing Mr. Chebra as his representative for today's Board meeting.

(*) Participated via teleconference

4. APPROVAL OF THE MINUTES:

Chairman Victor opened discussion of the minutes of the January 10, 2013 Trust Board meeting.

Mr. Requa moved for the approval of the minutes. Mr. Ellis seconded the motion. The motion was carried 6 to 0 with 0 abstentions.

5. ANNOUNCEMENTS:

Mr. Scangarella reported on the events since the last Trust Board meeting:

- On February 7, 2013, a conference call was held with the Trust's advisors at McCarter & English and Public Finance Management to discuss SFY2013 Program remaining projects with unresolved creditworthiness issues. The Trust anticipates bringing a list of final projects to the Board at its March meeting for certification and approval for long-term financing. There will be several direct loans that in the SFY2013 Program, which will be presented separately for Board for approval.
- On January 29 and 30, 2013, the Trust conducted its annual financing seminars at Camden County Community College and Raritan Valley Community College respectively. Both seminars were received well by potential borrowers and their consultants.
- On January 22, 2103, Executive Director Zimmer met with Dennis Ciemniecki, representing the New Jersey Chapter of the American Water Works Association to discuss long term asset management of the State's water systems and speaking opportunities at the New Jersey's AWWA March conference.
- On January 18, 2013, Trust and DEP staffs met with Byram Home Owners Association representatives, Ms. Peg Bongiorno and Caryn Segal to review and discuss project loan financing.
- Since the January Board meeting, several internal meetings were held involving staff from the Trust and DEP to discuss Policies & Procedures for Sandy Interim and Long-Term Financing. The following meetings are an sampling of some of these meetings attended by the Trust:
 - Executive Director Zimmer is assisting DEP Commissioner Martin and his Senior Staff as a participating member of the Environmental Infrastructure, Money and Technology teams and each team's responsibilities as they relate to the application for and distribution of Sandy-related FEMA and supplemental federal funds, particularly new appropriated SRF monies.

- Mr. Scangarella advised that he is assisting Mr. Zimmer on both technology and infrastructure issues relating to project SFR Funds. He and Mr. Zimmer have participated in joint DEP meetings and calls with FEMA personnel, USEPA Washington and Region II representatives and State Office of Emergency Management IT staffs.
- CFO Lauren Kaltman is assisting Mr. Zimmer on Commissioner Martin’s Money Team and is participating in joint DEP meetings with NJDCA’s HUD consultants to discuss Community Development Block Grant funds being made available through the recently signed P.L. 113-2, known as HR152 for Federal Sandy Appropriation.

Mr. Scangarella also advised that consistent with recent practice, correspondence received and sent in the past month is identified on the last page of the announcements and Trust Secretary, Josie Manzo will provide copies upon request.

6. PUBLIC COMMENTS:

Mr. Victor opened the meeting to public comments and none were made.

7. UNFINISHED BUSINESS:

- A. Mr. Betz, of the NJDEP’s Municipal Finance and Construction Element, discussed the Construction Status Report. The report noted 257 active projects totaling \$1.4 billion and 797 closed projects totaling \$4 billion for a grand total of 1054 projects at \$5.4 billion.
- B. Mr. Betz discussed the SFY2013 Combined Financing Loan Programs:

SFY2013 Clean Water Financing Program:

Break down by Program

Traditional Program:	30 Projects totaling	\$136,087,000
Second Chance Program:	6 Projects totaling	\$7,749,000
Supplemental Loan Program:	7 Projects totaling	\$52,669,000

Total Clean Water Financing Program: 43 projects totaling \$196,505,000

SFY2013 Drinking Water Financing Program:

Break down by Program

Supplemental Program:	0 Projects totaling	
Traditional Program:	22 Projects totaling	\$71,797,000

Second Chance Program:	4 Projects totaling	\$7,075,000
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SFY2013 Grand Totals the Program Received:

Break down by Projected timeline

Drinking Water	Clean Water		
19	33	DEP Certified (Blue)	\$145,775,267
6	1	Direct Loan (Gold)	\$3,676,000
1	9	ATA Award Target prior to 4/1	\$73,666,000

Total Drinking Water Financing Program: 26 projects totaling \$71,797,000

Mr. Betz reported that this dollar total is the certification amount and still an estimate, which is subject to change through escrow closings. The amount is also significantly different than appropriation amounts due to bids received lower than estimated and in other cases some projects haven't proceeded to closing.

C. Mr. Betz discussed the SFY2014 Combined Financing Loan Programs as follows:

SFY2014 Clean Water Financing Program:

Break down by Program

Traditional Program:	84 Projects totaling	\$537,745,625
Supplemental Loan Program:	1 Project totaling	\$640,000
Second Chance Program:	0 Projects totaling	\$0
Barnegat Bay Program:	6 Projects totaling	\$13,208,868

Total Drinking Water Financing Program: 91 projects totaling \$551,594,493

SFY2014 Drinking Water Financing Program:

Break down by Program

Traditional Program:	76 Projects totaling	\$225,037,045
Supplemental Program:	0 Projects totaling	\$0
Second Chance Program:	0 Projects totaling	\$0

SFY2014 Grand Totals:

Total SFY2014 Financing Program: 167 projects totaling \$776,631,538

D. Mr. Scangarella reported on the status of the Trust's outstanding Requests For Proposals (RFPs):

Bond Counsel Services

Proposals were received from five firms. The Review Committee is in the process of formulating a recommendation for award.

Financial Auditing Services

Proposals were received from five firms. The Evaluation Committee, comprised of Board members and appointees, is currently reviewing and ranking the proposals for their recommendation to the Board.

Commercial Paper Program

The IFP RFP is being reviewed in conjunction with any specific needs the Program may have in conjunction with Sandy-related short-term financing as we await State legislation regarding the Natural Disaster Emergency Financing Program. Once the specifics are known and an RFP is developed, it will be presented to the Board for its consideration and approval.

The RFP will authorize the hiring of a financial institution to look into the best mechanism for this program. Mr. Scangarella reported that federal Public Law 113-002 appropriates \$600MM to New York and New Jersey for the Clean Water and Drinking Water state revolving fund programs and the distribution of those funds has not been determined.

Geoffrey Stewart of Public Financial Management reported that the commercial paper is one form of interim financing vehicle that the Trust is evaluating. Direct Loans or Commercial Paper are two of the options on the table and PFM will assist the Trust in that evaluation.

Ms. Kreipke questioned whether the RFP for the IFP Line of Credit previously authorized by the Board would permit procurement of a line of credit to assist in Sandy related repairs. Mr. Scangarella replied that given the parameters of the prior authorization, staff would discuss that opportunity further with the Attorney General's office.

Office Cubicles

A RFP for Office Cubicles was issued on February 5, 2013 with a Question and Answer cut-off date of February 13th. Proposals are due at the Trust offices on February 20, 2013.

E. Mr. Scangarella directed the Board member's attention to the Interim Financing Program (IFP) Loan Report at their places and reviewed it as follows:

The Trust received (1) new IFP loan applications since the January 10, 2013 Board meeting.

- The Trust closed on the Borough of Ocean Gate IFP loan on February 8, 2013 in the amount of \$75,000 for the purpose of Wind Turbine.

In Summary, the Trust has received:

(10) applications for IFP Loans totaling	\$20.4 MM
(4) loans have closed totaling	\$5.47 MM

Total IFP Loan dollars distributed to date is \$5.47MM to 2 projects but staff anticipates Ocean Gate will submit an invoice and drawn down their supplement loan shortly as this loan was required to cover a certified cost overrun on an outstanding project.

Mr. Scangarella advised that the IFP report was being provided to the Board in satisfaction of the requirements of Section 6 of the authorizing Resolution No. 10-55 adopted by the Trust on November 18, 2010.

8. NEW BUSINESS:

- A. Mr. Scangarella introduced Chief Budget Officer Hansbury to address Agenda Items 8(A) and 8(B) at which point Mr. Scangarella left the room. Mr. Hansbury introduced Resolution No. 13-07 accepting the January 10, 2013 Treasurer's Reports.

Mr. Hansbury summarized the Report announcing that the Trust paid bills totaling \$251,871.54 in January 10, 2013 and that the Trust had received and is reviewing bills for payment totaling \$1,083,195.23.

The breakdown of pending bills was presented to the board in written form is as follows:

Princeton Pike Office Park, LLC **\$9,480.45**
(Rent - February 2013) - Current lease dates 1/15/2007 - 1/14/2012 (Currently month-to-month) Annual Rent \$62,675.00 + New Estimated annual nets \$51,090.38 divided by 12 months equals \$9,480.45 per month.

PFM Asset Management LLC **\$11,525.65**
(Investment Advisor - December 2012) Pursuant to Trust Resolution number 12-43, Current contract runs from 7/30/2012 to 7/30/2014. Fee based on aggregate assets under management. Invoice# 138067

McCarter & English, LLP **\$167,125.00**
(Bond Counsel: SFY2013 Financing Program, Post-Closing Compliance, NHTSA Defeasance)

J&J Staffing Resources **\$14,222.25**
(Part-Time salaries September, December 2012 & January 2013, invoice #'s: 297424, 301355, 302746, 303050, 303393, 303740, 304098)

Council of Infrastructure Financing Authorities, Inc. (CIFA Membership Dues from January 1, 2013 to December 31, 2013)	\$5,000.00
Treasurer, State of New Jersey (Estimated Salary and Fringe Reimbursement SFY2013 (July 1, 2012 thru January 25, 2013))	\$856,436.73
U.S. Bank (Trustee: NJEIT 2006A&B (12/1/12 - 11/30/13) Pursuant to Trust Resolution number 06-25 appointing Wachovia Bank/US Bank as 2006 and 2007 Trustee/Escrow Agent	\$9,158.75
U.S. Bank (Trustee: NJEIT 2007 (12/1/12 - 11/30/13) Pursuant to Trust Resolution number 06-25 appointing Wachovia Bank/US Bank as 2006 and 2007 Trustee/Escrow Agent	\$10,246.40
TOTAL	<u>\$1,083,195.23</u>

The resolution was moved for adoption by Mr. Ellis and seconded by Mr. Requa.
The motion was carried 6 to 0 with 0 abstentions.

B. Chairman Victor introduced Resolution No. 13-08 appointing Mr. Frank Scangarella to serve as the New Jersey Environmental Infrastructure Trust's Assistant Director and to perform the duties such as performing the responsibilities of the Executive Director in his absence as defined in the By-Laws of the Trust. In addition to his appointment as Assistant Director, Mr. Scangarella will also perform his current duties and responsibilities as Chief Operating Office.

- Investment responsibilities with the Trust's Policies and decisions with the Trust's Investment Advisor,
- Execution of Interim Financing Loans; Direct Loans; Supplemental Loans, Planning & Design Loans and Emergency Loans,
- Project requisition reimbursement payments,
- Daily consultations with Bond Counsel and Financial Advisor and DEP Staff to name just a few.

Based on the importance of this position, it is recommended that the Board approve the reappointment of Frank Scangarella effective February 14, 2013 pending the Governor's approval of the minutes.

The resolution was moved for adoption by Mr. Barrack and seconded by Mr. Ellis.
The motion was carried 6 to 0 with 0 abstentions.

- C. Mr. Scangarella reentered the room and introduced Resolution No. 13-09 authorizing the issuance of a Request for Proposal (RFP) for the services of an Information Technology Consultant pursuant to the Trust's Policy and Procedure No. 4.00, "Purchase of Goods and Services". Mr. Scangarella noted that the resolution authorizes the issuance and distribution of an RFP and convenes of a Committee to review proposals received and to make its recommendation to the Board of their selection. The contract approval will be for (1) one-year with the option for one additional (1) one-year period at the discretion of the Executive Director in consultation with the Chairman of the Trust Board. A draft copy of the RFP is attached, along with the ranking criteria to be used as base for their selection. The Trust has paid \$15,499 to Pro-Computer under the current contract, which is within the \$24,000 budget.

Mr. Victor asked for additional detail as to the services provided in the RFP to which Mr. Scangarella advised that the majority of responsibilities were day to day maintenance of existing personal computers, computer and internet servers, and license upgrades but the consultant would not provide any services related to the ongoing effort to develop the H2Loans program.

The resolution was moved for adoption by Mr. Requa and seconded by Mr. Chebra. The motion was carried 6 to 0 with 0 abstentions.

- D. Mr. Scangarella introduced Chief Financial Officer Kaltman to discuss Resolution No. 13-10. Ms. Kaltman advised that the resolution authorized the issuance of a Request for Proposal (RFP) for the services of Trustee and Escrow Agent for the SFY2014 & SFY2015 Financing Programs in accordance with provisions of Executive Order No. 26, laws of the State of New Jersey and in accordance with the Trust's Policy and Procedures, in addition to the creation of an evaluation committee responsible for reviewing and recommending their selection to the Board for contract approval.

Ms. Kaltman summarized the responsibilities of the Escrow Agent and Trustee as they relate to the sale and repayment of Trust bonds. She also noted that the contract will be for a contract period of (1) one-year with an option for one additional (1) one-year period at the discretion of the Executive Director in consultation with the Chairman.

The resolution was moved for adoption by Ms. Kreipke and seconded by Mr. Ellis. The motion was carried 6 to 0 with 0 abstentions.

- E. Mr. Scangarella introduced Resolution No. 13-11 acknowledging Ms. Josephine Craver's years of service and on behalf of Trust staff thanked her for her dedication to the New Jersey Environmental Infrastructure Trust and the Department of Environmental Protection since 1983. Mr. Scangarella presented her with a plaque and read its inscriptions. Mr. Victor commented that Josephine exemplified the work ethic and dedication that makes the Financing Program a success and extended his best wishes to her new endeavors. Ms. Craver thanked everyone for their kind words. The resolution was moved for adoption by Mr. Chebra and seconded by Mr. Requa. The motion was carried 6 to 0 with 0 abstentions.

9. EXECUTIVE SESSION:

Mr. Victor asked Mr. Scangarella if there was a need for an Executive Session to which Mr. Scangarella responded there was not a need for an Executive Session.

The Chairman asked for an adjournment.

Mr. Ellis moved to adjourn the meeting. The motion was seconded by Mr. Requa. The motion was carried 6 to 0 with 0 abstentions.

The meeting was adjourned at 10:40 a.m.

RESOLUTION NO. 13 - 07

**RESOLUTION AUTHORIZING APPROVAL OF THE
JANUARY 2013 TREASURER'S REPORT**

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") has reviewed the Treasurer's Report for January 2013 and

WHEREAS, the Trust has placed in its files certain correspondence relating to expenses incurred in relation to the Trust.

NOW THEREFORE BE IT RESOLVED THAT the Trust hereby accepts the Treasurer's Report for January 2013 and directs that it be entered into the record.

Adopted Date: February 14, 2013

Motion Made By: Mr. Ellis

Motion Seconded By: Mr. Requa

Ayes: 6

Nays: 0

Abstentions: 0

RESOLUTION NO. 13- 08

**RESOLUTION OF
THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
APPOINTING AN ASSISTANT DIRECTOR**

WHEREAS, pursuant to the New Jersey Environmental Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (N.J.S.A. 58:11B-1 *et seq.*), as the same may be amended and supplemented from time to time (the “Act”), and, specifically, Section 5(h) thereof, the New Jersey Environmental Infrastructure Trust (the “Trust”) may appoint and employ an Executive Director and any other officers or employees as it may require for the performance of its duties; and

WHEREAS, pursuant to Part III, Section 4 of the by-laws of the Trust (the “By-Laws”), the Executive Director, *inter alia*, shall have all of the power and authority delegated to him or her in accordance with (i) the By-Laws, (ii) the actions of the Trust, or (iii) otherwise pursuant to the provisions of the Act; and the Executive Director shall, subject to the provisions of the By-Laws, have general supervisory and management responsibility over the staff and day-to-day activities of the Trust; and the Executive Director shall have the power to sign checks in accordance with Part VII of the By-Laws, and shall, under the direction of the Treasurer of the Trust, keep the financial records of the Trust and provide for custody of funds and other property of the Trust; and

WHEREAS, pursuant to Part IV of the By-Laws, the Trust, *inter alia*, shall as permitted by law name and appoint, from time to time, such additional officers as it may require who shall be under direct supervision of the Executive Director, unless otherwise so designated by the Trust; and

WHEREAS, pursuant to Part III, Section 6 of the By-Laws, the Assistant Director shall assume the duties and responsibilities of the Executive Director in the Executive Director’s absence; and

WHEREAS, pursuant to the authority granted by Section 5(h) of the Act and Part IV of the By-Laws, the Trust established the position of Assistant Director in 1997; and

WHEREAS, since 1997, the title of Assistant Director and the essential functions thereof have been vested in a member of senior staff foregoing the need for additional staffing; and

WHEREAS, given the need for continuation of the Assistant Director's functions, it is the desire of the Trust to designate a current senior staff member to ensure (i) the proper administration of the Trust in the absence of the Executive Director, (ii) the satisfaction in full of various actions vested in the Assistant Director through Board action and existing policies, and (iii) that such functions be performed without resorting to additional staffing.

NOW THEREFORE BE IT RESOLVED by the governing body of the Trust as follows:

Section 1. The Board of Directors of the Trust hereby appoints Frank Scangarella to serve as the New Jersey Environmental Infrastructure Trust's (NJEIT) Assistant Director and to perform the following duties and responsibilities, in addition to his current duties and responsibilities as Chief Operating Officer: (i) the responsibilities of the Assistant Director as defined in Part III, Section 6 of the NJEIT By-Laws and (ii) the responsibilities of the Assistant Director as defined in the NJEIT's policies and procedures; (iii) such other duties and responsibilities as the Executive Director shall determine, pursuant to Section 5(h) of the Act and Part IV of the By-Laws.

Adopted Date: February 14, 2013

Motion Made By: Mr. Barrack

Motion Seconded By: Mr. Ellis

Ayes: 6

Nays: 0

Abstentions: 0

RESOLUTION NO. 13 - 09

**RESOLUTION OF THE TRUST AUTHORIZING
THE ISSUANCE OF A REQUEST FOR PROPOSALS FOR
INFORMATION TECHNOLOGY CONSULTING SERVICES**

WHEREAS, the New Jersey Environmental Infrastructure Trust (Trust) is authorized to make and enter all contracts necessary or incidental to the performance of its duties pursuant to N.J.S.A. 58:11B-5(d); and

WHEREAS, there is a need for the Trust to hire a firm to perform Information Technology Consulting Services.

NOW THEREFORE BE IT RESOLVED THAT the Trust hereby authorizes the Executive Director to competitively procure Information Technology Consulting Services pursuant to Environmental Infrastructure Trust Policy and Procedure number 4.00, "Purchase of Goods and Services" and

BE IT FURTHER RESOLVED, the Executive Director is further authorized to solicit proposals, convene a Committee to review all proposals received, and to make a recommendation to the Board for the selection of a firm for Information Technology Consulting services to the Trust Board for contract approval for a one year contract with an option for one (1) additional one-year period at the discretion of the Executive Director in consultation with the Chairman.

Adopted Date: February 14, 2013

Motion Made By: Mr. Requa

Motion Seconded By: Mr. Chebra

Ayes: 6

Nays: 0

Abstentions: 0



**NEW JERSEY
ENVIRONMENTAL
INFRASTRUCTURE TRUST**

Request for Proposals

INFORMATION TECHNOLOGY CONSULTING SERVICES

Issued by the
New Jersey Environmental Infrastructure Trust

Date Issued:
February __, 2013

Questions and Answer Cut-Off Date:
February __, 2013

Proposals Due Date:
March __, 2013

In the Office of the Chief Budget Officer
3131 Princeton Pike, Building 6, Suite 201
Lawrenceville, NJ 08648
(609) 219-8600

Please Label Proposals with Firm's Name and
"Proposal for Information Technology Consulting Services"

**NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
REQUEST FOR PROPOSALS
FOR INFORMATION TECHNOLOGY CONSULTING SERVICES**

Background

The New Jersey Environmental Infrastructure Trust (“the Trust”) was organized pursuant to N.J.S.A. 58:11B-1 et seq. in August, 1986, as an instrumentality of the State exercising public and essential government functions. The Trust exists within, but is independent of any supervision or control by, the New Jersey Department of Environmental Protection

The purpose of the Trust is to provide financial assistance to New Jersey borrowers authorized to construct, operate and maintain environmental infrastructure systems. One way in which the Trust fulfills its purpose is by participating with the New Jersey Department of Environmental Protection (State) in the Environmental Infrastructure Financing Program (Program). The Trust contracts to make loans to finance a portion of the costs of environmental infrastructure system projects that borrowers in New Jersey are authorized to undertake and which they may lawfully finance through borrowings. The State provides companion loans for these same projects.

The Trust's enabling legislation requires extensive legislative oversight of the Trust, including fiscal accountability and control over its operating expenses, loan and debt guarantee activities, and borrowing and debt obligations. No funds from State or federal sources or State bond issues will be made available to the Trust unless appropriated by the Legislature.

The Trust’s offices are located at 3131 Princeton Pike, Lawrenceville, NJ. The Trust currently employs 13 full-time staff and 3 part time employees. The Trust’s network runs a Microsoft Windows platform. Most of the workstations are running the Windows XP operating system but all will be upgraded to Windows 7 in July, 2011. Trust staff will be responsible for installation and the Consultant will be responsible for configuration and integration. The Trust’s accounting department utilizes Microsoft Dynamics accounting software (formerly Solomon). The Trust will continue to utilize another firm to maintain the accounting server software and associated databases but the IT Consultant will be responsible for maintenance of the Server (IBM Dual Core Xeon) and the Microsoft Windows domain.

Pursuant to this Request for Proposal, the Trust shall select a firm to perform Information Technology Consulting Services in order maintain the current computer network as set forth herein.

Scope of Services

Professional Services Provided:

The CONSULTANT shall provide those on-site services to the TRUST set forth below, at the location above to maintain the equipment, software, and/or operating systems listed in Schedule A in good working order in accordance with their respective manufacturer specifications.

Moreover, the Consultant will be required to:

- Provide general professional services on an as-needed basis primarily during normal business hours: M – F 8:00 a.m. to 5:00 p.m. Guarantee a 2-hour response time for emergency situations.
- Evaluate the Trust's IT system and develop a prioritized order of recommended hardware and software upgrades consistent with Trust needs.
- Support the Trust's Local Area Network and Microsoft Windows Domain.
- Troubleshoot (either remotely or on-site) hardware and software problems.
- Perform minor cabling work and maintain hardware/software inventory and license documentation.
- Perform the repairs and necessary maintenance of the PC network.
- Provide for system file backup for PC operations, which includes rebuilding the various databases in case of system malfunction.
- Monitor network security and usage and perform necessary system maintenance.
- Document information system processes and procedures and assist with network security.
- Assist users with operational problems.
- Perform general maintenance on all software packages.
- Coordinate problem-solving with software vendors, contact support hotlines to resolve problems.
- Install initial files, directories, and security to accommodate Trust needs.
- Install hardware, software, and peripherals.
- Provide recommendations on solutions to issues, including cost estimates for repairs and/or replacement items.
- Research, evaluate, and advise management of enhancements/new releases of hardware and software technology.
- Deploy new computer software.
- Coordinate hardware and software purchases and assist in budget preparation for the IT function.
- Provide, as requested, training for the Trust's software applications.

Conduct one on-site preventive maintenance visit per year for the file servers listed in

SCHEDULE A and for the purpose of installing updates, service packs, and hotfixes, if necessary, and to keep the equipment clean and in the best possible condition. Updates may include antispam, antivirus or antispyware, software upgrades or license renewals purchased by the Trust. Any preventive maintenance shall be scheduled at a time that is most convenient to the Trust, excluding weekends and holidays.

Conduct a remote evaluation of server event logs, backup logs, antivirus updates, antispyware updates, antispam updates and SonicWall Firewall logs as a preventive maintenance strategy once monthly. Antivirus, antispyware, or antispam software updates on the file servers listed in SCHEDULE A will be installed as part of the on-site preventive maintenance visit or remotely as part of the monthly remote evaluation whichever is most appropriate at the time.

Information to be Provided by Bidder

Interested firms are invited to submit a proposal in accordance with the requirements described below:

1. A description of your firm's experience and expertise in providing IT Consulting Services, including:
2. A description of your understanding of the scope of services as provided in this Request for Proposals ("RFP").
3. A list of clients for whom you currently provide and have previously provided this type of service, especially state agencies. Include references that may be contacted with respect to your work on these matters.
4. The resumes of the individuals who will be assigned to work with the Trust staff.
5. Provide the names and contact persons of at least five client organizations where similar work has been provided as contained in this RFP.
6. Provide a statement on whether or not the company is currently involved with any material litigation, arbitration, or bankruptcy proceedings, or has been within the past three years directly or indirectly.
7. Provide appropriate rate schedule that would be utilized to carry out the required scope of work. Include an hourly rate schedule and applicable administrative fees, if any. Submit a rate schedule for one year of service. Also, submit a separate rate schedule for the optional second year of services. Transportation/travel expenses are not to be billed separately.

8. Identify any existing or potential conflicts of interest, as well as your representation of parties or other relationships that might be considered a conflict of interest, that may affect or involve transactions for the Trust.

- a. A copy of a valid New Jersey Business Registration must be submitted by the selected firm. If not already registered with the New Jersey Division of Revenue, registration can be completed online at the Division of Revenue website: <http://www.state.nj.us/treasury/revenue/index.html>.
- b. Pursuant to L. 2005, c. 51 ("Chapter 51") State departments, agencies and authorities are precluded from awarding contracts exceeding \$17,500 to vendors who make certain political contributions on and after October 15, 2004, to avoid any appearance that the selection of State contractors is based on the contractors' political contributions. Chapter 51 also requires the disclosure of all contributions to any political organization organized under 26 U.S.C. 527 that also meet the definition of a continuing political committee within the meaning of N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7. The firm shall submit the required certification form(s) and disclosure form(s) which are attached with its proposals. Failure to submit such forms and/or failure of such forms to evidence compliance with Chapter 51 shall be cause for rejection of the firm's proposal. Any firm selected as Custodial Bank shall maintain compliance with Chapter 51, during the term of its engagement as Custodial Bank.
- c. Pursuant to L. 2005, c. 271 ("Chapter 271"), amended by L. 2007, c. 304 your firm is required to disclose its (and its principals') political contributions within the immediately preceding twelve (12) month period. No prospective firm will be precluded from serving as Custodial Bank by virtue of the information provided in the Chapter 271 disclosure provided the form is fully and accurately completed. Prior to formal appointment, the firm anticipated to be selected as custodial bank for the aforementioned term will be required to submit Chapter 271 disclosures.

Please also be advised of your responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC), pursuant to N.J.S.A. 19:44A-20.27 (L. 2005, c. 271, section 3, amended by L. 2007, c. 304, section 2) if your firm receives contracts in excess of \$50,000 from a public entity during a calendar year. It is your firm's responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financing penalties by ELEC. Additional information about this requirement is available from ELEC at (888) 313-3532 or www.elec.state.nj.us.

- d. In accordance with L. 2005, c. 92, all services performed pursuant to this engagement shall be performed within the United States of America.
 - e. Note: Your attention is drawn to Executive Order No. 117 issued by Governor Corzine on September 24, 2008 which applies to certain political contributions made after November 15, 2008. Please review and be guided accordingly.
9. The Trust will accept questions pertaining to this RFP from all potential bidders electronically. Questions shall be directed to John Hansbury, Chief Budget Officer, at the following e-mail address:

JHANSBURY@NJEIT.ORG

Please note that the “subject” line of your e-mail must specifically reference this RFP as follows: “RFP for NJEIT IT Consulting Services.”

Questions will be accepted until 5:00pm EST on February __, 2013.

- 10. In the event the Trust determines that additional clarification to this RFP or additional information is necessary, the Trust reserves the right to do so through telephone conference call with eligible firms for the purpose of providing the same.

Evaluation Procedure and Criteria

All proposals will be reviewed to determine responsiveness. An Evaluation Committee will evaluate responsive proposals. The Evaluation Committee will have a minimum of three members and may include a representative of the Trust. The following evaluation criteria categories and the associated weights will be used to evaluate proposals in response to this RFP.

The Firm’s proposed services	(2)
Qualifications and experience of the firm	(4)
Knowledge and experience of the assigned team or staff	(4)
References from prior serviced clients	(4)
Fee proposal	(6)
The firm’s presence in New Jersey	(1)

Please be advised that cost will not be the sole determining factor.

Submission Requirements

Four copies of your response should be sent to John G. Hansbury, Jr., Chief Budget Officer, New Jersey Environmental Infrastructure Trust. Mailing Address: 3131 Princeton Pike, Building #6-Suite 201, Lawrenceville, New Jersey 08648. All proposals must be received by **12:00 Noon, March __, 2013**. Proposals received after this date and time will not receive further consideration. If it is necessary to interview one or more firms, the interview will take place on during the week of **March __, 2013**. You will be notified if your firm needs to appear.

The Trust reserves the right; 1) to reject any and all proposals or 2) to waive any informalities or irregularities therein. The award will be made to the firm whose appointment for IT Consulting Services is deemed to be in the best interest of the Trust and the State.

Dated: February __, 2013

**SCHEDULE A
EQUIPMENT/OPERATING SYSTEM
ITEMS COVERED**

CURRENT SERVERS:

- 1 — IBM System x3500 M1
- 1 — IBM System x3500 M2

PENDING SERVER UPGRADE:

- 2 — Dell PowerEdge R610 (2 Node Cluster Failover Setup/Hyper-V)
- 1 — Dell PowerVault MD3220i

WORKSTATIONS:

- 2 — Dell OptiPlex 360
- 8 — Dell OptiPlex 380
- 6 — Dell OptiPlex 390
- 1 — Dell OptiPlex 780
- 1 — Lenovo ThinkPad T530
- 2 — Lenovo ThinkPad X230 Tablet

OTHER HARDWARE:

- 1 — IBM 17" Flat Panel Monitor
- 4 — Buffalo 1 TB External HD
- 1 — Dell SonicWall NSA250M Firewall
- 2 — Cisco SG300-28P 24 Port Managed Switch
- 1 — ATEN CS 1732 USB 2-Port KVM Switch
- 1 — HP CP3525N Color Laser Jet Printer
- 3 — HP LaserJet M551 Color Laser Jet Printer
- 1 — Cisco Aironet 1142 Wireless Access Point
- 1 — Lantronix Airprint Server
- 1 — APC SmartUPS 1500

HARDWARE SPECIFICATIONS

CURRENT SERVERS:

- 1 — IBM System x3500 M1 (Windows Server 2003 SBS R2)**
 - Dual Xeon E5130 (2.0Ghz)
 - 4GB Memory
 - 160GB SCSI HD Array / 500GB HD
- 1 — IBM System x3500 M2 (Windows Server 2003 Standard)**
 - Dual Xeon E5420 (2.5Ghz)
 - 4GB Memory
 - 160GB SCSI HD / 160GB SCSI HD / 1TB

PENDING SERVER UPGRADE:

- 2 — Dell PowerEdge R610 (2 Node Cluster Failover Setup/Hyper-V)**
 - Dual Xeon E5620 (2.4Ghz)
 - 48GB Memory
 - 2x 500GB SAS 7200 RPM (RAID 1)
 - 2x Quad Intel Gigabit NIC
- 1 — Dell PowerVault MD3220i**
 - 5x 600GB SAS 10k RPM

WORKSTATIONS:

- 2 — Dell OptiPlex 360 (Windows XP)**
 - Pentium E5200 (2.5Ghz / 2MB)
 - 2GB Memory
 - 160GB HD
 - ATI Radeon 7000 (DVI/VGA)
- 8 — Dell OptiPlex 380 (Windows 7)**
 - Core 2 Duo E7500 (2.93Ghz / 3MB)
 - 4GB Memory
 - 320GB HD
 - nVidia GeForce 9300LE Dual DVI
- 6 — Dell OptiPlex 390 (Windows 7)**
 - Core i5-2400 (3.4Ghz / 6MB)
 - 4GB Memory
 - 320GB HD
 - ATI Radeon HD 6350 Dual DVI
- 1 — Dell OptiPlex 780 (Windows 7)**
 - Core 2 Duo E7600 (3.06Ghz / 3MB)
 - 8GB Memory
 - 500GB HD
 - nVidia GeForce 9300LE Dual DVI

1 — Lenovo ThinkPad T530 (Windows 7)

- **Core i5-3320M (3.3Ghz / 3MB)**
- **8GB Memory**
- **256GB SSD**

2 — Lenovo ThinkPad X230 Tablet (Windows 7)

- **Core i5-3320M (3.3Ghz / 3MB) | Core i7-3520M (3.6Ghz / 4MB)**
- **8GB Memory**
- **256GB SSD**

SOFTWARE LOADED

CURRENT SERVERS:

1 — IBM System x3500 M1 (Windows Server 2003 SBS R2)

- Microsoft Windows Server 2003 SBS R2
- Microsoft Exchange Server 2003 SBS
- Backup-For-Workgroups v4.0
- Sunbelt Vipre Enterprise Edition
- Sunbelt Ninja Email Security
- Websense Triton Cloud Security

1 — IBM System x3500 M2 (Windows Server 2003 Standard)

- Microsoft Windows Server 2003 Standard
- Microsoft Dynamics SL 7.0
- Microsoft SQL Server 2005

PENDING SERVER UPGRADE:

2 — Dell PowerEdge R610 (2 Node Cluster Failover Setup/Hyper-V)

- Microsoft Windows Server 2012 Standard
- Microsoft SQL Server 2012
- Microsoft Exchange 2010 Standard
- Microsoft Dynamics 2011
- McAfee Spam Filtering
- Norton Small Business Endpoint
- Websense Triton Cloud Security

1 — Dell PowerVault MD3220i

WORKSTATIONS:

2 — Dell OptiPlex 360 (Windows XP)

- Windows XP Professional SP3 (x86)
- Microsoft Office 2007

8 — Dell OptiPlex 380 (Windows 7)

- Windows 7 Professional SP1 (x64)
- Microsoft Office 2010

6 — Dell OptiPlex 390 (Windows 7)

- Windows 7 Professional SP1 (x64)
- Microsoft Office 2010

1 — Dell OptiPlex 780 (Windows 7)

- Windows 7 Professional SP1 (x64)
- Microsoft Office 2010

1 — Lenovo ThinkPad T530 (Windows 7)

- Windows 7 Professional SP1 (x64)
- Microsoft Office 2010

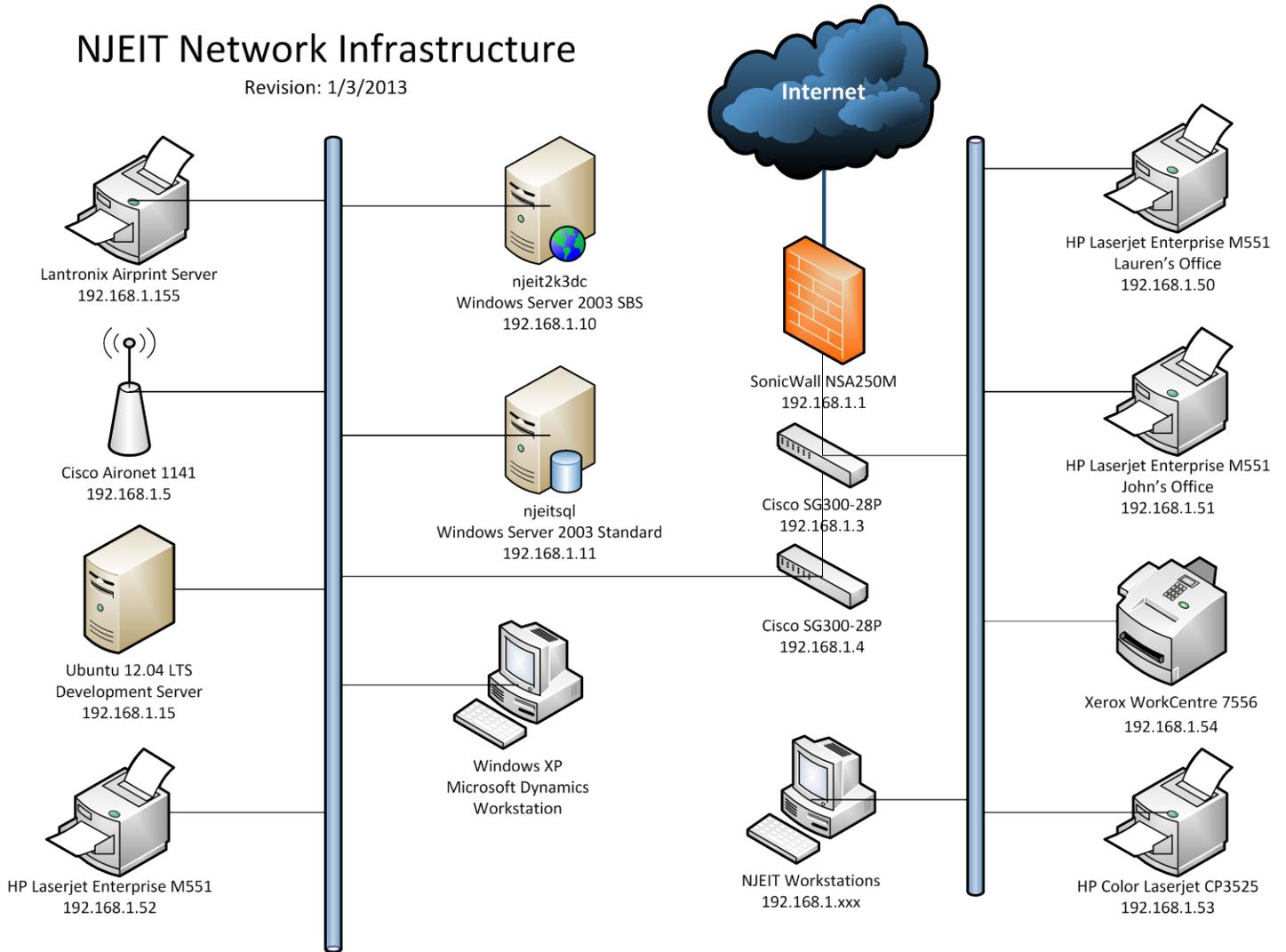
2 — Lenovo ThinkPad X230 Tablet (Windows 7)

- **Windows 7 Professional SP1 (x64)**
- **Microsoft Office 2010**

NETWORK DIAGRAM

NJEIT Network Infrastructure

Revision: 1/3/2013



**NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
IT Consulting Services
RFP Ranking Criteria**

FIRM:
DATE:
NAME OF RATER

All Proposals shall be rated on a scale of 1 - 10: 1 = low and 10 = high. All ranking assignments shall be relative to other proposals. The evaluations shall be limited to the four corners of the proposals and a rater's personal knowledge of the firms shall be disregarded with the exception of knowledge of a firm's material misrepresentation within the proposal.

Ranking Criteria		Rank	Weight	Total
1	Firm's proposal (Ability to meet the needs of the Trust as set forth in the Scope of Services; quality of the firm's responses and completeness of the proposed work and task plan, appropriateness/timeliness of proposed methodology, and submission of all required documents.)		2	
		Rank	Weight	Total
2	Qualifications and experience of the Firm;		4	
		Rank	Weight	Total
3	Knowledge and Experience of the assigned team or staff		4	
		Rank	Weight	Total
4	Professional references from prior serviced clients; including client references including contact information, details of project size/complexity.		4	
		Rank	Weight	Total
5	Proposed Total Fee (proposed fees and methodology for calculation of fees)		6	
		Rank	Weight	Total
7	The Firm's presence in New Jersey (Describe the firm's presence in New Jersey, and distance from Trust offices.)		1	

Rater's Signature: _____

TOTAL:	
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RESOLUTION NO. 13 - 10

**RESOLUTION OF THE TRUST AUTHORIZING THE ISSUANCE OF
A REQUEST FOR PROPOSALS FOR A TRUSTEE/ESCROW AGENT**

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") is authorized to enter agreements for trustee and escrow agent pursuant to N.J.S.A. 58:11B-5(d); and

WHEREAS, the services of a trustee are necessary in the implementation of the New Jersey Environmental Infrastructure Financing Program ("NJEIFP" or "Financing Program") for various functions prior to the closing of pooled loans (those funded with Trust bond proceeds) including but not limited to collecting and releasing loan closing documents at the beginning and end of the escrow period respectively; and

WHEREAS, the services of an escrow agent are necessary in the implementation of the NJEIFP to perform various administrative functions set forth in the bond documents after bond sale such as establish various accounts, make interest payments to bond holders, and represent the interests of bond holders in the event of default; and

WHEREAS, the Trust typically utilizes the services of a single financial institution to provide trustee and escrow agent services; and

WHEREAS, the Trust deems the services of a trustee and escrow agent necessary to the success of the SFY2014 and 2015 Financing Programs.

NOW THEREFORE BE IT RESOLVED THAT the Trust hereby authorizes the Executive Director, in consultation with counsel, to prepare and distribute a Request for Proposals (RFP) for Trustee/Escrow Agent as may be determined in accordance with the provisions of Executive Order No. 26, and other laws of the State of New Jersey; and

BE IT FURTHER RESOLVED THAT the Executive Director is further authorized to review all proposals received in accordance with Trust's Policy and Procedures and to make a report and recommendation to the Trust as to the selection of a Trustee/Escrow Agent for a contract period of one year with an option for one (1) additional one-year period at the discretion of the Executive Director in consultation with the Chairman; and

BE IT FURTHER RESOLVED THAT the Executive Director is authorized to take all other actions consistent with approved procedures to procure the services of a Trustee/Escrow Agent.

Adopted Date: February 14, 2013

Motion Made By: Ms. Kreipke

Motion Seconded By: Mr. Ellis

Ayes: 6

Nays: 0

Abstentions: 0



Request for Proposals

Trustee/Escrow Agent Services for SFY2014 and SFY2015 Financing Programs

Issued by the
New Jersey Environmental Infrastructure Trust

Date Issued:
February __, 2013

Questions and Answer Cut-Off Date:
5:00PM EST February __, 2013

Proposals Due Date:
12:00 PM EST March __, 2013

In the Office of the Chief Budget Officer
3131 Princeton Pike, Building 6, Suite 201
Lawrenceville, NJ 08648
(609) 219-8600

Please Label Proposals with Firm's Name and
"Proposal for Trustee/Escrow Agent Services SFY2014 & SFY2015 Financing Programs"

**NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
REQUEST FOR PROPOSAL
FOR TRUSTEE AND ESCROW AGENT**

For The SFY2014 and SFY2015 Environmental Infrastructure Financing Programs

Background

The New Jersey Environmental Infrastructure Trust (Trust) was organized pursuant to N.J.S.A. 58:11B-1 et seq. in August, 1986, as an instrumentality of the State exercising public and essential government functions. The Trust exists within, but is independent of any supervision or control by, the New Jersey Department of Environmental Protection.

The purpose of the Trust is to provide financial assistance to New Jersey local government units (LGU's) and private and public water purveyors for the construction of environmental infrastructure projects. One way the Trust fulfills its purpose is by participating with the New Jersey Department of Environmental Protection (State) in the Environmental Infrastructure Financing Program (Program). The Trust contracts to make loans to finance a portion of the costs of environmental infrastructure projects that local governments in New Jersey and water purveyors are authorized to undertake and which they may lawfully finance through borrowings. The Trust loans are financed with the proceeds of revenue bonds sold by the Trust. The State provides companion loans for these same projects.

The Fund loans will be capitalized by federal and state monies. Each state issued loan identified as a fund loan will also be secured by a bond of the borrower delivered to the State; project revenues; in rare cases, bond insurance; and a deficiency agreement with the underlying municipality if the borrower lacks taxing power or some other form of security that the Trust has accepted for the Trust loan and is found acceptable to the State.

The Trust and the State are requiring the respective borrowers to execute loan agreements with both, and produce validly executed and authenticated or attested bonds evidencing such loans prior to the Trust publishing the notice of sale for the bonds it issues to finance the Trust loans. These documents will be produced by each borrower at separate escrow closings expected to commence sometime in March of 2014. The selected escrow agent will be contacted by Bond Counsel and given the escrow closing schedule when it is available.

Pursuant to this Request for Proposal, the Trust and the State shall select an escrow agent to act as agent for the Trust, the State, and each Borrower to possess and administer the escrow documents in accordance with the instructions and subject to the terms and conditions set forth in the attached forms of the escrow agreements. Separate escrow agreements shall be executed at separate escrow closings for each borrower. However, several borrowers may have the same bond counsel, so some escrow closings might occur on the same day sequentially.

During April 2013, the Trust expects to issue revenue bonds (the "SFY2013 Trust Bonds") one or more separately secured series in amounts sufficient to provide between \$200 million to \$400 million in loans (the "Trust Loans") to finance a portion of the costs of construction, interest during construction and related issuance expenses.

Each series of Trust Bonds will be issued pursuant to separate bond resolutions and will be separately secured by (i) loan repayments from the borrower's participating in each series, (ii) a reserve fund for each series, (iii) a stand-by State aid intercept and (iv) state payments held up to one year by the Master Program Trustee from the 1994 through the 2012 loans. A borrower's obligation to repay its Fund Loan will be subordinate to its obligation to repay its Trust Loan.

The Trust and the State anticipate that each will be party to approximately 115 loans for \$600 million. The Trust intends to hold escrow closings at the offices of McCarter & English in Newark with each borrower from March __ through April __, 2014 for the SFY2014 Trust Bonds. Bond sale for the SFY2014 Trust Bonds will be held at the Trust's offices in Trenton on May __, 2014. Pre-closing and closing are scheduled at the offices of McCarter & English in Newark for May __ and May __, 2014. The escrow agent must attend each day of escrow closing, preclosing and closing. The Trustee must attend preclosing and closing.

SFY2014

The FY2014 Financing Program has three main project-type components: **(1)** Traditional Clean Water (CW) and Drinking Water (DW) projects, **(2)** Barnegat Bay (BB) projects and **(3)** Combined Sewer Overflow (CSO) Abatement Projects with a focus on green technologies. BB and CSO Abatement project can take advantage of incentivized loan terms and additional opportunities for principal forgiveness loans. In addition, the Financing Program is developing opportunities to provide emergency relief as well as short and long term financing opportunities to systems affected by Super Storm Sandy.

1. Traditional Financing Program Projects **119 Projects / \$530.7 million**

The DEP is in the process of reviewing and approving 119 FY2014 Traditional Financing Program CW and DW projects which range in form from equipment purchases and water and sewer line repair or replacement to complex regional treatment plant expansion and upgrade projects. As the DEP's engineering and environmental review of these projects progresses over the ensuing year, the highest priority ranked Drinking Water projects will be eligible to receive a portion of their State DEP loan in the form of a Principal Forgiveness loan. The breakdown between CW and DW applications is as follows:

- Clean Water (CW) Projects: 52 Projects / \$349.4 million
- Drinking Water (DW) Projects: 67 Projects / \$181.3 million

2. FY2014 Barnegat Bay Projects **6 Projects / \$14.5 million**

Continuing the focus of Governor Christie's Barnegat Bay initiative, the FY2014 Financing Program received six loan applications for Barnegat Bay stormwater projects with a total estimated project cost of \$14.5 million. Of this amount, the DEP is reserving a maximum of \$10 million to provide principal forgiveness loans, which are analogous to grants, for up to 50% of the allowable project costs for stormwater management projects that facilitate the removal of pollutants from entering the Barnegat Bay. Since the announcement of the Governor's initiative, the Administration has made available over \$21.7 million in principal forgiveness and \$25 million in loans for stormwater improvements in Barnegat

Bay.

3. 2014 CSO Abatement Projects

12 Projects/ \$74.1 million

The DEP is also reserving a maximum of \$10 million to provide principal forgiveness loans for up to 50% of the allowable project costs (not to exceed \$2 million per project sponsor) for Combined Sewer Overflow (CSO) abatement projects with a focus on utilizing green practices (such as green roofs, rain gardens, porous pavement, and other activities that maintain and restore natural hydrology through infiltration, evapotranspiration, usage or the harvesting of stormwater).

Super Storm Sandy Emergency Financing

In the days immediately following the storm, over 80 wastewater treatment facilities (WWTFs) and approximately 70 water supply facilities had suffered some form of damage and were requesting State assistance for items such as alternative power and generators to run facilities and pumping stations, additional fuel, broken sewer or water main repairs or other operational issues. The cost of repair to the State's water infrastructure, damaged by Super Storm Sandy, will be a large undertaking. Many of the underground wastewater and stormwater outflow systems affected and damaged by Sandy have yet to be assessed, let alone addressed, making the total cost for mitigation and long-term resiliency a large unknown at this point. Some pumping stations in affected areas continue to be inoperable and are in bypass mode. Having assessed many of the operational assets of these facilities, some facility buildings themselves have been heavily damaged and may need to be rebuilt in their entirety. On many barrier islands, there remains uncertainty as to the extent of the damage sustained to stormwater outflow systems from the sand, silt and debris deposited during the storm that has clogged or ruptured these systems.

Currently, the DEP and the Trust are evaluating different lending opportunities and structures that would utilize the Trust to act as a lending conduit to assist those towns and water systems affected by Hurricane Sandy by addressing the immediate and significant need for short-term, temporary financing in volumes that far exceed the Financing Program's historical norms. The State has requested significant funding from the Federal Government in the wake of Sandy; this potential funding could utilize the State Revolving Fund loan programs as vehicles to provide Sandy relief and resiliency funding. The DEP is presently planning on amending the Priority System and ranking methodology to accept and utilize these funds.

It is anticipated that an Emergency Financing Loan Program offering may be ready for implementation by the DEP and the Trust within the first quarter of calendar year 2013 and will include a financial vehicle allowing local communities to borrow against future FEMA reimbursements in order to alleviate the cash flow stress that many of the affected communities currently face.

Program Highlights

For FY2014, the DEP and the Trust will continue to revise the NJEIFP to maximize the use of available funds for environmental infrastructure construction purposes. Highlights of the FY2014 Financing Program are as follows:

- **PRINCIPAL FORGIVENESS LOANS:** Offer a principal forgiveness loan package for highly-ranked Drinking Water projects and for Barnegat Bay and CSO Abatement projects, dependent upon the

provisions of the federal FY2013 SRF capital grant allocations to the State.

- **SOURCE OF FUNDS MIX:** Continue to offer Traditional Program Loans at 25% of market rate (25% funded with Trust AAA-rated public bonds / 75% funded with DEP 0% funds), a level cut from the Financing Program's historic 50%/50% split in order to further reduce interest costs in an effort to spur needed environmental projects, construction employment and economic development during these fiscally challenging times. At today's current interest rates, this Financing Program feature will decrease a project participant's debt service by an additional 11.7%, saving taxpayers and rate payers a further \$117,000 for each \$1 million borrowed, and granting participants a total expected interest cost savings of approximately \$350,000 per \$1 million in lent funds.
- **BARNEGAT BAY:** As described above, a \$10 million reserve fund is being set specifically for capital improvement projects designed to address stormwater runoff and non-point source pollution that adversely impacts Barnegat Bay. If there are insufficient requests from sponsors of stormwater and non-point source pollution management projects in the Bay Watershed, the remaining reserved funds would then be available to provide principal forgiveness loans to sanitary sewer rehabilitation and repair projects, sewage treatment plant improvements and other wastewater treatment activities in the Bay's Watershed. Project priority will be based on the project ranking methodology included in the DEP's Federal FY2013 Proposal which takes into consideration factors such as the water quality of the receiving waters.
- **CSO ABATEMENT RESERVE:** A maximum of \$10 million is set aside to provide principal forgiveness loans for up to 50% of the allowable project costs (not to exceed \$2 million per project sponsor) for Combined Sewer Overflow (CSO) abatement projects utilizing green technology (e.g., green roofs, rain gardens, porous pavement, and other activities that maintain and restore natural hydrology). Underutilized reserve funds will be available to provide principal forgiveness loans to the more traditional (non-green) CSO abatement activities such as CSO sewer rehabilitation and repair, solids/floatables controls, sewage treatment plant expansion for wet weather flows. Project priority will be based on the project ranking methodology included in the DEP's Federal FY2013 Proposal which takes into consideration factors such as the water quality of the receiving waters.
- **SMALL SYSTEMS "Nano Loans":** In an attempt to address a need on the part of the smallest DW systems in the State that typically lack the capability to access affordable, public funds, the Financing Program has set aside a \$2 million Reserve to provide small systems up to 50% of the total loan amount in a Principal Forgiveness Loan from the portion of their State DEP loan and a 25% market loan, which will be funded with a separate series of the Trust's publicly issued bonds. This separate series will not be supported by the Master Program Trustee Account. In addition, the DEP and the Trust will waive a number of the Financing Program's execution costs and fees to further reduce expenses and increase the incentive for participation by these small systems. The Nano Loan Program ("NLP") will assist the State in fulfilling a requirement of the Federal SRF Grant Program that addresses the needs of small communities.
- **BROWNFIELD & GREEN RESERVES:** Consistent with last year, approximately \$46 million of combined Financing Program set asides will continue to support (i) Brownfield Redevelopment

projects and (ii) the implementation of projects with "green" features which tie back to water quality improvement. Eligible "green" projects include those designs which utilize improved technologies that directly reduce energy consumption through the production and utilization of renewable energy or the implementation of water efficiency measures.

- **CW ASSET MANAGEMENT:** Responsible management of wastewater and stormwater treatment systems is being encouraged by granting an additional 50 priority ranking points to Clean Water projects whose sponsor has an existing Asset Management Plan and an additional 100 priority ranking points to Clean Water projects, including Combined Sewer Overflows (CSO), whose components are identified in an existing Asset Management Plan.
- **DW ASSET MANAGEMENT:** Responsible management of Drinking Water treatment and distribution systems is being encouraged by granting an additional 75 priority ranking points to Drinking Water projects that are identified in an existing Asset Management Plan.
- **TRACK II LOANS:** The Financing Program is considering re-opening its annual "Call for Projects" to allow project sponsors who missed the initial commitment letter date in October, 2012 to participate in the FY2014 Financing Program.

FY2013 Recap

The FY2013 Traditional Financing Program projects and Barnegat Bay projects currently being prepared for financing are summarized as follows:

1. Traditional Financing Program Projects **95 Projects / \$412.5 million**

The FY2013 Financing Program is in the process of reviewing and approving 95 Clean Water and Drinking Water projects totaling more than \$412million:

- Clean Water (CW) Projects
 - "Traditional" CW Loans – 59 projects totaling approximately \$288.9 million are under consideration for loans,
- Drinking Water (DW) Projects
 - "Traditional" DW Loans – 36 projects totaling approximately \$123.5 million are under consideration for loans,
 - "Principal Forgiveness" DW Loans – In addition, the highest-ranking Drinking Water projects are under consideration for principal forgiveness loans subject to the availability of funds.

2. 2013 Barnegat Bay Projects **6 Projects / \$14.7 million**

In FY2013, the Financing Program implemented Governor Christie's Barnegat Bay initiative so as to address the degradation of Barnegat Bay by setting aside up to \$10 million to provide principal forgiveness loans for up to 50% of the allowable project costs of stormwater management projects that utilize green technology in the Barnegat Bay Watershed (gravel wetlands, porous pavement, and rain gardens, which facilitate the removal of pollutants, including nitrogen from infiltrating the Bay). The FY2013 Financing Program received 6 loan applications for Barnegat Bay stormwater management projects with a total estimated project cost of \$14.7 million.

Refunding

Finally, in addition to managing the FY2013 Financing Program, the Trust once again took advantage of the historically low interest rate environment in August, 2012 and completed a refinancing of eight (8) existing Trust Bond Series totaling over \$228 million in par value. The Trust, through this refunding, was able to save the Financing Program's 104 participating municipalities, Authorities and private water operators more than **\$25 million** in debt service loan repayments over the remaining life of the refinanced bonds. Through this initiative, the Trust, with DEP as its partner, has again demonstrated the partnership's long-held and continued commitment to promote environmental projects while minimizing infrastructure financing costs for New Jersey's local government customers.

TRUSTEE

Scope of Services

The duties of the Firm selected as Trustee will be similar if not identical to those set forth in the Bond Resolutions attached hereto. Such duties for each series include, but are not limited to the following:

- accept appointment as Trustee under the Trust Bond Resolution and establish the funds and accounts required thereby, including but not limited to (i) a Project Fund and separate accounts therein for each project, (ii) a Debt Service Fund which shall consist of an interest account and a principal account, (iii) a General Fund, (iv) a Revenue Fund, and (v) a Rebate Fund, each of these accounts may be divided between clean water and drinking water and further into SRF Subaccounts and Non-SRF Subaccounts;
- establish a clearing account for the receipt of borrowers' semi-annual payments, from which transfers for Trust's bond indebtedness, the Trust's Administrative Fee and amounts to US Bank, the Master Program Trustee will be made as directed by the Trust;
- invest all balances within funds and accounts established pursuant to the Trust Bond Resolutions at the direction of the Trust with earnings on all such balances to be applied in accordance with the terms of the Trust Bond Resolutions;
- disburse to the borrowers monies from the Project Fund and project accounts therein upon receipt of documentation from the Trust;
- perform paying agent and registrar services as set forth in the Trust Bond Resolutions;
- generally serve as fiduciary for the holders of Trust Bonds;
- maintain books and records for all transactions required by the Trust Bond Resolutions and supply the Trust with monthly statements of all accounts;
- provide a flow of funds statement for the bond proceeds at closing;

- perform required obligations as set forth in the Trust Continuing Disclosure Agreement;
- supply the Trust with information in early March and September, concerning interest earnings on all funds;
- supply the State with the clearing account statements;
- be willing to accept copies of bond transcripts in electronic version, specifically dvd and/or cd.
- bank statements shall be submitted to the Trust on a monthly basis electronically, specifically in a useable data format (i.e. excel, csv, or xml) as well as on compact disc in readable PDF format.
- provide on-line access of all accounts via the internet.

NOTE: The Trust is not procuring the services of a Loan Servicer. The Trust will bill the borrowers and instruct the Trustee of transfers of funds received from borrowers.

Information to be Provided by Bidder

- 1) Given your understanding of the Trust's financing plan, what are the most critical concerns facing the Trustee and what will your Firm do to meet those concerns?
- 2) Explain how your Firm will organize its activities relating to this assignment. Describe the data processing, accounting, and reporting systems your Firm will use to fulfill this assignment. Can reporting formats be modified to meet special needs of this assignment, if necessary? If so, explain.
- 3) Provide the name of the employee within the Firm who will have senior responsibility for this assignment, the employee within the Firm who will deal with the Trust on a daily basis, and other employees assigned to this project. Provide the name, title, services to be provided, years of performing such services, and years service at the Firm.
- 4) Will the Trust have access to the Firm's computerized system? If so, what are the hardware requirements?
- 5) Can the Firm supply the Trust with the account information electronically, in the specified format required? How will this be accomplished?
- 6) Describe the Firm's ability and experience in making investments of the type required by the Bond Resolution. Describe the Firm's securities clearing relationships.
- 7) Describe the Firm's experience as Trustee for the following issues since June 1, 2010:

- all book-entry tax-exempt bond issues;

- all tax-exempt bond issues by a New Jersey State agency or authority; and
- all tax-exempt bond issues financing a pooled loan program.

Include a summary of the following information:

Name of Issuer, Amount of Financing, Sale Date,
Rating, Maturity and Pricing Structure
Source of Repayment
Use of Proceeds
Personnel Assigned
Client References
Anything unique about the transaction affecting the trustee

- 8) The Firm must have available an AAA rated cash management fund for excess cash, identify such fund and your relationship with the fund.

ESCROW AGENT

Scope of Services

The duties of the Firm selected as Escrow Agent will be set forth in the Escrow Agreements. A sample copy has been enclosed. The Escrow Agent agrees to act as agent for the Trust, the State and the individual borrowers.

The Escrow Agent will be responsible for the removal of the escrow agreements, executed Trust and State loan agreements, validly executed and authenticated or attested bonds and other related documents from the offices of McCarter & English, the Trust's Bond Counsel. The Escrow Agent shall hold the Escrowed Documents in a secured facility until release and delivery for closing of the loans at the offices of the McCarter & English on or about May 3, 2014.

In the event that the closing does not occur and the Escrowed Documents are not released it is the duty of the escrow agent to mark the documents "CANCELLED" and shall return (a) the Trust Loan Bond and the Fund Loan Bond to the Borrower, (b) the Trust Loan Agreement to the Trust, and (c) the Fund Loan Agreement to the State.

Information to be Provided by Bidder

- 1) State how the documents will be transported, stored and secured. In addition, give location of storage facility.
- 2) State who will have senior responsibility for this assignment, which officer of the Firm will attend escrow closings and closing, and describe that person's position with your Firm.

- 3) Describe your Firm's ability and experience to act as escrow agent in a program the size and complexity of this one.

The Trust will accept questions pertaining to this RFP from all potential bidders electronically. Questions shall be directed to John Hansbury, Chief Budget Officer, at the following e-mail address:

JHANSBURY@NJEIT.ORG

Please note that the “subject” line of your e-mail must specifically reference this RFP as follows: “RFP for SFY2014 and SFY2015 Trustee/Escrow Agent Services.”

Questions will be accepted until 5:00pm EST on February __, 2013

DRAFT

GENERAL INFORMATION TO BE PROVIDED BY ALL BIDDERS

- 1) Identify and describe all professional or business relationships which your Firm has with any of the borrowers listed on the attachment.
- 2) If your Firm perceives any conflict or potential conflict, please explain whether the conflict or potential conflict can be avoided and how your Firm proposes to avoid it.
- 3) Describe the benefits to the Trust, the State and your Firm if the Trust were to select your Firm as Trustee/ Escrow Agent.
- 4) Within the last five years, has the Firm been involved in or been the subject of any administrative proceeding, regulatory action, investigation or litigation with or by any State or Federal regulatory agency? If so, please state the agency, the name of the proceeding, and the identification or case number if any, and describe the nature of the action and its resolution, if any.
- 5) Compensation Schedule

Fees stated are all-inclusive and therefore should include all counsel review fees, wire fees, data processing expenses, etc.

	TRUSTEE		ESCROW AGENT	
	SFY2014	SFY2015	SFY2014	SFY2015
INITIAL FEE (YEAR 1)				
YEAR 2				
YEAR 3				
YEAR 4				
YEAR 5				
YEARS 6 Thru 20				

*Note: you should estimate 115 borrowers

Other Requirements

- a. Your proposal must be organized in the order set forth above and supply responses to all questions identify: the Trustee and Escrow Agent portions.
- b. Please complete the enclosed Stockholder Disclosure Form and return it with your proposal.
- c. Please supply a copy of your Firm's State of New Jersey Business Registration Certificate with your proposal.
- d. The Firm selected pursuant to this RFP shall be required to comply with the requirements of P.L. 1975, c.127 and N.J.S.A. 10:2-1 through 2-4, relating to discrimination and affirmative action in employment with respect to public contracts.
- e. The submission of a proposal shall be deemed a representation by the Firm that it has supplied all information, certifications and disclosure statements required in connection with P.L. 2005, c.51 which codified Executive Order No. 134 (McGreevey 2004) ("EO 134") and that all such information, certifications and disclosure statements previously provided in connection with EO 134 are true and correct as of the date of such submission and that all such statements have been made with full knowledge that the Trust shall rely upon the truth of the statements contained therein in making the contract award. If your Firm has not submitted the certifications and disclosure statements required pursuant to EO 134, please contact John Hansbury at the Trust, (609) 219-8600 or email at JHansbury@njeit.org. Failure to comply with EO 134 will be grounds for rejection of a proposal. The Firm selected pursuant to this RFP will be deemed to have agreed to maintain compliance with P.L. 2005, c. 51 during the term of the contract.
- f. The Firm selected pursuant to this RFP will be required to file a disclosure statement on political contributions with the Trust at least ten days prior to contracting with the Trust, in accordance with P.L. 2005, c. 271, section 2(a). The Firm selected pursuant to this RFP will be responsible for filing an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC"), pursuant to N.J.S.A. 19:44A-20.13 (P.L. 2005, c. 271, section 3) if the Firm selected pursuant to this RFP receives contracts in excess of \$50,000 from a public entity in a calendar year. It is the Firm's responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.
- g. The Firm selected pursuant to this RFP will be deemed to agree In that all services performed under the contract shall be performed within the United States in accordance with P.L. 2005, c. 92.
- h. Note: Your attention is drawn to Executive Order No. 117 issued by Governor Corzine on

September 24, 2008 which applies to certain political contributions made after November 15, 2008. Please review and be guided accordingly.

- i. Emergency Preparedness – To support continuity of operations during an emergency, including a pandemic, the Trust needs a strategy for maintaining operations for an extended period of time. One part of this strategy is to ensure that essential contracts that provide critical business services to the Trust have planned for such an emergency and put contingencies in place to provide needed goods and services.
 1. Describe how you anticipate such a crisis will impact your operations.
 2. Describe your emergency response continuity of operations plan. Please attach a copy of your plan, or at a minimum, summarize how your plan addresses the following aspects of pandemic preparedness:
 - Employee training (describe your organization’s training plan, and how frequently your plan will be shared with employees).
 - Identify essential business functions and key employees (within your organization) necessary to carry them out.
 - Contingency plans for:
 - How your organization will handle staffing issues when a portion of key employees are incapacitated due to illness.
 - How employees in your organization will carry out the essential functions if contagion control measures prevent them from coming to the primary workplace.
 - How your organization will communicate with staff and suppliers when primary communications systems are overloaded or otherwise fail, including key contacts, chain of communications (including suppliers), etc.
 - How and when your emergency plan will be tested, and if the plan will be tested by a third-party.

Term of Contract

The term of the contract for the Trustee/Escrow Agent shall be for a period of one year, with the Trust holding an option for one additional one-year period. The contract for the Trustee shall commence with the start of escrow closings and shall continue for the duration of the bond resolution for the SFY2014 Financing Program.

The Term of the contract for the Escrow Agent shall commence on the first day of escrow closings for the SFY2014 Financing Program and shall continue until bond closing or if bond closing cannot occur until the escrow documents are cancelled and disposed of in accordance with the scope of services.

Evaluation Procedure and Criteria

The Trust has appointed a committee to review the proposals submitted in response to this request and to make recommendations to the Trust Board. The committee will review all proposals in light of the major evaluation criteria and corresponding weights set forth below, which are not in order of importance. Cost will not be the sole determining factor.

- Experience and ability of the Firm to efficiently transfer funds, maintain accounts and records, and provide all other Trustee and Escrow services set forth in the "Scope of Services." (2);
- Experience and ability of the individuals assigned by the Firm to provide the Trustee and Escrow services set forth in the "Scope of Services." Provide the name, title, and years of service at the Firm, and years of service providing the services requested above. (3);
- Sufficient assets to assume and execute Trustee responsibilities (2);
- Reputation of the Firm as a respected, nationally known, experienced Trustee and Escrow Agent (2);
- The proposed fee for services (6);
- Prior service to the Trust (3);
- Investment services available and offered (1);
- On-line capabilities available to the Trust (3);
- Firm's presence in New Jersey (1)

Four (4) copies of your response should be sent to John G. Hansbury, Jr., Chief Budget Officer, New Jersey Environmental Infrastructure Trust. The address is 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey 08648. All proposals must be received by 12:00 Noon, March [REDACTED], 2013. Proposals received after this date and time will not receive further consideration. If it is necessary to interview one or more firms, the interview will take place the week of [REDACTED], 2013. You will be notified if your Firm needs to appear.

The Trust reserves the right: 1) to reject any and all proposals or 2) to waive any informalities or irregularities therein. The award will be made to the firm whose appointment as Trustee/Escrow Agent is deemed to be in the best interest of the Trust and the State.

Dated: February [REDACTED], 2013

Attachments:

Escrow Agreement* **(SAMPLE)**

Bond Resolution* **(SAMPLE)**

List of SFY2014 Potential Borrowers
SFY2014 Financing Schedule
Continuing Disclosure Agreement (**SAMPLE**)
Stockholder Disclosure Form
Certification of Compliance with Executive Order No. 117

*Any references to the Loan Servicer or Loan Servicing Agreement do not apply.

[INSERT STANDARD BIDDING PAPERWORK & RANKING SHEET]

DRAFT

**2014/2015 NJEIT Trustee and Escrow Agent
RFP Ranking Criteria**

FIRM:
DATE:
NAME OF RATER

All Proposals shall be rated on a scale of 1 - 10: 1 = low and 10 = high. All ranking assignments shall be relative to other proposals. The evaluations shall be limited to the four corners of the proposals and a rater's personal knowledge of the firms shall be disregarded with the exception of knowledge of a firm's material misrepresentation within the proposal.

	Ranking Criteria	Rank	Weight	Total
1	Experience and ability to efficiently transfer funds, maintain accounts and records, and provide all other Trustee and Escrow services set forth in the "Scope of Services"		2	
		Rank	Weight	Total
2	Experience and ability of the individuals assigned by the firm to provide the Trustee and Escrow services set forth in the "Scope of Services." Provide the name, title, and years of service at the firm, and years of service providing the services requested above		3	
		Rank	Weight	Total
3	Sufficient assets to assume and execute Trustee responsibilities		2	
		Rank	Weight	Total
4	Reputation of the Firm as a respected, nationally known, experienced Trustee and Escrow Agent		2	
		Rank	Weight	Total
5	Investment services available and offered		1	
		Rank	Weight	Total
6	Electronic Data submission to Trust/On-line capabilities available to the Trust		3	
		Rank	Weight	Total
7	Prior service to the Trust		3	
		Rank	Weight	Total
8	Fee (proposed fees and methodology for calculation of fees)		6	
		Rank	Weight	Total
9	The Firm's presence in New Jersey (Describe the firm's presence in New Jersey)		1	
	Indicate if firm qualifies as a minority owned or woman owned firm.			

Rater's Signature: _____

RESOLUTION NO. 13-11

RESOLUTION OF APPRECIATION TO JOSEPHINE CRAVER FOR HER YEARS OF SERVICE TO THE ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM

WHEREAS, Josephine Craver commenced service with the New Jersey Department of Environmental Protection (“Department”) in 1983 as an Environmental Engineer for the Water Supply Bond Loan Program; and

WHEREAS, Ms. Craver’s institutional knowledge and individual expertise in environmental infrastructure issues facilitated the transition of the Department’s Water Supply Loan Program to the Trust SRF Financing Program; and

WHEREAS, Ms. Craver has demonstrated her commitment to the public trust and to the mission of the Department and the New Jersey Environmental Infrastructure Trust (“NJEIT” or “Trust”), as well as a proficiency in both engineering and operational matters, serving in support of the NJEIT for the Drinking Water State Revolving Fund from 1998 through 2012; and

WHEREAS, throughout, Ms. Craver facilitated many of the Department’s and the Trust’s successes, including the completion of needs surveys, the effective petition for Federal capitalization grants, the development of intended use plans and the drafting and implementation of loan program policies and procedures; and

WHEREAS, Ms. Craver consistently has distinguished herself through faithful, dedicated and cooperative public service to the people of the State of New Jersey, and demonstrated the quiet competence reflective of the highest standards of professionalism and quality; and

WHEREAS, it is the desire of the Board of Directors to acknowledge Ms. Craver’s contributions of dedication and professionalism to the Trust and to express its gratitude.

NOW, THEREFORE, BE IT RESOLVED: the Board of Directors extends its gratitude to Josephine Craver for her thirty years of faithful service to the promotion of viable water system infrastructure, her significant contributions to the efficient growth of the Trust Financing Program, and her dedicated commitment to serving the people of the State of New Jersey.

BE IT FURTHER RESOLVED, that the Board of Directors extends its sincere best wishes to Ms. Craver in her pursuit of future endeavors, as do her many co-workers and friends within the Trust organization.

Adopted Date: February 14, 2013

Motion Made By: Mr. Chebra

Motion Seconded By: Mr. Requa

Ayes: 6

Nays: 0

Abstentions: 0

RESOLUTION NO. 13-

**RESOLUTION AUTHORIZING APPROVAL OF THE
MARCH 2013 TREASURER'S REPORTS**

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") has reviewed the Treasurer's Report for March, 2013 and

WHEREAS, the Trust has placed in its files certain correspondence relating to expenses incurred in relation to the Trust.

NOW THEREFORE BE IT RESOLVED THAT the Trust hereby accepts the Treasurer's Report for March, 2013 and requests that the same be entered into the record.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

RESOLUTION NO. 13-

**RESOLUTION AUTHORIZING THE AWARD OF
A FINANCIAL AUDITING SERVICES CONTRACT**

WHEREAS, the New Jersey Environmental Infrastructure Trust (Trust) is authorized to make and enter all contracts necessary or incidental to the performance of its duties pursuant to N.J.S.A. 58:11B-5(d); and

WHEREAS, Pursuant to Resolution No. 12-58, the Trust established an Evaluation Committee consisting of non-Trust staff members representing ex-officio members Sidamon Eristoff (Treasurer), Bob Martin (Environmental Protection), and Richard Constable, III (Community Affairs) and authorized the Executive Director to distribute a Request for Proposals for financial auditing services; and

WHEREAS, pursuant to Executive Order number 122 (McGreevey), N.J.S.A. 58:11B-24, and Trust Policy and Procedure 4.00, the Trust issued requests for proposals to 18 financial auditing firms prequalified by the New Jersey Department of Treasury, Office of Purchase and Property; and

WHEREAS, five proposals were received from Bowman & Company LLP; Clifton Larsen Allen LLP; Ernst & Young; Mercadien P.C. CPA; and Wiss & Company LLP (hereafter "Participating Firms"), which meet the terms and conditions of the proposal; and

WHEREAS, the Evaluation Committee members independently reviewed the proposals and the Committee prepared a written report summarizing each member's ranking of the Participating Firms, and recommending that the Auditing Contract be awarded to Bowman & Company LLP due to its submission of the highest ranked proposal (hereafter "Recommendation Report"); and

WHEREAS, the Evaluation Committee forwarded its Recommendation Report to the Auditing Committee which concurs with the recommendations of the Evaluation Committee to award the Auditing Contract to Bowman & Company LLP for a contract period of three years.

NOW THEREFORE BE IT RESOLVED, the Executive Director is authorized to execute an agreement, substantially in the form of the agreement attached to the Request for Proposal (RFP), with Bowman & Company LLP, the terms and conditions of that agreement shall include but not be limited to:

- a. the provision of services as outlined in the New Jersey Environmental Infrastructure Trust's (Trust) RFP distributed on January 30, 2013 and the proposal submitted by Bowman & Company LLP, dated February 7, 2013; and
- b. the term of services shall be for the period of May 1, 2013 through April 30, 2016; and
- c. the payment for the first year of all fees for the New Jersey Environmental Infrastructure Trust Fund audit for the fiscal year commencing July 1, 2012 through June 30, 2013 (Fiscal Year 2013) shall not exceed \$40,000; and

- d. the payment for the first year of all fees for the New Jersey Clean Water and Drinking Water State Revolving Fund audit for Fiscal Year 2013 shall not exceed \$37,500; and
- e. the payment for verification services for each bond series issued during the period of May 1, 2013 through April 30, 2014 shall not exceed \$3,500; and
- f. such other terms and conditions as may be contemplated by the RFP and the materials enclosed therewith as deemed necessary and appropriate by the Chairman or Vice-Chairman of the Trust.

BE IT FURTHER RESOLVED THAT total expenditures pursuant to this agreement shall not exceed \$237,150 absent separate board authorization.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

RESOLUTION NO. 13-

**RESOLUTION ACKNOWLEDGING RECEIPT
OF THE GOVERNOR AND STATE TREASURER'S APPROVAL OF
ENVIRONMENTAL INFRASTRUCTURE BOND RESOLUTION SERIES 2013A AND 2013B**

WHEREAS, the New Jersey Environmental Infrastructure Trust (Trust) is authorized to issue bonds, notes, and other obligations pursuant to N.J.S.A.58:11B-6; and

WHEREAS, the Trust desires to issue Bonds for the purpose of funding portions of projects to be financed in the State Fiscal Year 2013 New Jersey Environmental Infrastructure Financing Program; and

WHEREAS, the Governor and State Treasurer's written approval is required prior to a resolution or other action of the Trust providing for the issuance of bonds (N.J.S.A. 58:11B-4(j)); and

WHEREAS, the Trust has received the Governor's written approval of the Trust's issuance of New Jersey Environmental Infrastructure Trust Environmental infrastructure Bond Resolution, Series 2013A and Series 2013B on _____; and

WHEREAS, the Trust has received the State Treasurer's written approval of the Trust's issuance of New Jersey Environmental Infrastructure Trust Environmental infrastructure Bond Resolution, Series 2013A and Series 2013B on _____.

NOW THEREFORE BE IT REOLVED, that the New Jersey Environmental Infrastructure Trust acknowledges receipt of the Governor and State Treasurer's written approval of the Trust's issuance of New Jersey Environmental Infrastructure Trust Environmental infrastructure Bond Resolution, Series 2013A and Series 2013B.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

RESOLUTION NO. 13-

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

ENVIRONMENTAL INFRASTRUCTURE BOND RESOLUTION, SERIES 2013A

Adopted April 11, 2013

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

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ENVIRONMENTAL INFRASTRUCTURE BOND RESOLUTION, SERIES 2013A
Adopted April 11, 2013

BE IT RESOLVED by the Board of Directors of the New Jersey Environmental Infrastructure Trust (the “Trust”) as follows:

ARTICLE I

DEFINITIONS AND RULES OF INTERPRETATION

SECTION 1.01. Definitions. Unless the context otherwise requires, for all purposes of this Bond Resolution, the terms defined in this Section 1.01 shall have the meanings specified below:

“**Account**” means any account designated and established hereunder.

“**Act**” means the “New Jersey Environmental Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (N.J.S.A. 58:11B-1 *et seq.*), as the same may from time to time be amended and supplemented.

“**Administrative Fee**” means an annual fee of three-tenths of one percent (.30%) of the initial principal amount of the Loan or such lesser amount, if any, as the Trust may approve from time to time, payable by each Borrower in accordance with the terms of its Loan Agreement.

“**Administrative Fee Account**” means the Account within the Operating Expense Fund so designated and established by Article V hereof.

“**Allocable Share**” for any Borrower means (i) with respect to earnings on the Debt Service Reserve Fund during the capitalized interest period for SRF Borrowers that are not or are no longer capitalizing interest as determined pursuant to Section 5.10(2)(b)(i) hereof, the percentage set forth for any such SRF Borrowers on Schedule II-A attached hereto, which percentage shall be equal to a fraction, the numerator of which shall equal the principal amount of the Loan for such SRF Borrower, and the denominator of which shall equal the aggregate principal amount of all Loans for all SRF Borrowers that are not or are no longer capitalizing interest as of the date of such determination, (ii) with respect to earnings on the Debt Service Reserve Fund during the capitalized interest period for non-SRF Borrowers that are not or are no longer capitalizing interest as determined pursuant to Section 5.10(2)(b)(ii) hereof, the percentage set forth for any such non-SRF Borrowers on Schedule II-B attached hereto, which percentage shall be equal to a fraction, the numerator of which shall equal the principal amount of the Loan for such non-SRF Borrower, and the denominator of which shall equal the aggregate principal amount of all Loans for all non-SRF Borrowers that are not or are no longer capitalizing interest as of the date of such determination, (iii) with respect to earnings on the Debt Service Reserve Fund after the capitalized interest period as determined pursuant to Sections 5.10(3) and 5.10(4)(c) and (d) hereof and with respect to the earnings on all other funds and accounts that are subject to transfer and credit in accordance with Sections 5.10(3) and (4) hereof, the percentage set forth for any such Borrower on Schedule I-A attached hereto for SRF and non-SRF Borrowers, respectively, which percentage shall be equal to a fraction, the numerator of which shall equal the principal amount of the Loan for such Borrower, and the denominator of which shall equal the aggregate principal amount of all Loans for all SRF or non-SRF Borrowers, as appropriate, and (iv) for all other purposes hereunder, the percentage set forth for any such Borrower on Schedule I-B attached hereto, which percentage shall be equal to a fraction, the numerator of which shall equal the principal amount of the Loan for such Borrower, and the denominator of which shall equal the aggregate

principal amount of all Loans for all Borrowers; provided, however, that in the event the Borrowers are either all SRF Borrowers or all non-SRF Borrowers, the percentages set forth in Schedule I-A attached hereto shall equal the percentages set forth in Schedule I-B hereto.

“Allowable Project Cost” means for any Borrower the Trust Share as initially defined in Exhibit B to such Borrower’s Loan Agreement.

“Applicable” means (i) with reference to any Fund, Account or Subaccount so designated and established by this Bond Resolution, the Fund, Account or Subaccount so designated and established, (ii) with respect to any Series of Bonds, the Series of Bonds issued for a particular purpose hereunder, and (iii) with respect to any Loan Agreement, the Loan Agreement entered into by and between a Borrower and the Trust relating to a borrowing from the Trust.

“Authorized Newspapers” means three general newspapers and one financial newspaper, all of which are customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, with respect to the general newspapers, in the State of New Jersey, and with respect to the financial newspaper, in the State of New Jersey or the Borough of Manhattan, City and State of New York.

“Authorized Officer” means (i) in the case of the Trust, the Chairman, Vice-Chairman or Executive Director of the Trust, or any other person or persons designated by the Board by resolution to act on behalf of the Trust under this Bond Resolution; the designation of such person or persons shall be evidenced by a written certificate containing the specimen signature of such person or persons and signed on behalf of the Trust by its Chairman, Vice-Chairman or Executive Director; (ii) in the case of a Borrower, any person or persons authorized pursuant to a resolution or ordinance of the governing body of the Borrower to perform any act or execute any document; the designation of such person or persons shall be evidenced by a certified copy of such resolution or ordinance delivered to the Trust and the Trustee; and (iii) in the case of the Trustee, any person or persons authorized to perform any act or execute any document; the designation of such person or persons shall be evidenced by a written certificate containing the specimen signature of such person or persons reasonably acceptable to the Trust.

“Board” means the Board of Directors of the Trust, or if said Board shall be abolished, the board, body, commission or agency succeeding to the principal functions thereof or to whom the powers and duties granted or imposed by this Bond Resolution shall be given by law.

“Bond” or **“Bonds”** means one or more, as the case may be, of the Series 2013A Bonds or Refunding Bonds, and all bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Sections 4.07 or 11.10 hereof.

“Bond Counsel” means a law firm, appointed by the Trust, having a reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

“Bondholder”, **“Holder”** or **“holder”** means any person who shall be the registered owner of a Bond or Bonds.

“Bond Resolution” means this “Environmental Infrastructure Bond Resolution, Series 2013A”, as adopted by the Board on April 13, 2013, and all amendments and supplements thereto adopted in accordance with the provisions hereof.

“Bond Year” means a period of 12 consecutive months beginning on September 1 of any calendar year and ending on August 31 of the immediately succeeding calendar year, except that the first bond year shall be a period commencing on the date of issuance of the initial Series of Bonds hereunder and ending on the next succeeding August 31.

“Borrower” means any Local Government Unit or Private Entity (as such terms are defined in the Regulations) authorized to construct, operate and maintain environmental infrastructure facilities that has entered into a Loan Agreement with the Trust pursuant to which such Borrower will borrow money from the Project Fund financed through the issuance of the Series 2013A Bonds. Borrowers shall include municipal Borrowers, authority Borrowers and a state university Borrower. The municipal Borrowers consist of: Burlington Township (S340712-10); Collingswood Borough (0412001-002, 0412001-003, 0412001-004, 0412001-005); Elizabeth City (S340942-14); Flemington Borough (1009001-006, 1009001-007); Hammonton Town (0113001-005); Marlboro Township (1328002-001); Millville City (0610001-002); Morris Township (S340724-05); Ocean Township (S340112-03, 1520001-004); Perth Amboy City (S340435-09); Vineland City (0614003-010); and Woodbury City (0822001-001). The authority Borrowers consist of: Camden County Municipal Utilities Authority (S340640-10-1); Cinnaminson Sewerage Authority (S340170-04, S340170-06); Cumberland County Utilities Authority (S340550-06); Gloucester County Utilities Authority (S340902-09, S340902-10, S340902-11); Jersey City Municipal Utilities Authority (S340928-09, S340928-10, 0906001-007, 0906001-008); Manchester Utilities Authority (1603001-011); North Bergen Municipal Utilities Authority (S340399-21-1); North Hudson Sewerage Authority (S340952-12-1); Ocean County Utilities Authority (S340372-49, S340372-50, S340372-51, S340372-52); and Southeast Monmouth Municipal Utilities Authority (1352005-005). The state university Borrower is: New Jersey City University (S340111-02). All of the Borrowers are SRF Borrowers other than _____, which are Non-SRF Borrowers.

“Borrower’s Project” means the project of the Borrower described in Exhibit A-1 to the Applicable Loan Agreement which constitutes a project for which the Trust is permitted to make a loan to the Borrower pursuant to the Act.

“Business Day” means, with respect to the Bonds of any Series, any day other than (i) a Saturday, Sunday or legal holiday or a day on which banking institutions, in the city in which the Principal Office of the Trust, the Trustee, the Paying Agent, or the Master Program Trustee is located, are closed, or (ii) a day on which the New York Stock Exchange is closed.

“Capitalized Interest Account” means the Account within the Debt Service Fund so designated and established by Article V hereof.

“Certificate”, “Order”, “Request”, “Requisition” and “Statement” mean, respectively, a written certificate, order, request, requisition or statement signed in the name of the Trust, the Trustee or a Borrower by an Authorized Officer of the Trust, the Trustee or such Borrower, respectively. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the instruments so combined shall be read and construed as a single instrument.

“Clearing Account” means the account so designated and established by Section 5.04(1) hereof.

“Code” means the Internal Revenue Code of 1986, as the same may from time to time be amended or supplemented, including any regulations promulgated thereunder and any administrative or judicial interpretations thereof.

“Cost” means those costs that are eligible, reasonable, necessary, allocable to a Borrower’s Project and permitted by generally accepted accounting principles, including Allowances and Building Costs (as defined in the Regulations), as shall be determined on a project-specific basis in accordance with the Regulations.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Trust and related to the authorization, execution, issuance, sale and delivery of each Series of Bonds, including (without limitation) costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, and the Paying Agent, legal fees and charges, fees and disbursements of financial or other consultants and professionals, fees and charges for preparation, execution and safekeeping of the Bonds of such Series and any other cost, charge or fee in connection with the issuance of such Series of Bonds.

“Costs of Issuance Account” means the Account within the Operating Expense Fund so designated and established by Article V hereof.

“Counsel” means an attorney at law or firm of attorneys at law (who may be, without limitation, of counsel to, or an employee of, the Trust, the Trustee, the Paying Agent, the Master Program Trustee or any Borrower) duly admitted to practice law before the highest court of any state.

“Debt Service Fund” means the fund so designated and established by Article V hereof.

“Debt Service Reserve Fund” means the Fund so designated and established by Article V hereof.

“Debt Service Reserve Fund Credit Facility” means any irrevocable letter of credit or insurance policy issued to the Trustee by a bank, insurance company or other financial institution, the long term debt of which is rated in either of the two highest credit rating categories by one or more Rating Agency.

“Debt Service Reserve Requirement” means, as of any date of calculation, (1) an amount equal to, or (2) a Debt Service Reserve Fund Credit Facility in an aggregate principal amount equal to, the lesser of (i) the greatest amount required in the then current Bond Year or in any future Bond Year to pay the sum of (a) interest on the Outstanding Series 2013A Bonds and Outstanding Refunding Bonds and (b) principal or Sinking Fund Installments, as the case may be, of the Outstanding Series 2013A Bonds and Outstanding Refunding Bonds; (ii) 125% of a fraction, the numerator of which is the sum of the interest, principal and Sinking Fund Installments on the Outstanding Series 2013A Bonds and Outstanding Refunding Bonds payable beginning in such Bond Year and each succeeding Bond Year thereafter until the maturity of the Outstanding Series 2013A Bonds and Outstanding Refunding Bonds, and the denominator of which is the number of years or portion thereof until the maturity of the Outstanding Series 2013A Bonds and Outstanding Refunding Bonds; or (iii) the sum of 10% of the “proceeds” of the Series 2013A Bonds, but only if such Series 2013A Bonds are Outstanding, and if any Refunding Bonds are Outstanding, 10% of the “proceeds” of such Refunding Bonds, within the meaning of Section 148(d) of the Code. Notwithstanding the provisions of this definition to the contrary, if each Rating Agency that has been requested by the Trust to publish a rating for the Series 2013A Bonds or any Refunding Bonds, as the case may be, determines that such Rating Agency shall assign to the Series 2013A Bonds or any Refunding Bonds, as the case may be, upon the issuance thereof, the then highest rating assigned to any such debt instruments by such Rating Agency notwithstanding the fact that the Debt Service Reserve Requirement is equal to \$0.00, then, given such factual circumstances, the Debt Service Reserve Requirement pursuant to the terms of this Resolution shall be equal to \$0.00 during the entire period during which the Series 2013A Bonds or any Refunding Bonds, as the case may be, remain Outstanding.

“Default” means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default with respect to the Bonds.

“Department” means the New Jersey Department of Environmental Protection.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the Series 2013A Bonds.

“Event of Default” means any occurrence or event designated as such in Section 9.01.

“Fiduciary” or **“Fiduciaries”** means the Trustee or the Paying Agent, or both of them, as may be appropriate.

“Fund” means any Fund designated and established hereunder.

“General Fund” means the Fund so designated and established by Article V hereof.

“Interest Account” means the Account within the Debt Service Fund so designated and established by Article V hereof.

“Interest Payment Date” means each March 1 and September 1 until final maturity of the Bonds, commencing September 1, 2013.

“Interest Portion” means that portion of Trust Bond Loan Repayments payable by a Borrower under such Borrower’s Loan Agreement that is necessary to pay any such Borrower’s proportionate share of interest on the Bonds (i) as set forth in Exhibit A-2 of any such Loan Agreement under the column heading entitled “Interest”, or (ii) with respect to any prepayment or acceleration, as the case may be, of Trust Bond Loan Repayments in accordance with Section 3.07 or 5.03 of any such Loan Agreement, to accrue on any principal amount of Trust Bond Loan Repayments to the date of the redemption or acceleration, of the Bonds allocable to such prepaid or accelerated Trust Bond Loan Repayment.

“Investment Securities” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Trust’s funds, which securities may be obligations of the Trustee to the extent qualified hereunder:

(a) Obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof which obligations are backed by the full faith and credit of the United States. These include, but are not limited to:

- (i) United States Treasury obligations – All direct or fully guaranteed obligations;
- (ii) Farmers Home Administration – Certificates of beneficial ownership;
- (iii) United States Maritime Administration – Guaranteed Title XI financing;
- (iv) Small Business Administration – Guaranteed participation certificates; Guaranteed pool certificates;
- (v) Government National Mortgage Association (GNMA) – GNMA-guaranteed mortgage-backed securities; GNMA-guaranteed participation certificates;

- (vi) United States Department of Housing & Urban Development – Local authority bonds;
 - (vii) Washington Metropolitan Area Transit Authority – Guaranteed transit bonds;
 - (viii) State and Local Government Series; and
 - (ix) Veterans Administration – Guaranteed REMIC; Pass-through Certificates.
- (b) Federal Housing Administration Debentures.
- (c) Obligations of the following government-sponsored agencies that are not backed by the full faith and credit of the United States government.
- (i) Federal Home Loan Mortgage Corp. (FHLMC) – Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts); Senior debt obligations;
 - (ii) Farm Credit System (Formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperative) – Consolidated systemwide bonds and notes;
 - (iii) Federal Home Loan Banks (FHL Banks) – Consolidated debt obligations;
 - (iv) Federal National Mortgage Association (FNMA) – Senior debt obligations; Mortgage-backed securities (Excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
 - (v) Student Loan Marketing Association (SLMA) – Senior debt obligations (Excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date); LOC-backed issues;
 - (vi) Financing Corp. (FICO) – Debt obligations; and
 - (vii) Resolution Funding Corp. (REFCORP) – Debt obligations.
- (d) Federal funds, unsecured certificates of deposit, time deposits, and banker’s acceptances having maturities of not more than 365 days of any bank (including the Trustee), the short-term obligations of which are rated in the highest rating category for short term obligations by each Rating Agency.
- (e) Deposits that are fully insured by the Federal Deposit Insurance Corp. (FDIC), including Bank Insurance Fund (BIF) and Savings Association Insurance Fund (SAIF). To the extent that such deposits are not insured by FDIC, such deposits shall be fully collateralized by the obligations described in paragraph (a)(i) of this definition.
- (f)
 - (i) Debt obligations rated in the highest rating category for debt obligations by each Rating Agency. Excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date.
 - (ii) Pre-refunded municipal securities rated in the highest rating category for municipal securities by each Rating Agency.

(g) Commercial paper or other debt obligations rated in the highest rating category for commercial paper or debt obligations by each Rating Agency maturing in not more than 365 days.

(h) Investment in money market funds rated in the highest rating category for money market funds by each Rating Agency (including money markets funds managed by the Trustee or any of its affiliates).

(i) Any of the following stripped securities:

(i) United States Treasury STRIPS;

(ii) REFCORP STRIPS (stripped by the Federal Reserve Bank of New York); and

(iii) Any stripped securities assessed or rated in the highest rating category for stripped securities by each Rating Agency.

(j) Repurchase agreements, provided that such repurchase agreements satisfy each of the following requirements:

(i) The repurchase agreement is rated no lower than “Aa” by Moody’s Investors Service, Inc., or “AA” by Standard & Poor’s Corporation (without reference to any gradation within such rating category);

(ii) The weighted average maturity of the repurchase agreement is not longer than the lesser of the estimated average period required to complete construction of the Projects or five years from the date the repurchase agreement is entered into;

(iii) The seller of the repurchase agreement is (A) a bank or trust company or a wholly-owned subsidiary of such bank or trust company which is headquartered in the United States and is a member of the Federal Reserve System or (B) a securities broker which is headquartered in the United States, is registered with the Securities and Exchange Commission, and meets the criteria for issuers of “commercial paper” as specified under N.J.A.C. 17:16-31;

(iv) The collateral for the repurchase agreement consists of obligations of the United States Government or an obligation of the following United States Government agencies:

(A) Federal Farm Credit Banks Consolidated Systemwide Bonds;

(B) Federal Financing Bank;

(C) Federal Home Loan Banks; and

(D) Federal Land Banks;

(v) At the time the repurchase agreement is purchased, the market value of the securities delivered as collateral pursuant to the repurchase agreement is equal to at least 102 percent of the par value of the repurchase agreement; and

(vi) The repurchase agreement shall be purchased pursuant to a competitively

bid process.

(k) Such other securities approved by each of the Rating Agencies that would not adversely affect the rating on the Coverage Receiving Trust Bonds then Outstanding.

“Loan” means a loan by the Trust to a Borrower, pursuant to a Loan Agreement, to finance or refinance a portion of the Cost of such Borrower’s Project. For all purposes of this Bond Resolution, the principal amount of each Loan shall be the principal amount specified in the applicable bond of a Borrower issued in accordance with the Applicable Loan Agreement.

“Loan Agreement” means a loan agreement that is entered into by and between the Trust and a Borrower, in substantially the form attached hereto as Exhibit A, in the case of a Borrower that is a municipality or a county, or Exhibit B, in the case of a Borrower that is a municipal, county or regional sewerage or utilities authority or commission or other political subdivision (other than a municipality or a county), authorized to construct, operate and maintain environmental infrastructure facilities, with such changes therein as the Authorized Officer of the Trust who executes such Loan Agreement may approve as necessary and desirable, including, but not limited to, changes intended to reflect the nature of the Borrower, and as such Loan Agreement may be amended, modified or supplemented from time to time in accordance with the provisions thereof and of this Bond Resolution.

“Loan Closing” means the date on which an executed Loan Agreement between the Trust and a Borrower is delivered pursuant to this Bond Resolution.

“Loan Repayments” means the sum of (i) Trust Bond Loan Repayments, (ii) the Administrative Fee and (iii) any late charges incurred under the provisions of a Loan Agreement.

“Master Program Trust Account” means the account and all subaccounts therein created pursuant to Section 3 of the Master Program Trust Agreement to be held by the Master Program Trustee in trust as additional security for the Holders of the Series 2013A Bonds and all other Coverage Receiving Trust Bonds as defined in the Master Program Trust Agreement.

“Master Program Trust Agreement” means that certain Master Program Trust Agreement, dated as of November 1, 1995, by and among the Trust, the State, United States Trust Company of New York, as Master Program Trustee thereunder, The Bank of New York (NJ), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to U.S. Bank National Association), in several capacities thereunder, as amended and supplemented by (i) that certain Agreement of Resignation of Outgoing Master Program Trustee, Appointment of Successor Master Program Trustee and Acceptance Agreement, dated as of November 1, 2001, by and among United States Trust Company of New York, as Outgoing Master Program Trustee, Street Bank and Trust Company, N.A. (predecessor to U.S. Bank Trust National Association), as Successor Master Program Trustee, and the Trust, and (ii) that certain First General Amendment to Master Program Trust Agreement, dated as of September 1, 2006, by and among, the Trust, the State, the Master Program Trustee, The Bank of New York, in several capacities thereunder, U.S. Bank National Association, in several capacities thereunder, and Commerce Bank, National Association, as Loan Servicer, as the same may be amended and supplemented from time to time in accordance with its terms.

“Master Program Trustee” means U.S. Bank Trust National Association (as successor to State Street Bank and Trust Company, N.A.), appointed pursuant to Section 2 of the Master Program Trust Agreement, and its successors as may be appointed pursuant to the provisions thereof.

“Notice of Sale” means the Notice of Sale of the Trust relating to the sale of the Series 2013A Bonds to be dated on or about [April 29, 2013], substantially in the form attached hereto as Exhibit D.

“Operating Expense Fund” means the Fund so designated and established by Article V hereof.

“Outstanding” or **“outstanding”** means, when used with reference to Bonds of any Series, as of any particular date (subject to the provisions of Section 14.08), all Bonds of such Series theretofore, or thereupon being, authenticated and delivered by the Trustee under this Bond Resolution, except (i) Bonds of such Series theretofore or thereupon canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds of such Series with respect to which all liability of the Trust shall have been discharged in accordance with Article XII; and (iii) Bonds of such Series in lieu of or in substitution for which other Bonds of such Series shall have been authenticated and delivered by the Trustee pursuant to any provision of this Bond Resolution.

“Paying Agent” means the Paying Agent appointed pursuant to Section 10.02, and its successors.

“Principal Account” means the Account within the Debt Service Fund so designated and established by Article V.

“Principal Office” means, when used with reference to the Trust, the Trustee, or the Paying Agent, the respective addresses of such parties as set forth in Section 14.07, and any further or different addresses as such parties may designate pursuant to Section 14.07.

“Project Fund” means the Fund so designated and established by Article V hereof.

“Project Loan Account” means any of the Accounts within the Project Fund so designated and established by Article V.

“Rating Agency” shall mean individually or collectively, as the case may be, the nationally recognized rating agencies that have published ratings for the Series 2013A Bonds.

“Rebate Fund” means the Fund so designated and established by Article V hereof.

“Record Date” means with respect to an Interest Payment Date for a particular Series of Bonds, unless otherwise provided by this Bond Resolution or Supplemental Resolution authorizing such Series, (i) if the Interest Payment Date is scheduled for the first (1st) day of any month, the fifteenth (15th) day (whether or not such day shall be a Business Day) of the month prior to such Interest Payment Date, or (ii) if the Interest Payment Date is scheduled for the fifteenth (15th) day of any month, the first (1st) day (whether or not such day shall be a Business Day) of the month in which such Interest Payment Date occurs.

“Redemption Account” means the Account within the Debt Service Fund so designated and established pursuant to Article V hereof.

“Redemption Price” means, when used with reference to any Bond or any portion thereof, the principal amount of such Bond or such portion thereof and any premium thereon payable upon redemption thereof pursuant to the provisions of such Bond and this Bond Resolution.

“Refunding Bonds” means all Bonds authenticated and delivered pursuant to Section 2.04 hereof.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated under N.J.A.C. 7:22-3 *et seq.*, 7:22-4 *et seq.*, 7:22-5 *et seq.*, 7:22-6 *et seq.*, 7:22-7 *et seq.*, 7:22-8 *et seq.*, 7:22-9 *et seq.* and 7:22-10 *et seq.*, as the same may from time to time be amended and supplemented.

“Reserve Capacity Debt Service Reserve Requirement” means that portion of the Debt Service Reserve Requirement financed with a portion of the proceeds of the Series 2013A Bonds and attributable to the cost of funding reserve capacity for the Reserve Capacity Borrowers.

“Reserve Capacity Borrowers” means the Borrowers set forth in Section 2.03(7)(d) hereof.

“Revenues” means all (i) Loan Repayments and State Loan Repayments that are held by the Trustee, (ii) payments made to the Trustee by the Master Program Trustee from amounts on deposit in the Master Program Trust Account (and all Subaccounts as defined therein) in accordance with the terms of the Master Program Trust Agreement, and (iii) proceeds derived from the foregoing, including, without limitation, investment income received by the Trust on such Loan Repayments and State Loan Repayments; provided, however, that Revenues shall not include payments of the Administrative Fee payable to the Trust under Section 3.03 of the Loan Agreements nor any administrative fees included as part of any State Loan Repayment.

“Revenue Fund” means the Fund so designated and established by Article V hereof.

“Rule 15c2-12” shall have the meaning ascribed to such term in Section 6.06 hereof.

“SEC” shall have the meaning ascribed to such term in Section 6.06 hereof.

“Series” means all of the Bonds authenticated and delivered on original issuance and identified pursuant to this Bond Resolution or the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Sections 4.07 or 11.10, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

“Series 2013A Bonds” means the [\$_____] aggregate principal amount of the Trust’s “Environmental Infrastructure Bonds, Series 2013A” authorized pursuant to Section 2.03 hereof.

“Sinking Fund Installments”, with respect to any Series of Bonds, shall have the meaning, if any, specified in either Section 2.03(6) of this Bond Resolution or the Applicable Supplemental Resolution.

“SRF”, with respect to any Fund, Account or Subaccount established under this Bond Resolution, means that such Fund, Account or Subaccount constitutes part of, and with respect to any Borrower, means a Borrower whose loan will be funded from, the State Water Pollution Control Revolving Fund of the State of New Jersey for purposes of the federal Water Quality Act of 1987, as amended.

“State” means the State of New Jersey, acting by and through the Department.

“State Administrative Fee” means the administrative fee, if any, as the State may approve from time to time, payable by each Borrower in accordance with the terms of its State Loan Agreement.

“State Loan Agreement” means a loan agreement that is entered into by and between the State and a Borrower, pursuant to which a companion zero-interest loan is made by the State to finance, in part, such Borrower’s Project.

“State Loan Repayment” means any payment by a Borrower of the principal due and payable pursuant to its State Loan Agreement.

“Subaccount” means any subaccount designated and established hereunder.

“Supplemental Resolution” means any resolution or resolutions of the Trust amending, modifying or supplementing this Bond Resolution, authorizing the issuance of a Series of Refunding Bonds, or any other Supplemental Resolution adopted by the Trust pursuant to the provisions of this Bond Resolution.

“Tax Certificate”, with respect to the Series 2013A Bonds, means the “Tax Certificate as to Arbitrage and Instructions as to Compliance with the Provisions of Section 103(a) of the Internal Revenue Code of 1986, as Amended,” executed and delivered by an Authorized Officer of the Trust on the date of issuance of the Series 2013A Bonds, as the same may be supplemented and amended from time to time.

“Trust Bond Loan Repayments” means the repayments of the principal amount of a Loan under a Loan Agreement, the payment of any premium associated with prepaying the principal amount of a Loan in accordance with Section 3.07 of any Loan Agreement, plus the payments of the Interest Portion of a Loan under a Loan Agreement.

“Trustee” means the trustee appointed pursuant to Section 10.01, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to this Bond Resolution.

“Trust Estate” means (i) all right, title and interest of the Trust in, to and under the Loan Agreements, except for the Trust’s right, title and interest in the Administrative Fee, (ii) any other Revenues not included within clause (i) of this definition, and (iii) all funds, accounts and subaccounts established by this Bond Resolution, other than the Project Loan Account in the Project Fund, the Administrative Fee Account and the Costs of Issuance Account in the Operating Expense Fund, the Rebate Fund and the amounts held in the Capitalized Interest Account of the Debt Service Fund that are allocable to and held for the benefit of the Camden County Municipal Utilities Authority and New Jersey City University, including investments, if any, thereof, as the same are hereby pledged and assigned, subject only to the provisions of this Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Bond Resolution.

SECTION 1.02. Rules of Interpretation. For all purposes of this Bond Resolution, except as otherwise expressly provided or unless the context otherwise requires:

1. “This Bond Resolution” means this instrument as originally adopted and as it may be supplemented, modified or amended from time to time by any Supplemental Resolution, unless in the case of any one or more Supplemental Resolutions the context requires otherwise.

2. All reference in this Bond Resolution to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Bond Resolution. The words “herein”, “hereof”, “hereunder” and “herewith” and other words of similar import refer to this Bond Resolution as a whole and not to any particular Article, Section or other subdivision hereof.

3. The terms defined in this Bond Resolution include the plural as well as the singular.

4. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

5. The table of contents and the headings or captions used in this Bond Resolution are for convenience of reference only and shall not define, limit or prescribe any of the provisions hereof or the scope or intent hereof.

SECTION 1.03. Authority for Bond Resolution and Delegation. This “Environmental Infrastructure Bond Resolution, Series 2013A” is adopted pursuant to the provisions of the Act and constitutes a resolution authorizing bonds pursuant to the Act.

Certain information to be set forth herein will not be available and/or has not been finalized at the time of the adoption hereof and will only be known upon the sale of the Series 2013A Bonds. All information relating to the sale and award of the Series 2013A Bonds in accordance with the terms of the Notice of Sale and the final identification (including, without limitation, the elimination of one or more thereof), categorization and related dates of certain Borrowers, including, without limitation, the amounts and interest rates in the chart set forth in Section 2.03(2) hereof (provided that the aggregate cost of the Borrower Projects to be financed with proceeds of the Series 2013A Bonds, exclusive of Trust costs of issuance, bond insurance, underwriter’s discount, original issue discount, reserve capacity, capitalized interest and any other related cost shall not exceed \$40,000,000 (the “Aggregate Borrower Preliminary Project Cost Amount”)), the Sinking Fund Installments in Section 2.03(6) hereof, if any, the amounts set forth in Section 2.03(7)(a), (b) and (c) hereof, including, without limitation, the “Amount to be Applied as Payment of Interest” chart set forth in Section 2.03(7)(a) hereof, the information set forth in Section 2.03(8) hereof, the information set forth in Exhibit E, Schedules I-A and I-B and Schedules II-A and II-B attached hereto, and the allocation of Revenues pursuant to the provisions of Section 5.04 hereof, shall be revised or inserted (as the case may be) subsequent to the time of adoption hereof and shall be deemed to be a part hereof, as if fully set forth herein at the time of adoption thereof. The Authorized Officers of the Trust, in consultation with Bond Counsel, general counsel and other appropriate advisors to the Trust, shall be and hereby are severally authorized and directed to revise or insert (as the case may be) such information subsequent to the time of adoption hereof. Notwithstanding the above, such information must be revised or inserted (as the case may be) in this Bond Resolution no later than the Loan Closing. In addition, the interest cost, principal amount, purchase price, bidding parameters and other financial parameters set forth in the Notice of Sale in the form attached hereto may be amended, modified, supplemented or deleted by the Authorized Officers of the Trust, after consultation with Bond Counsel, general counsel and other appropriate advisors to the Trust, at any time prior to the sale of the Series 2013A Bonds. Notwithstanding the foregoing, any such changes to be made pursuant to this paragraph shall be subject to the following limitations: (i) the true interest cost of the Series 2013A Bonds shall be as low as practicable given the structuring requirements therefor, but in any event shall not exceed 6.00% per annum for the Series 2013A Bonds, and (ii) the proceeds of the Series 2013A Bonds shall produce sufficient moneys to fund, together with interest earnings thereon, the Aggregate Borrower Preliminary Project Cost Amount, plus all additional items set forth above.

Notwithstanding the provisions of this Bond Resolution to the contrary, the letter designation incorporated into the title of this Bond Resolution may be revised by the Authorized Officers of the Trust, after consultation with Bond Counsel, general counsel and other appropriate advisors to the Trust, for the purpose of maintaining the sequential letter designations among this Bond Resolution and other resolutions that may be simultaneously adopted by the Trust.

The additional security to be afforded the Holders of the Series 2013A Bonds through the pledge by the Master Program Trustee of the moneys and securities in the Master Program Trust Account has caused the Rating Agencies to review the financing program pursuant to which the Series 2013A Bonds are to be issued. Subsequent to the initial adoption hereof but prior to the Loan Closing, the Rating Agencies may require or suggest certain changes to be made to the provisions hereof, including, without limitation, those provisions relating to the Debt Service Reserve Fund. The Authorized Officers of the Trust are hereby severally authorized and directed, in consultation with Bond Counsel, general counsel to the Trust, other appropriate advisors to the Trust, and after notification to any officials whose approval is a condition precedent to the adoption of this Bond Resolution, to insert such changes subsequent to the time of adoption hereof as shall be deemed necessary, desirable or convenient to satisfy any reasonable and customary

concerns of the Rating Agencies. Notwithstanding the above, any such changes must be inserted in this Bond Resolution no later than the Loan Closing.

SECTION 1.04. Bond Resolution and Bonds Constitute a Contract; Pledge of Trust Estate; Interest in Master Program Trust Account. With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under this Bond Resolution by those who shall hold the same from time to time: (i) this Bond Resolution shall be deemed to be and shall constitute a contract between the Trust, the Trustee and the Holders, from time to time, of such Bonds; (ii) the pledge made herein and the duties, covenants, obligations and agreements set forth herein to be observed and performed by or on behalf of the Trust and the Trustee shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction as to lien or otherwise, except as expressly provided in or permitted hereby; (iii) the Trust, as security for the payment of the principal and Redemption Price, if any, of, and the interest on, the Bonds and as security for the observance and performance of any other duty, covenant, obligation or agreement of the Trust under this Bond Resolution all in accordance with the provisions thereof and hereof, does hereby grant a security interest in and further does grant, bargain, sell, convey, pledge, assign and confirm to the Trustee the Trust Estate; (iv) the pledge made hereby is valid and binding from the time when the pledge is made and the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Trust irrespective of whether such parties have notice thereof; (v) the Bonds shall be special obligations of the Trust payable solely (except as set forth in clause (vi) hereof) from and secured by a pledge of the Trust Estate as provided hereby; and (vi) the Bonds shall be additionally secured by the interest of the Trustee in and to the Master Program Trust Account, as defined in, to the extent, in the amounts and at the times set forth in the Master Program Trust Agreement. Loan Repayments and State Loan Repayments that do not constitute Revenues are not subject to the lien of the pledge created hereby.

Nothing in this Bond Resolution expressed or implied is intended or shall be construed to confer upon, or give or grant to, any person or entity, other than the Trust, the Trustee, the Paying Agent and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Bond Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Bond Resolution contained by and on behalf of the Trust shall be for the sole and exclusive benefit of the Trust, the Trustee, the Paying Agent and the registered owners of the Bonds.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

SECTION 2.01. Authorization of Bonds; Designation of Bonds of Series.

1. This Bond Resolution authorizes Bonds of the Trust to be designated as “Environmental Infrastructure Bonds” which may be issued from time to time in one or more Series. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Bond Resolution is not limited except as may hereafter be provided in this Bond Resolution or as may be limited by law.

2. The Bonds may, if and when authorized by the Trust pursuant hereto or pursuant to one or more Supplemental Resolutions, be issued in one or more Series, and the designation thereof, in addition to the name “Environmental Infrastructure Bonds” shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Trust may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

3. Neither the State of New Jersey nor any political subdivision thereof, other than the Trust, but solely to the extent of the Trust Estate, is obligated to pay the principal or Redemption Price of, or interest on, the Bonds, and neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, is pledged to the payment of the principal or Redemption Price of, or interest on, the Bonds.

SECTION 2.02. General Provisions for Issuance of Bonds.

1. All (but not less than all) of the Bonds of each Series shall be executed by the Trust for issuance under this Bond Resolution and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Trust or upon its order, but only upon the receipt by the Trustee of:

(a) A copy of this Bond Resolution, certified by an Authorized Officer of the Trust;

(b) In the case of each Series of Refunding Bonds, a copy of the Supplemental Resolution authorizing such Refunding Bonds, certified by an Authorized Officer of the Trust, which shall, among other provisions, specify: (i) the authorized principal amount, designation and Series of such Refunding Bonds; (ii) the purposes for which such Series of Bonds is being issued, which shall be the refunding of Bonds as provided in Section 2.04; (iii) the date, and the maturity date or dates, of the Refunding Bonds of such Series, provided that each maturity date shall fall upon September 1; (iv) the interest rate or rates of the Refunding Bonds of such Series and the initial Interest Payment Date therefor, provided that the interest rate shall be identical for all such Refunding Bonds of like maturity; (v) the denominations of, and the manner of dating, numbering and lettering, the Refunding Bonds of such Series, provided that such Refunding Bonds shall be in denominations of \$5,000 or any integral multiple thereof as authorized by such Supplemental Resolution; (vi) the Paying Agent or Paying Agents and the place or places of payment of the principal and Redemption Price, if any, of, and interest on, the Refunding Bonds of such Series; (vii) the Redemption Price or Prices, if any, and, subject to Article IV, the redemption terms for the Refunding Bonds of such Series; (viii) the amount and due date of each Sinking Fund Installment, if any, for Refunding Bonds of like maturity of such Series, provided that each Sinking Fund Installment due date shall fall upon a September 1; (ix) the form of the Refunding Bonds of such Series and of the Trustee’s certificate of authentication, which shall be substantially in the form set forth in Section 14.01 for the Series 2013A Bonds with such variations, insertions or omissions as are appropriate and not inconsistent therewith; and (x) the provisions for the application of proceeds of such Series of Refunding Bonds;

(c) An opinion of Bond Counsel to the effect that (i) the Trust has the power under the Act, as amended to the date of such opinion, to adopt this Bond Resolution, and this Bond Resolution has been duly and lawfully adopted by the Trust, is in full force and effect and constitutes the valid and binding agreement of the Trust enforceable in accordance with its terms, and no other authorization for this Bond Resolution is required; (ii) this Bond Resolution creates the valid pledge which it purports to create of the Trust Estate, subject only to the provisions of this Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Bond Resolution; and (iii) the Trust is duly authorized and entitled to issue the Bonds of such Series and such Bonds have been duly and validly authorized and issued by the Trust, in accordance with law, including the Act, as amended to the date of such opinion, and in accordance with this Bond Resolution, and constitute the valid and binding obligations of the Trust as provided in this Bond Resolution, enforceable in accordance with their terms and the terms of this Bond Resolution, and are entitled to the benefits of the Act, as amended to the date of such opinion, and this Bond Resolution. Such opinion may take exception as to the effect of, or for restrictions or limitation or other similar laws affecting creditors' rights generally and judicial discretion and the valid exercise of the sovereign police powers of the United States of America and may state that no opinion is being rendered as to the availability of any particular remedy;

(d) A written order to the Trustee as to the authentication and delivery of such Bonds, signed by an Authorized Officer of the Trust;

(e) The amount, if any, required to be deposited in the Debt Service Reserve Fund, so that the amount in such Fund shall equal the Debt Service Reserve Requirement calculated immediately after the execution authentication and delivery of such Series of Bonds;

(f) With respect to the Series 2013A Bonds only, a Certificate of the Authorized Officer of the Trust stating that the information contemplated by Section 1.03 hereof has been inserted in this Bond Resolution in accordance with the terms and provisions of Section 1.03 hereof;

(g) A fully executed copy of the Master Program Trust Agreement; and

(h) Such further documents, moneys and securities (including, without limitation, the proceeds of the Bonds of each such Series) as are required by the provisions of Sections 2.03, 2.04 or 6.04 or Article XI or any Supplemental Resolution adopted pursuant to Article XI.

2. All the Bonds of each such Series of like maturity shall be identical in all respects, except as to denominations, numbers and letters. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III or Sections 4.07 or 11.10.

SECTION 2.03. Series 2013A Bonds.

1. A Series of Bonds entitled to the benefit, protection and security of this Bond Resolution is hereby authorized in the aggregate principal amount of [\$_____] for the purpose of funding the Loans to be made pursuant to the Loan Agreements. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Environmental Infrastructure Bonds, Series 2013A".

2. The Series 2013A Bonds shall be dated and shall bear interest from May 22, 2013 until their final maturity thereof, except as otherwise provided in Section 3.01 of this Bond Resolution. The Series 2013A Bonds shall mature on the dates and in the principal amounts, and shall bear interest payable

semiannually on March 1 and September 1 in each year, commencing September 1, 2013, until final maturity (stated or otherwise) thereof, at the respective rates per annum calculated on the basis of twelve 30-day months, shown below:

Sept. 1	Amount Maturing (\$)	Interest Rate (%)	Sept. 1	Amount Maturing (\$)	Interest Rate (%)
2014	\$	%	2024	\$	%
2015			2025		
2016			2026		
2017			2027		
2018			2028		
2019			2029		
2020			2030		
2021			2031		
2022			2032		
2023					

3. Individual purchases of the Series 2013A Bonds may be made in the principal amount of \$5,000 or any whole multiples of \$5,000. The Series 2013A Bonds shall be initially issued in one certificate for each aggregate principal amount of the stated maturity thereof. Unless the Trust shall otherwise direct, the Series 2013A Bonds shall be lettered and numbered from one upward in order of maturities preceded by the letter “R” and such other letter as determined by the Trustee prefixed to the number. Subject to the provisions of this Bond Resolution, the form of the Series 2013A Bonds and the Trustee’s certificate of authentication shall be substantially in the form set forth in Section 14.01.

4. The principal or Redemption Price of the Series 2013A Bonds shall be payable to the Holders thereof upon presentation and surrender thereof at the Principal Office of U.S. Bank National Association, as Trustee, or its successors and assigns. The principal or Redemption Price of all Series 2013A Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Trustee or Trustees as permitted by this Bond Resolution. Interest on the Series 2013A Bonds shall be payable by check or draft of the Trustee, mailed or transmitted, respectively, to the Holders thereof as the same appear as of the Record Date on the books of the Trust maintained by the Trustee. However, so long as the Series 2013A Bonds are held in book-entry-only form pursuant to Section 2.05 hereof, the provisions of Section 2.05 shall govern the payment of principal or Redemption Price, if any, of, and interest on, the Series 2013A Bonds.

5. [The Series 2013A Bonds maturing on or before September 1, 2022 shall not be subject to redemption prior to their respective stated maturity dates. The Series 2013A Bonds maturing on or after September 1, 2023 shall be subject to redemption prior to their respective stated maturity dates, on or after September 1, 2022, at the option of the Trust, upon the terms set forth in this subsection and upon notice as provided in Article IV hereof, either in whole on any date, or in part, by lot within any maturity or maturities determined by the Trust, on any Interest Payment Date, upon the payment of 100% of the principal amount thereof and accrued interest thereon to the date fixed for redemption.]

6. [Reserved.][The Series 2013A Bonds due September 1, 20__ are subject to mandatory sinking fund redemption prior to their stated maturity, upon the surrender thereof and through selection by lot by the Trustee and upon the giving of notice as provided in Article IV hereof, by payment of the following “Sinking Fund Installments”, on September 1, in each year set forth below, at a Redemption Price which is equal to 100% of the principal amount thereof plus interest accrued to the redemption date, in the following aggregate principal amounts in the following years:

Year

Principal Amount

* Final maturity.]

7. The proceeds of the Series 2013A Bonds of [\$_____] (par amount of the Series 2013A Bonds of [\$_____]) (which includes the good faith deposit of the successful bidder for the Series 2013A Bonds in the amount of [\$_____] in accordance with Section 1.03 hereof), plus accrued interest of \$0.00, plus net original issue premium of [\$_____], less underwriter’s discount of [\$_____]) shall be received by the Trustee and applied simultaneously with the delivery of such Bonds as follows:

(a) There shall be deposited (i) in the SRF Subaccount of the Interest Account in the Debt Service Fund, \$0.00, (ii) in the non-SRF Subaccount of the Interest Account in the Debt Service Fund, \$0.00, (iii) in the SRF Subaccount of the Capitalized Interest Account in the Debt Service Fund, [\$_____], which includes accrued interest of \$0.00, attributable to SRF Borrowers that are capitalizing interest, for application to the payment of a portion of the interest to accrue on the Series 2013A Bonds from May 22, 2013 through and including [March 1, 2016], of which [\$_____] shall be deposited in the Clean Water SRF Subaccount (including \$0.00 of accrued interest), and [\$_____] shall be deposited in the Drinking Water SRF Subaccount (including \$0.00 of accrued interest), and (iv) in the non-SRF Subaccount of the Capitalized Interest Account in the Debt Service Fund, [\$_____], which includes accrued interest of \$0.00, attributable to non-SRF Borrowers that are capitalizing interest, for application to the payment of a portion of the interest to accrue on the Series 2013A Bonds from May 22, 2013 through and including [March 1, 2016], of which [\$_____] shall be deposited in the Clean Water non-SRF Subaccount (including \$0.00 of accrued interest), and [\$_____] shall be deposited in the Drinking Water non-SRF Subaccount (including \$0.00 of accrued interest). Said moneys in the Capitalized Interest Account, together with the investment earnings thereon and the portion of the net earnings on the Debt Service Reserve Fund set forth in this subsection (a) and transferred to the Capitalized Interest Account as required pursuant to Section 5.10(2)(a) hereof, shall be applied to the payment of interest due on the Series 2013A Bonds on the following dates in the following amounts:

<u>Interest Payment Date</u>	<u>I Scheduled Draws</u>	<u>Ending Balance On Deposit n Capitalized Interest Account</u>	<u>Transfer on Interest Payment Date from Debt Service Reserve Fund Earnings</u>
09/01/13	\$	\$	\$0.00
03/01/14			0.00
09/01/14			0.00
03/01/15			0.00
09/01/15			0.00
03/01/16			0.00

(b) There shall be deposited in the Costs of Issuance Account in the Operating Expense Fund an amount equal to [\$_____], of which [\$_____] shall be transferred by the Trustee immediately via interaccount transfer to the account of the Trust with U.S. Bank National Association, for application by the Trust to the payment of certain Costs of Issuance incurred in connection with the issuance of the Series 2013A Bonds;

(c) There shall be deposited in the Rebate Fund an amount equal to \$0.00, which shall be deposited in the General Rebate Account;

(d) Reserved;

(e) There shall be deposited in the General Fund [\$_____], (i) [\$_____] of which shall be transferred to the SRF Subaccount within the General Fund, [\$_____] of which shall be deposited in the Clean Water SRF Subaccount and [\$_____] of which shall be deposited in the Drinking Water SRF Subaccount; and (ii) [\$_____] of which shall be transferred to the non-SRF Subaccount within the General Fund, [\$_____] of which shall be deposited in the Clean Water non-SRF Subaccount and [\$_____] of which shall be deposited in the Drinking Water non-SRF Subaccount.

(f) The remaining balance of the proceeds of the Series 2013A Bonds in the amount of [\$_____] shall be deposited in the master Project Fund on behalf of each Borrower, each deposit of which shall be deposited in the Clean Water Subaccounts of the SRF and non-SRF Project Loan Accounts, as indicated below, unless designated by “DW” below, in which case such amount shall be deposited in the Drinking Water Subaccounts of the SRF and non-SRF Project Loan Accounts, as indicated below. [\$_____] shall be allocated to the SRF Subaccount, [\$_____] of which shall be allocated to the Clean Water SRF Subaccount and [\$_____] of which shall be allocated to the Drinking Water SRF Subaccount. [\$_____] shall be allocated to the non-SRF Subaccount, [\$_____] of which shall be deposited in the Clean Water non-SRF Subaccount and [\$_____] of which shall be deposited in the Drinking Water non-SRF Subaccount:

SRF Project Loan Accounts:

Burlington Township (S340712-10)	\$
Camden County Municipal Utilities Authority (S340640-10-1)	
Collingswood Borough (0412001-002, 0412001-003) (DW)	
Collingswood Borough (0412001-004, 0412001-005) (DW)	
Cumberland County UA (S340550-06)	
Flemington Borough (1009001-006, 1009001-007) (DW)	
Gloucester County Utilities Authority (S340902-09, S340902-10, S340902-11)	
Hammonton Town (0113001-005)	
Jersey City Municipal Utilities Authority (S340928-09, S340928-10)	
Jersey City Municipal Utilities Authority (0906001-007, 0906001-008) (DW)	
Manchester Utilities Authority (1603001-011) (DW)	
Marlboro Township (1328002-001) (DW)	
Millville City (0610001-002) (DW)	
Morris Township (S340724-05)	
New Jersey City University (S340111-02)	
North Bergen Municipal Utilities Authority (S340399-21-1)	
Ocean County Utilities Authority (S340372-49, S340372-50, S340372-51, S340372-52)	
Ocean Township (S340112-03)	
Ocean Township (1520001-004) (DW)	
Perth Amboy City (S340435-09)	
Southeast Monmouth Municipal Utilities Authority (1352005-005) (DW)	
Vineland City (0614003-010) (DW)	
Woodbury City (0822001-001) (DW)	

Non-SRF Project Loan Accounts

Cinnaminson Sewerage Authority (S340170-04, S340170-06)	\$
Elizabeth City (S340942-14)	
North Hudson Sewerage Authority (S340952-12-1)	

8. Reserved.

9. Upon the authentication and delivery of the Series 2013A Bonds, the Trust shall furnish to the Trustee:

(a) a Certificate of the Chairman, Executive Director or other Authorized Officer of the Trust, pursuant to Section 148 of the Code, setting forth the expectations of the Trust on the date of such authentication and delivery as to future events and such certification shall set forth the facts and estimates on which such expectations are based and shall state that to the best of the knowledge and belief of such officer of the Trust, the Trust's expectations are reasonable;

(b) an opinion of Bond Counsel to the effect that under existing law (i) interest on the Series 2013A Bonds is excluded from gross income for federal income tax purposes, and (ii) interest on the Series 2013A Bonds and any gain on the sale thereof are excluded from gross income under the New Jersey Gross Income Tax Act; and

(c) an opinion of Counsel to the effect that the Trust has the right and power under the Act, as amended, to the date of such opinion, to enter into the Loan Agreements, and the Loan Agreements have been duly and lawfully authorized and executed by the Trust, are in full force and effect and are valid and binding upon the Trust and enforceable in accordance with their terms, and no other authorization for the Loan Agreements is required; provided, that the opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights generally and judicial discretion and the valid exercise of the sovereign police powers of the State of New Jersey and of the constitutional powers of the United States of America and may state that no opinion is being rendered as to the availability of any particular remedy, but that such limitations do not make the rights and remedies of the Bondholders, taken as a whole, inadequate for the practical realization of the benefits of the Loan Agreements.

SECTION 2.04. Refunding Bonds.

1. One or more Series of Refunding Bonds may be issued at any time to refund any Outstanding Bond or Bonds of a particular Series or all of the Bonds of one or more Series. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the funds and accounts under this Bond Resolution required by the provisions of the Supplemental Resolution authorizing such Bonds. Refunding Bonds shall be on a parity with and, except as otherwise provided in the Applicable Supplemental Resolution for such Refunding Bonds, shall be entitled to the same benefit and security of this Bond Resolution including the pledge of the Trust Estate as the Bonds of the Series of Bonds which are being refunded.

2. Refunding Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02) of:

(a) Instructions to the Trustee, satisfactory to it, to give due notice of redemption, if applicable, of all the Bonds to be refunded on a redemption date or dates specified in such instructions, subject to the provisions of Section 12.01;

(b) If the Bonds to be refunded are not by their terms subject to redemption within the next succeeding sixty (60) days, instructions to the Trustee, satisfactory to it, to mail the notice provided for in Section 12.01 to the Holders of the Bonds being refunded;

(c) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded together with accrued interest on such Bonds to the redemption date or dates, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) qualifying Investment Securities in such principal amounts of such maturities, bearing such interest and otherwise having such terms and qualifications and any moneys as shall be necessary to comply with the provisions of subsection 2 of Section 12.01, which Investment Securities and moneys shall be held in trust and used only as provided in said subsection 2 of Section 12.01;

(d) A Certificate of an Authorized Officer of the Trust demonstrating that the Trust Bond Loan Repayments to become due in each Bond Year during which such Refunding Bonds shall be Outstanding shall be sufficient to pay when due the principal or Redemption Price of, and interest on, all Bonds Outstanding upon the authentication and delivery of such Series of Refunding Bonds;

(e) A verification report of an independent nationally recognized certified public accountant addressed to the Trust and the Trustee with respect to the matters set forth in (c) and (d) hereof; and

(f) In the event that a forward supply contract is employed in connection with the matters set forth in (c) and (d) hereof, (i) the verification report required by (e) hereof shall expressly state that the adequacy of the irrevocable trust described in (c) hereof to accomplish the issuance of Refunding Bonds relies solely on the initial investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the escrow agreement entered into by the Trust pursuant to (c) hereof shall provide that in the event of any discrepancy or differences between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement shall be controlling.

3. The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied simultaneously with the delivery of such Refunding Bonds for the purposes of making deposits, if any, in such Funds and Accounts as shall be provided by the Supplemental Resolution authorizing such Series of Refunding Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Resolution.

SECTION 2.05. Book-Entry-Only System.

1. Except as provided in subparagraph 3 of this Section 2.05, the registered Holder of all of the Series 2013A Bonds shall be, and the Series 2013A Bonds shall be registered in the name of, Cede & Co. as nominee of DTC. Payment of semiannual interest for any Series 2013A Bond shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date for the Series 2013A Bonds at the address indicated for Cede & Co. in the registry books of the Trust kept by the Trustee.

2. The Series 2013A Bonds shall be issued initially in the form of a separate single fully registered Bond in the amount of the aggregate principal amount of each separate stated maturity of the Series 2013A Bonds. Upon initial issuance, the ownership of each such Series 2013A Bond shall be registered in the registry books of the Trust kept by the Trustee in the name of Cede & Co., as nominee of DTC. With respect to Series 2013A Bonds registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Trust and any Fiduciary shall have no responsibility or obligation to any participant or to any beneficial owner of such Series 2013A Bonds. Without limiting the immediately preceding sentence, the Trust and any Fiduciary shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any participant with respect to any beneficial ownership interest in the Series 2013A Bonds, (ii) the delivery to any participant, any beneficial owner or

any other person, other than DTC, of any notice with respect to the Series 2013A Bonds, including any notice of redemption, or (iii) the payment to any participant, any beneficial owner or any other person, other than DTC, of any amount with respect to the principal or Redemption Price of, or interest on, the Series 2013A Bonds. The Trust and any Fiduciary may treat as, and deem DTC to be, the absolute owner of each Series 2013A Bond for the purpose of payment of the principal or Redemption Price of, and interest on, each such Series 2013A Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2013A Bonds, for the purpose of registering transfers with respect to such Series 2013A Bonds and for all other purposes whatsoever. The Paying Agent shall pay all principal or Redemption Price of, and interest on, the Series 2013A Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Trust's obligations with respect to the principal or Redemption Price of, and interest on, the Series 2013A Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive a Series 2013A Bond evidencing the obligation of the Trust to make payments of principal or Redemption Price of, and interest on, the Series 2013A Bonds pursuant to this Bond Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the term "Cede & Co." in this Bond Resolution shall refer to such new nominee of DTC.

3. (a) DTC may determine to discontinue providing its services with respect to the Series 2013A Bonds at any time by giving written notice to the Trust and the Fiduciaries and discharging its responsibilities with respect thereto under applicable law.

(b) The Trust, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2013A Bonds if the Trust so determines, and shall terminate the services of DTC with respect to the Series 2013A Bonds upon receipt by the Trust and the Fiduciaries of written notice from DTC to the effect that DTC has received written notice from participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding Series 2013A Bonds to the effect that: (i) DTC is unable to discharge its responsibilities with respect to the Series 2013A Bonds; or (ii) a continuation of the requirement that all of the Outstanding Series 2013A Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2013A Bonds.

(c) Upon the termination of the services of DTC with respect to the Series 2013A Bonds pursuant to subsection 2.05(3)(b)(ii) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Series 2013A Bonds pursuant to subsection 2.05(3)(a) or subsection 2.05(3)(b)(i) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Trust, is willing and able to undertake such functions upon reasonable and customary terms, the Series 2013A Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Series 2013A Bonds shall designate, in accordance with the provisions of Article II hereof.

4. Notwithstanding any other provision of this Bond Resolution to the contrary, so long as any Series 2013A Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or Redemption Price of, and interest on, such Series 2013A Bond and all notices with respect to such Series 2013A Bond shall be made and given, respectively, to DTC as provided in the representation letter of the Trust and the Trustee addressed to DTC with respect to the Series 2013A Bonds.

5. In connection with any notice or other communication to be provided to Bondholders pursuant to this Bond Resolution by the Trust or the Trustee with respect to any consent or other action to be taken by Bondholders, the Trust or the Trustee, as the case may be, shall establish a record date for such

consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

SECTION 3.01. Medium of Payment; Form and Date; Letters and Numbers.

1. The Bonds shall be payable, with respect to interest and principal or Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

2. The Bonds of each Series shall be issued only in the form of fully registered Bonds without coupons in denominations of, subject to the denominations required by Section 2.03(3) and 2.05(2) hereof with regard to the initial denominations of the Series 2013A Bonds, \$5,000 or any whole multiple thereof. The Bonds of each Series shall be in substantially the form set forth in Section 14.01 or substantially in the form set forth in the Supplemental Resolution authorizing such Series.

3. Each Bond shall be lettered and numbered as provided in this Bond Resolution or the Supplemental Resolution providing for the issuance of the Series of which such Bond is a part and so as to be distinguished from every other Bond.

Bonds of each Series issued on the date of original issuance shall be dated and bear interest from the date set forth in this Bond Resolution or the Supplemental Resolution authorizing such Series of Bonds. Bonds of each Series issued after the date of original issuance shall be dated as of the date of authentication thereof by the Trustee. Interest on each Bond shall be payable from the most recent Interest Payment Date next preceding the date of authentication of such Bond to which interest has been paid, unless the date of authentication of such Bond is an Interest Payment Date to which interest has been paid, in which case interest shall be payable from such Interest Payment Date, or unless the date of such Bond is prior to the first Interest Payment Date on the Bonds, in which case interest shall be payable from the earliest date on which interest shall have accrued on the Bonds, or unless the date of such Bond is between the Record Date and the next succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date.

4. The interest on, and principal or Redemption Price, if any, of, each Series of Bonds shall be payable as provided in this Bond Resolution or Supplemental Resolution relating to such Series of Bonds.

SECTION 3.02. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Bond Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, the Act, or otherwise, as may be determined by the Trust prior to the authentication and delivery thereof.

SECTION 3.03. Execution and Authentication.

1. The Bonds shall be executed in the name of the Trust by the manual or facsimile signature of the Chairman or other Authorized Officer of the Trust, and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Secretary or Assistant Secretary or other Authorized Officer of the Trust, or in such other manner as may be required or permitted by law. In case any one or more of the Authorized Officers of the Trust who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds may,

nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the Trust by such persons who at the time of the execution of such Bonds shall be duly authorized or shall hold the proper office in the Trust, although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

2. The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in this Bond Resolution or in the Supplemental Resolution authorizing such Series of Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Bond Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Trust shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Bond Resolution and that the Holder thereof is entitled to the benefits of this Bond Resolution.

SECTION 3.04. Transfer and Registry.

1. Each Bond shall be transferable only upon the books of the Trust, which shall be kept for that purpose at the Principal Office of the Trustee, by the Holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond the Trust shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond.

2. The Trust and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Trust as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on, such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Trust nor any Fiduciary shall be affected by any notice to the contrary. The Trust agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense (including legal fees), judgment or liability incurred by it, acting in good faith and without negligence under this Bond Resolution, in so treating such Holder, and that such indemnity shall survive the payment of the Bonds and the discharge of this Bond Resolution.

SECTION 3.05. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Trust shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. All Bonds surrendered in any such exchange or transfer shall forthwith be canceled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Trust or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Trust nor the Trustee shall be required (a) to transfer or exchange Bonds for a period beginning on the Record Date next preceding an Interest Payment Date for the Bonds and ending on such Interest Payment Date, or for a period of fifteen (15) days (or such lesser period as may be specified in a Supplemental Resolution for a particular Series of Bonds) next preceding the date (as determined by the Trustee) of any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bonds called or tendered for redemption.

SECTION 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Trust shall execute, and thereupon the Trustee shall authenticate

and deliver, a new Bond of like Series, maturity and principal amount as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Trust and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Trust and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Trust and the Trustee may prescribe and paying such expenses as the Trust and Trustee may incur. All mutilated Bonds so surrendered to the Trustee shall be canceled by it. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Trust, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by, and entitled to equal and proportionate benefits with all other Bonds issued under this Bond Resolution in, any moneys or securities held by the Trust or any Fiduciary for the benefit of the Bondholders.

SECTION 3.07. Temporary Bonds.

1. Until the definitive Bonds of any Series are prepared, the Trust may execute, in the same manner as is provided in Section 3.03, and upon the request of the Trust, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Trust at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, definitive Bonds of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Bond Resolution.

2. All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

SECTION 3.08. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly canceled. Bonds so canceled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with the Trust and the other executed certificate shall be retained by the Trustee.

ARTICLE IV

REDEMPTION OF BONDS PRIOR TO MATURITY

SECTION 4.01. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to this Bond Resolution shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified in this Bond Resolution and the Supplemental Resolution authorizing such Series of Bonds. In order to redeem prior to maturity Bonds which are registered in the name of Cede & Co., the Redemption Price plus accrued interest thereon shall be deposited with the Trustee in immediately available funds not later than 11:00 a.m., New York City time, on the redemption date.

SECTION 4.02. Optional and Mandatory Sinking Fund Redemption.

1. The Series 2013A Bonds shall be subject to optional redemption and mandatory sinking fund redemption in accordance with the provisions of this Bond Resolution, including, without limitation, Sections 2.03(5) and (6), respectively, hereof.

2. In the case of any redemption of Bonds at the election or direction of the Trust, the Trust shall give written notice to the Trustee of its election or direction to so redeem, of the redemption date, and of the principal amounts of the Bonds of each maturity to be redeemed (which maturities and principal amounts thereof to be redeemed shall be determined by the Trust in its sole discretion, subject to any limitations with respect thereto contained in this Bond Resolution). Such notice shall be given at least fifty (50) days prior to the redemption date or such shorter period as shall be agreed to in writing by the Trustee. In the event notice of redemption shall have been given as provided in Section 4.05, the Trust shall pay or require the Applicable Borrower to pay to the Trustee on or prior to the redemption date an amount in cash which, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed.

SECTION 4.03. Redemption Otherwise than at Trust's Election or Direction. Whenever by the terms of this Bond Resolution the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the Trust, the Trustee shall select the Bonds to be redeemed, give the notice of redemption as provided in Section 4.05 and pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the Paying Agent in accordance with the terms of this Article IV and, to the extent applicable, Article V hereof.

SECTION 4.04. Selection of Bonds to Be Redeemed. If less than all of the Bonds of like maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee shall determine; provided, however, that the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof, and that, in selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum denomination in which Bonds of such Series are authorized to be outstanding after the redemption date.

SECTION 4.05. Notice of Redemption. When Bonds of a Series have been selected for redemption pursuant to any provision of this Bond Resolution, the Trustee shall give written notice of the redemption of such Bonds in the name of the Trust at the times specified in the second paragraph of this Section, which notice shall set forth: (i) the Series of the Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Bonds will be redeemed at the Principal

Office of the Paying Agent, (v) if less than all of such Bonds shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed, (vi) in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, and (vii) except with respect to a mandatory sinking fund redemption, that such redemption is conditioned upon there being on deposit with the Trustee on the date designated for redemption moneys sufficient for the payment of the Redemption Price and the accrued interest to the redemption date. Such notice shall further state that on the redemption date there shall become due and payable the Redemption Price of all Bonds to be redeemed, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. In case any Bond is to be redeemed in part only, the notice of redemption that relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, the Holder thereof shall be entitled to a new Bond or Bonds of the same Series, bearing interest at the same rate and in aggregate principal amount equal to the unredeemed portion of such Bond.

The notice required to be given by the Trustee pursuant to this Section shall be sent by first class mail to the registered owners of the Bonds to be redeemed, at their addresses as they appear on the Bond registration books of the Trust, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date. The failure to give notice of the redemption of any Bond or portion thereof to the registered owner of such Bond as herein provided shall not affect the validity of the proceedings for the redemption of any Bonds for which notice of redemption has been given in accordance with the provisions of this Section.

SECTION 4.06. Payment of Redeemed Bonds. On the date designated for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Bonds or such portions thereof on such date and, if upon presentation and surrender moneys for the payment of the Redemption Price and the accrued interest to the redemption date are held in a separate account by the Trustee in trust for the holders of such Bonds, interest on such Bonds or such portions thereof so called for redemption shall cease to accrue, such Bonds or such portions thereof shall cease to be entitled to any benefit or security under this Bond Resolution and the Holders of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof and the accrued interest thereon and, to the extent provided in Section 4.07 hereof, to receive Bonds for any unredeemed portions of Bonds.

SECTION 4.07. Redemption of Portions of Bonds. In case part but not all of an Outstanding Bond shall be selected for redemption, upon presentation and surrender of such Bond to the Paying Agent for payment of the principal amount thereof so called for redemption and accrued interest thereon on or after the redemption date, the Trust shall execute and the Trustee shall authenticate and deliver to or upon the order of the registered owner thereof or his attorney or legal representative, without charge therefor, a Bond or Bonds of the same Series bearing interest at the same rate and of any denomination or denominations authorized by this Bond Resolution in aggregate principal amount equal to the unredeemed portion of such Bond.

ARTICLE V

REVENUES AND FUNDS

SECTION 5.01. Creation of Funds and Accounts. The following funds and separate accounts within funds shall be established, held and maintained for the Bonds:

1. Debt Service Fund, to be held by the Trustee, which shall consist of an Interest Account, a Capitalized Interest Account, a Principal Account and a Redemption Account, each of which Accounts shall be further subdivided into an SRF Subaccount and a non-SRF Subaccount, each of which Subaccounts shall be further subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

2. Debt Service Reserve Fund, to be held by the Trustee, which shall consist of an SRF Account and a non-SRF Account, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

3. General Fund, to be held by the Trustee, which shall consist of an SRF Account and a non-SRF Account, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

4. Operating Expense Fund, to be held by the Trust, which shall consist of an Administrative Fee Account and a Costs of Issuance Account;

5. Project Fund, to be held by the Trustee, which shall consist of a separate Project Loan Account established (i) for each Borrower to which a single Loan is to be made from a portion of the proceeds of the Series 2013A Bonds and, if applicable, (ii) for each Loan with respect to any Borrowers that have received two or more loans from a portion of the proceeds of the Series 2013A Bonds, each of which Project Loan Accounts shall be designated either "SRF" or "non-SRF" pursuant to Section 5.02 hereof, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

6. Revenue Fund, to be held by the Trustee, which shall consist of an SRF Account and a non-SRF Account, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount; and

7. Rebate Fund, to be held by the Trustee, which shall consist of a General Rebate Account.

8. Pursuant to a certificate of an Authorized Officer of the Trust, the Trust may direct the Trustee to establish additional funds, accounts within funds, and subaccounts within accounts, in the manner set forth in such certificate.

Each of the funds and accounts created by this Bond Resolution, other than the Operating Expense Fund, the Project Fund, the Rebate Fund and the amounts held in the Capitalized Interest Account of the Debt Service Fund that are allocable to and held for the benefit of Camden County Municipal Utilities Authority and New Jersey City University is hereby pledged to, and charged with, the payment of the principal or Redemption Price of and interest on the Bonds as the same shall become due.

SECTION 5.02. Project Fund.

1. There shall be established within the Project Fund a separate Project Loan Account in favor of each Borrower to which a Loan is to be made pursuant to a Loan Agreement.

2. There shall be deposited into each Project Loan Account from the proceeds of the Series 2013A Bonds the respective amounts set forth in the Certificate of an Authorized Officer of the Trust delivered to the Trustee pursuant to Section 2.03(7)(f) hereof, which Certificate shall also designate each such Project Loan Account as “SRF” or “non-SRF”.

3. Subject to Section 5.09 with respect to the Camden County Municipal Utilities Authority and New Jersey City University, the Trustee shall make payments from a Project Loan Account for Costs of a Borrower’s Project in the amounts, at the times, in the manner and on the other terms and conditions set forth in this Section 5.02 and in such Borrower’s Loan Agreement. Before any such payment shall be made, the Borrower shall file with the Trustee its requisition therefor, approved by the Trust, which requisition shall be on a form as determined by the Executive Director or other Authorized Officer of the Trust. The Trustee shall issue its check for each payment required by such requisition or shall by interbank transfer or other method arrange to make the payment required by such requisition.

4. The Trust shall file with the Trustee a Certificate, signed by an Authorized Officer of the Trust, with respect to each Project Loan Account directing the Trustee to transfer to the Debt Service Fund to be applied as a credit against and considered as Trust Bond Loan Repayments due from the respective Borrower in whose favor any such Project Loan Account was established (a) all of the moneys remaining in any such Project Loan Account at the times and upon satisfaction of the conditions set forth in Section 5.02(4)(i) below, (b) all or a portion of the interest earned and retained in any such Project Loan Account at the times and upon satisfaction of the conditions set forth in Section 5.02(4)(ii) below, or (c) all or a portion of the original principal amount deposited in accordance with Section 2.03(7)(e) hereof and remaining in any such Project Loan Account at the times and upon satisfaction of the conditions set forth in Section 5.02(4)(iii) below.

(i) The Trust shall file the Certificate ordering the transfer referred to in Section 5.02(4)(a) above when (A) the Trust has approved all requisitions to be paid from any such Project Loan Account that are eligible to be approved under the Regulations, or (B) such Borrower has prepaid all of its Loan pursuant to Section 3.03A or Section 3.07 of such Borrower’s respective Loan Agreement. Such Certificate shall also state (X) that the proceeds of the Loan have been fully disbursed to the extent allowed by the Regulations, and (Y) if any moneys remain on deposit in the Project Loan Account, set forth a schedule indicating when and how much of the remaining moneys are to be transferred to the Debt Service Fund and applied as a credit against and considered as Trust Bond Loan Repayments due from the respective Borrower in whose favor the Project Loan Account was established.

(ii) The Trust shall file the Certificate ordering the transfer referred to in Section 5.02(4)(b) above when the Trust has been notified that (A) all of the contracts for completion of the respective Borrower’s Project must have been awarded, (B) the low bid building cost must have been established by the Department and any dispute between the Department and the Borrower regarding same must be settled and (C) the last date of the original draw schedule set forth in Exhibit C to the Borrower’s Loan Agreement has passed. If any moneys that constitute interest earned in the Project Loan Account remain on deposit in the Project Loan Account after such initial transfer to the Debt Service Fund, such Certificate shall also set forth a schedule indicating when and how much of the remaining moneys that constitute interest earned in the Project Loan Account are to be transferred to the Debt Service Fund and applied as a credit against and considered as Trust Bond Loan Repayments due from the respective Borrower in whose favor the Project Loan Account was established.

(iii) The Trust shall file the Certificate ordering the transfer referred to in Section 5.02(4)(c) above when the Trust has been notified that (A) all of the contracts for completion of the respective Borrower's Project must have been awarded, (B) the low bid building cost must have been established by the Department and any dispute between the Department and the Borrower regarding same must be settled, (C) the Project must be sufficiently completed such that the Department has authorized the Borrower to commence operation of the Borrower's Project and (D) the last date of the original draw schedule set forth in Exhibit C to the Borrower's Loan Agreement has passed. If any moneys that constitute all or a portion of the original principal amount deposited in any such Project Loan Account in accordance with Section 2.03(7)(e) hereof remain on deposit in the Project Loan Account, such Certificate shall also set forth a schedule indicating when and how much of the remaining moneys that constitute all or a portion of the original principal amount deposited in any such Project Loan Account in accordance with Section 2.03(7)(e) hereof are to be transferred to the Debt Service Fund and applied as a credit against and considered as Trust Bond Loan Repayments due from the respective Borrower in whose favor the Project Loan Account was established.

(iv) The Trustee shall transfer from the Project Loan Accounts to the SRF Account or the non-SRF Account of the Debt Service Fund, as applicable, the amounts contained in any such Certificate of the Trust at the times indicated therein.

5. Disbursements from the respective Project Loan Accounts shall not be made by the Trustee prior to the dates set forth in Exhibit C to each respective Loan Agreement entered into by each respective Borrower, unless accompanied by (i) a Certificate of authorization executed by an Authorized Officer of the Trust, which Certificate may be issued at the sole discretion of the Trust, (ii) an opinion of Bond Counsel or other Counsel to the effect that such disbursement will not adversely affect the exclusion of interest on the Series 2013A Bonds from the gross income of the holders thereof for federal income tax purposes, (iii) an amendment to each respective Loan Agreement concerning such early disbursement in accordance with Section 11.12 hereof, and (iv) a Certificate of an Authorized Representative of any Borrower setting forth such Borrower's agreement that all costs and expenses incurred by the Trust, any such Borrower, any of their respective counsel or other professional advisors or any other costs or expenses directly or indirectly related to such advance disbursement, including without limitation any costs or loss of investment earnings related to the early redemption of Investment Securities made necessary to effect such early disbursement, shall be borne solely by any such Borrower.

SECTION 5.03. Operating Expense Fund.

1. There shall be established within the Operating Expense Fund a Costs of Issuance Account and an Administrative Fee Account.

2. In addition to the amounts deposited in the Costs of Issuance Account from the proceeds of the Series 2013A Bonds pursuant to Section 2.03(7)(b), there shall be deposited in the Costs of Issuance Account from the proceeds of each Series of Refunding Bonds, the amounts set forth for deposit therein pursuant to the Supplemental Resolutions authorizing the issuance of each such Series of Refunding Bonds.

3. The Trust shall make payments from the Costs of Issuance Account and, if necessary, from its funds and accounts not subject to the pledge and lien of this Bond Resolution, in the amounts, at the times, in the manner and on the other terms and conditions as the Trust shall determine to be fair and reasonable in the payment of the particular items of the Costs of Issuance relating to the issuance of a particular Series of Bonds and, in the case of the Series 2013A Bonds, in accordance with the provisions of the Tax Certificate. Upon the payment of all Costs of Issuance as evidenced by a Certificate of an Authorized Officer of the Trust to such effect, the amounts remaining in the Costs of Issuance Account, if

any, shall be transferred (i) to the Debt Service Fund and deposited into the Interest Account thereof to pay the interest and to the extent available therefor, deposited in the Principal Account thereof to pay the principal of the Bonds due and owing on the immediately succeeding Interest Payment Date, in which case such amounts shall be credited to the Trust Bond Loan Repayments of Borrowers in the percentages set forth on Schedule I-B attached hereto, or (ii) as otherwise set forth in a Certificate of an Authorized Officer of the Trust.

4. The Trustee shall deposit in the Administrative Fee Account the Administrative Fees received by the Trustee on behalf of the Trust pursuant to the Loan Agreements. The Trust shall utilize moneys on deposit in the Administrative Fee Account from time to time to pay the operating expenses of the Trust; provided, however, that in any Bond Year the moneys on deposit in the Administrative Fee Account shall be applied by the Trust in satisfaction of the operating expenses of the Trust arising under this Bond Resolution in such Bond Year before such moneys may be applied in satisfaction of the other operating expenses of the Trust arising in such Bond Year.

SECTION 5.04. Revenues. The Trustee shall, as agent for the Trust and the State, perform the following duties and services:

1. The Trustee shall collect from each Borrower all required Trust Bond Loan Repayments, State Loan Repayments, Administrative Fee payments and State Administrative Fee payments, when due, in the amounts and at the times established by the Trust in a Certificate of an Authorized Officer of the Trust. The Trust shall use its best efforts to provide such Certificate to the Trustee no less than sixty (60) days prior to the date on which any such payments are due and payable. In collecting such payments from each Borrower, the Trustee shall rely exclusively upon such Certificate of an Authorized Officer of the Trust. To the extent the Trustee deems it necessary or appropriate, the Trustee may, and is hereby authorized to, establish a Clearing Account for the purpose of administering the collection of such payments. The Trustee hereby acknowledges that (a) all amounts so collected shall be collected by the Trustee on behalf of, and for the benefit of, the Trust and the State, to the extent of their respective interests therein, (b) in making such collections, the Trustee acts as an agent for the Trust and the State, to the extent of their respective interests therein, (c) all amounts so collected by the Trustee are the property of the Trust and the State, to the extent of their respective interests therein, and not of the Trustee, (d) all such amounts, when received by the Trustee, are deemed to be received by the Trust and the State, to the extent of their respective interests therein, determined in accordance with paragraph (3) below, and (e) the amounts deemed received by the Trust as Trust Bond Loan Repayments and by the State as State Loan Repayments, to the extent deposited in accordance with paragraph (3) below, are, immediately upon deposit therein, deemed to be Revenues, and are included in the Trust Estate established and pledged as security for the Series 2013A Bonds under this Bond Resolution.

2. Promptly after collection of each Trust Bond Loan Repayment, State Loan Repayment, Administrative Fee payment, State Administrative Fee payment or other required payment from a Borrower, the Trustee shall credit such Borrower with each of the respective sums collected. Moneys received from each Borrower with respect to a particular payment date shall be credited, *first*, to the payment then due (other than the Administrative Fee payment) under the Loan Agreement, *second*, to the Administrative Fee payment then due under the Loan Agreement, *third*, to the payment then due (other than the State Administrative Fee payment, if any) under the State Loan Agreement, and, *fourth*, to the State Administrative Fee payment, if any, then due under the State Loan Agreement.

3. Promptly after crediting each Borrower pursuant to the order of priority established under paragraph (2) above for the moneys received from each Borrower with respect to a particular payment date, the Trustee shall deposit the sums collected in the accounts established for such payments in the following order of priority of such deposits and the required amounts of such deposits:

(a) First, into the Revenue Fund established under this Bond Resolution, a sum or sums from moneys credited as Trust Bond Loan Repayments, State Bond Loan Repayments, Administrative Fee payments and State Administrative Fee payments equal to (i) the amount required for the next immediate debt service payment date for the Series 2013A Bonds;

(b) Upon depositing the required amounts pursuant to paragraph (3)(a) above, into the Administrative Fee Account in the Operating Expense Fund established under this Bond Resolution, all moneys credited as Administrative Fee payments only then due to the Trust from each Borrower pursuant to its respective Loan Agreement;

(c) Upon depositing the required amounts pursuant to paragraphs (3)(a) and (3)(b), above, immediately to the Master Program Trustee for deposit in the Master Program Trust Account from moneys credited as State Loan Repayments only corresponding to the next immediate debt service payment date for the Series 2013A Bonds, for disbursement in accordance with the terms and conditions of the Master Program Trust Agreement;

(d) Upon depositing the required amounts pursuant to paragraphs (3)(a), (3)(b) and (3)(c), above, to the State all moneys credited as State Administrative Fee payments only, if any, then due to the State from each Borrower pursuant to its respective State Loan Agreement; and

(e) Upon depositing the required amounts pursuant to paragraphs (3)(a), (3)(b), (3)(c) and (3)(d), above, into the Revenue Fund all remaining moneys, if any, credited as Loan Repayments, to be applied in satisfaction of the amounts next required to be disbursed as provided under this paragraph (3) in the sequence and manner established pursuant to this paragraph (3).

In making the deposits required by the provisions of this subsection (3), the Trustee shall rely exclusively upon a Certificate of an Authorized Officer of the Trust, which Certificate shall be provided to the Trustee by the Trust simultaneously with the provision by the Trust to the Trustee of the Certificate required by the provision of subsection (1) of this Section 5.04.

4. If a payment of amounts due under a Loan Agreement or a State Loan Agreement is not received on or before the required payment date, the Trustee shall notify the Borrower and, if applicable, the trustee under the Borrower Bond Resolution (as such term is defined in the Loan Agreement) in writing within five days after such payment date that the payment is past due. A copy of said notice shall be provided at the same time to the Trust and the State. If a payment is not received from the Borrower within ten days of the date when such payment is due, the Trustee shall promptly notify the Trust and the State in writing.

5. The Trustee shall promptly notify the Trust, the Borrower and, if applicable, the trustee under the Borrower Bond Resolution in writing if the moneys received from the Borrower pursuant to paragraph (2) of this Section 5.04 with respect to a particular payment date are insufficient to satisfy in full the Trust Bond Loan Repayments and Administrative Fee payments then due under the Loan Agreement. The Trustee shall promptly notify the State, the Borrower and, if applicable, the trustee under the Borrower Bond Resolution in writing if the moneys received from the Borrower pursuant to paragraph (2) of this Section 5.04 with respect to a particular payment date are insufficient to satisfy in full the State Loan Repayments and State Administrative Fee payments then due under the State Loan Agreement. The Trustee, pursuant to Section 5.07(2) of this Bond Resolution, shall also notify the Trust and the State that a Trust Bond Loan Repayment deficiency cannot be satisfied from Loan Repayments deposited pursuant to Section 5.04(3)(a) hereof.

6. In connection with the obligation of the Trustee pursuant to subsections (4) and (5) of this Section 5.04 to provide written notice to a trustee under a Borrower Bond Resolution, the Trust shall use its best efforts to maintain on file with the Trustee a list of such trustees, with relevant address and contact information included in such list. However, the failure of the Trust to provide such list to the Trustee shall not relieve the Trustee of the obligation to provide the written notice to such a trustee pursuant to the provisions of subsections (4) and (5) of this Section 5.04.

SECTION 5.05. Revenue Fund.

1. On or prior to each Interest Payment Date, the Trustee shall transfer from amounts in the SRF Account and the non-SRF Account of the Revenue Fund to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Interest Account in the Debt Service Fund, the amount which, together with the amounts, if any, already on deposit in such subaccounts of the Interest Account (other than investment earnings on amounts that have been received in the Interest Account since the immediately preceding Interest Payment Date) and the amounts, if any, on deposit in the Capitalized Interest Account and designated for use on such Interest Payment Date pursuant to this Bond Resolution or a Supplemental Resolution, is equal in the aggregate to the interest due and payable on the Bonds on such Interest Payment Date.

2. On or prior to September 1 of each year through and including final maturity of the Bonds, the Trustee shall transfer from moneys on deposit in the SRF Account and the non-SRF Account of the Revenue Fund to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Principal Account in the Debt Service Fund the amount which, together with the amounts, if any, already on deposit in such subaccounts of the Principal Account (other than investment earnings on amounts that have been received in the Principal Account since the immediately preceding Interest Payment Date), is equal in the aggregate to the principal, including Sinking Fund Installments, if any, due and payable on the Bonds on such September 1.

3. On or prior to each redemption date, other than a Sinking Fund Installment due date, the Trustee shall transfer from moneys on deposit in the SRF Account and the non-SRF Account of the Revenue Fund (i) to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Redemption Account in the Debt Service Fund an amount equal in the aggregate to the Redemption Price due and payable on all Bonds to be redeemed on such redemption date and (ii) to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Interest Account in the Debt Service Fund an amount equal in the aggregate to the interest accrued and not paid and to accrue on such Bonds to such redemption date. Money received from a Borrower prior to [March 1, 2022] that represents a prepayment of its Loan as allowed under its respective Loan Agreement shall be held in the accounts set forth in a Certificate of an Authorized Officer of the Trust prior to [September 1, 2022], the first optional redemption date.

4. All Revenues representing repayments made pursuant to the second paragraph of Section 3.04 of any Loan Agreement for the replenishment of the Debt Service Reserve Fund shall be immediately transferred by the Trustee for deposit to the SRF Account or the non-SRF Account, as applicable, of the Debt Service Reserve Fund.

5. The Trustee shall keep records and accounts with respect to the Revenue Fund. Such records shall be in such format so that all amounts received by the Trustee from the Borrowers under the Loan Agreements can be properly designated as interest or principal payments on the Loans, other amounts payable under the Loan Agreements or investment earnings attributable to such amounts.

SECTION 5.06. Debt Service Fund.

1. On each Interest Payment Date and each redemption date, the Trustee shall withdraw from the Capitalized Interest Account, if so designated, and the Interest Account in the Debt Service Fund amounts equal in the aggregate to the interest due on the Bonds on such Interest Payment Date or redemption date, which moneys shall be paid by the Paying Agent in accordance with Section 3.01 hereof.

2. On the maturity or Sinking Fund Installment due date of any Bonds, the Trustee shall make available to the Paying Agent from moneys in the Principal Account in the Debt Service Fund an amount equal to the principal or Redemption Price of the Bonds due on such date, which moneys shall be applied by the Paying Agent to the payment of such principal or Redemption Price.

3. On each redemption date, other than a Sinking Fund Installment due date, the Trustee shall make available to the Paying Agent from moneys in the Redemption Account an amount equal to the Redemption Price of the Bonds to be redeemed on such redemption date, which moneys shall be applied by the Paying Agent to the payment of such Redemption Price.

SECTION 5.07. Debt Service Reserve Fund.

1. Each Rating Agency that has been requested by the Trust to publish a rating for the Series 2013A Bonds has determined that such Rating Agency shall assign to the Series 2013A Bonds, upon the issuance thereof, the highest rating assigned to any such debt instruments by such Rating Agency notwithstanding the fact that the Debt Service Reserve Requirement with respect to the Series 2013A Bonds is equal to \$0.00. Therefore, in accordance with the last sentence of the definition of “Debt Service Reserve Requirement” set forth in Section 1.01 of this Resolution, the Debt Service Reserve Requirement with respect to the Series 2013A Bonds pursuant to the terms of this Resolution shall be equal to \$0.00 during the entire period during which the Series 2013A Bonds remain Outstanding. To the extent any moneys are on deposit in the Debt Service Reserve Fund, with respect to Refunding Bonds or otherwise, such moneys shall be applied solely as provided in this Section.

2. Whenever a Borrower shall notify the Trust or the Trustee in writing, or whenever the Trust or Trustee shall determine, that a Borrower is deficient in the payment of a Trust Bond Loan Repayment and that such deficiency cannot be satisfied from other Loan Repayments, State Loan Repayments or other amounts payable thereunder that have been transferred to the Revenue Fund or the Debt Service Fund and that such deficiency cannot be satisfied from amounts payable by the Master Program Trustee from amounts on deposit in the Master Program Trust Account (and all Subaccounts as defined therein) in accordance with the terms of the Master Program Trust Agreement, the Trustee shall transfer from the SRF Account or non-SRF Account, as applicable, of the Debt Service Reserve Fund on the Interest Payment Date or maturity date or Sinking Fund Installment due date, as the case may be, the amount of such deficiency to the appropriate account in the Debt Service Fund; provided, however, that the Trustee may only transfer such amount which, when added to the difference between (i) all prior transfers made from the Debt Service Reserve Fund as a result of deficient Trust Bond Loan Repayments by said Borrower and (ii) all repayments made by, or on behalf of, the Borrower pursuant to the second paragraph of Section 3.04 of the Applicable Loan Agreement, does not exceed said Borrower’s pro rata share of the Debt Service Reserve Fund. A Borrower’s pro rata share of the Debt Service Reserve Fund shall be an amount equal to the product of: (a) the Debt Service Reserve Requirement and (b) said Borrower’s Allocable Share as set forth on Schedule I attached hereto.

3. Whenever the Trustee is notified by the Trust that the amount, if any, in the Debt Service Reserve Fund funded with Bond proceeds and allocable to any Reserve Capacity Borrower, together with the amount in the Debt Service Fund allocable to any such Reserve Capacity Borrower, is sufficient to pay

in full all Outstanding Bonds allocable to any such Reserve Capacity Borrower in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the Trustee shall transfer such amount on deposit in the Debt Service Reserve Fund to the Debt Service Fund to be applied as a credit to the final Trust Bond Loan Repayments of any such Reserve Capacity Borrower.

4. After any transfer made pursuant to Section 5.07(3) herein and upon the cancellation of all Series 2013A Bonds and any Refunding Bonds in accordance with Section 3.08 hereof, the Trustee shall transfer all amounts in the Debt Service Reserve Fund, if any, to the Trust for application by the Trust in accordance with the Act and any other applicable law for any of the Trust's corporate purposes allowed thereby.

5. (a) Whenever any Reserve Capacity Borrower that is no longer paying the Interest Portion payable by said Reserve Capacity Borrower from the Capitalized Interest Account of the Debt Service Fund that is allocable to said Reserve Capacity Borrower, if applicable, has paid or prepaid its loan in full (less only the portion of the Debt Service Reserve Fund that is funded with Bond proceeds allocable to such Reserve Capacity Borrower) in accordance with all of the terms of its Loan Agreement (including, without limitation, obtaining the Trust's consent to any such prepayment, where applicable), the Trust shall notify the Trustee (i) of the Trust's consent to such prepayment, where applicable, and (ii) that the amount in the Debt Service Reserve Fund funded with moneys other than Bond proceeds allocable to any such Reserve Capacity Borrower shall be transferred to the Trust for any of its lawful corporate purposes pursuant to the instructions of a Certificate of an Authorized Officer of the Trust. The portion of the Debt Service Reserve Fund that is funded with Bond proceeds allocable to such Reserve Capacity Borrower shall be transferred (i) to the Debt Service Fund for redemption or payment of the Bonds attributable to such Borrower's Loan or (ii) in accordance with a Certificate of an Authorized Officer of the Trust to effect the defeasance of Bonds attributable to such Borrower's Loan in accordance with Article XII hereof, in either case to be applied (along with the interest earnings thereon) as a credit to the final Trust Bond Loan Repayments of such Reserve Capacity Borrower. Prior to any such transfer described herein, investments held in the Debt Service Reserve Fund shall be liquidated to the extent necessary in order to provide for the transfer described herein.

(b) Whenever any Borrower that is not a Reserve Capacity Borrower and that is no longer paying the Interest Portion payable by said Borrower from the Capitalized Interest Account of the Debt Service Fund that is allocable to said Borrower, if applicable, has paid or prepaid its loan in full in accordance with all of the terms of its Loan Agreement (including, without limitation, obtaining the Trust's consent to any such prepayment, where applicable), the Trust shall notify the Trustee (i) of the Trust's consent to such prepayment, where applicable, and (ii) that the amount in the Debt Service Reserve Fund allocable to any such Borrower shall be transferred to the Trust for any of its lawful corporate purposes pursuant to the instructions of a Certificate of an Authorized Officer of the Trust. Prior to any such transfer described herein, investments held in the Debt Service Reserve Fund shall be liquidated to the extent necessary in order to provide for the transfer described herein.

6. Whenever the Trustee determines that the amount of money in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement on September 1 on any valuation date, such excess money shall be transferred to the Trust for application by the Trust in accordance with the Act and any other applicable law for any of the Trust's corporate purposes allowed thereby.

7. Investment of the Debt Service Reserve Fund shall be valued every ten (10) years, at the market value thereof, exclusive of accrued interest. Notwithstanding anything to the contrary in Section 5.10 hereof, if a decline in the market value of securities on deposit in the Debt Service Reserve Fund causes the marked to market amount on deposit in the Debt Service Reserve Fund to be below the Debt Service Reserve Requirement, such deficiency shall be restored by retaining all or a portion of each Borrower's

Allocable Share of interest earnings thereon until the Debt Service Reserve Requirement has been met. When and to the extent market conditions change thereafter, any such retained investment earnings (and not the corpus of the Debt Service Reserve Fund) not needed to satisfy the Debt Service Reserve Requirement shall be credited to the Trust Bond Loan Repayments of the Borrowers in accordance with their Allocable Share as set forth in Section 5.10 hereof. Investments purchased with funds on deposit in the Debt Service Reserve Fund shall have a term to maturity of not greater than ten (10) years.

SECTION 5.08. General Fund. On the first day of each Bond Year beginning September 1, 2013, the Trustee shall deposit in the SRF Account and non-SRF Account, as applicable, of the General Fund all moneys then remaining in the Revenue Fund except for those moneys identified as credits under Section 5.10 hereof to be transferred to the Interest Account on the second day of such Bond Year; provided, however, that (i) to the extent such date is a valuation date, the moneys then on deposit in the Debt Service Reserve Fund shall be at least equal to the Debt Service Reserve Requirement, (ii) all transfers from the Revenue Fund required pursuant to subsections (1), (2), (3) and (4) of Section 5.05 shall have been made, and (iii) all funds required to be on deposit in the Revenue Fund pursuant to Section 5.05(2) are on deposit in the Revenue Fund. Moneys on deposit in the General Fund that shall not be required to be transferred to the Interest Account in the Debt Service Fund pursuant to Section 5.10 may be applied by the Trust, upon written requisition from the Trust to the Trustee, in accordance with the Act and, in the case of proceeds of the Series 2013A Bonds, the Tax Certificate, for any of its corporate purposes. Such requisition shall state that the Trust is requesting such moneys pursuant to the provisions of this Section 5.08.

SECTION 5.09. Moneys to Be Held in Trust. All moneys required to be deposited with or paid to the Trustee or the Paying Agent for the account of any fund or account established under any provision of this Bond Resolution for the Bonds in accordance with this Bond Resolution, other than the Project Loan Account in the Project Fund, the Operating Expense Fund, the Rebate Fund and the amounts held in the Capitalized Interest Account of the Debt Service Fund that are allocable to and held for the benefit of the Camden County Municipal Utilities Authority and New Jersey City University, shall be held by the Trustee or the Paying Agent, as the case may be, in trust for the Holders of the Bonds and shall constitute part of the Trust Estate while held by the Trustee or the Paying Agent; provided, however, that moneys deposited with or held by the Trustee or the Paying Agent for the redemption of Bonds on or after the redemption date of such Bonds, or for the payment of the Redemption Price of or interest on Bonds on or after the date on which such amounts shall have become due shall be held and applied solely for the redemption or payment of the Redemption Price of or the payment of the interest on such Bonds.

If, with respect to Camden County Municipal Utilities Authority and New Jersey City University, the Trustee receives (i) notice that an event of default has occurred under the provisions of the bond resolution authorizing the issuance of the bond evidencing the Loan under the Loan Agreement thereof, (ii) notice that such trustee has demanded repayment of the amounts on deposit in the Project Loan Account in the Project Fund allocable thereto and (iii) a Certificate of an Authorized Officer of the Trust authorizing any such transfer, the Trustee shall transfer such funds remaining in the Project Loan Account in the Project Fund allocable thereto in a manner consistent with the written instructions to the Trustee as set forth in any such Certificate of an Authorized Officer of the Trust.

SECTION 5.10. Investments.

1. **Generally.** All moneys in any of the Funds and Accounts created under this Bond Resolution, other than the Operating Expense Fund and the Accounts established therein, shall be invested by the Trustee as directed by an Authorized Officer of the Trust in writing, subject to the further provisions of this Section. The Trustee may conclusively rely upon such written direction of an Authorized Officer of the Trust as to any and all investments. Moneys in the Operating Expense Fund shall be invested by the Trust in accordance with the provisions of this Section.

Moneys in all Funds and Accounts created under this Bond Resolution shall be invested in Investment Securities, the principal of and interest on which are payable not later than the dates on which it is estimated that such moneys will be required hereunder, provided, however, that the Project Fund and the Accounts established therein may be invested in the State of New Jersey Cash Management Fund or other similar common trust fund for which the New Jersey State Treasurer is the custodian, in addition to investment thereof in Investment Securities.

Investment Securities acquired as an investment of moneys in any Fund or Account created under this Bond Resolution shall be credited to such Fund or Account. For the purpose of determining the amount in any Fund or Account at any time in accordance with this Bond Resolution, all Investment Securities credited to such Fund or Account shall be valued at the lesser of amortized cost (exclusive of accrued interest) or fair market value.

The Trustee may act as principal or agent in the acquisition or disposition of any Investment Securities. The Trustee shall exercise its best efforts to sell at the best price obtainable, or present for redemption, any Investment Securities to the credit of any Fund or Account created under this Bond Resolution, other than the Operating Expense Fund, the Accounts established therein and the Rebate Fund, whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from such Fund or Account, and the Trustee shall not be liable for any loss resulting from such necessary sale so made of such investments.

2. **Earnings on the Debt Service Reserve Fund During the Capitalized Interest Period.** Amounts earned from the investment of the Debt Service Reserve Fund during the capitalized interest period (from September 1, 2013 and on each Interest Payment Date through and including March 1, 2016) shall be applied as follows:

(a) **Borrowers that are Capitalizing Interest.** Commencing September 1, 2013 and on each Interest Payment Date thereafter through and including March 1, 2016, the Trustee shall transfer the amounts of net earnings from the investment of moneys in the Debt Service Reserve Fund set forth in Section 2.03(7)(a) of this Bond Resolution to the Capitalized Interest Account to be applied to the payment of a portion of the interest due on the Series 2013A Bonds on such Interest Payment Date.

(b) **Borrowers that are not or are no Longer Capitalizing Interest.** Commencing September 1, 2013 and on each Interest Payment Date thereafter through and including March 1, 2016, the Trustee shall transfer the balance of the net earnings from the investment of moneys in the SRF and non-SRF portions of the Debt Service Reserve Fund respectively, to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Interest Account in the Debt Service Fund and apply such amounts as credits against the Interest Portion of the Trust Bond Loan Repayment due on any such immediately succeeding Interest Payment Date from those Borrowers (being the Borrowers that are not or are no longer capitalizing interest during the capitalized interest period) in the percentages applicable to the Borrowers set forth on Schedule II-A (for SRF Borrowers) and Schedule II-B (for non-SRF Borrowers) attached hereto; provided, however, that (i) the amount to be applied as a credit for each SRF Borrower as determined in the preceding clause of this sentence shall not exceed the product of the amount of such balance of net earnings and a fraction, the numerator of which shall equal the product of the amount of said Borrower's Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule II-A) times the Debt Service Reserve Requirement attributable to all SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as of the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all SRF Borrowers, less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such Borrowers which have not been repaid as of the last day of such Bond Year; (ii) the amount to

be applied as a credit for each non-SRF Borrower as determined above shall not exceed the product of the amount of such balance of net earnings and a fraction, the numerator of which shall equal the product of the amount of said Borrower's Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule II-B) times the Debt Service Reserve Requirement attributable to all non-SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as of the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all non-SRF Borrowers, less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such Borrowers which have not been repaid as of the last day of such Bond Year; and (iii) if on any valuation date the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement other than as a result of any transfer required under Section 5.07 (to the extent applicable during the capitalized interest period), the net earnings on amounts on deposit in the Debt Service Reserve Fund shall be credited to and retained in the Debt Service Reserve Fund until the amount on deposit therein equals the Debt Service Reserve Requirement. The Trustee, simultaneously with each such transfer, shall notify the Trust in writing of all such net earnings so transferred. Such writings shall set forth the net earnings for each such fund or account created hereunder.

3. Earnings on all Funds and Accounts Other than the Funds and Accounts not Subject to Transfer and Credit and Other than the Debt Service Reserve Fund During the Capitalized Interest Period. Except as provided in the immediately preceding paragraph regarding the transfer of earnings from the Debt Service Reserve Fund during the capitalized interest period, (i) all net earnings received in the first Bond Year and through September 1, 2013 from investment of moneys in any fund or account created hereunder, other than the Operating Expense Fund, the Rebate Fund, the Project Fund and the respective accounts established therein and the Capitalized Interest Account in the Debt Service Fund, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount as applicable, of the Interest Account in the Debt Service Fund on September 2, 2013; (ii) all net earnings received from September 2 through and including March 1 in any Bond Year thereafter from the investment of moneys in any fund or account created under this Bond Resolution, other than the funds and accounts excepted in (i) above, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount as applicable, of the Interest Account in the Debt Service Fund on March 2 of any such Bond Year; and (iii) all net earnings received from March 2 through and including August 31 in any Bond Year thereafter and through September 1 of the next succeeding Bond Year from the investment of moneys in any fund or account created under this Bond Resolution, other than the funds and accounts excepted in (i) and (ii) above, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount as applicable, of the Interest Account in the Debt Service Fund on September 2 of any such next succeeding Bond Year. Notwithstanding the foregoing, to the extent on any valuation date the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement other than as a result of any transfer required under Section 5.07, the net earnings on amounts on deposit in the Debt Service Reserve Fund shall be credited to and retained in the Debt Service Reserve Fund until the amount on deposit therein equals the Debt Service Reserve Requirement.

4. Specific Borrower Credits. The Trustee, simultaneously with each transfer contemplated by Section 5.10(2) and (3) hereof, shall notify the Trust in writing of all such net earnings so transferred. Such writings shall set forth the net earnings for each such fund or account created hereunder. The Trust will credit the Interest Portion of the immediately succeeding Trust Bond Loan Repayment due from a Borrower, and to the extent moneys are available therefor, the principal portion of such Trust Bond Loan Repayments, if any, with the net earnings allocable to said Borrower and notify the Borrower and the Trustee of such credit. The net earnings allocable to a Borrower shall be the sum of: (a) said Borrower's pro rata share of the net earnings derived in accordance with Section 5.10(3) hereof from the SRF or non-SRF Subaccounts or Accounts, as applicable, of the Interest Account, the Principal Account and the Redemption Account in the Debt Service Fund, the General Fund and the Revenue Fund (*i.e.*, all funds and accounts created hereunder other than (i) those funds and accounts listed in Section 5.05 hereof, the earnings

on which accounts are not subject to transfer and credit in favor of Borrower Trust Bond Loan Repayments and (ii) the Debt Service Reserve Fund, the earnings on which are subject to transfer and credit during the capitalized interest period in accordance with Sections 5.10(2) and (4)(b) during the capitalized interest period and Sections 5.10(3), 4(c) and 4(d) for all other periods) in any Bond Year commencing on or after September 1, 2013, which pro rata share shall be equal to the product of: (i) such net earnings so derived from the SRF or non-SRF accounts of such funds or accounts, as applicable and (ii) said Borrower's Allocable Share (as determined pursuant to Schedule I-A attached hereto); (b) during the period from the issuance of the Series 2013A Bonds through and including March 1, 2016 (the capitalized interest period), said Borrower's net earnings derived from the SRF or non-SRF Account, as applicable of the Debt Service Reserve Fund as set forth in Section 5.10(2) (a) (for Borrowers that are capitalizing interest) and 5.10(2)(b) for Borrowers that are not or are no longer capitalizing interest hereof; (c) after the capitalized interest period for SRF Borrowers, said Borrower's pro rata share of the net earnings derived from the SRF Account of the Debt Service Reserve Fund in any Bond Year, which pro rata share shall be equal to the product of (i) such net earnings and (ii) a fraction, the numerator of which shall equal the product of the amount of said Borrower's Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule I-A attached hereto) times the Debt Service Reserve Requirement attributable to all SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all SRF Borrowers less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such SRF Borrowers which have not been repaid as of the last day of such Bond Year; and (d) after the capitalized interest period for non-SRF Borrowers, said Borrower's pro rata share of the net earnings derived from the non-SRF Account of the Debt Service Reserve Fund in any Bond Year, which pro rata share shall be equal to the product of (i) such net earnings and (ii) a fraction, the numerator of which shall equal the product of the amount of said Borrower's Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule I-A attached hereto) times the Debt Service Reserve Requirement attributable to all non-SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as of the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all non-SRF Borrowers less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such non-SRF Borrowers which have not been repaid as of the last day of such Bond Year. Provided, however (with respect to (c) and (d) above), that during any valuation date in which the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement other than as a result of any transfer required under Section 5.07, the net earnings on amounts on deposit in the Debt Service Reserve Fund shall be credited to and retained in the Debt Service Reserve Fund until the amount on deposit therein equals the Debt Service Reserve Requirement.

5. **Earnings on Funds and Accounts Not Subject to Transfer and Credit.** All interest, profits and other income earned and received by the Trustee and the Trust, as appropriate, net of any losses suffered (herein called the "net earnings"), from the investment of moneys in the Project Loan Accounts, the Capitalized Interest Account, the Rebate Fund, the Revenue Fund and the Operating Expense Fund shall be retained in and treated as part of such fund or accounts and applied in accordance with the Sections of this Bond Resolution governing such funds or accounts.

6. **Rebate Fund.** The Trust may withdraw and utilize earnings in any fund or account other than the Interest Account and the Principal Account in the Debt Service Fund to pay into the Rebate Fund held by the Trust any amounts desired by the Trust or required pursuant to the Code to be set aside for rebate or to satisfy a yield restriction requirement to the Internal Revenue Service, as outlined in the Tax Certificate or any letter of instructions referred to in Section 8.06(2) hereof; provided, however, that to the extent any such moneys and investment earnings thereon on deposit in the Rebate Fund shall not be needed for such purposes at the times so outlined, all or a portion of such moneys may be transferred by the Trustee to the General Fund upon the Trustee's receipt of written instructions from the Trust to such effect. The

Trust shall submit to the Trustee a certificate specifying the funds or accounts and the amount of earnings to be withdrawn for such purposes, and the Trustee shall be entitled to rely on each such certificate in making payments to the Trust.

ARTICLE VI

LOANS

SECTION 6.01. Terms and Conditions of Loans. The Trust shall make Loans to Borrowers for the purpose of paying a portion of the Costs of the Borrowers' Projects from moneys available therefor in the applicable Project Loan Accounts in the Project Fund, and shall enter into Loan Agreements, in the manner, on the terms and conditions and upon submission of the documents required by this Article VI, and not otherwise.

SECTION 6.02. Form of Loan Agreement. The Loan Agreements shall be substantially in the form of Exhibit A, Exhibit B or Exhibit C hereto, as applicable, with such changes therein as shall be approved by the Trust, as evidenced by the execution thereof by an Authorized Officer of the Trust; provided, however, that the Loans and the Loan Agreements shall in any event conform in all material respects to the provisions of this Article VI.

SECTION 6.03. Restrictions on Loans. No Loan may be made to reimburse a Borrower for all or a portion of the Cost of a Borrower's Project, or to refinance indebtedness or reimburse the Borrower for the repayment of indebtedness previously incurred by such Borrower to finance all or a portion of the Cost of such Borrower's Project, unless the Borrower shall deliver to the Trust and the Trustee an opinion of Bond Counsel approved by the Trust, in form and substance satisfactory to the Trust, to the effect that such reimbursement or refinancing will not adversely affect the exclusion from gross income for federal income tax purposes of interest paid on the Bonds.

SECTION 6.04. Loan Closing Submissions. Prior to or at each Loan Closing of a Loan, the Trust and the Trustee shall have received the following documents from the Borrower receiving the Loan, failing the receipt of all of which a Borrower shall not be considered a Borrower for purposes of this Bond Resolution:

(a) an opinion or opinions of the Borrower's Counsel substantially in the form set forth in Exhibit E to the form of Loan Agreement; provided, however, that the Trust may permit variances in such opinion from the form or substance of such Exhibit E, if such variances are not to the material detriment of the interests of the Bondholders;

(b) counterparts of the Loan Agreement executed by the parties thereto designating, among other things, SRF or non-SRF status and any other relevant term contemplated by Section 1.03 hereof;

(c) the bond evidencing the payment obligations of the Borrower under such Loan Agreement, duly executed, authenticated and delivered by such Borrower and endorsed by the Trust to the Trustee;

(d) the opinion required by Section 6.03 hereof, if applicable;

(e) copies of the resolutions or ordinances of the governing body of the Borrower authorizing the execution and delivery of such Loan Agreement and bond, certified by an Authorized Officer of the Borrower;

(f) an opinion of Counsel to the Trust that the Borrower's Project constitutes a "Project" within the meaning of the Act and that the financing thereof by the Trust is permissible under the Act and Section 6.01 of this Resolution; and

(g) such other certificates, documents, opinions and information as the Trust or the Trustee may require.

All opinions and certificates required under this Section shall be dated the date of the Loan Closing and all such opinions shall be addressed, at a minimum, to the Trust and the Trustee.

SECTION 6.05. Trust Bond Loan Repayments. With respect to the Loans made from the proceeds of any Series of Bonds, the Trust shall establish Trust Bond Loan Repayments under the Applicable Loan Agreements in such amounts which, together with any amounts available and required to be treated as credits under this Bond Resolution, shall be sufficient to pay the principal of, prepayment premium, if any, and interest on such Series of Bonds as the same become due and payable.

SECTION 6.06. Continuing Disclosure. Prior to each Loan Closing of a Loan, the Trust, pursuant to the sole discretion of an Authorized Officer of the Trust, in consultation with Bond Counsel, general counsel and other appropriate advisors to the Trust, shall determine if any Borrower is a material “obligated person” within the meaning and for the purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto (“Rule 15c2-12”), based upon the following criteria hereby established as the means of satisfying the meaning and purposes of Rule 15c2-12: Borrowers shall be considered to be material “obligated persons” if their remaining Fund Loan (unless defined in this Section 6.06, capitalized terms not defined in this Bond Resolution and used in this Section 6.06 shall have the respective meanings ascribed to such terms in the Master Program Trust Agreement) repayments in all Coverage Providing Financing Programs, when aggregated with such Borrower’s Trust Loan repayments, if any, in respect of the Bonds, exceed ten percent (10%) of the sum of (i) the aggregate of all remaining Fund Loan repayments from all Borrowers in all Coverage Providing Financing Programs and (ii) the aggregate of all remaining Trust Loan repayments from all Borrowers.

To the extent any Borrowers that have been determined to be material “obligated persons” within the meaning and for the purposes of Rule 15c2-12 have entered into Service Agreements with Underlying Government Units and if any such Underlying Government Units have entered into Service Agreements with Indirect Underlying Government Units (as such terms are defined in the Loan Agreements) whereby annual charges or indirect annual charges, as the case may be, materially secure the Trust Bond Loan Repayments of any such Borrowers, any such Underlying Government Unit and Indirect Underlying Government Unit shall also be considered material “obligated persons” within the meaning and for the purposes of Rule 15c2-12.

Any Borrower determined to be a material “obligated person” based upon the criteria set forth herein shall be required to enter into a Continuing Disclosure Agreement, with a term as specified therein, by and among such Borrower, the Trust and the Trustee, substantially in the form attached hereto as Exhibit H to Exhibit A and Exhibit B, with such changes therein as shall be approved by the Trust, as evidenced by the execution thereof by an Authorized Officer of the Trust.

The Trust hereby determines that it is not an “obligated person”. Nevertheless, the Trust hereby covenants to provide notice of Bond Disclosure Events (as defined in the Continuing Disclosure Agreement), if material, with respect to the Series 2013A Bonds to each Nationally Recognized Municipal Securities Information Repository recognized by the SEC or to the Municipal Securities Rulemaking Board and the State Information Depository, if any, recognized by the SEC.

The Trust hereby determines that the Series 2013A Financing Program relating to the Series 2013A Bonds is an “obligated person”, and shall be required to enter into a Continuing Disclosure Agreement,

with a term as specified therein, by and among the Trust, the Trustee and the Master Program Trustee, substantially in the form attached hereto as Exhibit E, with such changes therein as shall be approved by the Trust, as evidenced by the execution thereof by an Authorized Officer of the Trust.

Notwithstanding any provision to the contrary in Article XI hereof, the Trust may amend or supplement this Section 6.06 to comply with any amendment, supplement, modification, termination or other change to Rule 15c2-12.

ARTICLE VII

ADDITIONAL PROVISIONS RELATING TO LOANS

SECTION 7.01. Reserved.

SECTION 7.02. Defaults. The Trustee shall notify the Trust of its failure to receive any Trust Bond Loan Repayment, if any, of a Borrower due under any Loan Agreement and of any other event of default under such Loan Agreement known to the Trustee.

The Trustee shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms and conditions of all Loan Agreements, including (without limitation) the prompt payment of all Trust Bond Loan Repayments and all other amounts due the Trust, and the observance and performance of all duties, covenants, obligations and agreements, thereunder; provided, however, that the Trustee shall not accelerate the payment of amounts due under any Loan Agreement following any event of default thereunder (other than any event of default which shall automatically accelerate such payment under the Loan Agreements), unless the Trustee shall have given the Trust thirty (30) days' written notice of the occurrence of such event of default and shall have afforded the Trust the opportunity to cause such event of default to be cured during the 30-day period following receipt by the Trust of such notice.

The Trustee shall not release the duties, covenants, obligations or agreements of any Borrower under any Loan Agreement and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Trust and the Holders under or with respect to each Loan Agreement; provided, however, that this provision shall not be construed to prevent the Trustee (with the written consent of the Trust) from settling a default under any Loan Agreement on such terms as the Trustee shall determine to be in the best interests of the Trust and the Holders. The Trust hereby appoints the Trustee its agent and attorney-in-fact for purposes of enforcing all rights, title and interests of the Trust under the Loan Agreements, except for the enforcement of all rights, title and interests of the Trust relating to the payment by the Borrower of the Administrative Fee and otherwise, subject to the provisions of this Section.

SECTION 7.03. Termination of Loan Agreements. Upon the payment in full of all amounts due under a Loan Agreement, the Trust shall cancel the obligation of the Borrower evidenced by such Loan Agreement and terminate and release all security interests and liens created under such Loan Agreement and the Trust and the Trustee shall take any other action required of the Trust or the Trustee in such Loan Agreement in connection with such cancellation, termination and release, including (without limitation) the execution of all relevant documents in connection with such actions.

SECTION 7.04. Loan Files. After each Loan Closing, the Trustee shall retain all the documents received by it pursuant to Article VI hereof in connection with such Loan Closing or in connection with the Loan made at such Loan Closing in a file pertaining to such Loan, to which file the Trustee shall from time to time add (i) all records and other documents pertaining to disbursements of amounts to the Borrower under the Loan Agreement and to Loan Repayments and other amounts received by the Trustee under such Loan Agreement and (ii) all communications from or received by the Trustee with respect to such Loan. Such file shall be kept at the Principal Office of the Trustee and shall be available for inspection by the Trust and its agents at reasonable times and under reasonable circumstances.

SECTION 7.05. Trustee's Obligations. The Trustee shall observe and perform all duties, covenants, obligations and agreements of the Trust under each Loan Agreement to the extent specified herein.

ARTICLE VIII

GENERAL COVENANTS

SECTION 8.01. Payment of Bonds. The Trust shall pay or cause to be paid the principal or Redemption Price of and interest on every Bond of each Series on the date, at the place and in the manner provided herein, in the Applicable Supplemental Resolution and in such Bonds, according to the true intent and meaning thereof; provided, however, that the Bonds of each Series are special obligations of the Trust, the principal or Redemption Price of and interest on which are payable by the Trust solely from the Trust Estate.

The Bonds of each Series shall not be payable from the general funds of the Trust and shall not constitute a legal or equitable pledge of, or lien or encumbrance upon, any of the assets or property of the Trust or upon any of its income, receipts or revenues, except as provided in this Bond Resolution. The full faith and credit of the Trust are not pledged, either expressly or by implication, to the payment of the Bonds. The Trust has no taxing power and has no claim on any revenues or receipts of the State of New Jersey or any agency or political subdivision thereof or any Borrower except as expressly provided in a Borrower's Loan Agreement.

SECTION 8.02. Observance and Performance of Duties, Covenants, Obligations and Agreements; Representations as to Authorization and Validity of Bonds. The Trust shall faithfully observe and perform at all times all of its duties, covenants, obligations and agreements contained in the Loan Agreements or in any Bond executed, authenticated and delivered under this Bond Resolution and any Supplemental Resolution or in any proceedings of the Trust pertaining thereto.

The Trust represents and covenants that: (i) it is duly authorized under the Constitution and laws of the State of New Jersey, particularly the Act, to issue the Bonds of each Series, to enter into the Loan Agreements and the Master Program Trust Agreement and to pledge the Trust Estate in the manner and to the extent set forth in this Bond Resolution and as shall be set forth in any Supplemental Resolution; (ii) all action on its part for the issuance of the Bonds of each Series will be duly and effectively taken; and (iii) the Bonds of each Series in the hands of the Holders thereof will be valid and binding special obligations of the Trust enforceable according to their terms.

SECTION 8.03. Liens, Encumbrances and Charges. The Trust shall not create or cause to be created and shall not suffer to exist, any lien, encumbrance or charge upon the Trust Estate except the pledge, lien and charge created for the security of Holders of the Bonds. To the extent Revenues are received, the Trust will cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands that if unpaid might by law become a lien upon the Trust Estate; provided, however, that nothing contained in this Section shall require the Trust to pay or cause to be discharged, or make provision for, any such lien, encumbrance or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

So long as Bonds of any Series shall be Outstanding, the Trust shall not issue any bonds, notes or other evidences of indebtedness, other than such Bonds, secured by any pledge of or other lien or charge on the Trust Estate. Notwithstanding the foregoing, the Trust may issue future series of bonds, notes or other evidences of indebtedness that have an interest in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement. Nothing in this Bond Resolution is intended to or shall affect the right of the Trust to issue bonds, notes and other obligations under other resolutions or indentures for any of its other purposes.

SECTION 8.04. Accounts and Audits. The Trust shall keep, or cause to be kept, proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Loans, this Bond Resolution and any Supplemental Resolution, which books and accounts (at reasonable hours and subject to the reasonable rules and regulations of the Trust) shall be subject to the inspection of the Trustee and any Holder of any Bonds or their agents or representatives duly authorized in writing. The Trust shall cause such books and accounts to be audited annually within ninety (90) days after the end of its fiscal year by a nationally recognized independent certified public accountant selected by the Trust. Annually within thirty (30) days after the receipt by the Trust of the report of such audit, a signed copy of such report shall be furnished to the Trustee. Such report shall include at least: (i) a statement of all funds and accounts (including investments thereof) held by the Trustee pursuant to the provisions of this Bond Resolution; (ii) a statement of the Revenues collected in connection with this Bond Resolution; (iii) a statement whether the balance in the Debt Service Reserve Fund meets the Debt Service Reserve Requirement established under this Bond Resolution; and (iv) a statement that, in making such audit, no knowledge of any default in the fulfillment of any of the terms, covenants or provisions of this Bond Resolution was obtained, or if knowledge of any such default was obtained, a statement thereof.

SECTION 8.05. Further Assurances. The Trust will pass, make, do, execute, acknowledge and deliver any and all such further resolutions, indentures, actions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Bond Resolution and for the better assuring and confirming unto the Holders of Bonds the rights and benefits provided in this Bond Resolution, including exercising its State aid intercept powers pursuant to the Act.

SECTION 8.06. Tax Rebate.

1. In connection with the issuance of any Series of Bonds an Authorized Officer of the Trust is authorized to execute on behalf of the Trust a Certificate as to arbitrage (including the Tax Certificate), a letter of instructions as to certain requirements of the Code, or any similar documents relating to the characterization of such Series of Bonds as not being “arbitrage bonds” within the meaning of Sections 103(a)(2) and 148 of the Code.

2. Any amounts required to be set aside for rebate or to satisfy a yield restriction requirement to the Internal Revenue Service pursuant to any letter of instructions or certificate as to arbitrage shall be considered a loss for purposes of determining “net earnings” pursuant to Section 5.10 hereof.

SECTION 8.07. Application of Loan Prepayments. Upon the prepayment, in whole or in part, of any Loan, the Trust shall elect to apply such prepayment proceeds either (i) to the redemption of Bonds on the next succeeding call date in accordance with Article IV, or (ii) to the payment of Bonds in accordance with Section 12.01. The Trust may only consent to Loan prepayments pursuant to the Loan Agreements if it simultaneously delivers to the Trustee (i) a certificate of an independent public accountant demonstrating that the aggregate Trust Bond Loan Repayments due pursuant to the Loan Agreements after such prepayment shall be sufficient to pay when due the principal of and interest on all Bonds outstanding after giving effect to the Trust’s election required in the immediately preceding sentence, and (ii) irrevocable instructions to effectuate such election regarding the application of prepayment proceeds. The Trust shall give notice to Standard & Poor’s Corporation and Moody’s Investors Service, Inc. of any such Loan prepayments and its application of the proceeds thereof.

ARTICLE IX

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 9.01. Defaults; Events of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an “Event of Default” for the Bonds of all Series then Outstanding:

- (a) default in the due and punctual payment of any interest on any Bond; or
- (b) default in the due and punctual payment of the principal or Redemption Price of any Bond whether at the stated maturity thereof or on any date fixed for the redemption of such Bond; or
- (c) if (i) the Trust shall be adjudicated a bankrupt or become subject to an order for relief under federal bankruptcy law, (ii) the Trust shall institute a proceeding seeking an order for relief under federal bankruptcy law or seeking to be adjudicated a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or all of its debts under New Jersey bankruptcy or insolvency law, (iii) with the consent of the Trust, there shall be appointed a receiver, liquidator or similar official for the Trust under federal bankruptcy law or under New Jersey bankruptcy or insolvency law, or (iv) without the application, approval or consent of the Trust, a receiver, trustee, liquidator or similar official shall be appointed for the Trust under federal bankruptcy law or under New Jersey bankruptcy or insolvency law, or a proceeding described in clause (ii) above shall be instituted against the Trust and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) consecutive days; or
- (d) if (i) the Trust shall make an assignment for the benefit of creditors, (ii) the Trust shall apply for or seek the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (iii) the Trust shall fail to file an answer or other pleading denying the material allegations of any proceeding filed against it described under clause (ii) of paragraph (c) of this Section, (iv) the Trust shall take any action to authorize or effect any of the actions set forth in paragraph (c) or (d) of this Section, (v) the Trust shall fail to contest in good faith any appointment or proceeding described in paragraph (c) or (d) of this Section or (vi) without the application, or approval or consent of the Trust, a receiver, trustee, examiner, liquidator or similar official shall be appointed for any substantial part of the Trust’s property and such appointment shall continue undischarged or such proceedings shall continue undismissed or unstayed for a period of thirty (30) consecutive days; or
- (e) the Trust shall default in the performance or observance of any other of the duties, covenants, obligations, agreements or conditions on the part of the Trust to be performed or observed under this Bond Resolution or the Bonds of each Series, which default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall be given to the Trust by the Trustee or the Bondholders in accordance with Section 9.10 hereof.

SECTION 9.02. Acceleration of Bonds; Remedies. If an Event of Default described in Section 9.01 shall occur for any Series of Bonds, the Trustee may, and at the written request of the Holders of a majority in aggregate principal amount of the Outstanding Bonds shall, by telephonic notice to the Trust (promptly confirmed in writing) declare the principal of all Bonds then Outstanding to be due and payable; provided, however, that before making such declaration, the Trustee shall give thirty (30) days notice to the Trust. Upon any such declaration, the Trustee shall forthwith give notice thereof to the Borrowers and the Paying Agents.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under this Bond Resolution, the Trustee, by written notice to the Trust, may annul such declaration and its consequences if: (i) moneys shall have accumulated in the Interest Account and the Principal Account in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date) and the principal then due on all Bonds (except the principal on any such Bonds due solely as a result of any such declaration of acceleration); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; and (iii) every other default known to the Trustee in the observance or performance of any duty, covenant, obligation, condition or agreement contained in the Bonds or in this Bond Resolution, shall have been remedied to the satisfaction of the Trustee; provided, however, that such declaration may be annulled only with the written consent of the Holders of a majority in aggregate principal amount of the Bonds Outstanding and not then due by their terms. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Upon the occurrence of an Event of Default, the Trustee shall also have the following rights and remedies:

(a) the Trustee shall, at the direction of the Holders of a majority in aggregate principal amount of the Outstanding Bonds, and upon being indemnified to its reasonable satisfaction, pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on the Bonds then Outstanding, including (without limitation) the right (to the extent legally enforceable) to, by written notice to the Trust, declare the principal of the bonds then outstanding to be due and payable of any Borrower whose actions have directly or indirectly caused any such Event of Default and including the enforcement of any other rights of the Trust or the Trustee under the Loan Agreements;

(b) the Trustee by action or suit in equity may require the Trust to account as if it were the trustee of an express trust for the Holders of Bonds and may take such action with respect to the Loan Agreements as the Trustee deems necessary or appropriate and in the best interest of the Holders of Bonds, subject to the terms of such Loan Agreements; and

(c) upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Holders of Bonds under this Bond Resolution, the Trustee will be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate and the issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

If an Event of Default shall have occurred with respect to any Bonds, and if requested so to do by the Holders of a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to its reasonable satisfaction therefor, the Trustee shall be obligated to exercise such one or more of the rights, remedies and powers conferred by this Section as the Trustee shall deem most expedient in the interests of the Holders of Bonds.

No right or remedy by the terms of this Bond Resolution conferred upon or reserved to the Trustee (or to the Holders of Bonds) is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given to Trustee or to such Holders hereunder or now or hereafter existing at law or in equity or by statute other than pursuant to the Act. The assertion or employment of any right or remedy shall not prevent the concurrent or subsequent assertion or employment of any other right or remedy.

No delay or omission to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Holders of any Bonds in default, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

SECTION 9.03. Right of Holders of a Series of Bonds to Direct Proceedings. Anything in this Bond Resolution to the contrary notwithstanding, but subject to Section 9.07 hereof, the Holders of a majority in aggregate principal amount of Bonds in default then Outstanding shall have the right at any time during the continuance of an Event of Default of such Bonds, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Bond Resolution, or for the appointment of a receiver or any other proceedings hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of this Bond Resolution.

SECTION 9.04. Reserved.

SECTION 9.05. Application of Moneys. All moneys received by the Trustee pursuant to any right or remedy given or action taken under the provisions of this Article upon any acceleration of the due date for the payment of the principal of and interest on the Bonds in default (including, without limitation, moneys received by virtue of action taken under provisions of any Loan Agreement, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee (including reasonable attorney fees) and any other moneys owed to the Trustee in connection with such Bonds hereunder), shall be applied, first, to the payment of the interest then due and unpaid upon the Bonds in default and, second, to the payment of the principal then due and unpaid upon the Bonds in default, to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond in default until such obligation shall be presented to the Trustee for appropriate endorsement or for cancellation (as the case may be).

SECTION 9.06. Remedies Vested in Trustee. All rights of action (including, without limitation, the right to file proofs of claims) under this Bond Resolution or under any of the Bonds in default may be enforced by the Trustee without possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee for the equal and ratable benefit of the Holders of all the Outstanding Bonds without the necessary of joining as plaintiffs or defendants any Holders of such Bonds.

SECTION 9.07. Rights and Remedies of Holders of Bonds. No Holder of Bonds then Outstanding in default shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Bond Resolution or for the execution of any trust hereof or for the appointment of

a receiver or any other remedy hereunder, unless (a) an Event of Default shall have occurred, (b) the owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the remedies hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) the Holders shall have offered to the Trustee reasonable indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused, or for sixty (60) days after receipt of such request and offer of indemnification shall have failed to exercise the remedies hereinbefore granted, or to institute such action, suit or proceeding in its own name, and such request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Bond Resolution, and to any action or cause of action for the enforcement of this Bond Resolution, or for the appointment of a receiver or for any other remedy hereunder. It is understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Bond Resolution by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the Holders of all Bonds then Outstanding; provided, however, that nothing contained in this Bond Resolution shall affect or impair the right of the Holder of any Bond to enforce the payment of the principal or Redemption Price of and interest on such Bond at and after the maturity thereof, or the obligation of the Trust to pay the principal or Redemption Price of and interest on each of the Bonds issued hereunder to the respective Holders thereof at the time and place, from the source and in the manner expressed in the Bonds and in this Bond Resolution and the Applicable Supplemental Resolution.

SECTION 9.08. Termination of Proceedings. In case the Trustee or a Holder of a Bond in default shall have proceeded to enforce any right under this Bond Resolution by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or such Holder, then and in every such case the Trust, the Trustee and the Holders of Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee and the Holders shall continue as if no such proceedings have been taken.

SECTION 9.09. Waivers of Events of Default. The Trustee may and, upon the written request of the Holders of not less than 25% in aggregate principal amount of all Bonds in default then Outstanding, shall waive any Event of Default which in its opinion shall have been remedied before the completion of the enforcement of any remedy under this Bond Resolution; but no such waiver shall extend to any subsequent or other Event of Default, or impair any rights consequent thereon.

SECTION 9.10. Notice of Certain Defaults; Opportunity of Trust to Cure Defaults. Anything herein to the contrary notwithstanding, no Default under Section 9.01(e) hereof shall constitute an Event of Default until actual notice of such Default shall be given to the Trust by registered or certified mail by the Trustee or by the Holders of a majority in aggregate principal amount of all Bonds then Outstanding and the Trust shall not have corrected the Default or caused the Default to be corrected within thirty (30) days following the giving of such notice; provided, however, that if the Default be such that it is correctable but cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Trust within the applicable period and diligently pursued until the Default is corrected.

The Trust hereby grants to the Trustee full authority for the account of the Trust to observe or perform any duty, covenant, obligation or agreement alleged in any alleged Default concerning which notice is given to the Trust under the provisions of this Section in the name and stead of the Trust with full power to do any and all things and acts to the same extent that the Trust could do and perform any such things and acts and with power of substitution.

ARTICLE X

FIDUCIARIES

SECTION 10.01. Appointments, Duties, Immunities and Liabilities of Trustee. U.S. Bank National Association and any successors and assigns thereto, has been appointed as Trustee by the Trust. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Bond Resolution and all other agreements with the Trust, including, without limitation, the Master Program Trust Agreement, by executing and delivering to the Trust a written acceptance thereof, and by executing such acceptance the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Bonds thereafter to be validly issued, but only, however, upon the terms and conditions set forth in this Bond Resolution and all other agreements with the Trust, including, without limitation, the Master Program Trust Agreement.

SECTION 10.02. Paying Agents; Appointments.

1. The Trustee is hereby appointed Paying Agent and shall also act as registrar for the Series 2013A Bonds. The Trust shall appoint one or more Paying Agents for the Bonds of each additional Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 10.13 for a successor Paying Agent. The Trustee may be appointed a Paying Agent.

2. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Bond Resolution by executing and delivering to the Trust and to the Trustee a written acceptance thereof.

3. Unless otherwise provided, the principal corporate trust offices of the Paying Agents are designated as the respective offices or agencies of the Trust for the payment of the interest on and principal or Redemption Price of the Bonds.

4. The Trust may enter into agreements with any Paying Agent providing for the payment to the Trust of amounts in respect of interest earned on moneys held by such Paying Agent for the payment of principal or Redemption Price of and interest on Bonds. Any such payments to the Trust shall be deposited in the Revenue Fund and applied as Revenues.

SECTION 10.03. Responsibilities of Fiduciaries.

1. The recitals of fact contained herein and in the Bonds shall be taken as the statements of the Trust and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representation as to the validity or sufficiency of this Bond Resolution or of any Bonds issued thereunder or as to the security afforded by this Bond Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its authentication certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the Trust or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified to its satisfaction. Subject to the provisions of subsection 2 of this Section 10.03, no Fiduciary shall be liable in connection with the observance and performance of its duties and obligations hereunder except for its own negligence or misconduct.

2. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and obligations and only such

duties and obligations as are specifically set forth in this Bond Resolution. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers invested in it by this Bond Resolution, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of this Bond Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 10.03.

SECTION 10.04. Evidence Upon Which Fiduciaries May Act.

1. Each Fiduciary, upon receipt of any notice, Supplemental Resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Bond Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Bond Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with Counsel, who may or may not be counsel to the Trust, and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Bond Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Bond Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of an Authorized Officer of the Trust, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Bond Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

3. Except as otherwise expressly provided in this Bond Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Trust to any Fiduciary shall be sufficiently executed in the name of the Trust by an Authorized Officer of the Trust.

SECTION 10.05. Compensation. The Trust shall pay each Fiduciary from time to time reasonable compensation for all services rendered under this Bond Resolution, including in that limitation the services rendered pursuant to Section 12.01, and also all reasonable expenses incurred in and about the performance of their powers and duties under this Bond Resolution and each Fiduciary shall have a lien therefor on any and all funds and accounts at any time held by it under this Bond Resolution, other than the Project Loan Account in the Project Fund and the Allocable Share of the amounts held in the Capitalized Interest Account of the Debt Service Fund that are allocable to and held for the benefit of the Camden County Municipal Utilities Authority and New Jersey City University. Subject to the provisions of Section 10.03, the Trust further agrees to indemnify and save each Fiduciary harmless against any losses, liabilities and expenses (including reasonable legal fees) which it may incur in the exercise and performance of its powers, duties and obligations hereunder, other than losses, liabilities and expenses (including legal fees) attributable to the negligence, bad faith, breach of contract or misconduct of the Fiduciary, arising out of or as a result of the Fiduciary performing its obligations under this Bond Resolution or undertaking any transaction contemplated by this Bond Resolution; provided, however, that the foregoing is subject to the limitations of the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:2-1 *et seq.* and the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 *et seq.*

Each Fiduciary agrees as follows:

1. The Fiduciary shall give the Trust prompt notice in writing of any actual or potential claim described above and the institution of any suit or action;
2. The Fiduciary shall not adjust, settle or compromise any such claim, suit or action without the approval of Trust; and
3. The Fiduciary shall permit the Trust, if the Trust so chooses, to assume full control of the adjustment settlement, compromise or defense of each such claim, suit or action.

While the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 *et seq.*, is not applicable by its terms to claims arising under contracts with the Trust, each Fiduciary agrees that such statute (except N.J.S.A. 59:13-9) shall be applicable to all claims against the Trust arising under this Section 10.05.

The indemnification provided in this Section 10.05 does not apply or extend to any indemnification given by a Fiduciary to any other person.

SECTION 10.06. Certain Permitted Acts. Any Fiduciary may become the Holder of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Bond Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

SECTION 10.07. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving not less than sixty (60) days' written notice to the Trust, and mailing notice thereof the Holders of the Bonds then Outstanding, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Trust or the Bondholders as provided in Section 10.09, in which event such resignation shall take effect immediately on the appointment of such successor, or unless a successor shall not have been appointed by the Trust or the Bondholders as provided in Section 10.09 on that date, in which event such resignation shall not take effect until a successor is appointed.

SECTION 10.08. Removal of Trustee. The Trustee may be removed at any time: (i) by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Trust, or (ii) so long as no Event of Default, or any event which, with notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing, for just cause by a resolution of the Trust filed with the Trustee. Notwithstanding any other provision in this Article X, no removal of the Trustee shall take effect until a successor shall be appointed pursuant to the provisions of Section 10.09.

SECTION 10.09. Appointment of Successor Trustee.

1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Trust by a duly executed written

instrument signed by an Authorized Officer of the Trust, but if the Trust does not appoint a successor Trustee within forty-five (45) days then by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Trust, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Trust and the predecessor Trustee. After such appointment of a successor Trustee, the Trust shall mail notice of any such appointment made by it or the Bondholders to the Holders of the Bonds then Outstanding.

2. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Trust written notice as provided in Section 10.07 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

3. Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company or national banking association in good standing, doing business and having its principal office in the City and State of New York or the State of New Jersey, duly authorized to exercise trust powers, subject to examination by federal or state authority, having capital stock and surplus aggregating at least \$50,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Bond Resolution.

SECTION 10.10. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Bond Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Trust, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Trust, or of the successor Trustee, execute, acknowledge and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Bond Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Trust be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Trust. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

SECTION 10.11. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business; provided, such company (i) shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and (ii) shall be authorized by law to perform all the duties imposed upon it by this Bond Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

SECTION 10.12. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Bond Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in this Bond Resolution provided that the certificate of the Trustee shall have.

SECTION 10.13. Resignation or Removal of Paying Agent; Appointment of Successor.

1. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving at least sixty (60) days written notice to the Trust, the Trustee and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Trust. Any successor Paying Agent shall be appointed by the Trust with the written approval of the Trustee and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital stock and surplus aggregating at least \$20,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all duties imposed upon it by this Bond Resolution.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE XI

AMENDMENTS

SECTION 11.01. Supplemental Resolutions Effective Upon Filing With Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Trust may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Trust, shall be fully effective in accordance with its terms:

(a) To close this Bond Resolution against, or provide limitations and restrictions contained in this Bond Resolution on, the authentication and delivery of Bonds;

(b) To add to the duties, covenants, obligations and agreements of the Trust in this Bond Resolution, other duties, covenants, obligations and agreements to be observed and performed by the Trust which are not contrary to or inconsistent with this Bond Resolution as theretofore in effect;

(c) To add to the limitations and restrictions in this Bond Resolution, other limitations and restrictions to be observed by the Trust which are not contrary to or inconsistent with this Bond Resolution as theretofore in effect;

(d) To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Article II, and also any other matters and things relative to such Bonds including whether to issue Bonds in book entry forms, which are not contrary to or inconsistent with this Bond Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination contained in Article II at any time prior to the first authentication and delivery of such Bonds;

(e) To confirm as further assurance, any security interest, pledge or assignment under this Bond Resolution, and the subjection of the Revenues or of any other moneys, securities or funds to any security interest, pledge or assignment created or to be created by this Bond Resolution;

(f) To modify any of the provisions of this Bond Resolution in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

(g) To modify any of the provisions of this Bond Resolution in any respect provided that the modifications affect only Bonds issued subsequent to the date of such modifications; or

(h) To comply with the provisions of any federal or state securities law, including, without limitation, the Trust Indenture Act of 1939, as amended, or to comply with Section 103 of the Code, as amended, replaced or substituted.

If the Supplemental Resolution adopted by the Trust pursuant to this Section materially increases the duties and responsibilities of the Trustee hereunder, the Trust shall reasonably compensate the Trustee for such materially increased duties and responsibilities.

SECTION 11.02. Supplemental Resolutions Effective Upon Consent of Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Trust, (ii) the filing with the Trust of an instrument in writing made by the Trustee consenting thereto, and (iii) the filing with the Trust and the Trustee of an opinion of Bond Counsel to the effect that such Supplemental Resolution will not adversely affect the exclusion from gross income of the interest on the Series 2013A Bonds for federal income tax purposes, shall be fully effective in accordance with its terms:

(a) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provisions in this Bond Resolution;

(b) To insert such provisions clarifying matters or questions arising under this Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with this Bond Resolution as theretofore in effect; or

(c) To make any other modification or amendment of this Bond Resolution which will not have a material adverse effect on the interests of Bondholders.

In making any determination under this Section 11.02, the Trustee may conclusively rely upon an opinion of Bond Counsel.

SECTION 11.03. Supplemental Resolutions Effective With Consent of Bondholders. At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by the Bondholders in accordance with and subject to the provisions of Sections 11.06 and 11.07, which Supplemental Resolution, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Trust, (ii) compliance with the provisions of said Sections 11.06 and 11.07, (iii) the filing with the Trust and the Trustee of an opinion of Bond Counsel to the effect that such Supplemental Resolution will not adversely affect the exclusion from gross income of the interest on the Series 2013A Bonds for federal income tax purposes, shall become fully effective in accordance with its terms as provided in said Section 11.07. Provided, however, that, any Supplemental Resolution which by its terms only affects one or more Series of Bonds may be adopted subject to the consent of the Bondholders of the Series or Series of Bonds so affected.

SECTION 11.04. General Provisions.

1. This Bond Resolution shall not be modified or amended in any respect except by Supplemental Resolution as provided in and in accordance with and subject to the provisions of this Article XI. Nothing contained in this Article XI shall affect or limit the right or obligation of the Trust to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of this Bond Resolution or the right or obligation of the Trust to execute and deliver to any Trustee any instrument which elsewhere in this Bond Resolution it is provided shall be delivered to said Trustee.

2. Any Supplemental Resolution referred to and permitted or authorized by Section 11.01 or 11.02 may be adopted by the Trust without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this Bond Resolution, is authorized or permitted by this Bond Resolution, and is valid and binding upon the Trust in accordance with its terms.

3. The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Sections 11.01, 11.02 or 11.03 and to

make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of Bond Counsel that such Supplemental Resolution is authorized or permitted by the provisions of this Bond Resolution.

4. No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without their written assent thereto.

SECTION 11.05. Mailing. Any provision in this Article for the mailing of a notice or other paper to Holders of Bonds shall be fully complied with if it is mailed, postage prepaid only, to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Trust.

SECTION 11.06. Powers of Amendment by Supplemental Resolution. Unless otherwise permitted under Section 11.01 or Section 11.02, any modification or amendment of this Bond Resolution and of the rights and obligations of the Trust and of the Holders of the Bonds thereunder, in any particular, may be made only by a Supplemental Resolution with the written consent (i) of the Holders of not less than two-thirds (2/3) in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of not less than two-thirds (2/3) in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any sinking fund installment, of the Holders of not less than two-thirds (2/3) in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such obligation, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Trustee without their written assent thereto. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Bond Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity would be affected by any modification or amendment of this Bond Resolution and any such determination shall be binding and conclusive on the Trust and all Holders of Bonds. In taking such action, the Trustee may rely upon the opinion of Bond Counsel. For purposes of this Section, the Holders of any Bonds may include the initial Holders thereof, regardless of whether such Bonds are being held for resale.

SECTION 11.07. Consent of Bondholders. The Trust may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 11.06 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Holders of Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trust to Holders of Bonds (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of the Holders of the percentages of Outstanding Bonds specified in Section 11.06 and (b) an opinion of Bond Counsel addressed to the Trustee stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Trust in accordance with the provisions of this Bond Resolution, is authorized or permitted by this Bond

Resolution, and is valid and binding upon the Trust and enforceable in accordance with its terms. It shall not be necessary that the consents of Holders of Bonds approve the particular form of wording of the proposed modification or amendment or of the proposed Supplemental Resolution effecting such modification or amendment, but it shall be sufficient if such consents approve the substance of the proposed amendment or modification. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.02. A certificate or certificates executed by the Trustee and filed with the Trust stating that it has examined such proof and that such proof is sufficient in accordance with Section 12.02 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 12.02 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 11.07 provided for is filed, such revocation and proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 12.02. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trust to the effect that no revocation thereof is on file with the Trustee.

At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Trust a written statement that the Holders of such required percentages of such Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Trust on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 11.07, may be given to Bondholders by the Trust by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 11.07 provided). The Trust shall file with the Trustee proof of the mailing thereof. A record, consisting of the certificates or statements required or permitted by this Section 11.07 to be made by the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Trust, the Fiduciaries and the Holders of all Bonds at the expiration of forty (40) days after the filing with the Trustee of the proof of the mailings of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that any Fiduciary and the Trust during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as it may deem expedient.

SECTION 11.08. Modifications or Amendments by Unanimous Consent. The terms and provisions of this Bond Resolution and the rights and obligations of the Trust and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Trust of a Supplemental Resolution and the consent thereto of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 11.07 except that no notice to Holders of Bonds either by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Holders of Bonds.

SECTION 11.09. Exclusion of Bonds. Bonds owned or held by or for the account of the Trust shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding

Bonds provided for in this Article XI, and the Trust shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Trust shall furnish to the Trustee a Certificate of an Authorized Officer of the Trust, upon which the Trustee may rely, describing all Bonds so to be excluded.

SECTION 11.10. Notation on Bonds. Bonds authenticated and delivered after the effective date of any Supplemental Resolution pursuant to this Article XI may, and, if the Trust or the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Trust and the Trustee as to any modification or amendment provided for in such Supplemental Resolution and, in that case upon demand of the Holder of any Bond Outstanding and upon presentation of any Bond for such purpose at the Principal Office of the Trustee, a suitable notation shall be made on such Bond. If the Trust or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Trust, to any modification or amendment contained in such Supplemental Resolution, shall be prepared, authenticated and delivered and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series, principal amount, maturity and interest rate then Outstanding, upon surrender of such Bonds. Any action taken as in Article X or this Article XI provided shall be effective and binding upon all Bondholders notwithstanding that the notation is not endorsed on all Bonds.

SECTION 11.11. Effect of Supplemental Resolution. Upon the effective date of any Supplemental Resolution, this Bond Resolution shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, covenants, obligations and agreements under this Bond Resolution of the Trust, the Trustee and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of this Bond Resolution for any and all purposes.

SECTION 11.12. Amendment of Loan Agreements. The Trust shall not supplement, amend, modify or terminate any Loan Agreement, or consent to any such supplement, amendment, modification or termination, without the written consent of the Trustee, which consent shall not be unreasonably withheld. The Trustee shall give such written consent only if (a) (i) in the opinion of the Trustee, after such supplement, amendment, modification or termination is effective, such Loan Agreement shall continue to meet the requirements of Article VI of this Bond Resolution or (ii) the Trustee first obtains the written consent of the Holders of a majority in aggregate principal amount of the Outstanding Bonds to such supplement, amendment, modification or termination, such written consent being obtained by the Trustee at the sole expense of the Borrower which is a party to the Loan Agreement which is the subject of the supplement, amendment, modification or termination and (b) the Trustee first obtains an opinion of Bond Counsel to the effect that such supplement, amendment, modification or termination will not adversely affect the exclusion from gross income of the interest on the Series 2013A Bonds for federal income tax purposes. In making any determination under this Section 11.12, the Trustee may conclusively rely upon an opinion of Bond Counsel.

Notwithstanding any other provision in this Section, the Trust may supplement, amend or modify any Loan Agreement without the consent of the Trustee or any Bondholder (i) for the purposes set forth in Section 5.02(5) hereof, (ii) for the purpose of amending, supplementing or modifying Section 2.02(p) of the Loan Agreement and (iii) for the purpose of amending, supplementing or modifying Exhibit H to the Loan Agreement prior to the execution and delivery thereof.

SECTION 11.13. Notice of Amendments. Promptly after the adoption by the Trust of any Supplemental Resolution, the Trustee shall mail by first class mail, postage prepaid, a notice, setting forth in general terms the substance thereof, to the Bondholders of a Series of Bonds affected by such amendment.

Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Resolution.

ARTICLE XII

DEFEASANCE

SECTION 12.01. Defeasance of Bonds.

1. If the Trust shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds of any Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated in the Bonds and in this Bond Resolution, then the pledge of the Trust Estate, and all duties, covenants, agreements and other obligations of the Trust to the Bondholders of such Series, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Trust to be prepared and filed with the Trust and, upon the request of the Trust, shall execute and deliver to the Trust all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Trust all moneys or securities held by it pursuant to this Bond Resolution which are not required for the payment of principal or Redemption Price, if applicable, and interest due or to become due on Bonds of any Series not theretofore surrendered for such payment or redemption and any amounts owed to any Fiduciary. If the Trust shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds of any Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under this Bond Resolution, and all duties, covenants, agreements and obligations of the Trust to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Notwithstanding any other provision in this Article XII, all duties, covenants, agreements and obligations of the Trust to the Holders relating to the exclusion of interest from gross income of the Holders of such Bonds for federal income tax purposes shall survive the defeasance of the Bonds.

2. Bonds (which can be an entire series or portion thereof) or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the Trust of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section. Subject to the provisions of subsections (3) through (5) of this Section, Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their stated maturities, the Trust shall have given to the Trustee instructions in writing accepted by the Trustee to mail notice of redemption of such Bonds (other than Bonds of a Series which have been purchased by the Trustee at the written direction of the Trust or purchased or otherwise acquired by the Trust and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee (i) either moneys in an amount which shall be sufficient, or Investment Securities (including any Investment Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Series of Bonds on or prior to the redemption date or maturity date thereof, as the case may be, (ii) a defeasance opinion of Bond Counsel, and (iii) a verification report of an independent nationally recognized verification agent as to the matters set forth in clause (i), and (c) in the event such Series of Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Trust shall have given the Trustee in form satisfactory to it instructions to mail, as soon as practicable, a notice to the Holders of such Bonds at their last addresses appearing upon the registry books at the close of business on the last business day of the month preceding the month for which notice is mailed that the deposit required by (b)

above has been made with the Trustee and that such Series of Bonds are deemed to have been paid in accordance with this Section 12.01 and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of subsection (5) of this Section 12.01, to be available for the payment of the principal or Redemption Price, if applicable, of such Series of Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Trust or purchased or otherwise acquired by the Trust and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of redemption referred to in clause (a) hereof). Any notice of redemption mailed pursuant to the preceding sentence with respect to any Series of Bonds which constitutes less than all of the Outstanding Bonds of any maturity within a Series shall specify the letter and number or other distinguishing mark of each such Bond. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 12.01 to the retirement of said Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Bonds, all in the manner provided in this Bond Resolution.

The Trustee shall, if so directed by the Trust (i) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 12.01 which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) above with respect to any Bonds deemed to have paid in accordance with this Section 12.01 which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Bonds and redeem or sell Investment Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the moneys and Investment Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due or to become due on all Bonds in respect of which such moneys and Investment Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (i) prior to the maturity date of Bonds deemed to have been paid in accordance with Section 12.01 which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) with respect to any Bonds deemed to have been paid in accordance with this Section 12.01 which are to be redeemed on any date prior to their maturity, the Trust shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by directions from the Trust to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay or redeem Bonds deemed paid in accordance with this Section 12.01. The directions given by the Trust to the Trustee referred to in the preceding sentence shall also specify the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 12.01 upon their maturity date or dates and the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 12.01 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases, acquisitions and cancellations of Bonds as provided in this Section 12.01 the total amount of moneys and Investment Securities remaining on deposit with the Trustee under this Section 12.01 is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds of such Series in order to satisfy clause (b) of this subsection 2 of Section 12.01, the Trustee shall, if requested by the Trust, pay the amount of such excess to the Trust free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution. Except as otherwise provided in this subsection 2 and in subsection 3 through subsection 5 of this Section 12.01, neither Investment Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, (A) to the extent such cash will not be required at

any time for such purpose, shall be paid over to the Trust as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under this Bond Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested at the direction of the Trust in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Trust, as received by the Trustee, free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution.

For the purposes of this Section, Investment Securities shall mean and include only (y) such securities as are described in clause (a) of the definition of "Investment Securities" in Section 1.01 which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or (z) upon compliance with the provisions of subsection 3 of this Section 12.01, such securities as are described in clause (a) of the definition of Investment Securities which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

3. Investment Securities described in clause (z) of subsection 2 of Section 12.01 may be included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of Section 12.01 only if, in making the determination as to whether the moneys and Investment Securities to be deposited with the Trustee would be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on the Bonds which will be deemed to have been paid as provided in subsection 2 of Section 12.01, such determination is made both (i) on the assumption that the Investment Securities described in clause (z) were not redeemed at the option of the issuer prior to the maturity date thereof and (ii) on the assumptions that such Investment Securities were redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue on such Investment Securities and that the proceeds of such redemption were not reinvested by the Trustee.

4. In the event that after compliance with the provisions of subsection 3 of Section 12.01 the Investment Securities described in clause (z) of subsection 2 of Section 12.01 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of Section 12.01 and any such Investment Securities are actually redeemed by the issuer thereof prior to their maturity date, then the Trustee at the written direction of the Trust shall reinvest the proceeds of such redemption in Investment Securities, provided that the aggregate of the moneys and Investment Securities to be held by the Trustee, taking into account any changes in redemption dates or instructions to give notice of redemption given to the Trustee by the Trust in accordance with subsection 5 of Section 12.01, shall at all times be sufficient to satisfy the requirements of clause (b) of subsection 2 of Section 12.01.

5. In the event that after compliance with the provisions of subsection 3 of Section 12.01 the Investment Securities described in clause (z) of subsection 2 of Section 12.01 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of Section 12.01, then any notice of redemption to be published by the Trustee and any set of instructions relating to a notice of redemption given to the Trustee may provide, at the option of the Trust, that any redemption date or dates in respect of all of any portion of the Bonds to be redeemed on such date or dates may at the option of the Trust be changed to any other permissible redemption date or dates and that redemption dates may be established for any Bonds deemed to have been paid in accordance with this Section 12.01 upon their maturity date or dates at any time prior to the actual mailing of any applicable notice of redemption in the event that all or any portion of any Investment Securities described in clause (z) of subsection 2 of this Section 12.01 have been called for redemption pursuant to an irrevocable notice of redemption or have been redeemed by the issuer thereof prior to the maturity date thereof; no such change

of redemption date or dates or establishment of redemption date or dates may be made unless, taking into account such changed redemption date or dates or newly established redemption date or dates, the moneys and Investment Securities on deposit with the Trustee (including any Investment Securities deposited with the Trustee in connection with any reinvestment of redemption proceeds in accordance with subsection 5 of Section 12.01) pursuant to clause (b) of subsection 2 of Section 12.01 would be sufficient to pay when due the principal and Redemption Price, if applicable, and interest on all Bonds deemed to have been paid in accordance with subsection 2 of Section 12.01.

6. Anything in this Bond Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the later of (i) the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption or (ii) the date of deposit of such moneys, shall at the written request of the Trust be repaid by the Fiduciary to the Trust as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Trust for the payment of such Bonds; provided, however, that before being required to make any such payment to the Trust, the Fiduciary shall, at the expense of the Trust, cause to be published at least twice, at an interval of not less than seven (7) days between publications, in the Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Trust.

Notwithstanding any other provision in Article XII of this Bond Resolution, all duties, covenants, agreements and obligations of the Trust to the Holders relating to the exclusion of interest from gross income of the Holders of the Series 2013A Bonds for federal income tax purposes shall survive the defeasance of the Series 2013A Bonds.

SECTION 12.02. Evidence of Signatures and Ownership of Bonds.

1. Any request, consent, revocation of consent or other instrument which this Bond Resolution or any Supplemental Resolution may require or permit to be signed and executed by the Holders of Bonds of any Series may be in one or more instruments of similar tenor and shall be signed or executed by such Holders of Bonds in person or by their attorneys appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, shall be sufficient for any purpose of this Bond Resolution or any Supplemental Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The fact and date of the execution by any Holder of any Bond or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

2. The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books maintained by the Trustee.

3. Any request or consent by the Holder of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Trust or any Trustee in accordance therewith.

SECTION 12.03. Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

ARTICLE XIII

MARKETING AND SALE OF THE BONDS

SECTION 13.01. Preliminary Official Statement.

1. The Authorized Officers of the Trust are hereby severally authorized and directed to prepare a preliminary official statement relating to the Series 2013A Bonds (the "Preliminary Official Statement"), which Preliminary Official Statement shall be in the form, and shall include such provisions, as the Authorized Officer of the Trust, after consultation with Bond Counsel and other appropriate professional advisors to the Trust, deems in his sole discretion to be necessary or desirable, the delivery thereof by the Authorized Officer of the Trust being conclusive evidence of his consent to the provisions thereof.

2. The Authorized Officers of the Trust are hereby severally authorized and directed, upon the satisfaction of all of the legal conditions precedent to the delivery of the Preliminary Official Statement by the Trust, as determined by the Authorized Officer of the Trust in consultation with Bond Counsel, to "deem final" the Preliminary Official Statement, in accordance with the provisions of Rule 15c2-12, and to deliver the Preliminary Official Statement in the form established by the provisions of subsection (1) hereof.

3. The Authorized Officers of the Trust are hereby severally authorized and directed to execute any certificate or document and to take such other actions as may be necessary, relating to any statutes, regulations, rules or other procedures of the SEC, the Municipal Securities Rulemaking Board or any state securities entity, including, without limitation, Rule 15c2-12, that the Authorized Officer of the Trust, after consultation with Bond Counsel, deems necessary or desirable to effect the issuance, marketing and sale of the Series 2013A Bonds, and the transactions contemplated by the Preliminary Official Statement.

SECTION 13.02. Official Statement. The Authorized Officers of the Trust are hereby severally authorized and directed to execute and deliver a final official statement relating to the Series 2013A Bonds (the "Official Statement"), in substantially similar form to the Preliminary Official Statement, with such changes thereto as shall be necessary or desirable to reflect the final pricing of the Series 2013A Bonds, as set forth in any documents relating to the sale of the Series 2013A Bonds, and to reflect any other changes required pursuant to any statutes, regulations, rules or other procedures of the SEC, the Municipal Securities Rulemaking Board or any state securities entity, including, without limitation, Rule 15c2-12, as the Authorized Officer of the Trust, after consultation with Bond Counsel and any other appropriate professional advisors to the Trust, deems in his sole discretion to be necessary or desirable to effect the issuance of the Series 2013A Bonds and the transactions contemplated by the Official Statement, which delivery thereof by the Authorized Officer of the Trust shall conclusively evidence his consent to the provisions thereof.

SECTION 13.03. Sale of the Series 2013A Bonds.

1. The Authorized Officers of the Trust are hereby severally authorized and directed to cause to be published and disseminated in connection with the marketing and sale of the Series 2013A Bonds a notice of sale with respect to the Series 2013A Bonds (the "Notice of Sale"), which Notice of Sale shall set forth, *inter alia*, the following terms and provisions, which terms and provisions shall be determined by the Authorized Officer of the Trust after consultation with Bond Counsel and other appropriate professional advisors to the Trust: (i) a summary of the terms of the Series 2013A Bonds; (ii) the criteria pursuant to which the award of the Series 2013A Bonds shall be made by the Trust; (iii) the date and time at which proposals for the purchase of the Series 2013A Bonds shall be accepted by the Trust; and (iv) the method

by which the bidders for the purchase of the Series 2013A Bonds shall submit their proposals, which proposals shall be submitted to the Trust, in compliance with the terms of the Notice of Sale, via a written proposal for Series 2013A Bonds (the “Proposal for Bonds”).

2. The Authorized Officers of the Trust are hereby severally authorized and directed to cause (i) the Notice of Sale and the Proposal for Bonds to be disseminated simultaneously with the dissemination of the Preliminary Official Statement and (ii) a summary of the Notice of Sale to be published in compliance with Section 6(d) of the Act at least once in at least three newspapers published in the State and at least once in a publication carrying municipal bond notices and devoted primarily to financial news published in the State or in the City of New York, the first summary Notice of Sale to be published at least five (5) days prior to the date established by the Notice of Sale for the sale of the Series 2013A Bonds.

3. On the date and time established therefore in the Notice of Sale, the Proposals for Bonds shall be received and accepted by the Authorized Officer of the Trust. Upon receipt and acceptance of the Proposals for Bonds, the Authorized Officers of the Trust are hereby severally authorized and directed to open such Proposals for Bonds and, after consultation with Bond Counsel and other appropriate professional advisors to the Trust, accept the successful Proposal for Bonds, such Proposal for Bonds to be determined based upon compliance with the terms of the Notice of Sale relating to the award of the Series 2013A Bonds and after consultation with Bond Counsel and other appropriate professional advisors to the Trust.

4. The Authorized Officers of the Trust are hereby severally authorized and directed to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effectuate the marketing and sale of the Series 2013A Bonds, including, without limitation, such other actions as may be necessary in connection with (i) the procurement of a rating on the Series 2013A Bonds from any rating agency and (ii) the conduct of informational investment meetings; provided, however, that in each such instance the Authorized Officers of the Trust shall comply with the provisions of this Section 13.03 and shall consult with Bond Counsel and other appropriate professional advisors to the Trust with respect thereto.

5. At the first meeting of the Board of Directors of the Trust subsequent to the sale of the Series 2013A Bonds, the Executive Director or other Authorized Officer of the Trust shall deliver a report setting forth the details of the sale of the Series 2013A Bonds.

SECTION 13.04. Electronic Dissemination of the Preliminary Official Statement; Electronic Acceptance of Proposals for Bonds; Award of Bonds.

1. Notwithstanding any provision of this Bond Resolution to the contrary, the Authorized Officers of the Trust are hereby severally authorized at their discretion to disseminate the Preliminary Official Statement via electronic medium, in addition to or in lieu of physical, printed medium; provided, however, that in disseminating the Preliminary Official Statement via such medium, such Authorized Officer of the Trust shall otherwise fully comply with the provisions of Section 13.01 hereof.

2. In complying with the provisions of Section 13.03 hereof, the Authorized Officers of the Trust are hereby severally authorized at their discretion to accept Proposals for Bonds and complete the award of the Series 2013A Bonds, pursuant to the terms and provisions of the Notice of Sale, by means of electronic media; provided that, with respect to the selection of the particular electronic media and the implementation of the procedures for the exercise thereof, the Authorized Officer of the Trust shall consult with Bond Counsel and other appropriate professional advisors to the Trust with respect thereto.

SECTION 13.05. Registration or Qualification of Series 2013A Bonds. The Authorized Officers of the Trust are hereby severally authorized and directed, in the name and on behalf of the Trust, to take any and all actions that they deem necessary and advisable in order to effect the registration or qualification (or exemption therefrom) of the Series 2013A Bonds for offer, sale or trade under the blue sky or securities laws of any of the states of the United States of America, and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports (except consents to service of process in any jurisdiction outside the State) and other papers and instruments which may be required under such laws, and to take any and all further actions that they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the underwriters for such securities.

SECTION 13.06. Establishment of Trust Account in Connection with the Sale of the Series 2013A Bonds. The Authorized Officers of the Trust are hereby severally authorized and directed, in consultation with Bond Counsel and other appropriate advisors to the Trust, to enter into a trust agreement by and between the Trust and U.S. Bank National Association, or any successors and assigns thereto, providing for the establishment of a trust account with U.S. Bank National Association, or any successors and assigns thereto (i) for deposit therein (a) at the time of the award of the Series 2013A Bonds the good faith deposit of the successful bidder for the Series 2013A Bonds, such check being required by the terms of the Notice of Sale, (b) on the Business Day prior to the issuance of the Series 2013A Bonds the portion of the Debt Service Reserve Requirement not funded with Series 2013A Bond proceeds to be contributed by the State of New Jersey in the amount set forth in Section 2.03(8) hereof, and (c) prior to the issuance of the Series 2013A Bonds, such other amounts, the deposit of which may be deemed necessary and desirable by any Authorized Officer of the Trust, in consultation with Bond Counsel and other appropriate advisors to the Trust, (ii) for withdrawal therefrom on the date of issuance of the Series 2013A Bonds (a) the amounts deposited in accordance with clause (i)(a) above to be transferred in accordance with the terms of Section 2.03(7) hereof, (b) the amounts deposited in accordance with clause (i)(b) above to be transferred in accordance with the terms of Section 2.03(8) hereof, (c) the amounts deposited in accordance with clause (i)(c) above to be transferred in a manner consistent with their purposes to a Fund and Account created hereunder as more fully detailed by the terms of said trust agreement and (d) the interest earned on all of such amounts to be paid over to the Trust for any of its lawful purposes and (iii) after all of the transfers having been made in accordance with clause (ii) above, for the closing of such trust account on the date of issuance of the Series 2013A Bonds.

SECTION 13.07. Agreements with DTC; Discontinuance of Book-Entry System; Replacement of DTC.

1. In connection with the issuance and sale of the Series 2013A Bonds, the Authorized Officers of the Trust are hereby severally authorized and directed to enter into agreements on behalf of the Trust with DTC, with such terms and provisions as such Authorized Officer of the Trust shall approve upon consultation with Bond Counsel, which agreements shall take effect on the date of delivery of the Series 2013A Bonds.

2. The Authorized Officers of the Trust are hereby severally authorized and directed to determine, upon consultation with Bond Counsel, whether or not it is advisable for the Trust to continue the book-entry system or to replace DTC with another qualified securities depository as successor to DTC.

ARTICLE XIV

MISCELLANEOUS

SECTION 14.01. Liability of Trust Limited to Trust Estate. Notwithstanding anything contained in this Bond Resolution or in the Bonds, the Trust shall not be required to advance any moneys derived from any source other than the Trust Estate for any of the purposes in this Bond Resolution, whether for the payment of the principal or Redemption Price of, or interest on, the Bonds or for any other purpose of this Bond Resolution. Nevertheless, the Trust may, but shall not be required to, advance for any of the purposes hereof any funds of the Trust that may be made available to it for such purposes.

SECTION 14.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Bond Resolution either the Trust or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the duties, covenants, obligations and agreements contained in this Bond Resolution by or on behalf of the Trust or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof, whether so expressed or not.

SECTION 14.03. Limitation of Rights to Parties. Nothing expressed or implied in this Bond Resolution or in the Bonds is intended or shall be construed to give to any person other than the Trust, the Trustee, the Paying Agents and the Holders of Bonds any legal or equitable right, remedy or claims under or in respect of this Bond Resolution or any duty, covenant, obligation, agreement, condition or provision therein or herein contained; and all such duties, covenants, obligations, agreements, conditions and provisions are and shall be for the sole and exclusive benefit of the Trust, the Trustee, the Paying Agents and the Holders of Bonds.

SECTION 14.04. Waiver of Notice. Whenever in this Bond Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 14.05. Destruction of Bonds. Whenever in this Bond Resolution provision is made for the cancellation by the Trustee and the delivery to the Trust of any Bonds, unless otherwise requested in writing the Trust, in lieu of such cancellation and delivery, the Trustee shall destroy such Bonds (in the presence of an officer of the Trust, if the Trust shall so require), and deliver a certificate of such destruction to the Trust.

SECTION 14.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Bond Resolution or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Bond Resolution or in the Bonds and such invalidity, illegality or unenforceability shall not affect any other provision of this Bond Resolution, and this Bond Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Trust hereby declares that it would have entered into this Bond Resolution and each and every section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Bond Resolution may be held illegal, invalid or unenforceable.

SECTION 14.07. Notices. Any notices, certificates or other communications required or permitted to be given herein shall be in writing (unless otherwise specifically required or permitted herein) and shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid (unless otherwise specifically required or permitted herein) to the Trust, the Trustee, and the Paying Agent at the addresses set forth below:

- (a) Trust: New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 6, Suite 201
Lawrenceville, New Jersey 08648
Attention: Executive Director
- (b) Trustee: U.S. Bank National Association
21 South Street, 3rd Floor
Morristown, New Jersey 07960
Attention: Corporate Trust Department
- (c) Paying Agent: U.S. Bank National Association
21 South Street, 3rd Floor
Morristown, New Jersey 07960
Attention: Corporate Trust Department

The Trust, the Trustee, and the Paying Agent may designate any further or different address to which subsequent notices and communications shall be sent by giving notice thereof to the other parties hereto.

SECTION 14.08. Disqualified Bonds. In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Bond Resolution, Bonds that are owned or held by or for the account of the Trust or any Borrower, or by any other primary or secondary obligor on any Loan Agreement, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Trust or any Borrower or any other primary or secondary obligor on any Loan Agreement, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purpose of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Trust or any Borrower or any other primary or secondary obligor on any Loan Agreement. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of Counsel shall be full protection to the Trustee.

The determination to be made hereunder by the Trustee with respect to Bonds to be disregarded and deemed not to be Outstanding shall be based upon information that has been brought to the attention of the Trustee. There is no affirmative duty on the part of the Trustee to undertake any investigation in determining Bonds to be disregarded and deemed not to be Outstanding.

SECTION 14.09. Funds and Accounts. Any fund, account or subaccount required by this Bond Resolution to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund, an account or a subaccount, and, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, may be treated either as a fund, an account or a subaccount; but all such records with respect to all such funds, accounts or subaccounts shall at all times be maintained in accordance with generally accepted accounting principles, to the extent practicable, or some other accounting standard recognized by the State or acceptable to the Trust.

SECTION 14.10. Waiver of Personal Liability. No member, officer, agent or employee of the Trust shall be individually or personally liable for the payment of the principal or Redemption Price of, or interest on, the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof, all such liability, if any, being expressly waived and released by each Holder of Bonds by the acceptance of such Bonds, but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Bond Resolution.

SECTION 14.11. Trust Protected in Acting in Good Faith. In the exercise of the powers of the Trust and its members, officers, employees and agents under this Bond Resolution, the Loan Agreements or any other document executed in connection with the Bonds, the Trust shall not be accountable to any Borrower, the Trustee, the Paying Agent, or any Holder for any action taken or omitted by it or its members, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred.

SECTION 14.12. Business Days. Except as otherwise specifically provided herein, if any date specified herein for the payment of any Bond or the performance of any act shall not be a Business Day at the place of payment or performance, such payment or performance shall be made on the next succeeding Business Day with the same effect as if made on such date, and in case any payment of the principal or Redemption Price of or interest on any Bond shall be due on a date that is not a Business Day, interest on such principal amount shall cease to accrue on the date on which such payment was due if such payment is made on the immediately succeeding Business Day.

ARTICLE XV

BOND FORM AND EFFECTIVE DATE

SECTION 15.01. Form of Series 2013A Bonds and Trustee's Authentication Certificate.

Subject to the provisions of this Bond Resolution, the form of the Series 2013A Bonds and the Trustee's certificate of authentication shall be of substantially the following tenor:

[FORM OF SERIES 2013A BOND]

UNITED STATES OF AMERICA

STATE OF NEW JERSEY

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

ENVIRONMENTAL INFRASTRUCTURE BONDS, SERIES 2013A

NO. R-__ CUSIP: _____ - __

Interest Rate	Maturity Date	Dated Date	Authentication Date
____%	September 1, ____	May 22, 2013	May 22, 2013

Registered Owner: CEDE & CO.

Principal Sum: _____ (\$ __, __)

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST (the “Trust”), a public body corporate and politic and an instrumentality of the State of New Jersey created and existing under the laws of the State of New Jersey, hereby acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner stated hereon or its registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the Principal Office of U.S. Bank National Association (such bank and any successors thereto being herein called the “Trustee” and “Paying Agent”), the Principal Sum stated hereon in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and to pay from such pledged funds on March 1 and September 1 in each year, commencing September 1, 2013, until the Trust’s obligation with respect to the payment of such Principal Sum shall be discharged to the Registered Owner hereof, interest from the Dated Date hereof on such Principal Sum by check or draft of the Trustee mailed to such Registered Owner who shall appear as of the fifteenth (15th) day (whether or not such day shall be a Business Day) of the month immediately preceding such interest payment date on the books of the Trust maintained by the Trustee. However, so long as the Series 2013A Bonds (as hereinafter defined) are held in book-entry-only form pursuant to the Resolution (as hereinafter defined), the provisions of the Resolution governing such book-entry-only form shall govern repayment of the principal or Redemption Price, if any, of and interest on the Series 2013A Bonds.

This bond is one of a duly authorized Series of Bonds of the Trust designated “Environmental Infrastructure Bonds, Series 2013A” (herein called the “Series 2013A Bonds”), and issued in the aggregate principal amount of [\$ _____] under and in full compliance with the Constitution and statutes of the State of New Jersey, including, without limitation, the “New Jersey Environmental Infrastructure Trust Act”, constituting chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey, as amended and supplemented (herein called the “Act”), and under and pursuant to a resolution authorizing the Series 2013A Bonds adopted by the Trust on April 11, 2013 and entitled “Environmental Infrastructure Bond Resolution, Series 2013A”, as the same may be amended or supplemented from time to time in accordance with its terms (herein called the “Resolution”).

All capitalized terms used but not defined herein shall have the meanings set forth in the Resolution as if fully set forth herein.

As provided in the Resolution, the Series 2013A Bonds and all other bonds issued on a parity basis with the Series 2013A Bonds under the Resolution (herein collectively called the "Bonds") are direct and special obligations of the Trust payable solely, subject to the following sentence, from and secured (as to payment of principal or Redemption Price, if any, of and interest on) by the Trust Estate, all in accordance with their terms and the terms and conditions of the Resolution, subject only to the provisions of the Resolution permitting the application of the Trust Estate for the purposes and upon the terms and conditions set forth in the Resolution. The principal or Redemption Price, if any, of and interest on the Series 2013A Bonds are additionally secured by moneys held by the Master Program Trustee in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement. The Trust Estate under the Resolution includes the Loan Agreements (with certain exceptions set forth in the Resolution), any other Revenues and all other funds and accounts established under the Resolution [(other than the Operating Expense Fund, the Project Fund, the Rebate Fund and the amounts held in the Capitalized Interest Account of the Debt Service Fund that are allocable to and held for the benefit of _____, including Investment Securities, as applicable, held in any such Fund thereunder, together with all proceeds and revenues of the foregoing, all of the Trust's right, title and interest in and to the foregoing and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price, if any, of and interest on the Bonds in accordance with the terms and provisions of the Resolution]. Copies of the Resolution are on file at the office of the Trust and at the above-mentioned office of the Trustee. Reference is hereby made to the Act and to the Resolution and any and all supplements thereto and modifications and amendments thereof for a description of the pledge and assignment and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued and may be issued thereunder, the terms and provisions upon which this bond shall cease to be entitled to any lien, benefit or security under the Resolution and for all of the other terms and provisions thereof. All duties, covenants, agreements and obligations of the Trust under the Resolution may be discharged and satisfied at or prior to the maturity or redemption, if any, of this bond if moneys or certain specified securities shall have been deposited with the Trustee, all in accordance with the terms and provisions of the Resolution.

As provided in the Resolution, Bonds may be issued from time to time pursuant to Supplemental Resolutions in one or more Series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. Although the aggregate principal amount of Bonds that may be issued under the Resolution is not limited, and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution, the aggregate amount of bonds that may be issued by the Trust is currently limited by the Act. The Trust makes no representation as to whether this limitation on the aggregate principal amount of bonds issued by the Trust under the Act will continue to restrict the future issuance of bonds by the Trust under the Act.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended by the Trust with the written consent of the holders of at least two-thirds (2/3) in aggregate principal amount of the Bonds Outstanding under the Resolution at the time such consent is given, and, in case less than all of the several Series of Bonds then Outstanding are affected thereby, with such consent of at least two-thirds (2/3) in aggregate principal amount of the Bonds of each Series so affected and Outstanding; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding under the Resolution, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a

change in the terms of redemption, if any (including Sinking Fund Installments), or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price, if any, thereof or in the rate of interest thereon without the consent of the holder of such Bond, nor shall it reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, nor shall it change or modify any of the rights or obligations of the Trustee or of the Paying Agent without its written assent thereto.

This bond is transferable, as provided in the Resolution, only upon the books of the Trust kept for that purpose at the above-mentioned office of the Trustee, as bond registrar, by the Registered Owner hereof in person, or by such Registered Owner's attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar duly executed by the Registered Owner or such Registered Owner's duly authorized attorney, and thereupon a new fully registered bond or bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Resolution upon payment of the charges therein prescribed. The Trust, the Trustee and the Paying Agent may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if any, hereof and the interest due hereon and for all other purposes.

The Series 2013A Bonds maturing on or before September 1, 2022 shall not be subject to redemption prior to their respective stated maturity dates. The Series 2013A Bonds maturing on or after September 1, 2023 shall be subject to redemption prior to their respective stated maturity dates on or after September 1, 2022, at the option of the Trust, upon the terms set forth in the Resolution.

The Series 2013A Bonds are payable upon redemption at the above-mentioned office of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be mailed by the Trustee via first class mail, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date, to the registered owners of any Series 2013A Bonds or portions thereof to be redeemed at their last addresses, if any, appearing upon the Trust's registry books, all in the manner and upon the terms and conditions set forth in the Resolution. If notice of redemption shall have been mailed as aforesaid, the Series 2013A Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all of the Series 2013A Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 2013A Bonds or portions thereof so called for redemption shall cease to accrue and be payable. Failure of the registered owner of any Series 2013A Bonds to be redeemed to receive any such notice shall not affect the validity of the proceedings for the redemption of such Series 2013A Bonds.

The principal or Redemption Price, if any, of and interest on the Series 2013A Bonds are payable by the Trust solely from the Trust Estate, and neither the State of New Jersey nor any political subdivision thereof, other than the Trust (but solely to the extent of the Trust Estate), is obligated to pay the principal or Redemption Price, if any, of or interest on this bond and the issue of which it is one, and neither the full faith and credit nor the taxing power of the State of New Jersey or any political subdivision thereof is pledged to the payment of the principal or Redemption Price, if any, of or interest on this bond or the issue of which it is one.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond exist, have happened and have been performed, and the Series of Bonds of which this is one, together with all other indebtedness of the Trust, comply in all respects with the applicable laws of the State of New Jersey, including, without limitation, the Act.

This bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman or Vice-Chairman and its seal to be impressed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of the Dated Date hereof.

**NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST**

By: _____

Chairman

[SEAL]

ATTEST:

Assistant Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION ON SERIES 2013A BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 2013A Bonds delivered pursuant to the within-mentioned Resolution.

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

**By: _____
Authorized Signatory**

The following abbreviations, when used in the inscription on this bond, shall be construed as though they were written out in full according to applicable laws or regulations (additional abbreviations may also be used though not in the following list):

TEN COM – as tenants in common
TEN ENT – as tenants by the entireties

UNIF GIFT MIN ACT
_____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors Act
(State)

JT TEN – as joint tenants with
right of survivorship
and not as tenants in common

ASSIGNMENT

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE (FOR COMPUTER RECORD ONLY): _____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please Print or Typewrite Name and Address of Transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____, Attorney, to transfer the within bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranty:

Signature:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank, trust company, national bank association or other banking institution incorporated under the laws of the United States or a state of the United States.

NOTICE: The signature of this Assignment must correspond with the name that appears upon the first page of the within bond in every particular, without alteration or enlargement or any change whatsoever.

SECTION 15.02. Effective Date. This Bond Resolution shall not become effective until all of the following shall have occurred:

(a) As required by paragraph i of Section 4 of Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey, as amended and supplemented, there shall have run ten (10) days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Trust meeting at which this Bond Resolution was adopted has been delivered to the Governor for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval; and

(b) As required by paragraph j of Section 4 of Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey, as amended and supplemented, there is received by the Trust the written approval of this Bond Resolution by each of the Governor of the State and the State Treasurer.

EXHIBIT A

Form of Loan Agreement for Municipal Borrowers

EXHIBIT B

Form of Loan Agreement for Authority Borrowers

EXHIBIT C

[Reserved]

EXHIBIT D

Form of Notice of Sale

EXHIBIT E

Form of Trust Continuing Disclosure Agreement

EXHIBIT F

CERTIFICATE OF AN AUTHORIZED OFFICER OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST AS REQUIRED BY SECTION 4 OR 8(a) OF THE MASTER PROGRAM TRUST AGREEMENT

I, DAVID E. ZIMMER, Executive Director of the New Jersey Environmental Infrastructure Trust (the “Trust”) and an Authorized Officer as defined in and under that certain Master Program Trust Agreement, dated as of November 1, 1995, by and among the Trust, the State, United States Trust Company of New York, as Master Program Trustee thereunder, The Bank of New York (NJ), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to Wachovia Bank National Association), in several capacities thereunder, as supplemented by that certain Agreement of Resignation of Outgoing Master Program Trustee, Appointment of Successor Master Program Trustee and Acceptance Agreement, dated as of November 1, 2001, by and among United States Trust Company of New York, as Outgoing Master Program Trustee, State Street Bank and Trust Company, N.A. (predecessor to U.S. Bank Trust National Association), as Successor Master Program Trustee (the “Master Program Trustee”), and the Trust, as the same may be amended and supplemented from time to time in accordance with its terms (the “Master Program Trust Agreement”; capitalized terms used but not defined in this Certificate shall have the meanings ascribed to such terms in the Master Program Trust Agreement), **DO HEREBY CERTIFY** as follows:

1. The 2013A series within the Financing Program for the year 2013 shall constitute a Future Financing Program within the meaning of and for the purposes set forth in the Master Program Trust Agreement.
2. The 2013A series within the Financing Program for the year 2013 has received all requisite approvals, authorizations and consents that constitute a condition precedent to such Financing Program becoming a Future Financing Program.
3. The 2013A series within the Financing Program for the year 2013 shall be a Future Financing Program in order to provide additional security for the Coverage Receiving Trust Bonds, including, without limitation, the Future Trust Bonds to be issued under such Financing Program.
4. Attached hereto is an accurate and authentic copy of revised Schedule AG-2 to the Master Program Trust Agreement, which has simultaneously herewith been delivered to the Master Program Trustee for replacement of the existing Schedule AG-2 affixed to the Master Program Trust Agreement as Appendix A thereto.
5. This revised Schedule AG-2 to the Master Program Trust Agreement is being delivered to the Master Program Trustee in connection with the Trust’s issuance of its Environmental Infrastructure Bonds, Series 2013A in the aggregate principal amount of \$_____, which bonds constitute Future Trust Bonds under the Master Program Trust Agreement.

IN WITNESS WHEREOF, the undersigned duly Authorized Officer of the Trust has executed and delivered this Certificate this [22nd day of May, 2013].

**NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST**

By: _____
Executive Director

SCHEDULE I-A

Reserved

SCHEDULE I-A

Reserved

SCHEDULE I-B

Allocable Share – Borrowers

The allocations contained in the attached schedule are valid for the term of the Loan of a particular Borrower. Once a Borrower's Loan is repaid or if a Borrower decides to prepay its Loan, (i) said Borrower will no longer be entitled to any earnings on any of the funds or accounts established pursuant to this Bond Resolution and (ii) no reallocation will be made of the remaining Borrowers.

SCHEDULE II

Reserved

RESOLUTION NO. 13-

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

ENVIRONMENTAL INFRASTRUCTURE BOND RESOLUTION, SERIES 2013B

Adopted April 11, 2013

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

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ENVIRONMENTAL INFRASTRUCTURE BOND RESOLUTION, SERIES 2013B
Adopted April 11, 2013

BE IT RESOLVED by the Board of Directors of the New Jersey Environmental Infrastructure Trust (the “Trust”) as follows:

ARTICLE I

DEFINITIONS AND RULES OF INTERPRETATION

SECTION 1.01. Definitions. Unless the context otherwise requires, for all purposes of this Bond Resolution, the terms defined in this Section 1.01 shall have the meanings specified below:

“**Account**” means any account designated and established hereunder.

“**Act**” means the “New Jersey Environmental Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (N.J.S.A. 58:11B-1 *et seq.*), as the same may from time to time be amended and supplemented.

“**Administrative Fee**” means an annual fee of three-tenths of one percent (.30%) of the initial principal amount of the Loan or such lesser amount, if any, as the Trust may approve from time to time, payable by each Borrower in accordance with the terms of its Loan Agreement.

“**Administrative Fee Account**” means the Account within the Operating Expense Fund so designated and established by Article V hereof.

“**Allocable Share**” for any Borrower means (i) with respect to earnings on the Debt Service Reserve Fund during the capitalized interest period for SRF Borrowers that are not or are no longer capitalizing interest as determined pursuant to Section 5.10(2)(b)(i) hereof, the percentage set forth for any such SRF Borrowers on Schedule II-A attached hereto, which percentage shall be equal to a fraction, the numerator of which shall equal the principal amount of the Loan for such SRF Borrower, and the denominator of which shall equal the aggregate principal amount of all Loans for all SRF Borrowers that are not or are no longer capitalizing interest as of the date of such determination, (ii) with respect to earnings on the Debt Service Reserve Fund during the capitalized interest period for non-SRF Borrowers that are not or are no longer capitalizing interest as determined pursuant to Section 5.10(2)(b)(ii) hereof, the percentage set forth for any such non-SRF Borrowers on Schedule II-B attached hereto, which percentage shall be equal to a fraction, the numerator of which shall equal the principal amount of the Loan for such non-SRF Borrower, and the denominator of which shall equal the aggregate principal amount of all Loans for all non-SRF Borrowers that are not or are no longer capitalizing interest as of the date of such determination, (iii) with respect to earnings on the Debt Service Reserve Fund after the capitalized interest period as determined pursuant to Sections 5.10(3) and 5.10(4)(c) and (d) hereof and with respect to the earnings on all other funds and accounts that are subject to transfer and credit in accordance with Sections 5.10(3) and (4) hereof, the percentage set forth for any such Borrower on Schedule I-A attached hereto for SRF and non-SRF Borrowers, respectively, which percentage shall be equal to a fraction, the numerator of which shall equal the principal amount of the Loan for such Borrower, and the denominator of which shall equal the aggregate principal amount of all Loans for all SRF or non-SRF Borrowers, as appropriate, and (iv) for all other purposes hereunder, the percentage set forth for any such Borrower on Schedule I-B attached hereto, which percentage shall be equal to a fraction, the numerator of which shall equal the principal amount of the Loan for such Borrower, and the denominator of which shall equal the aggregate

principal amount of all Loans for all Borrowers; provided, however, that in the event the Borrowers are either all SRF Borrowers or all non-SRF Borrowers, the percentages set forth in Schedule I-A attached hereto shall equal the percentages set forth in Schedule I-B hereto.

“Allowable Project Cost” means for any Borrower the Trust Share as initially defined in Exhibit B to such Borrower’s Loan Agreement.

“Applicable” means (i) with reference to any Fund, Account or Subaccount so designated and established by this Bond Resolution, the Fund, Account or Subaccount so designated and established, (ii) with respect to any Series of Bonds, the Series of Bonds issued for a particular purpose hereunder, and (iii) with respect to any Loan Agreement, the Loan Agreement entered into by and between a Borrower and the Trust relating to a borrowing from the Trust.

“Authorized Newspapers” means three general newspapers and one financial newspaper, all of which are customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, with respect to the general newspapers, in the State of New Jersey, and with respect to the financial newspaper, in the State of New Jersey or the Borough of Manhattan, City and State of New York.

“Authorized Officer” means (i) in the case of the Trust, the Chairman, Vice-Chairman or Executive Director of the Trust, or any other person or persons designated by the Board by resolution to act on behalf of the Trust under this Bond Resolution; the designation of such person or persons shall be evidenced by a written certificate containing the specimen signature of such person or persons and signed on behalf of the Trust by its Chairman, Vice-Chairman or Executive Director; (ii) in the case of a Borrower, any person or persons authorized pursuant to a resolution or ordinance of the governing body of the Borrower to perform any act or execute any document; the designation of such person or persons shall be evidenced by a certified copy of such resolution or ordinance delivered to the Trust and the Trustee; and (iii) in the case of the Trustee, any person or persons authorized to perform any act or execute any document; the designation of such person or persons shall be evidenced by a written certificate containing the specimen signature of such person or persons reasonably acceptable to the Trust.

“Board” means the Board of Directors of the Trust, or if said Board shall be abolished, the board, body, commission or agency succeeding to the principal functions thereof or to whom the powers and duties granted or imposed by this Bond Resolution shall be given by law.

“Bond” or **“Bonds”** means one or more, as the case may be, of the Series 2013B Bonds or Refunding Bonds, and all bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Sections 4.07 or 11.10 hereof.

“Bond Counsel” means a law firm, appointed by the Trust, having a reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

“Bondholder”, **“Holder”** or **“holder”** means any person who shall be the registered owner of a Bond or Bonds.

“Bond Resolution” means this “Environmental Infrastructure Bond Resolution, Series 2013B”, as adopted by the Board on April 13, 2013, and all amendments and supplements thereto adopted in accordance with the provisions hereof.

“Bond Year” means a period of 12 consecutive months beginning on September 1 of any calendar year and ending on August 31 of the immediately succeeding calendar year, except that the first bond year shall be a period commencing on the date of issuance of the initial Series of Bonds hereunder and ending on the next succeeding August 31.

“Borrower” means any Local Government Unit or Private Entity (as such terms are defined in the Regulations) authorized to construct, operate and maintain environmental infrastructure facilities that has entered into a Loan Agreement with the Trust pursuant to which such Borrower will borrow money from the Project Fund financed through the issuance of the Series 2013B Bonds. Borrowers shall include one private water company, Middlesex Water Company (1225001-014). The Borrower is an SRF Borrower.

“Borrower’s Project” means the project of the Borrower described in Exhibit A-1 to the Applicable Loan Agreement which constitutes a project for which the Trust is permitted to make a loan to the Borrower pursuant to the Act.

“Business Day” means, with respect to the Bonds of any Series, any day other than (i) a Saturday, Sunday or legal holiday or a day on which banking institutions, in the city in which the Principal Office of the Trust, the Trustee, the Paying Agent, or the Master Program Trustee is located, are closed, or (ii) a day on which the New York Stock Exchange is closed.

“Capitalized Interest Account” means the Account within the Debt Service Fund so designated and established by Article V hereof.

“Certificate”, “Order”, “Request”, “Requisition” and “Statement” mean, respectively, a written certificate, order, request, requisition or statement signed in the name of the Trust, the Trustee or a Borrower by an Authorized Officer of the Trust, the Trustee or such Borrower, respectively. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the instruments so combined shall be read and construed as a single instrument.

“Clearing Account” means the account so designated and established by Section 5.04(1) hereof.

“Code” means the Internal Revenue Code of 1986, as the same may from time to time be amended or supplemented, including any regulations promulgated thereunder and any administrative or judicial interpretations thereof.

“Cost” means those costs that are eligible, reasonable, necessary, allocable to a Borrower’s Project and permitted by generally accepted accounting principles, including Allowances and Building Costs (as defined in the Regulations), as shall be determined on a project-specific basis in accordance with the Regulations.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Trust and related to the authorization, execution, issuance, sale and delivery of each Series of Bonds, including (without limitation) costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, and the Paying Agent, legal fees and charges, fees and disbursements of financial or other consultants and professionals, fees and charges for preparation, execution and safekeeping of the Bonds of such Series and any other cost, charge or fee in connection with the issuance of such Series of Bonds.

“Costs of Issuance Account” means the Account within the Operating Expense Fund so designated and established by Article V hereof.

“Counsel” means an attorney at law or firm of attorneys at law (who may be, without limitation, of counsel to, or an employee of, the Trust, the Trustee, the Paying Agent, the Master Program Trustee or any Borrower) duly admitted to practice law before the highest court of any state.

“Debt Service Fund” means the fund so designated and established by Article V hereof.

“Debt Service Reserve Fund” means the Fund so designated and established by Article V hereof.

“Debt Service Reserve Fund Credit Facility” means any irrevocable letter of credit or insurance policy issued to the Trustee by a bank, insurance company or other financial institution, the long term debt of which is rated in either of the two highest credit rating categories by one or more Rating Agency.

“Debt Service Reserve Requirement” means, as of any date of calculation, (1) an amount equal to, or (2) a Debt Service Reserve Fund Credit Facility in an aggregate principal amount equal to, the lesser of (i) the greatest amount required in the then current Bond Year or in any future Bond Year to pay the sum of (a) interest on the Outstanding Series 2013B Bonds and Outstanding Refunding Bonds and (b) principal or Sinking Fund Installments, as the case may be, of the Outstanding Series 2013B Bonds and Outstanding Refunding Bonds; (ii) 125% of a fraction, the numerator of which is the sum of the interest, principal and Sinking Fund Installments on the Outstanding Series 2013B Bonds and Outstanding Refunding Bonds payable beginning in such Bond Year and each succeeding Bond Year thereafter until the maturity of the Outstanding Series 2013B Bonds and Outstanding Refunding Bonds, and the denominator of which is the number of years or portion thereof until the maturity of the Outstanding Series 2013B Bonds and Outstanding Refunding Bonds; or (iii) the sum of 10% of the “proceeds” of the Series 2013B Bonds, but only if such Series 2013B Bonds are Outstanding, and if any Refunding Bonds are Outstanding, 10% of the “proceeds” of such Refunding Bonds, within the meaning of Section 148(d) of the Code. Notwithstanding the provisions of this definition to the contrary, if each Rating Agency that has been requested by the Trust to publish a rating for the Series 2013B Bonds or any Refunding Bonds, as the case may be, determines that such Rating Agency shall assign to the Series 2013B Bonds or any Refunding Bonds, as the case may be, upon the issuance thereof, the then highest rating assigned to any such debt instruments by such Rating Agency notwithstanding the fact that the Debt Service Reserve Requirement is equal to \$0.00, then, given such factual circumstances, the Debt Service Reserve Requirement pursuant to the terms of this Resolution shall be equal to \$0.00 during the entire period during which the Series 2013B Bonds or any Refunding Bonds, as the case may be, remain Outstanding.

“Default” means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default with respect to the Bonds.

“Department” means the New Jersey Department of Environmental Protection.

“DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the Series 2013B Bonds.

“Event of Default” means any occurrence or event designated as such in Section 9.01.

“Fiduciary” or **“Fiduciaries”** means the Trustee or the Paying Agent, or both of them, as may be appropriate.

“Fund” means any Fund designated and established hereunder.

“General Fund” means the Fund so designated and established by Article V hereof.

“Interest Account” means the Account within the Debt Service Fund so designated and established by Article V hereof.

“Interest Payment Date” means each March 1 and September 1 until final maturity of the Bonds, commencing September 1, 2013.

“Interest Portion” means that portion of Trust Bond Loan Repayments payable by a Borrower under such Borrower’s Loan Agreement that is necessary to pay any such Borrower’s proportionate share of interest on the Bonds (i) as set forth in Exhibit A-2 of any such Loan Agreement under the column heading entitled “Interest”, or (ii) with respect to any prepayment or acceleration, as the case may be, of Trust Bond Loan Repayments in accordance with Section 3.07 or 5.03 of any such Loan Agreement, to accrue on any principal amount of Trust Bond Loan Repayments to the date of the redemption or acceleration, of the Bonds allocable to such prepaid or accelerated Trust Bond Loan Repayment.

“Investment Securities” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Trust’s funds, which securities may be obligations of the Trustee to the extent qualified hereunder:

(a) Obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof which obligations are backed by the full faith and credit of the United States. These include, but are not limited to:

(i) United States Treasury obligations – All direct or fully guaranteed obligations;

(ii) Farmers Home Administration – Certificates of beneficial ownership;

(iii) United States Maritime Administration – Guaranteed Title XI financing;

(iv) Small Business Administration – Guaranteed participation certificates; Guaranteed pool certificates;

(v) Government National Mortgage Association (GNMA) – GNMA-guaranteed mortgage-backed securities; GNMA-guaranteed participation certificates;

(vi) United States Department of Housing & Urban Development – Local authority bonds;

(vii) Washington Metropolitan Area Transit Authority – Guaranteed transit bonds;

(viii) State and Local Government Series; and

(ix) Veterans Administration – Guaranteed REMIC; Pass-through Certificates.

(b) Federal Housing Administration Debentures.

(c) Obligations of the following government-sponsored agencies that are not backed by the full faith and credit of the United States government.

- (i) Federal Home Loan Mortgage Corp. (FHLMC) – Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts); Senior debt obligations;
- (ii) Farm Credit System (Formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperative) – Consolidated systemwide bonds and notes;
- (iii) Federal Home Loan Banks (FHL Banks) – Consolidated debt obligations;
- (iv) Federal National Mortgage Association (FNMA) – Senior debt obligations; Mortgage-backed securities (Excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
- (v) Student Loan Marketing Association (SLMA) – Senior debt obligations (Excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date); LOC-backed issues;
- (vi) Financing Corp. (FICO) – Debt obligations; and
- (vii) Resolution Funding Corp. (REFCORP) – Debt obligations.

(d) Federal funds, unsecured certificates of deposit, time deposits, and banker’s acceptances having maturities of not more than 365 days of any bank (including the Trustee), the short-term obligations of which are rated in the highest rating category for short term obligations by each Rating Agency.

(e) Deposits that are fully insured by the Federal Deposit Insurance Corp. (FDIC), including Bank Insurance Fund (BIF) and Savings Association Insurance Fund (SAIF). To the extent that such deposits are not insured by FDIC, such deposits shall be fully collateralized by the obligations described in paragraph (a)(i) of this definition.

- (f) (i) Debt obligations rated in the highest rating category for debt obligations by each Rating Agency. Excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date.
- (ii) Pre-refunded municipal securities rated in the highest rating category for municipal securities by each Rating Agency.

(g) Commercial paper or other debt obligations rated in the highest rating category for commercial paper or debt obligations by each Rating Agency maturing in not more than 365 days.

(h) Investment in money market funds rated in the highest rating category for money market funds by each Rating Agency (including money markets funds managed by the Trustee or any of its affiliates).

- (i) Any of the following stripped securities:
 - (i) United States Treasury STRIPS;
 - (ii) REFCORP STRIPS (stripped by the Federal Reserve Bank of New York); and

(iii) Any stripped securities assessed or rated in the highest rating category for stripped securities by each Rating Agency.

(j) Repurchase agreements, provided that such repurchase agreements satisfy each of the following requirements:

(i) The repurchase agreement is rated no lower than “Aa” by Moody’s Investors Service, Inc., or “AA” by Standard & Poor’s Corporation (without reference to any gradation within such rating category);

(ii) The weighted average maturity of the repurchase agreement is not longer than the lesser of the estimated average period required to complete construction of the Projects or five years from the date the repurchase agreement is entered into;

(iii) The seller of the repurchase agreement is (A) a bank or trust company or a wholly-owned subsidiary of such bank or trust company which is headquartered in the United States and is a member of the Federal Reserve System or (B) a securities broker which is headquartered in the United States, is registered with the Securities and Exchange Commission, and meets the criteria for issuers of “commercial paper” as specified under N.J.A.C. 17:16-31;

(iv) The collateral for the repurchase agreement consists of obligations of the United States Government or an obligation of the following United States Government agencies:

(A) Federal Farm Credit Banks Consolidated Systemwide Bonds;

(B) Federal Financing Bank;

(C) Federal Home Loan Banks; and

(D) Federal Land Banks;

(v) At the time the repurchase agreement is purchased, the market value of the securities delivered as collateral pursuant to the repurchase agreement is equal to at least 102 percent of the par value of the repurchase agreement; and

(vi) The repurchase agreement shall be purchased pursuant to a competitively bid process.

(k) Such other securities approved by each of the Rating Agencies that would not adversely affect the rating on the Coverage Receiving Trust Bonds then Outstanding.

“Loan” means a loan by the Trust to a Borrower, pursuant to a Loan Agreement, to finance or refinance a portion of the Cost of such Borrower’s Project. For all purposes of this Bond Resolution, the principal amount of each Loan shall be the principal amount specified in the applicable bond of a Borrower issued in accordance with the Applicable Loan Agreement.

“Loan Agreement” means a loan agreement that is entered into by and between the Trust and a Borrower, in substantially the form attached hereto as Exhibit A, in the case of a Borrower that is a private water company, or Exhibit B, in the case of a Borrower that is a state university, with such changes therein

as the Authorized Officer of the Trust who executes such Loan Agreement may approve as necessary and desirable, including, but not limited to, changes intended to reflect the nature of the Borrower, and as such Loan Agreement may be amended, modified or supplemented from time to time in accordance with the provisions thereof and of this Bond Resolution.

“Loan Closing” means the date on which an executed Loan Agreement between the Trust and a Borrower is delivered pursuant to this Bond Resolution.

“Loan Repayments” means the sum of (i) Trust Bond Loan Repayments, (ii) the Administrative Fee and (iii) any late charges incurred under the provisions of a Loan Agreement.

“Master Program Trust Account” means the account and all subaccounts therein created pursuant to Section 3 of the Master Program Trust Agreement to be held by the Master Program Trustee in trust as additional security for the Holders of the Series 2013B Bonds and all other Coverage Receiving Trust Bonds as defined in the Master Program Trust Agreement.

“Master Program Trust Agreement” means that certain Master Program Trust Agreement, dated as of November 1, 1995, by and among the Trust, the State, United States Trust Company of New York, as Master Program Trustee thereunder, The Bank of New York (NJ), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to U.S. Bank National Association), in several capacities thereunder, as amended and supplemented by (i) that certain Agreement of Resignation of Outgoing Master Program Trustee, Appointment of Successor Master Program Trustee and Acceptance Agreement, dated as of November 1, 2001, by and among United States Trust Company of New York, as Outgoing Master Program Trustee, Street Bank and Trust Company, N.A. (predecessor to U.S. Bank Trust National Association), as Successor Master Program Trustee, and the Trust, and (ii) that certain First General Amendment to Master Program Trust Agreement, dated as of September 1, 2006, by and among, the Trust, the State, the Master Program Trustee, The Bank of New York, in several capacities thereunder, U.S. Bank National Association, in several capacities thereunder, and Commerce Bank, National Association, as Loan Servicer, as the same may be amended and supplemented from time to time in accordance with its terms.

“Master Program Trustee” means U.S. Bank Trust National Association (as successor to State Street Bank and Trust Company, N.A.), appointed pursuant to Section 2 of the Master Program Trust Agreement, and its successors as may be appointed pursuant to the provisions thereof.

“Notice of Sale” means the Notice of Sale of the Trust relating to the sale of the Series 2013B Bonds to be dated on or about [April 29, 2013], substantially in the form attached hereto as Exhibit D.

“Operating Expense Fund” means the Fund so designated and established by Article V hereof.

“Outstanding” or **“outstanding”** means, when used with reference to Bonds of any Series, as of any particular date (subject to the provisions of Section 14.08), all Bonds of such Series theretofore, or thereupon being, authenticated and delivered by the Trustee under this Bond Resolution, except (i) Bonds of such Series theretofore or thereupon canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds of such Series with respect to which all liability of the Trust shall have been discharged in accordance with Article XII; and (iii) Bonds of such Series in lieu of or in substitution for which other Bonds of such Series shall have been authenticated and delivered by the Trustee pursuant to any provision of this Bond Resolution.

“Paying Agent” means the Paying Agent appointed pursuant to Section 10.02, and its successors.

“Principal Account” means the Account within the Debt Service Fund so designated and established by Article V.

“Principal Office” means, when used with reference to the Trust, the Trustee, or the Paying Agent, the respective addresses of such parties as set forth in Section 14.07, and any further or different addresses as such parties may designate pursuant to Section 14.07.

“Project Fund” means the Fund so designated and established by Article V hereof.

“Project Loan Account” means any of the Accounts within the Project Fund so designated and established by Article V.

“Rating Agency” shall mean individually or collectively, as the case may be, the nationally recognized rating agencies that have published ratings for the Series 2013B Bonds.

“Rebate Fund” means the Fund so designated and established by Article V hereof.

“Record Date” means with respect to an Interest Payment Date for a particular Series of Bonds, unless otherwise provided by this Bond Resolution or Supplemental Resolution authorizing such Series, (i) if the Interest Payment Date is scheduled for the first (1st) day of any month, the fifteenth (15th) day (whether or not such day shall be a Business Day) of the month prior to such Interest Payment Date, or (ii) if the Interest Payment Date is scheduled for the fifteenth (15th) day of any month, the first (1st) day (whether or not such day shall be a Business Day) of the month in which such Interest Payment Date occurs.

“Redemption Account” means the Account within the Debt Service Fund so designated and established pursuant to Article V hereof.

“Redemption Price” means, when used with reference to any Bond or any portion thereof, the principal amount of such Bond or such portion thereof and any premium thereon payable upon redemption thereof pursuant to the provisions of such Bond and this Bond Resolution.

“Refunding Bonds” means all Bonds authenticated and delivered pursuant to Section 2.04 hereof.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated under N.J.A.C. 7:22-3 *et seq.*, 7:22-4 *et seq.*, 7:22-5 *et seq.*, 7:22-6 *et seq.*, 7:22-7 *et seq.*, 7:22-8 *et seq.*, 7:22-9 *et seq.* and 7:22-10 *et seq.*, as the same may from time to time be amended and supplemented.

“Reserve Capacity Debt Service Reserve Requirement” means that portion of the Debt Service Reserve Requirement financed with a portion of the proceeds of the Series 2013B Bonds and attributable to the cost of funding reserve capacity for the Reserve Capacity Borrowers.

“Reserve Capacity Borrowers” means the Borrowers set forth in Section 2.03(7)(d) hereof.

“Revenues” means all (i) Loan Repayments and State Loan Repayments that are held by the Trustee, (ii) payments made to the Trustee by the Master Program Trustee from amounts on deposit in the Master Program Trust Account (and all Subaccounts as defined therein) in accordance with the terms of the Master Program Trust Agreement, and (iii) proceeds derived from the foregoing, including, without limitation, investment income received by the Trust on such Loan Repayments and State Loan Repayments; provided, however, that Revenues shall not include payments of the Administrative Fee payable to the Trust under Section 3.03 of the Loan Agreements nor any administrative fees included as part of any State Loan Repayment.

“Revenue Fund” means the Fund so designated and established by Article V hereof.

“Rule 15c2-12” shall have the meaning ascribed to such term in Section 6.06 hereof.

“SEC” shall have the meaning ascribed to such term in Section 6.06 hereof.

“Series” means all of the Bonds authenticated and delivered on original issuance and identified pursuant to this Bond Resolution or the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Sections 4.07 or 11.10, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

“Series 2013B Bonds” means the [\$_____] aggregate principal amount of the Trust’s “Environmental Infrastructure Bonds, Series 2013B” authorized pursuant to Section 2.03 hereof.

“Sinking Fund Installments”, with respect to any Series of Bonds, shall have the meaning, if any, specified in either Section 2.03(6) of this Bond Resolution or the Applicable Supplemental Resolution.

“SRF”, with respect to any Fund, Account or Subaccount established under this Bond Resolution, means that such Fund, Account or Subaccount constitutes part of, and with respect to any Borrower, means a Borrower whose loan will be funded from, the State Water Pollution Control Revolving Fund of the State of New Jersey for purposes of the federal Water Quality Act of 1987, as amended.

“State” means the State of New Jersey, acting by and through the Department.

“State Administrative Fee” means the administrative fee, if any, as the State may approve from time to time, payable by each Borrower in accordance with the terms of its State Loan Agreement.

“State Loan Agreement” means a loan agreement that is entered into by and between the State and a Borrower, pursuant to which a companion zero-interest loan is made by the State to finance, in part, such Borrower’s Project.

“State Loan Repayment” means any payment by a Borrower of the principal due and payable pursuant to its State Loan Agreement.

“Subaccount” means any subaccount designated and established hereunder.

“Supplemental Resolution” means any resolution or resolutions of the Trust amending, modifying or supplementing this Bond Resolution, authorizing the issuance of a Series of Refunding Bonds, or any other Supplemental Resolution adopted by the Trust pursuant to the provisions of this Bond Resolution.

“Tax Certificate”, with respect to the Series 2013B Bonds, means the “Tax Certificate as to Arbitrage and Instructions as to Compliance with the Provisions of Section 103(a) of the Internal Revenue Code of 1986, as Amended,” executed and delivered by an Authorized Officer of the Trust on the date of issuance of the Series 2013B Bonds, as the same may be supplemented and amended from time to time.

“Trust Bond Loan Repayments” means the repayments of the principal amount of a Loan under a Loan Agreement, the payment of any premium associated with prepaying the principal amount of a Loan in accordance with Section 3.07 of any Loan Agreement, plus the payments of the Interest Portion of a Loan under a Loan Agreement.

“Trustee” means the trustee appointed pursuant to Section 10.01, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to this Bond Resolution.

“Trust Estate” means (i) all right, title and interest of the Trust in, to and under the Loan Agreements, except for the Trust’s right, title and interest in the Administrative Fee, (ii) any other Revenues not included within clause (i) of this definition, and (iii) all funds, accounts and subaccounts established by this Bond Resolution, other than the Project Loan Account in the Project Fund, the Administrative Fee Account and the Costs of Issuance Account in the Operating Expense Fund and the Rebate Fund, including investments, if any, thereof, as the same are hereby pledged and assigned, subject only to the provisions of this Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Bond Resolution.

SECTION 1.02. Rules of Interpretation. For all purposes of this Bond Resolution, except as otherwise expressly provided or unless the context otherwise requires:

1. “This Bond Resolution” means this instrument as originally adopted and as it may be supplemented, modified or amended from time to time by any Supplemental Resolution, unless in the case of any one or more Supplemental Resolutions the context requires otherwise.

2. All reference in this Bond Resolution to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Bond Resolution. The words “herein”, “hereof”, “hereunder” and “herewith” and other words of similar import refer to this Bond Resolution as a whole and not to any particular Article, Section or other subdivision hereof.

3. The terms defined in this Bond Resolution include the plural as well as the singular.

4. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

5. The table of contents and the headings or captions used in this Bond Resolution are for convenience of reference only and shall not define, limit or prescribe any of the provisions hereof or the scope or intent hereof.

SECTION 1.03. Authority for Bond Resolution and Delegation. This “Environmental Infrastructure Bond Resolution, Series 2013B” is adopted pursuant to the provisions of the Act and constitutes a resolution authorizing bonds pursuant to the Act.

Certain information to be set forth herein will not be available and/or has not been finalized at the time of the adoption hereof and will only be known upon the sale of the Series 2013B Bonds. All information relating to the sale and award of the Series 2013B Bonds in accordance with the terms of the Notice of Sale and the final identification (including, without limitation, the elimination of one or more thereof), categorization and related dates of certain Borrowers, including, without limitation, the amounts and interest rates in the chart set forth in Section 2.03(2) hereof (provided that the aggregate cost of the Borrower Projects to be financed with proceeds of the Series 2013B Bonds, exclusive of Trust costs of issuance, bond insurance, underwriter’s discount, original issue discount, reserve capacity, capitalized interest and any other related cost shall not exceed \$1,200,000 (the “Aggregate Borrower Preliminary Project Cost Amount”)), the Sinking Fund Installments in Section 2.03(6) hereof, if any, the amounts set forth in Section 2.03(7)(a), (b) and (c) hereof, including, without limitation, the “Amount to be Applied as Payment of Interest” chart set forth in Section 2.03(7)(a) hereof, the information set forth in Section 2.03(8)

hereof, the information set forth in Exhibit E, Schedules I-A and I-B and Schedules II-A and II-B attached hereto, and the allocation of Revenues pursuant to the provisions of Section 5.04 hereof, shall be revised or inserted (as the case may be) subsequent to the time of adoption hereof and shall be deemed to be a part hereof, as if fully set forth herein at the time of adoption thereof. The Authorized Officers of the Trust, in consultation with Bond Counsel, general counsel and other appropriate advisors to the Trust, shall be and hereby are severally authorized and directed to revise or insert (as the case may be) such information subsequent to the time of adoption hereof. Notwithstanding the above, such information must be revised or inserted (as the case may be) in this Bond Resolution no later than the Loan Closing. In addition, the interest cost, principal amount, purchase price, bidding parameters and other financial parameters set forth in the Notice of Sale in the form attached hereto may be amended, modified, supplemented or deleted by the Authorized Officers of the Trust, after consultation with Bond Counsel, general counsel and other appropriate advisors to the Trust, at any time prior to the sale of the Series 2013B Bonds. Notwithstanding the foregoing, any such changes to be made pursuant to this paragraph shall be subject to the following limitations: (i) the true interest cost of the Series 2013B Bonds shall be as low as practicable given the structuring requirements therefor, but in any event shall not exceed 7.00% per annum for the Series 2013B Bonds, and (ii) the proceeds of the Series 2013B Bonds shall produce sufficient moneys to fund, together with interest earnings thereon, the Aggregate Borrower Preliminary Project Cost Amount, plus all additional items set forth above.

Notwithstanding the provisions of this Bond Resolution to the contrary, the letter designation incorporated into the title of this Bond Resolution may be revised by the Authorized Officers of the Trust, after consultation with Bond Counsel, general counsel and other appropriate advisors to the Trust, for the purpose of maintaining the sequential letter designations among this Bond Resolution and other resolutions that may be simultaneously adopted by the Trust.

The additional security to be afforded the Holders of the Series 2013B Bonds through the pledge by the Master Program Trustee of the moneys and securities in the Master Program Trust Account has caused the Rating Agencies to review the financing program pursuant to which the Series 2013B Bonds are to be issued. Subsequent to the initial adoption hereof but prior to the Loan Closing, the Rating Agencies may require or suggest certain changes to be made to the provisions hereof, including, without limitation, those provisions relating to the Debt Service Reserve Fund. The Authorized Officers of the Trust are hereby severally authorized and directed, in consultation with Bond Counsel, general counsel to the Trust, other appropriate advisors to the Trust, and after notification to any officials whose approval is a condition precedent to the adoption of this Bond Resolution, to insert such changes subsequent to the time of adoption hereof as shall be deemed necessary, desirable or convenient to satisfy any reasonable and customary concerns of the Rating Agencies. Notwithstanding the above, any such changes must be inserted in this Bond Resolution no later than the Loan Closing.

SECTION 1.04. Bond Resolution and Bonds Constitute a Contract; Pledge of Trust Estate; Interest in Master Program Trust Account. With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under this Bond Resolution by those who shall hold the same from time to time: (i) this Bond Resolution shall be deemed to be and shall constitute a contract between the Trust, the Trustee and the Holders, from time to time, of such Bonds; (ii) the pledge made herein and the duties, covenants, obligations and agreements set forth herein to be observed and performed by or on behalf of the Trust and the Trustee shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction as to lien or otherwise, except as expressly provided in or permitted hereby; (iii) the Trust, as security for the payment of the principal and Redemption Price, if any, of, and the interest on, the Bonds and as security for the observance and performance of any other duty, covenant, obligation or agreement of the Trust under this Bond Resolution all in accordance with the provisions thereof and hereof, does hereby grant a security

interest in and further does grant, bargain, sell, convey, pledge, assign and confirm to the Trustee the Trust Estate; (iv) the pledge made hereby is valid and binding from the time when the pledge is made and the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Trust irrespective of whether such parties have notice thereof; (v) the Bonds shall be special obligations of the Trust payable solely (except as set forth in clause (vi) hereof) from and secured by a pledge of the Trust Estate as provided hereby; and (vi) the Bonds shall be additionally secured by the interest of the Trustee in and to the Master Program Trust Account, as defined in, to the extent, in the amounts and at the times set forth in the Master Program Trust Agreement. Loan Repayments and State Loan Repayments that do not constitute Revenues are not subject to the lien of the pledge created hereby.

Nothing in this Bond Resolution expressed or implied is intended or shall be construed to confer upon, or give or grant to, any person or entity, other than the Trust, the Trustee, the Paying Agent and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Bond Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Bond Resolution contained by and on behalf of the Trust shall be for the sole and exclusive benefit of the Trust, the Trustee, the Paying Agent and the registered owners of the Bonds.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

SECTION 2.01. Authorization of Bonds; Designation of Bonds of Series.

1. This Bond Resolution authorizes Bonds of the Trust to be designated as “Environmental Infrastructure Bonds” which may be issued from time to time in one or more Series. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Bond Resolution is not limited except as may hereafter be provided in this Bond Resolution or as may be limited by law.

2. The Bonds may, if and when authorized by the Trust pursuant hereto or pursuant to one or more Supplemental Resolutions, be issued in one or more Series, and the designation thereof, in addition to the name “Environmental Infrastructure Bonds” shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the Trust may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

3. Neither the State of New Jersey nor any political subdivision thereof, other than the Trust, but solely to the extent of the Trust Estate, is obligated to pay the principal or Redemption Price of, or interest on, the Bonds, and neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, is pledged to the payment of the principal or Redemption Price of, or interest on, the Bonds.

SECTION 2.02. General Provisions for Issuance of Bonds.

1. All (but not less than all) of the Bonds of each Series shall be executed by the Trust for issuance under this Bond Resolution and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Trust or upon its order, but only upon the receipt by the Trustee of:

(a) A copy of this Bond Resolution, certified by an Authorized Officer of the Trust;

(b) In the case of each Series of Refunding Bonds, a copy of the Supplemental Resolution authorizing such Refunding Bonds, certified by an Authorized Officer of the Trust, which shall, among other provisions, specify: (i) the authorized principal amount, designation and Series of such Refunding Bonds; (ii) the purposes for which such Series of Bonds is being issued, which shall be the refunding of Bonds as provided in Section 2.04; (iii) the date, and the maturity date or dates, of the Refunding Bonds of such Series, provided that each maturity date shall fall upon September 1; (iv) the interest rate or rates of the Refunding Bonds of such Series and the initial Interest Payment Date therefor, provided that the interest rate shall be identical for all such Refunding Bonds of like maturity; (v) the denominations of, and the manner of dating, numbering and lettering, the Refunding Bonds of such Series, provided that such Refunding Bonds shall be in denominations of \$5,000 or any integral multiple thereof as authorized by such Supplemental Resolution; (vi) the Paying Agent or Paying Agents and the place or places of payment of the principal and Redemption Price, if any, of, and interest on, the Refunding Bonds of such Series; (vii) the Redemption Price or Prices, if any, and, subject to Article IV, the redemption terms for the Refunding Bonds of such Series; (viii) the amount and due date of each Sinking Fund Installment, if any, for Refunding Bonds of like maturity of such Series, provided that each Sinking Fund Installment due date shall fall upon a September 1; (ix) the form of the Refunding Bonds of such Series and of the Trustee’s certificate of authentication, which shall be substantially in the form set forth in Section 14.01 for the Series 2013B Bonds with such variations, insertions or omissions as are appropriate and not inconsistent therewith; and (x) the provisions for the application of proceeds of such Series of Refunding Bonds;

(c) An opinion of Bond Counsel to the effect that (i) the Trust has the power under the Act, as amended to the date of such opinion, to adopt this Bond Resolution, and this Bond Resolution has been duly and lawfully adopted by the Trust, is in full force and effect and constitutes the valid and binding agreement of the Trust enforceable in accordance with its terms, and no other authorization for this Bond Resolution is required; (ii) this Bond Resolution creates the valid pledge which it purports to create of the Trust Estate, subject only to the provisions of this Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Bond Resolution; and (iii) the Trust is duly authorized and entitled to issue the Bonds of such Series and such Bonds have been duly and validly authorized and issued by the Trust, in accordance with law, including the Act, as amended to the date of such opinion, and in accordance with this Bond Resolution, and constitute the valid and binding obligations of the Trust as provided in this Bond Resolution, enforceable in accordance with their terms and the terms of this Bond Resolution, and are entitled to the benefits of the Act, as amended to the date of such opinion, and this Bond Resolution. Such opinion may take exception as to the effect of, or for restrictions or limitation or other similar laws affecting creditors' rights generally and judicial discretion and the valid exercise of the sovereign police powers of the United States of America and may state that no opinion is being rendered as to the availability of any particular remedy;

(d) A written order to the Trustee as to the authentication and delivery of such Bonds, signed by an Authorized Officer of the Trust;

(e) The amount, if any, required to be deposited in the Debt Service Reserve Fund, so that the amount in such Fund shall equal the Debt Service Reserve Requirement calculated immediately after the execution authentication and delivery of such Series of Bonds;

(f) With respect to the Series 2013B Bonds only, a Certificate of the Authorized Officer of the Trust stating that the information contemplated by Section 1.03 hereof has been inserted in this Bond Resolution in accordance with the terms and provisions of Section 1.03 hereof;

(g) A fully executed copy of the Master Program Trust Agreement; and

(h) Such further documents, moneys and securities (including, without limitation, the proceeds of the Bonds of each such Series) as are required by the provisions of Sections 2.03, 2.04 or 6.04 or Article XI or any Supplemental Resolution adopted pursuant to Article XI.

2. All the Bonds of each such Series of like maturity shall be identical in all respects, except as to denominations, numbers and letters. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III or Sections 4.07 or 11.10.

SECTION 2.03. Series 2013B Bonds.

1. A Series of Bonds entitled to the benefit, protection and security of this Bond Resolution is hereby authorized in the aggregate principal amount of [\$_____] for the purpose of funding the Loans to be made pursuant to the Loan Agreements. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Environmental Infrastructure Bonds, Series 2013B".

2. The Series 2013B Bonds shall be dated and shall bear interest from May 22, 2013 until their final maturity thereof, except as otherwise provided in Section 3.01 of this Bond Resolution. The Series 2013B Bonds shall mature on the dates and in the principal amounts, and shall bear interest payable

semiannually on March 1 and September 1 in each year, commencing September 1, 2013, until final maturity (stated or otherwise) thereof, at the respective rates per annum calculated on the basis of twelve 30-day months, shown below:

Sept. 1	Amount Maturing (\$)	Interest Rate (%)	Sept. 1	Amount Maturing (\$)	Interest Rate (%)
2014	\$	%	2024	\$	%
2015			2025		
2016			2026		
2017			2027		
2018			2028		
2019			2029		
2020			2030		
2021			2031		
2022			2032		
2023					

3. Individual purchases of the Series 2013B Bonds may be made in the principal amount of \$5,000 or any whole multiples of \$5,000. The Series 2013B Bonds shall be initially issued in one certificate for each aggregate principal amount of the stated maturity thereof. Unless the Trust shall otherwise direct, the Series 2013B Bonds shall be lettered and numbered from one upward in order of maturities preceded by the letter “R” and such other letter as determined by the Trustee prefixed to the number. Subject to the provisions of this Bond Resolution, the form of the Series 2013B Bonds and the Trustee’s certificate of authentication shall be substantially in the form set forth in Section 14.01.

4. The principal or Redemption Price of the Series 2013B Bonds shall be payable to the Holders thereof upon presentation and surrender thereof at the Principal Office of U.S. Bank National Association, as Trustee, or its successors and assigns. The principal or Redemption Price of all Series 2013B Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Trustee or Trustees as permitted by this Bond Resolution. Interest on the Series 2013B Bonds shall be payable by check or draft of the Trustee, mailed or transmitted, respectively, to the Holders thereof as the same appear as of the Record Date on the books of the Trust maintained by the Trustee. However, so long as the Series 2013B Bonds are held in book-entry-only form pursuant to Section 2.05 hereof, the provisions of Section 2.05 shall govern the payment of principal or Redemption Price, if any, of, and interest on, the Series 2013B Bonds.

5. [The Series 2013B Bonds maturing on or before September 1, 2022 shall not be subject to redemption prior to their respective stated maturity dates. The Series 2013B Bonds maturing on or after September 1, 2023 shall be subject to redemption prior to their respective stated maturity dates, on or after September 1, 2022, at the option of the Trust, upon the terms set forth in this subsection and upon notice as provided in Article IV hereof, either in whole on any date, or in part, by lot within any maturity or maturities determined by the Trust, on any Interest Payment Date, upon the payment of 100% of the principal amount thereof and accrued interest thereon to the date fixed for redemption.]

6. [Reserved.][The Series 2013B Bonds due September 1, 20__ are subject to mandatory sinking fund redemption prior to their stated maturity, upon the surrender thereof and through selection by lot by the Trustee and upon the giving of notice as provided in Article IV hereof, by payment of the following “Sinking Fund Installments”, on September 1, in each year set forth below, at a Redemption Price which is equal to 100% of the principal amount thereof plus interest accrued to the redemption date, in the following aggregate principal amounts in the following years:

Year

Principal Amount

* Final maturity.]

7. The proceeds of the Series 2013B Bonds of [\$_____] (par amount of the Series 2013B Bonds of [\$_____] (which includes the good faith deposit of the successful bidder for the Series 2013B Bonds in the amount of [\$_____] in accordance with Section 1.03 hereof), plus accrued interest of \$0.00, plus net original issue premium of [\$_____], less underwriter’s discount of [\$_____]) shall be received by the Trustee and applied simultaneously with the delivery of such Bonds as follows:

(a) There shall be deposited (i) in the SRF Subaccount of the Interest Account in the Debt Service Fund, \$0.00, (ii) in the non-SRF Subaccount of the Interest Account in the Debt Service Fund, \$0.00, (iii) in the SRF Subaccount of the Capitalized Interest Account in the Debt Service Fund, [\$_____], which includes accrued interest of \$0.00, attributable to SRF Borrowers that are capitalizing interest, for application to the payment of a portion of the interest to accrue on the Series 2013B Bonds from May 22, 2013 through and including [March 1, 2016], of which [\$_____] shall be deposited in the Clean Water SRF Subaccount (including \$0.00 of accrued interest), and [\$_____] shall be deposited in the Drinking Water SRF Subaccount (including \$0.00 of accrued interest), and (iv) in the non-SRF Subaccount of the Capitalized Interest Account in the Debt Service Fund, [\$_____], which includes accrued interest of \$0.00, attributable to non-SRF Borrowers that are capitalizing interest, for application to the payment of a portion of the interest to accrue on the Series 2013B Bonds from May 22, 2013 through and including [March 1, 2016], of which [\$_____] shall be deposited in the Clean Water non-SRF Subaccount (including \$0.00 of accrued interest), and [\$_____] shall be deposited in the Drinking Water non-SRF Subaccount (including \$0.00 of accrued interest). Said moneys in the Capitalized Interest Account, together with the investment earnings thereon and the portion of the net earnings on the Debt Service Reserve Fund set forth in this subsection (a) and transferred to the Capitalized Interest Account as required pursuant to Section 5.10(2)(a) hereof, shall be applied to the payment of interest due on the Series 2013B Bonds on the following dates in the following amounts:

<u>Interest Payment Date</u>	<u>I Scheduled Draws</u>	<u>Ending Balance On Deposit in Capitalized Interest Account</u>	<u>Transfer on Interest Payment Date from Debt Service Reserve Fund Earnings</u>
09/01/13	\$	\$	\$0.00
03/01/14			0.00
09/01/14			0.00
03/01/15			0.00
09/01/15			0.00
03/01/16			0.00

(b) There shall be deposited in the Costs of Issuance Account in the Operating Expense Fund an amount equal to [\$_____], of which [\$_____] shall be transferred by the Trustee immediately via interaccount transfer to the account of the Trust with U.S. Bank National Association, for application by the Trust to the payment of certain Costs of Issuance incurred in connection with the issuance of the Series 2013B Bonds;

(c) There shall be deposited in the Rebate Fund an amount equal to \$0.00, which shall be deposited in the General Rebate Account;

(d) Reserved;

(e) There shall be deposited in the General Fund [\$_____], (i) [\$_____] of which shall be transferred to the SRF Subaccount within the General Fund, [\$_____] of which shall be deposited in the Clean Water SRF Subaccount and [\$_____] of which shall be deposited in the Drinking Water SRF Subaccount; and (ii) [\$_____] of which shall be transferred to the non-SRF Subaccount within the General Fund, [\$_____] of which shall be deposited in the Clean Water non-SRF Subaccount and [\$_____] of which shall be deposited in the Drinking Water non-SRF Subaccount.

(f) The remaining balance of the proceeds of the Series 2013B Bonds in the amount of [\$_____] shall be deposited in the master Project Fund on behalf of each Borrower, each deposit of which shall be deposited in the Clean Water Subaccounts of the SRF and non-SRF Project Loan Accounts, as indicated below, unless designated by “DW” below, in which case such amount shall be deposited in the Drinking Water Subaccounts of the SRF and non-SRF Project Loan Accounts, as indicated below. [\$_____] shall be allocated to the SRF Subaccount, [\$_____] of which shall be allocated to the Clean Water SRF Subaccount and [\$_____] of which shall be allocated to the Drinking Water SRF Subaccount. [\$_____] shall be allocated to the non-SRF Subaccount, [\$_____] of which shall be deposited in the Clean Water non-SRF Subaccount and [\$_____] of which shall be deposited in the Drinking Water non-SRF Subaccount:

SRF Project Loan Accounts:

Middlesex Water Company (1225001-014) (DW)

8. Reserved.

9. Upon the authentication and delivery of the Series 2013B Bonds, the Trust shall furnish to the Trustee:

(a) a Certificate of the Chairman, Executive Director or other Authorized Officer of the Trust, pursuant to Section 148 of the Code, setting forth the expectations of the Trust on the date of such authentication and delivery as to future events and such certification shall set forth the facts and estimates on which such expectations are based and shall state that to the best of the knowledge and belief of such officer of the Trust, the Trust’s expectations are reasonable;

(b) an opinion of Bond Counsel to the effect that under existing law (i) interest on the Series 2013B Bonds is excluded from gross income for federal income tax purposes, and (ii) interest on the Series 2013B Bonds and any gain on the sale thereof are excluded from gross income under the New Jersey Gross Income Tax Act; and

(c) an opinion of Counsel to the effect that the Trust has the right and power under the Act, as amended, to the date of such opinion, to enter into the Loan Agreements, and the Loan Agreements have been duly and lawfully authorized and executed by the Trust, are in full force and effect and are valid and binding upon the Trust and enforceable in accordance with their terms, and no other authorization for the Loan Agreements is required; provided, that the opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors’ rights generally and judicial discretion and the valid exercise of the sovereign police powers of the State of New Jersey and of the constitutional powers of the United States of America and may state that no opinion is being rendered as to the availability

of any particular remedy, but that such limitations do not make the rights and remedies of the Bondholders, taken as a whole, inadequate for the practical realization of the benefits of the Loan Agreements.

SECTION 2.04. Refunding Bonds.

1. One or more Series of Refunding Bonds may be issued at any time to refund any Outstanding Bond or Bonds of a particular Series or all of the Bonds of one or more Series. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the funds and accounts under this Bond Resolution required by the provisions of the Supplemental Resolution authorizing such Bonds. Refunding Bonds shall be on a parity with and, except as otherwise provided in the Applicable Supplemental Resolution for such Refunding Bonds, shall be entitled to the same benefit and security of this Bond Resolution including the pledge of the Trust Estate as the Bonds of the Series of Bonds which are being refunded.

2. Refunding Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02) of:

(a) Instructions to the Trustee, satisfactory to it, to give due notice of redemption, if applicable, of all the Bonds to be refunded on a redemption date or dates specified in such instructions, subject to the provisions of Section 12.01;

(b) If the Bonds to be refunded are not by their terms subject to redemption within the next succeeding sixty (60) days, instructions to the Trustee, satisfactory to it, to mail the notice provided for in Section 12.01 to the Holders of the Bonds being refunded;

(c) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded together with accrued interest on such Bonds to the redemption date or dates, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) qualifying Investment Securities in such principal amounts of such maturities, bearing such interest and otherwise having such terms and qualifications and any moneys as shall be necessary to comply with the provisions of subsection 2 of Section 12.01, which Investment Securities and moneys shall be held in trust and used only as provided in said subsection 2 of Section 12.01;

(d) A Certificate of an Authorized Officer of the Trust demonstrating that the Trust Bond Loan Repayments to become due in each Bond Year during which such Refunding Bonds shall be Outstanding shall be sufficient to pay when due the principal or Redemption Price of, and interest on, all Bonds Outstanding upon the authentication and delivery of such Series of Refunding Bonds;

(e) A verification report of an independent nationally recognized certified public accountant addressed to the Trust and the Trustee with respect to the matters set forth in (c) and (d) hereof; and

(f) In the event that a forward supply contract is employed in connection with the matters set forth in (c) and (d) hereof, (i) the verification report required by (e) hereof shall expressly state that the adequacy of the irrevocable trust described in (c) hereof to accomplish the issuance of Refunding Bonds relies solely on the initial investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the escrow agreement entered into by the Trust pursuant to (c) hereof shall provide that in the event of any discrepancy or differences between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement shall be controlling.

3. The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied simultaneously with the delivery of such Refunding Bonds for the purposes of making deposits, if any, in such Funds and Accounts as shall be provided by the Supplemental Resolution authorizing such Series of Refunding Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Resolution.

SECTION 2.05. Book-Entry-Only System.

1. Except as provided in subparagraph 3 of this Section 2.05, the registered Holder of all of the Series 2013B Bonds shall be, and the Series 2013B Bonds shall be registered in the name of, Cede & Co. as nominee of DTC. Payment of semiannual interest for any Series 2013B Bond shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date for the Series 2013B Bonds at the address indicated for Cede & Co. in the registry books of the Trust kept by the Trustee.

2. The Series 2013B Bonds shall be issued initially in the form of a separate single fully registered Bond in the amount of the aggregate principal amount of each separate stated maturity of the Series 2013B Bonds. Upon initial issuance, the ownership of each such Series 2013B Bond shall be registered in the registry books of the Trust kept by the Trustee in the name of Cede & Co., as nominee of DTC. With respect to Series 2013B Bonds registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Trust and any Fiduciary shall have no responsibility or obligation to any participant or to any beneficial owner of such Series 2013B Bonds. Without limiting the immediately preceding sentence, the Trust and any Fiduciary shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any participant with respect to any beneficial ownership interest in the Series 2013B Bonds, (ii) the delivery to any participant, any beneficial owner or any other person, other than DTC, of any notice with respect to the Series 2013B Bonds, including any notice of redemption, or (iii) the payment to any participant, any beneficial owner or any other person, other than DTC, of any amount with respect to the principal or Redemption Price of, or interest on, the Series 2013B Bonds. The Trust and any Fiduciary may treat as, and deem DTC to be, the absolute owner of each Series 2013B Bond for the purpose of payment of the principal or Redemption Price of, and interest on, each such Series 2013B Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2013B Bonds, for the purpose of registering transfers with respect to such Series 2013B Bonds and for all other purposes whatsoever. The Paying Agent shall pay all principal or Redemption Price of, and interest on, the Series 2013B Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Trust's obligations with respect to the principal or Redemption Price of, and interest on, the Series 2013B Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive a Series 2013B Bond evidencing the obligation of the Trust to make payments of principal or Redemption Price of, and interest on, the Series 2013B Bonds pursuant to this Bond Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the term "Cede & Co." in this Bond Resolution shall refer to such new nominee of DTC.

3. (a) DTC may determine to discontinue providing its services with respect to the Series 2013B Bonds at any time by giving written notice to the Trust and the Fiduciaries and discharging its responsibilities with respect thereto under applicable law.

(b) The Trust, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2013B Bonds if the Trust so determines, and shall terminate the services of DTC with respect to the Series 2013B Bonds upon receipt by the Trust and the Fiduciaries of written notice from DTC to the effect that DTC has received written notice from participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty

percent (50%) of the aggregate principal amount of the then Outstanding Series 2013B Bonds to the effect that: (i) DTC is unable to discharge its responsibilities with respect to the Series 2013B Bonds; or (ii) a continuation of the requirement that all of the Outstanding Series 2013B Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2013B Bonds.

(c) Upon the termination of the services of DTC with respect to the Series 2013B Bonds pursuant to subsection 2.05(3)(b)(ii) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Series 2013B Bonds pursuant to subsection 2.05(3)(a) or subsection 2.05(3)(b)(i) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Trust, is willing and able to undertake such functions upon reasonable and customary terms, the Series 2013B Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Series 2013B Bonds shall designate, in accordance with the provisions of Article II hereof.

4. Notwithstanding any other provision of this Bond Resolution to the contrary, so long as any Series 2013B Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or Redemption Price of, and interest on, such Series 2013B Bond and all notices with respect to such Series 2013B Bond shall be made and given, respectively, to DTC as provided in the representation letter of the Trust and the Trustee addressed to DTC with respect to the Series 2013B Bonds.

5. In connection with any notice or other communication to be provided to Bondholders pursuant to this Bond Resolution by the Trust or the Trustee with respect to any consent or other action to be taken by Bondholders, the Trust or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

SECTION 3.01. Medium of Payment; Form and Date; Letters and Numbers.

1. The Bonds shall be payable, with respect to interest and principal or Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

2. The Bonds of each Series shall be issued only in the form of fully registered Bonds without coupons in denominations of, subject to the denominations required by Section 2.03(3) and 2.05(2) hereof with regard to the initial denominations of the Series 2013B Bonds, \$5,000 or any whole multiple thereof. The Bonds of each Series shall be in substantially the form set forth in Section 14.01 or substantially in the form set forth in the Supplemental Resolution authorizing such Series.

3. Each Bond shall be lettered and numbered as provided in this Bond Resolution or the Supplemental Resolution providing for the issuance of the Series of which such Bond is a part and so as to be distinguished from every other Bond.

Bonds of each Series issued on the date of original issuance shall be dated and bear interest from the date set forth in this Bond Resolution or the Supplemental Resolution authorizing such Series of Bonds. Bonds of each Series issued after the date of original issuance shall be dated as of the date of authentication thereof by the Trustee. Interest on each Bond shall be payable from the most recent Interest Payment Date next preceding the date of authentication of such Bond to which interest has been paid, unless the date of authentication of such Bond is an Interest Payment Date to which interest has been paid, in which case interest shall be payable from such Interest Payment Date, or unless the date of such Bond is prior to the first Interest Payment Date on the Bonds, in which case interest shall be payable from the earliest date on which interest shall have accrued on the Bonds, or unless the date of such Bond is between the Record Date and the next succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date.

4. The interest on, and principal or Redemption Price, if any, of, each Series of Bonds shall be payable as provided in this Bond Resolution or Supplemental Resolution relating to such Series of Bonds.

SECTION 3.02. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Bond Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, the Act, or otherwise, as may be determined by the Trust prior to the authentication and delivery thereof.

SECTION 3.03. Execution and Authentication.

1. The Bonds shall be executed in the name of the Trust by the manual or facsimile signature of the Chairman or other Authorized Officer of the Trust, and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Secretary or Assistant Secretary or other Authorized Officer of the Trust, or in such other manner as may be required or permitted by law. In case any one or more of the Authorized Officers of the Trust who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds may,

nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the Trust by such persons who at the time of the execution of such Bonds shall be duly authorized or shall hold the proper office in the Trust, although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

2. The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in this Bond Resolution or in the Supplemental Resolution authorizing such Series of Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Bond Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Trust shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Bond Resolution and that the Holder thereof is entitled to the benefits of this Bond Resolution.

SECTION 3.04. Transfer and Registry.

1. Each Bond shall be transferable only upon the books of the Trust, which shall be kept for that purpose at the Principal Office of the Trustee, by the Holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond the Trust shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond.

2. The Trust and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Trust as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on, such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Trust nor any Fiduciary shall be affected by any notice to the contrary. The Trust agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense (including legal fees), judgment or liability incurred by it, acting in good faith and without negligence under this Bond Resolution, in so treating such Holder, and that such indemnity shall survive the payment of the Bonds and the discharge of this Bond Resolution.

SECTION 3.05. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Trust shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. All Bonds surrendered in any such exchange or transfer shall forthwith be canceled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Trust or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Trust nor the Trustee shall be required (a) to transfer or exchange Bonds for a period beginning on the Record Date next preceding an Interest Payment Date for the Bonds and ending on such Interest Payment Date, or for a period of fifteen (15) days (or such lesser period as may be specified in a Supplemental Resolution for a particular Series of Bonds) next preceding the date (as determined by the Trustee) of any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bonds called or tendered for redemption.

SECTION 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Trust shall execute, and thereupon the Trustee shall authenticate

and deliver, a new Bond of like Series, maturity and principal amount as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Trust and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Trust and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Trust and the Trustee may prescribe and paying such expenses as the Trust and Trustee may incur. All mutilated Bonds so surrendered to the Trustee shall be canceled by it. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Trust, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by, and entitled to equal and proportionate benefits with all other Bonds issued under this Bond Resolution in, any moneys or securities held by the Trust or any Fiduciary for the benefit of the Bondholders.

SECTION 3.07. Temporary Bonds.

1. Until the definitive Bonds of any Series are prepared, the Trust may execute, in the same manner as is provided in Section 3.03, and upon the request of the Trust, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Trust at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, definitive Bonds of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Bond Resolution.

2. All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

SECTION 3.08. Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly canceled. Bonds so canceled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with the Trust and the other executed certificate shall be retained by the Trustee.

ARTICLE IV

REDEMPTION OF BONDS PRIOR TO MATURITY

SECTION 4.01. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to this Bond Resolution shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified in this Bond Resolution and the Supplemental Resolution authorizing such Series of Bonds. In order to redeem prior to maturity Bonds which are registered in the name of Cede & Co., the Redemption Price plus accrued interest thereon shall be deposited with the Trustee in immediately available funds not later than 11:00 a.m., New York City time, on the redemption date.

SECTION 4.02. Optional and Mandatory Sinking Fund Redemption.

1. The Series 2013B Bonds shall be subject to optional redemption and mandatory sinking fund redemption in accordance with the provisions of this Bond Resolution, including, without limitation, Sections 2.03(5) and (6), respectively, hereof.

2. In the case of any redemption of Bonds at the election or direction of the Trust, the Trust shall give written notice to the Trustee of its election or direction to so redeem, of the redemption date, and of the principal amounts of the Bonds of each maturity to be redeemed (which maturities and principal amounts thereof to be redeemed shall be determined by the Trust in its sole discretion, subject to any limitations with respect thereto contained in this Bond Resolution). Such notice shall be given at least fifty (50) days prior to the redemption date or such shorter period as shall be agreed to in writing by the Trustee. In the event notice of redemption shall have been given as provided in Section 4.05, the Trust shall pay or require the Applicable Borrower to pay to the Trustee on or prior to the redemption date an amount in cash which, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed.

SECTION 4.03. Redemption Otherwise than at Trust's Election or Direction. Whenever by the terms of this Bond Resolution the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the Trust, the Trustee shall select the Bonds to be redeemed, give the notice of redemption as provided in Section 4.05 and pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the Paying Agent in accordance with the terms of this Article IV and, to the extent applicable, Article V hereof.

SECTION 4.04. Selection of Bonds to Be Redeemed. If less than all of the Bonds of like maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee shall determine; provided, however, that the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof, and that, in selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum denomination in which Bonds of such Series are authorized to be outstanding after the redemption date.

SECTION 4.05. Notice of Redemption. When Bonds of a Series have been selected for redemption pursuant to any provision of this Bond Resolution, the Trustee shall give written notice of the redemption of such Bonds in the name of the Trust at the times specified in the second paragraph of this Section, which notice shall set forth: (i) the Series of the Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Bonds will be redeemed at the Principal

Office of the Paying Agent, (v) if less than all of such Bonds shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed, (vi) in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, and (vii) except with respect to a mandatory sinking fund redemption, that such redemption is conditioned upon there being on deposit with the Trustee on the date designated for redemption moneys sufficient for the payment of the Redemption Price and the accrued interest to the redemption date. Such notice shall further state that on the redemption date there shall become due and payable the Redemption Price of all Bonds to be redeemed, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. In case any Bond is to be redeemed in part only, the notice of redemption that relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, the Holder thereof shall be entitled to a new Bond or Bonds of the same Series, bearing interest at the same rate and in aggregate principal amount equal to the unredeemed portion of such Bond.

The notice required to be given by the Trustee pursuant to this Section shall be sent by first class mail to the registered owners of the Bonds to be redeemed, at their addresses as they appear on the Bond registration books of the Trust, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date. The failure to give notice of the redemption of any Bond or portion thereof to the registered owner of such Bond as herein provided shall not affect the validity of the proceedings for the redemption of any Bonds for which notice of redemption has been given in accordance with the provisions of this Section.

SECTION 4.06. Payment of Redeemed Bonds. On the date designated for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Bonds or such portions thereof on such date and, if upon presentation and surrender moneys for the payment of the Redemption Price and the accrued interest to the redemption date are held in a separate account by the Trustee in trust for the holders of such Bonds, interest on such Bonds or such portions thereof so called for redemption shall cease to accrue, such Bonds or such portions thereof shall cease to be entitled to any benefit or security under this Bond Resolution and the Holders of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof and the accrued interest thereon and, to the extent provided in Section 4.07 hereof, to receive Bonds for any unredeemed portions of Bonds.

SECTION 4.07. Redemption of Portions of Bonds. In case part but not all of an Outstanding Bond shall be selected for redemption, upon presentation and surrender of such Bond to the Paying Agent for payment of the principal amount thereof so called for redemption and accrued interest thereon on or after the redemption date, the Trust shall execute and the Trustee shall authenticate and deliver to or upon the order of the registered owner thereof or his attorney or legal representative, without charge therefor, a Bond or Bonds of the same Series bearing interest at the same rate and of any denomination or denominations authorized by this Bond Resolution in aggregate principal amount equal to the unredeemed portion of such Bond.

ARTICLE V

REVENUES AND FUNDS

SECTION 5.01. Creation of Funds and Accounts. The following funds and separate accounts within funds shall be established, held and maintained for the Bonds:

1. Debt Service Fund, to be held by the Trustee, which shall consist of an Interest Account, a Capitalized Interest Account, a Principal Account and a Redemption Account, each of which Accounts shall be further subdivided into an SRF Subaccount and a non-SRF Subaccount, each of which Subaccounts shall be further subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

2. Debt Service Reserve Fund, to be held by the Trustee, which shall consist of an SRF Account and a non-SRF Account, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

3. General Fund, to be held by the Trustee, which shall consist of an SRF Account and a non-SRF Account, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

4. Operating Expense Fund, to be held by the Trust, which shall consist of an Administrative Fee Account and a Costs of Issuance Account;

5. Project Fund, to be held by the Trustee, which shall consist of a separate Project Loan Account established (i) for each Borrower to which a single Loan is to be made from a portion of the proceeds of the Series 2013B Bonds and, if applicable, (ii) for each Loan with respect to any Borrowers that have received two or more loans from a portion of the proceeds of the Series 2013B Bonds, each of which Project Loan Accounts shall be designated either "SRF" or "non-SRF" pursuant to Section 5.02 hereof, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

6. Revenue Fund, to be held by the Trustee, which shall consist of an SRF Account and a non-SRF Account, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount; and

7. Rebate Fund, to be held by the Trustee, which shall consist of a General Rebate Account.

8. Pursuant to a certificate of an Authorized Officer of the Trust, the Trust may direct the Trustee to establish additional funds, accounts within funds, and subaccounts within accounts, in the manner set forth in such certificate.

Each of the funds and accounts created by this Bond Resolution, other than the Operating Expense Fund, the Project Fund and the Rebate Fund is hereby pledged to, and charged with, the payment of the principal or Redemption Price of and interest on the Bonds as the same shall become due.

SECTION 5.02. Project Fund.

1. There shall be established within the Project Fund a separate Project Loan Account in favor of each Borrower to which a Loan is to be made pursuant to a Loan Agreement.

2. There shall be deposited into each Project Loan Account from the proceeds of the Series 2013B Bonds the respective amounts set forth in the Certificate of an Authorized Officer of the Trust delivered to the Trustee pursuant to Section 2.03(7)(f) hereof, which Certificate shall also designate each such Project Loan Account as “SRF” or “non-SRF”.

3. Subject to Section 5.09, the Trustee shall make payments from a Project Loan Account for Costs of a Borrower’s Project in the amounts, at the times, in the manner and on the other terms and conditions set forth in this Section 5.02 and in such Borrower’s Loan Agreement. Before any such payment shall be made, the Borrower shall file with the Trustee its requisition therefor, approved by the Trust, which requisition shall be on a form as determined by the Executive Director or other Authorized Officer of the Trust. The Trustee shall issue its check for each payment required by such requisition or shall by interbank transfer or other method arrange to make the payment required by such requisition.

4. The Trust shall file with the Trustee a Certificate, signed by an Authorized Officer of the Trust, with respect to each Project Loan Account directing the Trustee to transfer to the Debt Service Fund to be applied as a credit against and considered as Trust Bond Loan Repayments due from the respective Borrower in whose favor any such Project Loan Account was established (a) all of the moneys remaining in any such Project Loan Account at the times and upon satisfaction of the conditions set forth in Section 5.02(4)(i) below, (b) all or a portion of the interest earned and retained in any such Project Loan Account at the times and upon satisfaction of the conditions set forth in Section 5.02(4)(ii) below, or (c) all or a portion of the original principal amount deposited in accordance with Section 2.03(7)(e) hereof and remaining in any such Project Loan Account at the times and upon satisfaction of the conditions set forth in Section 5.02(4)(iii) below.

(i) The Trust shall file the Certificate ordering the transfer referred to in Section 5.02(4)(a) above when (A) the Trust has approved all requisitions to be paid from any such Project Loan Account that are eligible to be approved under the Regulations, or (B) such Borrower has prepaid all of its Loan pursuant to Section 3.03A or Section 3.07 of such Borrower’s respective Loan Agreement. Such Certificate shall also state (X) that the proceeds of the Loan have been fully disbursed to the extent allowed by the Regulations, and (Y) if any moneys remain on deposit in the Project Loan Account, set forth a schedule indicating when and how much of the remaining moneys are to be transferred to the Debt Service Fund and applied as a credit against and considered as Trust Bond Loan Repayments due from the respective Borrower in whose favor the Project Loan Account was established.

(ii) The Trust shall file the Certificate ordering the transfer referred to in Section 5.02(4)(b) above when the Trust has been notified that (A) all of the contracts for completion of the respective Borrower’s Project must have been awarded, (B) the low bid building cost must have been established by the Department and any dispute between the Department and the Borrower regarding same must be settled and (C) the last date of the original draw schedule set forth in Exhibit C to the Borrower’s Loan Agreement has passed. If any moneys that constitute interest earned in the Project Loan Account remain on deposit in the Project Loan Account after such initial transfer to the Debt Service Fund, such Certificate shall also set forth a schedule indicating when and how much of the remaining moneys that constitute interest earned in the Project Loan Account are to be transferred to the Debt Service Fund and applied as a credit against and considered as Trust Bond Loan Repayments due from the respective Borrower in whose favor the Project Loan Account was established.

(iii) The Trust shall file the Certificate ordering the transfer referred to in Section 5.02(4)(c) above when the Trust has been notified that (A) all of the contracts for completion of the respective Borrower’s Project must have been awarded, (B) the low bid building cost must have been

established by the Department and any dispute between the Department and the Borrower regarding same must be settled, (C) the Project must be sufficiently completed such that the Department has authorized the Borrower to commence operation of the Borrower's Project and (D) the last date of the original draw schedule set forth in Exhibit C to the Borrower's Loan Agreement has passed. If any moneys that constitute all or a portion of the original principal amount deposited in any such Project Loan Account in accordance with Section 2.03(7)(e) hereof remain on deposit in the Project Loan Account, such Certificate shall also set forth a schedule indicating when and how much of the remaining moneys that constitute all or a portion of the original principal amount deposited in any such Project Loan Account in accordance with Section 2.03(7)(e) hereof are to be transferred to the Debt Service Fund and applied as a credit against and considered as Trust Bond Loan Repayments due from the respective Borrower in whose favor the Project Loan Account was established.

(iv) The Trustee shall transfer from the Project Loan Accounts to the SRF Account or the non-SRF Account of the Debt Service Fund, as applicable, the amounts contained in any such Certificate of the Trust at the times indicated therein.

5. Disbursements from the respective Project Loan Accounts shall not be made by the Trustee prior to the dates set forth in Exhibit C to each respective Loan Agreement entered into by each respective Borrower, unless accompanied by (i) a Certificate of authorization executed by an Authorized Officer of the Trust, which Certificate may be issued at the sole discretion of the Trust, (ii) an opinion of Bond Counsel or other Counsel to the effect that such disbursement will not adversely affect the exclusion of interest on the Series 2013B Bonds from the gross income of the holders thereof for federal income tax purposes, (iii) an amendment to each respective Loan Agreement concerning such early disbursement in accordance with Section 11.12 hereof, and (iv) a Certificate of an Authorized Representative of any Borrower setting forth such Borrower's agreement that all costs and expenses incurred by the Trust, any such Borrower, any of their respective counsel or other professional advisors or any other costs or expenses directly or indirectly related to such advance disbursement, including without limitation any costs or loss of investment earnings related to the early redemption of Investment Securities made necessary to effect such early disbursement, shall be borne solely by any such Borrower.

SECTION 5.03. Operating Expense Fund.

1. There shall be established within the Operating Expense Fund a Costs of Issuance Account and an Administrative Fee Account.

2. In addition to the amounts deposited in the Costs of Issuance Account from the proceeds of the Series 2013B Bonds pursuant to Section 2.03(7)(b), there shall be deposited in the Costs of Issuance Account from the proceeds of each Series of Refunding Bonds, the amounts set forth for deposit therein pursuant to the Supplemental Resolutions authorizing the issuance of each such Series of Refunding Bonds.

3. The Trust shall make payments from the Costs of Issuance Account and, if necessary, from its funds and accounts not subject to the pledge and lien of this Bond Resolution, in the amounts, at the times, in the manner and on the other terms and conditions as the Trust shall determine to be fair and reasonable in the payment of the particular items of the Costs of Issuance relating to the issuance of a particular Series of Bonds and, in the case of the Series 2013B Bonds, in accordance with the provisions of the Tax Certificate. Upon the payment of all Costs of Issuance as evidenced by a Certificate of an Authorized Officer of the Trust to such effect, the amounts remaining in the Costs of Issuance Account, if any, shall be transferred (i) to the Debt Service Fund and deposited into the Interest Account thereof to pay the interest and to the extent available therefor, deposited in the Principal Account thereof to pay the principal of the Bonds due and owing on the immediately succeeding Interest Payment Date, in which case

such amounts shall be credited to the Trust Bond Loan Repayments of Borrowers in the percentages set forth on Schedule I-B attached hereto, or (ii) as otherwise set forth in a Certificate of an Authorized Officer of the Trust.

4. The Trustee shall deposit in the Administrative Fee Account the Administrative Fees received by the Trustee on behalf of the Trust pursuant to the Loan Agreements. The Trust shall utilize moneys on deposit in the Administrative Fee Account from time to time to pay the operating expenses of the Trust; provided, however, that in any Bond Year the moneys on deposit in the Administrative Fee Account shall be applied by the Trust in satisfaction of the operating expenses of the Trust arising under this Bond Resolution in such Bond Year before such moneys may be applied in satisfaction of the other operating expenses of the Trust arising in such Bond Year.

SECTION 5.04. Revenues. The Trustee shall, as agent for the Trust and the State, perform the following duties and services:

1. The Trustee shall collect from each Borrower all required Trust Bond Loan Repayments, State Loan Repayments, Administrative Fee payments and State Administrative Fee payments, when due, in the amounts and at the times established by the Trust in a Certificate of an Authorized Officer of the Trust. The Trust shall use its best efforts to provide such Certificate to the Trustee no less than sixty (60) days prior to the date on which any such payments are due and payable. In collecting such payments from each Borrower, the Trustee shall rely exclusively upon such Certificate of an Authorized Officer of the Trust. To the extent the Trustee deems it necessary or appropriate, the Trustee may, and is hereby authorized to, establish a Clearing Account for the purpose of administering the collection of such payments. The Trustee hereby acknowledges that (a) all amounts so collected shall be collected by the Trustee on behalf of, and for the benefit of, the Trust and the State, to the extent of their respective interests therein, (b) in making such collections, the Trustee acts as an agent for the Trust and the State, to the extent of their respective interests therein, (c) all amounts so collected by the Trustee are the property of the Trust and the State, to the extent of their respective interests therein, and not of the Trustee, (d) all such amounts, when received by the Trustee, are deemed to be received by the Trust and the State, to the extent of their respective interests therein, determined in accordance with paragraph (3) below, and (e) the amounts deemed received by the Trust as Trust Bond Loan Repayments and by the State as State Loan Repayments, to the extent deposited in accordance with paragraph (3) below, are, immediately upon deposit therein, deemed to be Revenues, and are included in the Trust Estate established and pledged as security for the Series 2013B Bonds under this Bond Resolution.

2. Promptly after collection of each Trust Bond Loan Repayment, State Loan Repayment, Administrative Fee payment, State Administrative Fee payment or other required payment from a Borrower, the Trustee shall credit such Borrower with each of the respective sums collected. Moneys received from each Borrower with respect to a particular payment date shall be credited, *first*, to the payment then due (other than the Administrative Fee payment) under the Loan Agreement, *second*, to the Administrative Fee payment then due under the Loan Agreement, *third*, to the payment then due (other than the State Administrative Fee payment, if any) under the State Loan Agreement, and, *fourth*, to the State Administrative Fee payment, if any, then due under the State Loan Agreement.

3. Promptly after crediting each Borrower pursuant to the order of priority established under paragraph (2) above for the moneys received from each Borrower with respect to a particular payment date, the Trustee shall deposit the sums collected in the accounts established for such payments in the following order of priority of such deposits and the required amounts of such deposits:

(a) First, into the Revenue Fund established under this Bond Resolution, a sum or sums from moneys credited as Trust Bond Loan Repayments, State Bond Loan Repayments,

Administrative Fee payments and State Administrative Fee payments equal to (i) the amount required for the next immediate debt service payment date for the Series 2013B Bonds;

(b) Upon depositing the required amounts pursuant to paragraph (3)(a) above, into the Administrative Fee Account in the Operating Expense Fund established under this Bond Resolution, all moneys credited as Administrative Fee payments only then due to the Trust from each Borrower pursuant to its respective Loan Agreement;

(c) Upon depositing the required amounts pursuant to paragraphs (3)(a) and (3)(b), above, immediately to the Master Program Trustee for deposit in the Master Program Trust Account from moneys credited as State Loan Repayments only corresponding to the next immediate debt service payment date for the Series 2013B Bonds, for disbursement in accordance with the terms and conditions of the Master Program Trust Agreement;

(d) Upon depositing the required amounts pursuant to paragraphs (3)(a), (3)(b) and (3)(c), above, to the State all moneys credited as State Administrative Fee payments only, if any, then due to the State from each Borrower pursuant to its respective State Loan Agreement; and

(e) Upon depositing the required amounts pursuant to paragraphs (3)(a), (3)(b), (3)(c) and (3)(d), above, into the Revenue Fund all remaining moneys, if any, credited as Loan Repayments, to be applied in satisfaction of the amounts next required to be disbursed as provided under this paragraph (3) in the sequence and manner established pursuant to this paragraph (3).

In making the deposits required by the provisions of this subsection (3), the Trustee shall rely exclusively upon a Certificate of an Authorized Officer of the Trust, which Certificate shall be provided to the Trustee by the Trust simultaneously with the provision by the Trust to the Trustee of the Certificate required by the provision of subsection (1) of this Section 5.04.

4. If a payment of amounts due under a Loan Agreement or a State Loan Agreement is not received on or before the required payment date, the Trustee shall notify the Borrower and, if applicable, the trustee under the Borrower Bond Resolution (as such term is defined in the Loan Agreement) in writing within five days after such payment date that the payment is past due. A copy of said notice shall be provided at the same time to the Trust and the State. If a payment is not received from the Borrower within ten days of the date when such payment is due, the Trustee shall promptly notify the Trust and the State in writing.

5. The Trustee shall promptly notify the Trust, the Borrower and, if applicable, the trustee under the Borrower Bond Resolution in writing if the moneys received from the Borrower pursuant to paragraph (2) of this Section 5.04 with respect to a particular payment date are insufficient to satisfy in full the Trust Bond Loan Repayments and Administrative Fee payments then due under the Loan Agreement. The Trustee shall promptly notify the State, the Borrower and, if applicable, the trustee under the Borrower Bond Resolution in writing if the moneys received from the Borrower pursuant to paragraph (2) of this Section 5.04 with respect to a particular payment date are insufficient to satisfy in full the State Loan Repayments and State Administrative Fee payments then due under the State Loan Agreement. The Trustee, pursuant to Section 5.07(2) of this Bond Resolution, shall also notify the Trust and the State that a Trust Bond Loan Repayment deficiency cannot be satisfied from Loan Repayments deposited pursuant to Section 5.04(3)(a) hereof.

6. In connection with the obligation of the Trustee pursuant to subsections (4) and (5) of this Section 5.04 to provide written notice to a trustee under a Borrower Bond Resolution, the Trust shall use its best efforts to maintain on file with the Trustee a list of such trustees, with relevant address and contact

information included in such list. However, the failure of the Trust to provide such list to the Trustee shall not relieve the Trustee of the obligation to provide the written notice to such a trustee pursuant to the provisions of subsections (4) and (5) of this Section 5.04.

SECTION 5.05. Revenue Fund.

1. On or prior to each Interest Payment Date, the Trustee shall transfer from amounts in the SRF Account and the non-SRF Account of the Revenue Fund to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Interest Account in the Debt Service Fund, the amount which, together with the amounts, if any, already on deposit in such subaccounts of the Interest Account (other than investment earnings on amounts that have been received in the Interest Account since the immediately preceding Interest Payment Date) and the amounts, if any, on deposit in the Capitalized Interest Account and designated for use on such Interest Payment Date pursuant to this Bond Resolution or a Supplemental Resolution, is equal in the aggregate to the interest due and payable on the Bonds on such Interest Payment Date.

2. On or prior to September 1 of each year through and including final maturity of the Bonds, the Trustee shall transfer from moneys on deposit in the SRF Account and the non-SRF Account of the Revenue Fund to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Principal Account in the Debt Service Fund the amount which, together with the amounts, if any, already on deposit in such subaccounts of the Principal Account (other than investment earnings on amounts that have been received in the Principal Account since the immediately preceding Interest Payment Date), is equal in the aggregate to the principal, including Sinking Fund Installments, if any, due and payable on the Bonds on such September 1.

3. On or prior to each redemption date, other than a Sinking Fund Installment due date, the Trustee shall transfer from moneys on deposit in the SRF Account and the non-SRF Account of the Revenue Fund (i) to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Redemption Account in the Debt Service Fund an amount equal in the aggregate to the Redemption Price due and payable on all Bonds to be redeemed on such redemption date and (ii) to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Interest Account in the Debt Service Fund an amount equal in the aggregate to the interest accrued and not paid and to accrue on such Bonds to such redemption date. Money received from a Borrower prior to [March 1, 2022] that represents a prepayment of its Loan as allowed under its respective Loan Agreement shall be held in the accounts set forth in a Certificate of an Authorized Officer of the Trust prior to [September 1, 2022], the first optional redemption date.

4. All Revenues representing repayments made pursuant to the second paragraph of Section 3.04 of any Loan Agreement for the replenishment of the Debt Service Reserve Fund shall be immediately transferred by the Trustee for deposit to the SRF Account or the non-SRF Account, as applicable, of the Debt Service Reserve Fund.

5. The Trustee shall keep records and accounts with respect to the Revenue Fund. Such records shall be in such format so that all amounts received by the Trustee from the Borrowers under the Loan Agreements can be properly designated as interest or principal payments on the Loans, other amounts payable under the Loan Agreements or investment earnings attributable to such amounts.

SECTION 5.06. Debt Service Fund.

1. On each Interest Payment Date and each redemption date, the Trustee shall withdraw from the Capitalized Interest Account, if so designated, and the Interest Account in the Debt Service Fund amounts equal in the aggregate to the interest due on the Bonds on such Interest Payment Date or redemption date, which moneys shall be paid by the Paying Agent in accordance with Section 3.01 hereof.

2. On the maturity or Sinking Fund Installment due date of any Bonds, the Trustee shall make available to the Paying Agent from moneys in the Principal Account in the Debt Service Fund an amount equal to the principal or Redemption Price of the Bonds due on such date, which moneys shall be applied by the Paying Agent to the payment of such principal or Redemption Price.

3. On each redemption date, other than a Sinking Fund Installment due date, the Trustee shall make available to the Paying Agent from moneys in the Redemption Account an amount equal to the Redemption Price of the Bonds to be redeemed on such redemption date, which moneys shall be applied by the Paying Agent to the payment of such Redemption Price.

SECTION 5.07. Debt Service Reserve Fund.

1. Each Rating Agency that has been requested by the Trust to publish a rating for the Series 2013B Bonds has determined that such Rating Agency shall assign to the Series 2013B Bonds, upon the issuance thereof, the highest rating assigned to any such debt instruments by such Rating Agency notwithstanding the fact that the Debt Service Reserve Requirement with respect to the Series 2013B Bonds is equal to \$0.00. Therefore, in accordance with the last sentence of the definition of "Debt Service Reserve Requirement" set forth in Section 1.01 of this Resolution, the Debt Service Reserve Requirement with respect to the Series 2013B Bonds pursuant to the terms of this Resolution shall be equal to \$0.00 during the entire period during which the Series 2013B Bonds remain Outstanding. To the extent any moneys are on deposit in the Debt Service Reserve Fund, with respect to Refunding Bonds or otherwise, such moneys shall be applied solely as provided in this Section.

2. Whenever a Borrower shall notify the Trust or the Trustee in writing, or whenever the Trust or Trustee shall determine, that a Borrower is deficient in the payment of a Trust Bond Loan Repayment and that such deficiency cannot be satisfied from other Loan Repayments, State Loan Repayments or other amounts payable thereunder that have been transferred to the Revenue Fund or the Debt Service Fund and that such deficiency cannot be satisfied from amounts payable by the Master Program Trustee from amounts on deposit in the Master Program Trust Account (and all Subaccounts as defined therein) in accordance with the terms of the Master Program Trust Agreement, the Trustee shall transfer from the SRF Account or non-SRF Account, as applicable, of the Debt Service Reserve Fund on the Interest Payment Date or maturity date or Sinking Fund Installment due date, as the case may be, the amount of such deficiency to the appropriate account in the Debt Service Fund; provided, however, that the Trustee may only transfer such amount which, when added to the difference between (i) all prior transfers made from the Debt Service Reserve Fund as a result of deficient Trust Bond Loan Repayments by said Borrower and (ii) all repayments made by, or on behalf of, the Borrower pursuant to the second paragraph of Section 3.04 of the Applicable Loan Agreement, does not exceed said Borrower's pro rata share of the Debt Service Reserve Fund. A Borrower's pro rata share of the Debt Service Reserve Fund shall be an amount equal to the product of: (a) the Debt Service Reserve Requirement and (b) said Borrower's Allocable Share as set forth on Schedule I attached hereto.

3. Whenever the Trustee is notified by the Trust that the amount, if any, in the Debt Service Reserve Fund funded with Bond proceeds and allocable to any Reserve Capacity Borrower, together with the amount in the Debt Service Fund allocable to any such Reserve Capacity Borrower, is sufficient to pay

in full all Outstanding Bonds allocable to any such Reserve Capacity Borrower in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the Trustee shall transfer such amount on deposit in the Debt Service Reserve Fund to the Debt Service Fund to be applied as a credit to the final Trust Bond Loan Repayments of any such Reserve Capacity Borrower.

4. After any transfer made pursuant to Section 5.07(3) herein and upon the cancellation of all Series 2013B Bonds and any Refunding Bonds in accordance with Section 3.08 hereof, the Trustee shall transfer all amounts in the Debt Service Reserve Fund, if any, to the Trust for application by the Trust in accordance with the Act and any other applicable law for any of the Trust's corporate purposes allowed thereby.

5. (a) Whenever any Reserve Capacity Borrower that is no longer paying the Interest Portion payable by said Reserve Capacity Borrower from the Capitalized Interest Account of the Debt Service Fund that is allocable to said Reserve Capacity Borrower, if applicable, has paid or prepaid its loan in full (less only the portion of the Debt Service Reserve Fund that is funded with Bond proceeds allocable to such Reserve Capacity Borrower) in accordance with all of the terms of its Loan Agreement (including, without limitation, obtaining the Trust's consent to any such prepayment, where applicable), the Trust shall notify the Trustee (i) of the Trust's consent to such prepayment, where applicable, and (ii) that the amount in the Debt Service Reserve Fund funded with moneys other than Bond proceeds allocable to any such Reserve Capacity Borrower shall be transferred to the Trust for any of its lawful corporate purposes pursuant to the instructions of a Certificate of an Authorized Officer of the Trust. The portion of the Debt Service Reserve Fund that is funded with Bond proceeds allocable to such Reserve Capacity Borrower shall be transferred (i) to the Debt Service Fund for redemption or payment of the Bonds attributable to such Borrower's Loan or (ii) in accordance with a Certificate of an Authorized Officer of the Trust to effect the defeasance of Bonds attributable to such Borrower's Loan in accordance with Article XII hereof, in either case to be applied (along with the interest earnings thereon) as a credit to the final Trust Bond Loan Repayments of such Reserve Capacity Borrower. Prior to any such transfer described herein, investments held in the Debt Service Reserve Fund shall be liquidated to the extent necessary in order to provide for the transfer described herein.

(b) Whenever any Borrower that is not a Reserve Capacity Borrower and that is no longer paying the Interest Portion payable by said Borrower from the Capitalized Interest Account of the Debt Service Fund that is allocable to said Borrower, if applicable, has paid or prepaid its loan in full in accordance with all of the terms of its Loan Agreement (including, without limitation, obtaining the Trust's consent to any such prepayment, where applicable), the Trust shall notify the Trustee (i) of the Trust's consent to such prepayment, where applicable, and (ii) that the amount in the Debt Service Reserve Fund allocable to any such Borrower shall be transferred to the Trust for any of its lawful corporate purposes pursuant to the instructions of a Certificate of an Authorized Officer of the Trust. Prior to any such transfer described herein, investments held in the Debt Service Reserve Fund shall be liquidated to the extent necessary in order to provide for the transfer described herein.

6. Whenever the Trustee determines that the amount of money in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement on September 1 on any valuation date, such excess money shall be transferred to the Trust for application by the Trust in accordance with the Act and any other applicable law for any of the Trust's corporate purposes allowed thereby.

7. Investment of the Debt Service Reserve Fund shall be valued every ten (10) years, at the market value thereof, exclusive of accrued interest. Notwithstanding anything to the contrary in Section 5.10 hereof, if a decline in the market value of securities on deposit in the Debt Service Reserve Fund causes the marked to market amount on deposit in the Debt Service Reserve Fund to be below the Debt Service Reserve Requirement, such deficiency shall be restored by retaining all or a portion of each Borrower's

Allocable Share of interest earnings thereon until the Debt Service Reserve Requirement has been met. When and to the extent market conditions change thereafter, any such retained investment earnings (and not the corpus of the Debt Service Reserve Fund) not needed to satisfy the Debt Service Reserve Requirement shall be credited to the Trust Bond Loan Repayments of the Borrowers in accordance with their Allocable Share as set forth in Section 5.10 hereof. Investments purchased with funds on deposit in the Debt Service Reserve Fund shall have a term to maturity of not greater than ten (10) years.

SECTION 5.08. General Fund. On the first day of each Bond Year beginning September 1, 2013, the Trustee shall deposit in the SRF Account and non-SRF Account, as applicable, of the General Fund all moneys then remaining in the Revenue Fund except for those moneys identified as credits under Section 5.10 hereof to be transferred to the Interest Account on the second day of such Bond Year; provided, however, that (i) to the extent such date is a valuation date, the moneys then on deposit in the Debt Service Reserve Fund shall be at least equal to the Debt Service Reserve Requirement, (ii) all transfers from the Revenue Fund required pursuant to subsections (1), (2), (3) and (4) of Section 5.05 shall have been made, and (iii) all funds required to be on deposit in the Revenue Fund pursuant to Section 5.05(2) are on deposit in the Revenue Fund. Moneys on deposit in the General Fund that shall not be required to be transferred to the Interest Account in the Debt Service Fund pursuant to Section 5.10 may be applied by the Trust, upon written requisition from the Trust to the Trustee, in accordance with the Act and, in the case of proceeds of the Series 2013B Bonds, the Tax Certificate, for any of its corporate purposes. Such requisition shall state that the Trust is requesting such moneys pursuant to the provisions of this Section 5.08.

SECTION 5.09. Moneys to Be Held in Trust. All moneys required to be deposited with or paid to the Trustee or the Paying Agent for the account of any fund or account established under any provision of this Bond Resolution for the Bonds in accordance with this Bond Resolution, other than the Project Loan Account in the Project Fund, the Operating Expense Fund and the Rebate Fund, shall be held by the Trustee or the Paying Agent, as the case may be, in trust for the Holders of the Bonds and shall constitute part of the Trust Estate while held by the Trustee or the Paying Agent; provided, however, that moneys deposited with or held by the Trustee or the Paying Agent for the redemption of Bonds on or after the redemption date of such Bonds, or for the payment of the Redemption Price of or interest on Bonds on or after the date on which such amounts shall have become due shall be held and applied solely for the redemption or payment of the Redemption Price of or the payment of the interest on such Bonds.

SECTION 5.10. Investments.

1. **Generally.** All moneys in any of the Funds and Accounts created under this Bond Resolution, other than the Operating Expense Fund and the Accounts established therein, shall be invested by the Trustee as directed by an Authorized Officer of the Trust in writing, subject to the further provisions of this Section. The Trustee may conclusively rely upon such written direction of an Authorized Officer of the Trust as to any and all investments. Moneys in the Operating Expense Fund shall be invested by the Trust in accordance with the provisions of this Section.

Moneys in all Funds and Accounts created under this Bond Resolution shall be invested in Investment Securities, the principal of and interest on which are payable not later than the dates on which it is estimated that such moneys will be required hereunder, provided, however, that the Project Fund and the Accounts established therein may be invested in the State of New Jersey Cash Management Fund or other similar common trust fund for which the New Jersey State Treasurer is the custodian, in addition to investment thereof in Investment Securities.

Investment Securities acquired as an investment of moneys in any Fund or Account created under this Bond Resolution shall be credited to such Fund or Account. For the purpose of determining the amount in any Fund or Account at any time in accordance with this Bond Resolution, all Investment

Securities credited to such Fund or Account shall be valued at the lesser of amortized cost (exclusive of accrued interest) or fair market value.

The Trustee may act as principal or agent in the acquisition or disposition of any Investment Securities. The Trustee shall exercise its best efforts to sell at the best price obtainable, or present for redemption, any Investment Securities to the credit of any Fund or Account created under this Bond Resolution, other than the Operating Expense Fund, the Accounts established therein and the Rebate Fund, whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from such Fund or Account, and the Trustee shall not be liable for any loss resulting from such necessary sale so made of such investments.

2. **Earnings on the Debt Service Reserve Fund During the Capitalized Interest Period.** Amounts earned from the investment of the Debt Service Reserve Fund during the capitalized interest period (from September 1, 2013 and on each Interest Payment Date through and including March 1, 2016) shall be applied as follows:

(a) **Borrowers that are Capitalizing Interest.** Commencing September 1, 2013 and on each Interest Payment Date thereafter through and including March 1, 2016, the Trustee shall transfer the amounts of net earnings from the investment of moneys in the Debt Service Reserve Fund set forth in Section 2.03(7)(a) of this Bond Resolution to the Capitalized Interest Account to be applied to the payment of a portion of the interest due on the Series 2013B Bonds on such Interest Payment Date.

(b) **Borrowers that are not or are no Longer Capitalizing Interest.** Commencing September 1, 2013 and on each Interest Payment Date thereafter through and including March 1, 2016, the Trustee shall transfer the balance of the net earnings from the investment of moneys in the SRF and non-SRF portions of the Debt Service Reserve Fund respectively, to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Interest Account in the Debt Service Fund and apply such amounts as credits against the Interest Portion of the Trust Bond Loan Repayment due on any such immediately succeeding Interest Payment Date from those Borrowers (being the Borrowers that are not or are no longer capitalizing interest during the capitalized interest period) in the percentages applicable to the Borrowers set forth on Schedule II-A (for SRF Borrowers) and Schedule II-B (for non-SRF Borrowers) attached hereto; provided, however, that (i) the amount to be applied as a credit for each SRF Borrower as determined in the preceding clause of this sentence shall not exceed the product of the amount of such balance of net earnings and a fraction, the numerator of which shall equal the product of the amount of said Borrower's Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule II-A) times the Debt Service Reserve Requirement attributable to all SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as of the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all SRF Borrowers, less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such Borrowers which have not been repaid as of the last day of such Bond Year; (ii) the amount to be applied as a credit for each non-SRF Borrower as determined above shall not exceed the product of the amount of such balance of net earnings and a fraction, the numerator of which shall equal the product of the amount of said Borrower's Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule II-B) times the Debt Service Reserve Requirement attributable to all non-SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as of the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all non-SRF Borrowers, less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such Borrowers which have not been repaid as of the last day of such Bond Year; and (iii) if on any valuation date the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement other than as a result of any transfer required under Section 5.07 (to the extent applicable during the capitalized interest period), the net earnings on amounts

on deposit in the Debt Service Reserve Fund shall be credited to and retained in the Debt Service Reserve Fund until the amount on deposit therein equals the Debt Service Reserve Requirement. The Trustee, simultaneously with each such transfer, shall notify the Trust in writing of all such net earnings so transferred. Such writings shall set forth the net earnings for each such fund or account created hereunder.

3. **Earnings on all Funds and Accounts Other than the Funds and Accounts not Subject to Transfer and Credit and Other than the Debt Service Reserve Fund During the Capitalized Interest Period.** Except as provided in the immediately preceding paragraph regarding the transfer of earnings from the Debt Service Reserve Fund during the capitalized interest period, (i) all net earnings received in the first Bond Year and through September 1, 2013 from investment of moneys in any fund or account created hereunder, other than the Operating Expense Fund, the Rebate Fund, the Project Fund and the respective accounts established therein and the Capitalized Interest Account in the Debt Service Fund, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount as applicable, of the Interest Account in the Debt Service Fund on September 2, 2013; (ii) all net earnings received from September 2 through and including March 1 in any Bond Year thereafter from the investment of moneys in any fund or account created under this Bond Resolution, other than the funds and accounts excepted in (i) above, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount as applicable, of the Interest Account in the Debt Service Fund on March 2 of any such Bond Year; and (iii) all net earnings received from March 2 through and including August 31 in any Bond Year thereafter and through September 1 of the next succeeding Bond Year from the investment of moneys in any fund or account created under this Bond Resolution, other than the funds and accounts excepted in (i) and (ii) above, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount as applicable, of the Interest Account in the Debt Service Fund on September 2 of any such next succeeding Bond Year. Notwithstanding the foregoing, to the extent on any valuation date the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement other than as a result of any transfer required under Section 5.07, the net earnings on amounts on deposit in the Debt Service Reserve Fund shall be credited to and retained in the Debt Service Reserve Fund until the amount on deposit therein equals the Debt Service Reserve Requirement.

4. **Specific Borrower Credits.** The Trustee, simultaneously with each transfer contemplated by Section 5.10(2) and (3) hereof, shall notify the Trust in writing of all such net earnings so transferred. Such writings shall set forth the net earnings for each such fund or account created hereunder. The Trust will credit the Interest Portion of the immediately succeeding Trust Bond Loan Repayment due from a Borrower, and to the extent moneys are available therefor, the principal portion of such Trust Bond Loan Repayments, if any, with the net earnings allocable to said Borrower and notify the Borrower and the Trustee of such credit. The net earnings allocable to a Borrower shall be the sum of: (a) said Borrower's pro rata share of the net earnings derived in accordance with Section 5.10(3) hereof from the SRF or non-SRF Subaccounts or Accounts, as applicable, of the Interest Account, the Principal Account and the Redemption Account in the Debt Service Fund, the General Fund and the Revenue Fund (*i.e.*, all funds and accounts created hereunder other than (i) those funds and accounts listed in Section 5.05 hereof, the earnings on which accounts are not subject to transfer and credit in favor of Borrower Trust Bond Loan Repayments and (ii) the Debt Service Reserve Fund, the earnings on which are subject to transfer and credit during the capitalized interest period in accordance with Sections 5.10(2) and (4)(b) during the capitalized interest period and Sections 5.10(3), 4(c) and 4(d) for all other periods) in any Bond Year commencing on or after September 1, 2013, which pro rata share shall be equal to the product of: (i) such net earnings so derived from the SRF or non-SRF accounts of such funds or accounts, as applicable and (ii) said Borrower's Allocable Share (as determined pursuant to Schedule I-A attached hereto); (b) during the period from the issuance of the Series 2013B Bonds through and including March 1, 2016 (the capitalized interest period), said Borrower's net earnings derived from the SRF or non-SRF Account, as applicable of the Debt Service Reserve Fund as set forth in Section 5.10(2) (a) (for Borrowers that are capitalizing interest) and 5.10(2)(b) for Borrowers that are not or are no longer capitalizing interest hereof; (c) after the capitalized interest

period for SRF Borrowers, said Borrower's pro rata share of the net earnings derived from the SRF Account of the Debt Service Reserve Fund in any Bond Year, which pro rata share shall be equal to the product of (i) such net earnings and (ii) a fraction, the numerator of which shall equal the product of the amount of said Borrower's Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule I-A attached hereto) times the Debt Service Reserve Requirement attributable to all SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all SRF Borrowers less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such SRF Borrowers which have not been repaid as of the last day of such Bond Year; and (d) after the capitalized interest period for non-SRF Borrowers, said Borrower's pro rata share of the net earnings derived from the non-SRF Account of the Debt Service Reserve Fund in any Bond Year, which pro rata share shall be equal to the product of (i) such net earnings and (ii) a fraction, the numerator of which shall equal the product of the amount of said Borrower's Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule I-A attached hereto) times the Debt Service Reserve Requirement attributable to all non-SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as of the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all non-SRF Borrowers less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such non-SRF Borrowers which have not been repaid as of the last day of such Bond Year. Provided, however (with respect to (c) and (d) above), that during any valuation date in which the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement other than as a result of any transfer required under Section 5.07, the net earnings on amounts on deposit in the Debt Service Reserve Fund shall be credited to and retained in the Debt Service Reserve Fund until the amount on deposit therein equals the Debt Service Reserve Requirement.

5. **Earnings on Funds and Accounts Not Subject to Transfer and Credit.** All interest, profits and other income earned and received by the Trustee and the Trust, as appropriate, net of any losses suffered (herein called the "net earnings"), from the investment of moneys in the Project Loan Accounts, the Capitalized Interest Account, the Rebate Fund, the Revenue Fund and the Operating Expense Fund shall be retained in and treated as part of such fund or accounts and applied in accordance with the Sections of this Bond Resolution governing such funds or accounts.

6. **Rebate Fund.** The Trust may withdraw and utilize earnings in any fund or account other than the Interest Account and the Principal Account in the Debt Service Fund to pay into the Rebate Fund held by the Trust any amounts desired by the Trust or required pursuant to the Code to be set aside for rebate or to satisfy a yield restriction requirement to the Internal Revenue Service, as outlined in the Tax Certificate or any letter of instructions referred to in Section 8.06(2) hereof; provided, however, that to the extent any such moneys and investment earnings thereon on deposit in the Rebate Fund shall not be needed for such purposes at the times so outlined, all or a portion of such moneys may be transferred by the Trustee to the General Fund upon the Trustee's receipt of written instructions from the Trust to such effect. The Trust shall submit to the Trustee a certificate specifying the funds or accounts and the amount of earnings to be withdrawn for such purposes, and the Trustee shall be entitled to rely on each such certificate in making payments to the Trust.

ARTICLE VI

LOANS

SECTION 6.01. Terms and Conditions of Loans. The Trust shall make Loans to Borrowers for the purpose of paying a portion of the Costs of the Borrowers' Projects from moneys available therefor in the applicable Project Loan Accounts in the Project Fund, and shall enter into Loan Agreements, in the manner, on the terms and conditions and upon submission of the documents required by this Article VI, and not otherwise.

SECTION 6.02. Form of Loan Agreement. The Loan Agreements shall be substantially in the form of Exhibit A or Exhibit B hereto, as applicable, with such changes therein as shall be approved by the Trust, as evidenced by the execution thereof by an Authorized Officer of the Trust; provided, however, that the Loans and the Loan Agreements shall in any event conform in all material respects to the provisions of this Article VI.

SECTION 6.03. Restrictions on Loans. No Loan may be made to reimburse a Borrower for all or a portion of the Cost of a Borrower's Project, or to refinance indebtedness or reimburse the Borrower for the repayment of indebtedness previously incurred by such Borrower to finance all or a portion of the Cost of such Borrower's Project, unless the Borrower shall deliver to the Trust and the Trustee an opinion of Bond Counsel approved by the Trust, in form and substance satisfactory to the Trust, to the effect that such reimbursement or refinancing will not adversely affect the exclusion from gross income for federal income tax purposes of interest paid on the Bonds.

SECTION 6.04. Loan Closing Submissions. Prior to or at each Loan Closing of a Loan, the Trust and the Trustee shall have received the following documents from the Borrower receiving the Loan, failing the receipt of all of which a Borrower shall not be considered a Borrower for purposes of this Bond Resolution:

(a) an opinion or opinions of the Borrower's Counsel substantially in the form set forth in Exhibit E to the form of Loan Agreement; provided, however, that the Trust may permit variances in such opinion from the form or substance of such Exhibit E, if such variances are not to the material detriment of the interests of the Bondholders;

(b) counterparts of the Loan Agreement executed by the parties thereto designating, among other things, SRF or non-SRF status and any other relevant term contemplated by Section 1.03 hereof;

(c) the bond evidencing the payment obligations of the Borrower under such Loan Agreement, duly executed, authenticated and delivered by such Borrower and endorsed by the Trust to the Trustee;

(d) the opinion required by Section 6.03 hereof, if applicable;

(e) copies of the resolutions or ordinances of the governing body of the Borrower authorizing the execution and delivery of such Loan Agreement and bond, certified by an Authorized Officer of the Borrower;

(f) an opinion of Counsel to the Trust that the Borrower's Project constitutes a "Project" within the meaning of the Act and that the financing thereof by the Trust is permissible under the Act and Section 6.01 of this Resolution; and

(g) such other certificates, documents, opinions and information as the Trust or the Trustee may require.

All opinions and certificates required under this Section shall be dated the date of the Loan Closing and all such opinions shall be addressed, at a minimum, to the Trust and the Trustee.

SECTION 6.05. Trust Bond Loan Repayments. With respect to the Loans made from the proceeds of any Series of Bonds, the Trust shall establish Trust Bond Loan Repayments under the Applicable Loan Agreements in such amounts which, together with any amounts available and required to be treated as credits under this Bond Resolution, shall be sufficient to pay the principal of, prepayment premium, if any, and interest on such Series of Bonds as the same become due and payable.

SECTION 6.06. Continuing Disclosure. Prior to each Loan Closing of a Loan, the Trust, pursuant to the sole discretion of an Authorized Officer of the Trust, in consultation with Bond Counsel, general counsel and other appropriate advisors to the Trust, shall determine if any Borrower is a material “obligated person” within the meaning and for the purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto (“Rule 15c2-12”), based upon the following criteria hereby established as the means of satisfying the meaning and purposes of Rule 15c2-12: Borrowers shall be considered to be material “obligated persons” if their remaining Fund Loan (unless defined in this Section 6.06, capitalized terms not defined in this Bond Resolution and used in this Section 6.06 shall have the respective meanings ascribed to such terms in the Master Program Trust Agreement) repayments in all Coverage Providing Financing Programs, when aggregated with such Borrower’s Trust Loan repayments, if any, in respect of the Bonds, exceed ten percent (10%) of the sum of (i) the aggregate of all remaining Fund Loan repayments from all Borrowers in all Coverage Providing Financing Programs and (ii) the aggregate of all remaining Trust Loan repayments from all Borrowers.

To the extent any Borrowers that have been determined to be material “obligated persons” within the meaning and for the purposes of Rule 15c2-12 have entered into Service Agreements with Underlying Government Units and if any such Underlying Government Units have entered into Service Agreements with Indirect Underlying Government Units (as such terms are defined in the Loan Agreements) whereby annual charges or indirect annual charges, as the case may be, materially secure the Trust Bond Loan Repayments of any such Borrowers, any such Underlying Government Unit and Indirect Underlying Government Unit shall also be considered material “obligated persons” within the meaning and for the purposes of Rule 15c2-12.

Any Borrower determined to be a material “obligated person” based upon the criteria set forth herein shall be required to enter into a Continuing Disclosure Agreement, with a term as specified therein, by and among such Borrower, the Trust and the Trustee, substantially in the form attached hereto as Exhibit H to Exhibit A and Exhibit B, with such changes therein as shall be approved by the Trust, as evidenced by the execution thereof by an Authorized Officer of the Trust.

The Trust hereby determines that it is not an “obligated person”. Nevertheless, the Trust hereby covenants to provide notice of Bond Disclosure Events (as defined in the Continuing Disclosure Agreement), if material, with respect to the Series 2013B Bonds to each Nationally Recognized Municipal Securities Information Repository recognized by the SEC or to the Municipal Securities Rulemaking Board and the State Information Depository, if any, recognized by the SEC.

The Trust hereby determines that the Series 2013B Financing Program relating to the Series 2013B Bonds is an “obligated person”, and shall be required to enter into a Continuing Disclosure Agreement,

with a term as specified therein, by and among the Trust, the Trustee and the Master Program Trustee, substantially in the form attached hereto as Exhibit E, with such changes therein as shall be approved by the Trust, as evidenced by the execution thereof by an Authorized Officer of the Trust.

Notwithstanding any provision to the contrary in Article XI hereof, the Trust may amend or supplement this Section 6.06 to comply with any amendment, supplement, modification, termination or other change to Rule 15c2-12.

ARTICLE VII

ADDITIONAL PROVISIONS RELATING TO LOANS

SECTION 7.01. Reserved.

SECTION 7.02. Defaults. The Trustee shall notify the Trust of its failure to receive any Trust Bond Loan Repayment, if any, of a Borrower due under any Loan Agreement and of any other event of default under such Loan Agreement known to the Trustee.

The Trustee shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms and conditions of all Loan Agreements, including (without limitation) the prompt payment of all Trust Bond Loan Repayments and all other amounts due the Trust, and the observance and performance of all duties, covenants, obligations and agreements, thereunder; provided, however, that the Trustee shall not accelerate the payment of amounts due under any Loan Agreement following any event of default thereunder (other than any event of default which shall automatically accelerate such payment under the Loan Agreements), unless the Trustee shall have given the Trust thirty (30) days' written notice of the occurrence of such event of default and shall have afforded the Trust the opportunity to cause such event of default to be cured during the 30-day period following receipt by the Trust of such notice.

The Trustee shall not release the duties, covenants, obligations or agreements of any Borrower under any Loan Agreement and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the Trust and the Holders under or with respect to each Loan Agreement; provided, however, that this provision shall not be construed to prevent the Trustee (with the written consent of the Trust) from settling a default under any Loan Agreement on such terms as the Trustee shall determine to be in the best interests of the Trust and the Holders. The Trust hereby appoints the Trustee its agent and attorney-in-fact for purposes of enforcing all rights, title and interests of the Trust under the Loan Agreements, except for the enforcement of all rights, title and interests of the Trust relating to the payment by the Borrower of the Administrative Fee and otherwise, subject to the provisions of this Section.

SECTION 7.03. Termination of Loan Agreements. Upon the payment in full of all amounts due under a Loan Agreement, the Trust shall cancel the obligation of the Borrower evidenced by such Loan Agreement and terminate and release all security interests and liens created under such Loan Agreement and the Trust and the Trustee shall take any other action required of the Trust or the Trustee in such Loan Agreement in connection with such cancellation, termination and release, including (without limitation) the execution of all relevant documents in connection with such actions.

SECTION 7.04. Loan Files. After each Loan Closing, the Trustee shall retain all the documents received by it pursuant to Article VI hereof in connection with such Loan Closing or in connection with the Loan made at such Loan Closing in a file pertaining to such Loan, to which file the Trustee shall from time to time add (i) all records and other documents pertaining to disbursements of amounts to the Borrower under the Loan Agreement and to Loan Repayments and other amounts received by the Trustee under such Loan Agreement and (ii) all communications from or received by the Trustee with respect to such Loan. Such file shall be kept at the Principal Office of the Trustee and shall be available for inspection by the Trust and its agents at reasonable times and under reasonable circumstances.

SECTION 7.05. Trustee's Obligations. The Trustee shall observe and perform all duties, covenants, obligations and agreements of the Trust under each Loan Agreement to the extent specified herein.

ARTICLE VIII

GENERAL COVENANTS

SECTION 8.01. Payment of Bonds. The Trust shall pay or cause to be paid the principal or Redemption Price of and interest on every Bond of each Series on the date, at the place and in the manner provided herein, in the Applicable Supplemental Resolution and in such Bonds, according to the true intent and meaning thereof; provided, however, that the Bonds of each Series are special obligations of the Trust, the principal or Redemption Price of and interest on which are payable by the Trust solely from the Trust Estate.

The Bonds of each Series shall not be payable from the general funds of the Trust and shall not constitute a legal or equitable pledge of, or lien or encumbrance upon, any of the assets or property of the Trust or upon any of its income, receipts or revenues, except as provided in this Bond Resolution. The full faith and credit of the Trust are not pledged, either expressly or by implication, to the payment of the Bonds. The Trust has no taxing power and has no claim on any revenues or receipts of the State of New Jersey or any agency or political subdivision thereof or any Borrower except as expressly provided in a Borrower's Loan Agreement.

SECTION 8.02. Observance and Performance of Duties, Covenants, Obligations and Agreements; Representations as to Authorization and Validity of Bonds. The Trust shall faithfully observe and perform at all times all of its duties, covenants, obligations and agreements contained in the Loan Agreements or in any Bond executed, authenticated and delivered under this Bond Resolution and any Supplemental Resolution or in any proceedings of the Trust pertaining thereto.

The Trust represents and covenants that: (i) it is duly authorized under the Constitution and laws of the State of New Jersey, particularly the Act, to issue the Bonds of each Series, to enter into the Loan Agreements and the Master Program Trust Agreement and to pledge the Trust Estate in the manner and to the extent set forth in this Bond Resolution and as shall be set forth in any Supplemental Resolution; (ii) all action on its part for the issuance of the Bonds of each Series will be duly and effectively taken; and (iii) the Bonds of each Series in the hands of the Holders thereof will be valid and binding special obligations of the Trust enforceable according to their terms.

SECTION 8.03. Liens, Encumbrances and Charges. The Trust shall not create or cause to be created and shall not suffer to exist, any lien, encumbrance or charge upon the Trust Estate except the pledge, lien and charge created for the security of Holders of the Bonds. To the extent Revenues are received, the Trust will cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands that if unpaid might by law become a lien upon the Trust Estate; provided, however, that nothing contained in this Section shall require the Trust to pay or cause to be discharged, or make provision for, any such lien, encumbrance or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

So long as Bonds of any Series shall be Outstanding, the Trust shall not issue any bonds, notes or other evidences of indebtedness, other than such Bonds, secured by any pledge of or other lien or charge on the Trust Estate. Notwithstanding the foregoing, the Trust may issue future series of bonds, notes or other evidences of indebtedness that have an interest in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement. Nothing in this Bond Resolution is intended to or shall affect the right of the Trust to issue bonds, notes and other obligations under other resolutions or indentures for any of its other purposes.

SECTION 8.04. Accounts and Audits. The Trust shall keep, or cause to be kept, proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Loans, this Bond Resolution and any Supplemental Resolution, which books and accounts (at reasonable hours and subject to the reasonable rules and regulations of the Trust) shall be subject to the inspection of the Trustee and any Holder of any Bonds or their agents or representatives duly authorized in writing. The Trust shall cause such books and accounts to be audited annually within ninety (90) days after the end of its fiscal year by a nationally recognized independent certified public accountant selected by the Trust. Annually within thirty (30) days after the receipt by the Trust of the report of such audit, a signed copy of such report shall be furnished to the Trustee. Such report shall include at least: (i) a statement of all funds and accounts (including investments thereof) held by the Trustee pursuant to the provisions of this Bond Resolution; (ii) a statement of the Revenues collected in connection with this Bond Resolution; (iii) a statement whether the balance in the Debt Service Reserve Fund meets the Debt Service Reserve Requirement established under this Bond Resolution; and (iv) a statement that, in making such audit, no knowledge of any default in the fulfillment of any of the terms, covenants or provisions of this Bond Resolution was obtained, or if knowledge of any such default was obtained, a statement thereof.

SECTION 8.05. Further Assurances. The Trust will pass, make, do, execute, acknowledge and deliver any and all such further resolutions, indentures, actions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Bond Resolution and for the better assuring and confirming unto the Holders of Bonds the rights and benefits provided in this Bond Resolution, including exercising its State aid intercept powers pursuant to the Act.

SECTION 8.06. Tax Rebate.

1. In connection with the issuance of any Series of Bonds an Authorized Officer of the Trust is authorized to execute on behalf of the Trust a Certificate as to arbitrage (including the Tax Certificate), a letter of instructions as to certain requirements of the Code, or any similar documents relating to the characterization of such Series of Bonds as not being “arbitrage bonds” within the meaning of Sections 103(a)(2) and 148 of the Code.

2. Any amounts required to be set aside for rebate or to satisfy a yield restriction requirement to the Internal Revenue Service pursuant to any letter of instructions or certificate as to arbitrage shall be considered a loss for purposes of determining “net earnings” pursuant to Section 5.10 hereof.

SECTION 8.07. Application of Loan Prepayments. Upon the prepayment, in whole or in part, of any Loan, the Trust shall elect to apply such prepayment proceeds either (i) to the redemption of Bonds on the next succeeding call date in accordance with Article IV, or (ii) to the payment of Bonds in accordance with Section 12.01. The Trust may only consent to Loan prepayments pursuant to the Loan Agreements if it simultaneously delivers to the Trustee (i) a certificate of an independent public accountant demonstrating that the aggregate Trust Bond Loan Repayments due pursuant to the Loan Agreements after such prepayment shall be sufficient to pay when due the principal of and interest on all Bonds outstanding after giving effect to the Trust’s election required in the immediately preceding sentence, and (ii) irrevocable instructions to effectuate such election regarding the application of prepayment proceeds. The Trust shall give notice to Standard & Poor’s Corporation and Moody’s Investors Service, Inc. of any such Loan prepayments and its application of the proceeds thereof.

ARTICLE IX

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

SECTION 9.01. Defaults; Events of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an “Event of Default” for the Bonds of all Series then Outstanding:

- (a) default in the due and punctual payment of any interest on any Bond; or
- (b) default in the due and punctual payment of the principal or Redemption Price of any Bond whether at the stated maturity thereof or on any date fixed for the redemption of such Bond; or
- (c) if (i) the Trust shall be adjudicated a bankrupt or become subject to an order for relief under federal bankruptcy law, (ii) the Trust shall institute a proceeding seeking an order for relief under federal bankruptcy law or seeking to be adjudicated a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or all of its debts under New Jersey bankruptcy or insolvency law, (iii) with the consent of the Trust, there shall be appointed a receiver, liquidator or similar official for the Trust under federal bankruptcy law or under New Jersey bankruptcy or insolvency law, or (iv) without the application, approval or consent of the Trust, a receiver, trustee, liquidator or similar official shall be appointed for the Trust under federal bankruptcy law or under New Jersey bankruptcy or insolvency law, or a proceeding described in clause (ii) above shall be instituted against the Trust and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) consecutive days; or
- (d) if (i) the Trust shall make an assignment for the benefit of creditors, (ii) the Trust shall apply for or seek the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (iii) the Trust shall fail to file an answer or other pleading denying the material allegations of any proceeding filed against it described under clause (ii) of paragraph (c) of this Section, (iv) the Trust shall take any action to authorize or effect any of the actions set forth in paragraph (c) or (d) of this Section, (v) the Trust shall fail to contest in good faith any appointment or proceeding described in paragraph (c) or (d) of this Section or (vi) without the application, or approval or consent of the Trust, a receiver, trustee, examiner, liquidator or similar official shall be appointed for any substantial part of the Trust’s property and such appointment shall continue undischarged or such proceedings shall continue undismissed or unstayed for a period of thirty (30) consecutive days; or
- (e) the Trust shall default in the performance or observance of any other of the duties, covenants, obligations, agreements or conditions on the part of the Trust to be performed or observed under this Bond Resolution or the Bonds of each Series, which default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall be given to the Trust by the Trustee or the Bondholders in accordance with Section 9.10 hereof.

SECTION 9.02. Acceleration of Bonds; Remedies. If an Event of Default described in Section 9.01 shall occur for any Series of Bonds, the Trustee may, and at the written request of the Holders of a majority in aggregate principal amount of the Outstanding Bonds shall, by telephonic notice to the Trust (promptly confirmed in writing) declare the principal of all Bonds then Outstanding to be due and payable; provided, however, that before making such declaration, the Trustee shall give thirty (30) days notice to the Trust. Upon any such declaration, the Trustee shall forthwith give notice thereof to the Borrowers and the Paying Agents.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under this Bond Resolution, the Trustee, by written notice to the Trust, may annul such declaration and its consequences if: (i) moneys shall have accumulated in the Interest Account and the Principal Account in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date) and the principal then due on all Bonds (except the principal on any such Bonds due solely as a result of any such declaration of acceleration); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; and (iii) every other default known to the Trustee in the observance or performance of any duty, covenant, obligation, condition or agreement contained in the Bonds or in this Bond Resolution, shall have been remedied to the satisfaction of the Trustee; provided, however, that such declaration may be annulled only with the written consent of the Holders of a majority in aggregate principal amount of the Bonds Outstanding and not then due by their terms. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Upon the occurrence of an Event of Default, the Trustee shall also have the following rights and remedies:

(a) the Trustee shall, at the direction of the Holders of a majority in aggregate principal amount of the Outstanding Bonds, and upon being indemnified to its reasonable satisfaction, pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on the Bonds then Outstanding, including (without limitation) the right (to the extent legally enforceable) to, by written notice to the Trust, declare the principal of the bonds then outstanding to be due and payable of any Borrower whose actions have directly or indirectly caused any such Event of Default and including the enforcement of any other rights of the Trust or the Trustee under the Loan Agreements;

(b) the Trustee by action or suit in equity may require the Trust to account as if it were the trustee of an express trust for the Holders of Bonds and may take such action with respect to the Loan Agreements as the Trustee deems necessary or appropriate and in the best interest of the Holders of Bonds, subject to the terms of such Loan Agreements; and

(c) upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Holders of Bonds under this Bond Resolution, the Trustee will be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate and the issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

If an Event of Default shall have occurred with respect to any Bonds, and if requested so to do by the Holders of a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to its reasonable satisfaction therefor, the Trustee shall be obligated to exercise such one or more of the rights, remedies and powers conferred by this Section as the Trustee shall deem most expedient in the interests of the Holders of Bonds.

No right or remedy by the terms of this Bond Resolution conferred upon or reserved to the Trustee (or to the Holders of Bonds) is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given to Trustee or to such Holders hereunder or now or hereafter existing at law or in equity or by statute other than pursuant to the Act. The assertion or employment of any right or remedy shall not prevent the concurrent or subsequent assertion or employment of any other right or remedy.

No delay or omission to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Holders of any Bonds in default, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

SECTION 9.03. Right of Holders of a Series of Bonds to Direct Proceedings. Anything in this Bond Resolution to the contrary notwithstanding, but subject to Section 9.07 hereof, the Holders of a majority in aggregate principal amount of Bonds in default then Outstanding shall have the right at any time during the continuance of an Event of Default of such Bonds, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Bond Resolution, or for the appointment of a receiver or any other proceedings hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of this Bond Resolution.

SECTION 9.04. Reserved.

SECTION 9.05. Application of Moneys. All moneys received by the Trustee pursuant to any right or remedy given or action taken under the provisions of this Article upon any acceleration of the due date for the payment of the principal of and interest on the Bonds in default (including, without limitation, moneys received by virtue of action taken under provisions of any Loan Agreement, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee (including reasonable attorney fees) and any other moneys owed to the Trustee in connection with such Bonds hereunder), shall be applied, first, to the payment of the interest then due and unpaid upon the Bonds in default and, second, to the payment of the principal then due and unpaid upon the Bonds in default, to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond in default until such obligation shall be presented to the Trustee for appropriate endorsement or for cancellation (as the case may be).

SECTION 9.06. Remedies Vested in Trustee. All rights of action (including, without limitation, the right to file proofs of claims) under this Bond Resolution or under any of the Bonds in default may be enforced by the Trustee without possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee for the equal and ratable benefit of the Holders of all the Outstanding Bonds without the necessary of joining as plaintiffs or defendants any Holders of such Bonds.

SECTION 9.07. Rights and Remedies of Holders of Bonds. No Holder of Bonds then Outstanding in default shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Bond Resolution or for the execution of any trust hereof or for the appointment of

a receiver or any other remedy hereunder, unless (a) an Event of Default shall have occurred, (b) the owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the remedies hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) the Holders shall have offered to the Trustee reasonable indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused, or for sixty (60) days after receipt of such request and offer of indemnification shall have failed to exercise the remedies hereinbefore granted, or to institute such action, suit or proceeding in its own name, and such request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Bond Resolution, and to any action or cause of action for the enforcement of this Bond Resolution, or for the appointment of a receiver or for any other remedy hereunder. It is understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Bond Resolution by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the Holders of all Bonds then Outstanding; provided, however, that nothing contained in this Bond Resolution shall affect or impair the right of the Holder of any Bond to enforce the payment of the principal or Redemption Price of and interest on such Bond at and after the maturity thereof, or the obligation of the Trust to pay the principal or Redemption Price of and interest on each of the Bonds issued hereunder to the respective Holders thereof at the time and place, from the source and in the manner expressed in the Bonds and in this Bond Resolution and the Applicable Supplemental Resolution.

SECTION 9.08. Termination of Proceedings. In case the Trustee or a Holder of a Bond in default shall have proceeded to enforce any right under this Bond Resolution by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or such Holder, then and in every such case the Trust, the Trustee and the Holders of Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee and the Holders shall continue as if no such proceedings have been taken.

SECTION 9.09. Waivers of Events of Default. The Trustee may and, upon the written request of the Holders of not less than 25% in aggregate principal amount of all Bonds in default then Outstanding, shall waive any Event of Default which in its opinion shall have been remedied before the completion of the enforcement of any remedy under this Bond Resolution; but no such waiver shall extend to any subsequent or other Event of Default, or impair any rights consequent thereon.

SECTION 9.10. Notice of Certain Defaults; Opportunity of Trust to Cure Defaults. Anything herein to the contrary notwithstanding, no Default under Section 9.01(e) hereof shall constitute an Event of Default until actual notice of such Default shall be given to the Trust by registered or certified mail by the Trustee or by the Holders of a majority in aggregate principal amount of all Bonds then Outstanding and the Trust shall not have corrected the Default or caused the Default to be corrected within thirty (30) days following the giving of such notice; provided, however, that if the Default be such that it is correctable but cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Trust within the applicable period and diligently pursued until the Default is corrected.

The Trust hereby grants to the Trustee full authority for the account of the Trust to observe or perform any duty, covenant, obligation or agreement alleged in any alleged Default concerning which notice is given to the Trust under the provisions of this Section in the name and stead of the Trust with full power to do any and all things and acts to the same extent that the Trust could do and perform any such things and acts and with power of substitution.

ARTICLE X

FIDUCIARIES

SECTION 10.01. Appointments, Duties, Immunities and Liabilities of Trustee. U.S. Bank National Association and any successors and assigns thereto, has been appointed as Trustee by the Trust. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Bond Resolution and all other agreements with the Trust, including, without limitation, the Master Program Trust Agreement, by executing and delivering to the Trust a written acceptance thereof, and by executing such acceptance the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Bonds thereafter to be validly issued, but only, however, upon the terms and conditions set forth in this Bond Resolution and all other agreements with the Trust, including, without limitation, the Master Program Trust Agreement.

SECTION 10.02. Paying Agents; Appointments.

1. The Trustee is hereby appointed Paying Agent and shall also act as registrar for the Series 2013B Bonds. The Trust shall appoint one or more Paying Agents for the Bonds of each additional Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 10.13 for a successor Paying Agent. The Trustee may be appointed a Paying Agent.

2. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Bond Resolution by executing and delivering to the Trust and to the Trustee a written acceptance thereof.

3. Unless otherwise provided, the principal corporate trust offices of the Paying Agents are designated as the respective offices or agencies of the Trust for the payment of the interest on and principal or Redemption Price of the Bonds.

4. The Trust may enter into agreements with any Paying Agent providing for the payment to the Trust of amounts in respect of interest earned on moneys held by such Paying Agent for the payment of principal or Redemption Price of and interest on Bonds. Any such payments to the Trust shall be deposited in the Revenue Fund and applied as Revenues.

SECTION 10.03. Responsibilities of Fiduciaries.

1. The recitals of fact contained herein and in the Bonds shall be taken as the statements of the Trust and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representation as to the validity or sufficiency of this Bond Resolution or of any Bonds issued thereunder or as to the security afforded by this Bond Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its authentication certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the Trust or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified to its satisfaction. Subject to the provisions of subsection 2 of this Section 10.03, no Fiduciary shall be liable in connection with the observance and performance of its duties and obligations hereunder except for its own negligence or misconduct.

2. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and obligations and only such

duties and obligations as are specifically set forth in this Bond Resolution. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers invested in it by this Bond Resolution, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of this Bond Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 10.03.

SECTION 10.04. Evidence Upon Which Fiduciaries May Act.

1. Each Fiduciary, upon receipt of any notice, Supplemental Resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Bond Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Bond Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with Counsel, who may or may not be counsel to the Trust, and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Bond Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Bond Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of an Authorized Officer of the Trust, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Bond Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

3. Except as otherwise expressly provided in this Bond Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Trust to any Fiduciary shall be sufficiently executed in the name of the Trust by an Authorized Officer of the Trust.

SECTION 10.05. Compensation. The Trust shall pay each Fiduciary from time to time reasonable compensation for all services rendered under this Bond Resolution, including in that limitation the services rendered pursuant to Section 12.01, and also all reasonable expenses incurred in and about the performance of their powers and duties under this Bond Resolution and each Fiduciary shall have a lien therefor on any and all funds and accounts at any time held by it under this Bond Resolution, other than the Project Loan Account in the Project Fund. Subject to the provisions of Section 10.03, the Trust further agrees to indemnify and save each Fiduciary harmless against any losses, liabilities and expenses (including reasonable legal fees) which it may incur in the exercise and performance of its powers, duties and obligations hereunder, other than losses, liabilities and expenses (including legal fees) attributable to the negligence, bad faith, breach of contract or misconduct of the Fiduciary, arising out of or as a result of the Fiduciary performing its obligations under this Bond Resolution or undertaking any transaction contemplated by this Bond Resolution; provided, however, that the foregoing is subject to the limitations of the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:2-1 *et seq.* and the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 *et seq.*

Each Fiduciary agrees as follows:

1. The Fiduciary shall give the Trust prompt notice in writing of any actual or potential claim described above and the institution of any suit or action;

2. The Fiduciary shall not adjust, settle or compromise any such claim, suit or action without the approval of Trust; and

3. The Fiduciary shall permit the Trust, if the Trust so chooses, to assume full control of the adjustment settlement, compromise or defense of each such claim, suit or action.

While the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 *et seq.*, is not applicable by its terms to claims arising under contracts with the Trust, each Fiduciary agrees that such statute (except N.J.S.A. 59:13-9) shall be applicable to all claims against the Trust arising under this Section 10.05.

The indemnification provided in this Section 10.05 does not apply or extend to any indemnification given by a Fiduciary to any other person.

SECTION 10.06. Certain Permitted Acts. Any Fiduciary may become the Holder of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Bond Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

SECTION 10.07. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving not less than sixty (60) days' written notice to the Trust, and mailing notice thereof the Holders of the Bonds then Outstanding, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Trust or the Bondholders as provided in Section 10.09, in which event such resignation shall take effect immediately on the appointment of such successor, or unless a successor shall not have been appointed by the Trust or the Bondholders as provided in Section 10.09 on that date, in which event such resignation shall not take effect until a successor is appointed.

SECTION 10.08. Removal of Trustee. The Trustee may be removed at any time: (i) by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Trust, or (ii) so long as no Event of Default, or any event which, with notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing, for just cause by a resolution of the Trust filed with the Trustee. Notwithstanding any other provision in this Article X, no removal of the Trustee shall take effect until a successor shall be appointed pursuant to the provisions of Section 10.09.

SECTION 10.09. Appointment of Successor Trustee.

1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Trust by a duly executed written instrument signed by an Authorized Officer of the Trust, but if the Trust does not appoint a successor Trustee within forty-five (45) days then by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Trust, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Trust and the

predecessor Trustee. After such appointment of a successor Trustee, the Trust shall mail notice of any such appointment made by it or the Bondholders to the Holders of the Bonds then Outstanding.

2. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Trust written notice as provided in Section 10.07 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

3. Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company or national banking association in good standing, doing business and having its principal office in the City and State of New York or the State of New Jersey, duly authorized to exercise trust powers, subject to examination by federal or state authority, having capital stock and surplus aggregating at least \$50,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Bond Resolution.

SECTION 10.10. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Bond Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Trust, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Trust, or of the successor Trustee, execute, acknowledge and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Bond Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Trust be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Trust. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

SECTION 10.11. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business; provided, such company (i) shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and (ii) shall be authorized by law to perform all the duties imposed upon it by this Bond Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

SECTION 10.12. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Bond Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in this Bond Resolution provided that the certificate of the Trustee shall have.

SECTION 10.13. Resignation or Removal of Paying Agent; Appointment of Successor.

1. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving at least sixty (60) days written notice to the Trust, the Trustee and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Trust. Any successor Paying Agent shall be appointed by the Trust with the written approval of the Trustee and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital stock and surplus aggregating at least \$20,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all duties imposed upon it by this Bond Resolution.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

ARTICLE XI

AMENDMENTS

SECTION 11.01. Supplemental Resolutions Effective Upon Filing With Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Trust may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Trust, shall be fully effective in accordance with its terms:

(a) To close this Bond Resolution against, or provide limitations and restrictions contained in this Bond Resolution on, the authentication and delivery of Bonds;

(b) To add to the duties, covenants, obligations and agreements of the Trust in this Bond Resolution, other duties, covenants, obligations and agreements to be observed and performed by the Trust which are not contrary to or inconsistent with this Bond Resolution as theretofore in effect;

(c) To add to the limitations and restrictions in this Bond Resolution, other limitations and restrictions to be observed by the Trust which are not contrary to or inconsistent with this Bond Resolution as theretofore in effect;

(d) To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Article II, and also any other matters and things relative to such Bonds including whether to issue Bonds in book entry forms, which are not contrary to or inconsistent with this Bond Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination contained in Article II at any time prior to the first authentication and delivery of such Bonds;

(e) To confirm as further assurance, any security interest, pledge or assignment under this Bond Resolution, and the subjection of the Revenues or of any other moneys, securities or funds to any security interest, pledge or assignment created or to be created by this Bond Resolution;

(f) To modify any of the provisions of this Bond Resolution in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

(g) To modify any of the provisions of this Bond Resolution in any respect provided that the modifications affect only Bonds issued subsequent to the date of such modifications; or

(h) To comply with the provisions of any federal or state securities law, including, without limitation, the Trust Indenture Act of 1939, as amended, or to comply with Section 103 of the Code, as amended, replaced or substituted.

If the Supplemental Resolution adopted by the Trust pursuant to this Section materially increases the duties and responsibilities of the Trustee hereunder, the Trust shall reasonably compensate the Trustee for such materially increased duties and responsibilities.

SECTION 11.02. Supplemental Resolutions Effective Upon Consent of Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Trust, (ii) the filing with the Trust of an instrument in writing made by the Trustee consenting thereto, and (iii) the filing with the Trust and the Trustee of an opinion of Bond Counsel to the effect that such Supplemental Resolution will not adversely affect the exclusion from gross income of the interest on the Series 2013B Bonds for federal income tax purposes, shall be fully effective in accordance with its terms:

(a) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provisions in this Bond Resolution;

(b) To insert such provisions clarifying matters or questions arising under this Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with this Bond Resolution as theretofore in effect; or

(c) To make any other modification or amendment of this Bond Resolution which will not have a material adverse effect on the interests of Bondholders.

In making any determination under this Section 11.02, the Trustee may conclusively rely upon an opinion of Bond Counsel.

SECTION 11.03. Supplemental Resolutions Effective With Consent of Bondholders. At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by the Bondholders in accordance with and subject to the provisions of Sections 11.06 and 11.07, which Supplemental Resolution, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Trust, (ii) compliance with the provisions of said Sections 11.06 and 11.07, (iii) the filing with the Trust and the Trustee of an opinion of Bond Counsel to the effect that such Supplemental Resolution will not adversely affect the exclusion from gross income of the interest on the Series 2013B Bonds for federal income tax purposes, shall become fully effective in accordance with its terms as provided in said Section 11.07. Provided, however, that, any Supplemental Resolution which by its terms only affects one or more Series of Bonds may be adopted subject to the consent of the Bondholders of the Series or Series of Bonds so affected.

SECTION 11.04. General Provisions.

1. This Bond Resolution shall not be modified or amended in any respect except by Supplemental Resolution as provided in and in accordance with and subject to the provisions of this Article XI. Nothing contained in this Article XI shall affect or limit the right or obligation of the Trust to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of this Bond Resolution or the right or obligation of the Trust to execute and deliver to any Trustee any instrument which elsewhere in this Bond Resolution it is provided shall be delivered to said Trustee.

2. Any Supplemental Resolution referred to and permitted or authorized by Section 11.01 or 11.02 may be adopted by the Trust without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this Bond Resolution, is authorized or permitted by this Bond Resolution, and is valid and binding upon the Trust in accordance with its terms.

3. The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Sections 11.01, 11.02 or 11.03 and to

make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of Bond Counsel that such Supplemental Resolution is authorized or permitted by the provisions of this Bond Resolution.

4. No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without their written assent thereto.

SECTION 11.05. Mailing. Any provision in this Article for the mailing of a notice or other paper to Holders of Bonds shall be fully complied with if it is mailed, postage prepaid only, to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Trust.

SECTION 11.06. Powers of Amendment by Supplemental Resolution. Unless otherwise permitted under Section 11.01 or Section 11.02, any modification or amendment of this Bond Resolution and of the rights and obligations of the Trust and of the Holders of the Bonds thereunder, in any particular, may be made only by a Supplemental Resolution with the written consent (i) of the Holders of not less than two-thirds (2/3) in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of not less than two-thirds (2/3) in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any sinking fund installment, of the Holders of not less than two-thirds (2/3) in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such obligation, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Trustee without their written assent thereto. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Bond Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity would be affected by any modification or amendment of this Bond Resolution and any such determination shall be binding and conclusive on the Trust and all Holders of Bonds. In taking such action, the Trustee may rely upon the opinion of Bond Counsel. For purposes of this Section, the Holders of any Bonds may include the initial Holders thereof, regardless of whether such Bonds are being held for resale.

SECTION 11.07. Consent of Bondholders. The Trust may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 11.06 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Holders of Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trust to Holders of Bonds (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of the Holders of the percentages of Outstanding Bonds specified in Section 11.06 and (b) an opinion of Bond Counsel addressed to the Trustee stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Trust in accordance with the provisions of this Bond Resolution, is authorized or permitted by this Bond

Resolution, and is valid and binding upon the Trust and enforceable in accordance with its terms. It shall not be necessary that the consents of Holders of Bonds approve the particular form of wording of the proposed modification or amendment or of the proposed Supplemental Resolution effecting such modification or amendment, but it shall be sufficient if such consents approve the substance of the proposed amendment or modification. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.02. A certificate or certificates executed by the Trustee and filed with the Trust stating that it has examined such proof and that such proof is sufficient in accordance with Section 12.02 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 12.02 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 11.07 provided for is filed, such revocation and proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 12.02. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trust to the effect that no revocation thereof is on file with the Trustee.

At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Trust a written statement that the Holders of such required percentages of such Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Trust on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 11.07, may be given to Bondholders by the Trust by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 11.07 provided). The Trust shall file with the Trustee proof of the mailing thereof. A record, consisting of the certificates or statements required or permitted by this Section 11.07 to be made by the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Trust, the Fiduciaries and the Holders of all Bonds at the expiration of forty (40) days after the filing with the Trustee of the proof of the mailings of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that any Fiduciary and the Trust during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as it may deem expedient.

SECTION 11.08. Modifications or Amendments by Unanimous Consent. The terms and provisions of this Bond Resolution and the rights and obligations of the Trust and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Trust of a Supplemental Resolution and the consent thereto of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 11.07 except that no notice to Holders of Bonds either by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Holders of Bonds.

SECTION 11.09. Exclusion of Bonds. Bonds owned or held by or for the account of the Trust shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding

Bonds provided for in this Article XI, and the Trust shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Trust shall furnish to the Trustee a Certificate of an Authorized Officer of the Trust, upon which the Trustee may rely, describing all Bonds so to be excluded.

SECTION 11.10. Notation on Bonds. Bonds authenticated and delivered after the effective date of any Supplemental Resolution pursuant to this Article XI may, and, if the Trust or the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Trust and the Trustee as to any modification or amendment provided for in such Supplemental Resolution and, in that case upon demand of the Holder of any Bond Outstanding and upon presentation of any Bond for such purpose at the Principal Office of the Trustee, a suitable notation shall be made on such Bond. If the Trust or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Trust, to any modification or amendment contained in such Supplemental Resolution, shall be prepared, authenticated and delivered and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series, principal amount, maturity and interest rate then Outstanding, upon surrender of such Bonds. Any action taken as in Article X or this Article XI provided shall be effective and binding upon all Bondholders notwithstanding that the notation is not endorsed on all Bonds.

SECTION 11.11. Effect of Supplemental Resolution. Upon the effective date of any Supplemental Resolution, this Bond Resolution shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, covenants, obligations and agreements under this Bond Resolution of the Trust, the Trustee and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of this Bond Resolution for any and all purposes.

SECTION 11.12. Amendment of Loan Agreements. The Trust shall not supplement, amend, modify or terminate any Loan Agreement, or consent to any such supplement, amendment, modification or termination, without the written consent of the Trustee, which consent shall not be unreasonably withheld. The Trustee shall give such written consent only if (a) (i) in the opinion of the Trustee, after such supplement, amendment, modification or termination is effective, such Loan Agreement shall continue to meet the requirements of Article VI of this Bond Resolution or (ii) the Trustee first obtains the written consent of the Holders of a majority in aggregate principal amount of the Outstanding Bonds to such supplement, amendment, modification or termination, such written consent being obtained by the Trustee at the sole expense of the Borrower which is a party to the Loan Agreement which is the subject of the supplement, amendment, modification or termination and (b) the Trustee first obtains an opinion of Bond Counsel to the effect that such supplement, amendment, modification or termination will not adversely affect the exclusion from gross income of the interest on the Series 2013B Bonds for federal income tax purposes. In making any determination under this Section 11.12, the Trustee may conclusively rely upon an opinion of Bond Counsel.

Notwithstanding any other provision in this Section, the Trust may supplement, amend or modify any Loan Agreement without the consent of the Trustee or any Bondholder (i) for the purposes set forth in Section 5.02(5) hereof, (ii) for the purpose of amending, supplementing or modifying Section 2.02(p) of the Loan Agreement and (iii) for the purpose of amending, supplementing or modifying Exhibit H to the Loan Agreement prior to the execution and delivery thereof.

SECTION 11.13. Notice of Amendments. Promptly after the adoption by the Trust of any Supplemental Resolution, the Trustee shall mail by first class mail, postage prepaid, a notice, setting forth in general terms the substance thereof, to the Bondholders of a Series of Bonds affected by such amendment.

Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Resolution.

ARTICLE XII

DEFEASANCE

SECTION 12.01. Defeasance of Bonds.

1. If the Trust shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds of any Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated in the Bonds and in this Bond Resolution, then the pledge of the Trust Estate, and all duties, covenants, agreements and other obligations of the Trust to the Bondholders of such Series, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Trust to be prepared and filed with the Trust and, upon the request of the Trust, shall execute and deliver to the Trust all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Trust all moneys or securities held by it pursuant to this Bond Resolution which are not required for the payment of principal or Redemption Price, if applicable, and interest due or to become due on Bonds of any Series not theretofore surrendered for such payment or redemption and any amounts owed to any Fiduciary. If the Trust shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds of any Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under this Bond Resolution, and all duties, covenants, agreements and obligations of the Trust to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Notwithstanding any other provision in this Article XII, all duties, covenants, agreements and obligations of the Trust to the Holders relating to the exclusion of interest from gross income of the Holders of such Bonds for federal income tax purposes shall survive the defeasance of the Bonds.

2. Bonds (which can be an entire series or portion thereof) or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the Trust of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section. Subject to the provisions of subsections (3) through (5) of this Section, Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their stated maturities, the Trust shall have given to the Trustee instructions in writing accepted by the Trustee to mail notice of redemption of such Bonds (other than Bonds of a Series which have been purchased by the Trustee at the written direction of the Trust or purchased or otherwise acquired by the Trust and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee (i) either moneys in an amount which shall be sufficient, or Investment Securities (including any Investment Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Series of Bonds on or prior to the redemption date or maturity date thereof, as the case may be, (ii) a defeasance opinion of Bond Counsel, and (iii) a verification report of an independent nationally recognized verification agent as to the matters set forth in clause (i), and (c) in the event such Series of Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Trust shall have given the Trustee in form satisfactory to it instructions to mail, as soon as practicable, a notice to the Holders of such Bonds at their last addresses appearing upon the registry books at the close of business on the last business day of the month preceding the month for which notice is mailed that the deposit required by (b)

above has been made with the Trustee and that such Series of Bonds are deemed to have been paid in accordance with this Section 12.01 and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of subsection (5) of this Section 12.01, to be available for the payment of the principal or Redemption Price, if applicable, of such Series of Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Trust or purchased or otherwise acquired by the Trust and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of redemption referred to in clause (a) hereof). Any notice of redemption mailed pursuant to the preceding sentence with respect to any Series of Bonds which constitutes less than all of the Outstanding Bonds of any maturity within a Series shall specify the letter and number or other distinguishing mark of each such Bond. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 12.01 to the retirement of said Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Bonds, all in the manner provided in this Bond Resolution.

The Trustee shall, if so directed by the Trust (i) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 12.01 which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) above with respect to any Bonds deemed to have paid in accordance with this Section 12.01 which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Bonds and redeem or sell Investment Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the moneys and Investment Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due or to become due on all Bonds in respect of which such moneys and Investment Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (i) prior to the maturity date of Bonds deemed to have been paid in accordance with Section 12.01 which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) with respect to any Bonds deemed to have been paid in accordance with this Section 12.01 which are to be redeemed on any date prior to their maturity, the Trust shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by directions from the Trust to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay or redeem Bonds deemed paid in accordance with this Section 12.01. The directions given by the Trust to the Trustee referred to in the preceding sentence shall also specify the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 12.01 upon their maturity date or dates and the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 12.01 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases, acquisitions and cancellations of Bonds as provided in this Section 12.01 the total amount of moneys and Investment Securities remaining on deposit with the Trustee under this Section 12.01 is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds of such Series in order to satisfy clause (b) of this subsection 2 of Section 12.01, the Trustee shall, if requested by the Trust, pay the amount of such excess to the Trust free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution. Except as otherwise provided in this subsection 2 and in subsection 3 through subsection 5 of this Section 12.01, neither Investment Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, (A) to the extent such cash will not be required at

any time for such purpose, shall be paid over to the Trust as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under this Bond Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested at the direction of the Trust in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Trust, as received by the Trustee, free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution.

For the purposes of this Section, Investment Securities shall mean and include only (y) such securities as are described in clause (a) of the definition of "Investment Securities" in Section 1.01 which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or (z) upon compliance with the provisions of subsection 3 of this Section 12.01, such securities as are described in clause (a) of the definition of Investment Securities which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

3. Investment Securities described in clause (z) of subsection 2 of Section 12.01 may be included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of Section 12.01 only if, in making the determination as to whether the moneys and Investment Securities to be deposited with the Trustee would be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on the Bonds which will be deemed to have been paid as provided in subsection 2 of Section 12.01, such determination is made both (i) on the assumption that the Investment Securities described in clause (z) were not redeemed at the option of the issuer prior to the maturity date thereof and (ii) on the assumptions that such Investment Securities were redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue on such Investment Securities and that the proceeds of such redemption were not reinvested by the Trustee.

4. In the event that after compliance with the provisions of subsection 3 of Section 12.01 the Investment Securities described in clause (z) of subsection 2 of Section 12.01 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of Section 12.01 and any such Investment Securities are actually redeemed by the issuer thereof prior to their maturity date, then the Trustee at the written direction of the Trust shall reinvest the proceeds of such redemption in Investment Securities, provided that the aggregate of the moneys and Investment Securities to be held by the Trustee, taking into account any changes in redemption dates or instructions to give notice of redemption given to the Trustee by the Trust in accordance with subsection 5 of Section 12.01, shall at all times be sufficient to satisfy the requirements of clause (b) of subsection 2 of Section 12.01.

5. In the event that after compliance with the provisions of subsection 3 of Section 12.01 the Investment Securities described in clause (z) of subsection 2 of Section 12.01 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of Section 12.01, then any notice of redemption to be published by the Trustee and any set of instructions relating to a notice of redemption given to the Trustee may provide, at the option of the Trust, that any redemption date or dates in respect of all of any portion of the Bonds to be redeemed on such date or dates may at the option of the Trust be changed to any other permissible redemption date or dates and that redemption dates may be established for any Bonds deemed to have been paid in accordance with this Section 12.01 upon their maturity date or dates at any time prior to the actual mailing of any applicable notice of redemption in the event that all or any portion of any Investment Securities described in clause (z) of subsection 2 of this Section 12.01 have been called for redemption pursuant to an irrevocable notice of redemption or have been redeemed by the issuer thereof prior to the maturity date thereof; no such change

of redemption date or dates or establishment of redemption date or dates may be made unless, taking into account such changed redemption date or dates or newly established redemption date or dates, the moneys and Investment Securities on deposit with the Trustee (including any Investment Securities deposited with the Trustee in connection with any reinvestment of redemption proceeds in accordance with subsection 5 of Section 12.01) pursuant to clause (b) of subsection 2 of Section 12.01 would be sufficient to pay when due the principal and Redemption Price, if applicable, and interest on all Bonds deemed to have been paid in accordance with subsection 2 of Section 12.01.

6. Anything in this Bond Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the later of (i) the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption or (ii) the date of deposit of such moneys, shall at the written request of the Trust be repaid by the Fiduciary to the Trust as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Trust for the payment of such Bonds; provided, however, that before being required to make any such payment to the Trust, the Fiduciary shall, at the expense of the Trust, cause to be published at least twice, at an interval of not less than seven (7) days between publications, in the Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the Trust.

Notwithstanding any other provision in Article XII of this Bond Resolution, all duties, covenants, agreements and obligations of the Trust to the Holders relating to the exclusion of interest from gross income of the Holders of the Series 2013B Bonds for federal income tax purposes shall survive the defeasance of the Series 2013B Bonds.

SECTION 12.02. Evidence of Signatures and Ownership of Bonds.

1. Any request, consent, revocation of consent or other instrument which this Bond Resolution or any Supplemental Resolution may require or permit to be signed and executed by the Holders of Bonds of any Series may be in one or more instruments of similar tenor and shall be signed or executed by such Holders of Bonds in person or by their attorneys appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, shall be sufficient for any purpose of this Bond Resolution or any Supplemental Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The fact and date of the execution by any Holder of any Bond or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

2. The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books maintained by the Trustee.

3. Any request or consent by the Holder of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Trust or any Trustee in accordance therewith.

SECTION 12.03. Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

ARTICLE XIII

MARKETING AND SALE OF THE BONDS

SECTION 13.01. Preliminary Official Statement.

1. The Authorized Officers of the Trust are hereby severally authorized and directed to prepare a preliminary official statement relating to the Series 2013B Bonds (the "Preliminary Official Statement"), which Preliminary Official Statement shall be in the form, and shall include such provisions, as the Authorized Officer of the Trust, after consultation with Bond Counsel and other appropriate professional advisors to the Trust, deems in his sole discretion to be necessary or desirable, the delivery thereof by the Authorized Officer of the Trust being conclusive evidence of his consent to the provisions thereof.

2. The Authorized Officers of the Trust are hereby severally authorized and directed, upon the satisfaction of all of the legal conditions precedent to the delivery of the Preliminary Official Statement by the Trust, as determined by the Authorized Officer of the Trust in consultation with Bond Counsel, to "deem final" the Preliminary Official Statement, in accordance with the provisions of Rule 15c2-12, and to deliver the Preliminary Official Statement in the form established by the provisions of subsection (1) hereof.

3. The Authorized Officers of the Trust are hereby severally authorized and directed to execute any certificate or document and to take such other actions as may be necessary, relating to any statutes, regulations, rules or other procedures of the SEC, the Municipal Securities Rulemaking Board or any state securities entity, including, without limitation, Rule 15c2-12, that the Authorized Officer of the Trust, after consultation with Bond Counsel, deems necessary or desirable to effect the issuance, marketing and sale of the Series 2013B Bonds, and the transactions contemplated by the Preliminary Official Statement.

SECTION 13.02. Official Statement. The Authorized Officers of the Trust are hereby severally authorized and directed to execute and deliver a final official statement relating to the Series 2013B Bonds (the "Official Statement"), in substantially similar form to the Preliminary Official Statement, with such changes thereto as shall be necessary or desirable to reflect the final pricing of the Series 2013B Bonds, as set forth in any documents relating to the sale of the Series 2013B Bonds, and to reflect any other changes required pursuant to any statutes, regulations, rules or other procedures of the SEC, the Municipal Securities Rulemaking Board or any state securities entity, including, without limitation, Rule 15c2-12, as the Authorized Officer of the Trust, after consultation with Bond Counsel and any other appropriate professional advisors to the Trust, deems in his sole discretion to be necessary or desirable to effect the issuance of the Series 2013B Bonds and the transactions contemplated by the Official Statement, which delivery thereof by the Authorized Officer of the Trust shall conclusively evidence his consent to the provisions thereof.

SECTION 13.03. Sale of the Series 2013B Bonds.

1. The Authorized Officers of the Trust are hereby severally authorized and directed to cause to be published and disseminated in connection with the marketing and sale of the Series 2013B Bonds a notice of sale with respect to the Series 2013B Bonds (the "Notice of Sale"), which Notice of Sale shall set forth, *inter alia*, the following terms and provisions, which terms and provisions shall be determined by the Authorized Officer of the Trust after consultation with Bond Counsel and other appropriate professional advisors to the Trust: (i) a summary of the terms of the Series 2013B Bonds; (ii) the criteria pursuant to which the award of the Series 2013B Bonds shall be made by the Trust; (iii) the date and time at which proposals for the purchase of the Series 2013B Bonds shall be accepted by the Trust; and (iv) the method

by which the bidders for the purchase of the Series 2013B Bonds shall submit their proposals, which proposals shall be submitted to the Trust, in compliance with the terms of the Notice of Sale, via a written proposal for Series 2013B Bonds (the “Proposal for Bonds”).

2. The Authorized Officers of the Trust are hereby severally authorized and directed to cause (i) the Notice of Sale and the Proposal for Bonds to be disseminated simultaneously with the dissemination of the Preliminary Official Statement and (ii) a summary of the Notice of Sale to be published in compliance with Section 6(d) of the Act at least once in at least three newspapers published in the State and at least once in a publication carrying municipal bond notices and devoted primarily to financial news published in the State or in the City of New York, the first summary Notice of Sale to be published at least five (5) days prior to the date established by the Notice of Sale for the sale of the Series 2013B Bonds.

3. On the date and time established therefore in the Notice of Sale, the Proposals for Bonds shall be received and accepted by the Authorized Officer of the Trust. Upon receipt and acceptance of the Proposals for Bonds, the Authorized Officers of the Trust are hereby severally authorized and directed to open such Proposals for Bonds and, after consultation with Bond Counsel and other appropriate professional advisors to the Trust, accept the successful Proposal for Bonds, such Proposal for Bonds to be determined based upon compliance with the terms of the Notice of Sale relating to the award of the Series 2013B Bonds and after consultation with Bond Counsel and other appropriate professional advisors to the Trust.

4. The Authorized Officers of the Trust are hereby severally authorized and directed to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effectuate the marketing and sale of the Series 2013B Bonds, including, without limitation, such other actions as may be necessary in connection with (i) the procurement of a rating on the Series 2013B Bonds from any rating agency and (ii) the conduct of informational investment meetings; provided, however, that in each such instance the Authorized Officers of the Trust shall comply with the provisions of this Section 13.03 and shall consult with Bond Counsel and other appropriate professional advisors to the Trust with respect thereto.

5. At the first meeting of the Board of Directors of the Trust subsequent to the sale of the Series 2013B Bonds, the Executive Director or other Authorized Officer of the Trust shall deliver a report setting forth the details of the sale of the Series 2013B Bonds.

SECTION 13.04. Electronic Dissemination of the Preliminary Official Statement; Electronic Acceptance of Proposals for Bonds; Award of Bonds.

1. Notwithstanding any provision of this Bond Resolution to the contrary, the Authorized Officers of the Trust are hereby severally authorized at their discretion to disseminate the Preliminary Official Statement via electronic medium, in addition to or in lieu of physical, printed medium; provided, however, that in disseminating the Preliminary Official Statement via such medium, such Authorized Officer of the Trust shall otherwise fully comply with the provisions of Section 13.01 hereof.

2. In complying with the provisions of Section 13.03 hereof, the Authorized Officers of the Trust are hereby severally authorized at their discretion to accept Proposals for Bonds and complete the award of the Series 2013B Bonds, pursuant to the terms and provisions of the Notice of Sale, by means of electronic media; provided that, with respect to the selection of the particular electronic media and the implementation of the procedures for the exercise thereof, the Authorized Officer of the Trust shall consult with Bond Counsel and other appropriate professional advisors to the Trust with respect thereto.

SECTION 13.05. Registration or Qualification of Series 2013B Bonds. The Authorized Officers of the Trust are hereby severally authorized and directed, in the name and on behalf of the Trust, to take any and all actions that they deem necessary and advisable in order to effect the registration or qualification (or exemption therefrom) of the Series 2013B Bonds for offer, sale or trade under the blue sky or securities laws of any of the states of the United States of America, and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports (except consents to service of process in any jurisdiction outside the State) and other papers and instruments which may be required under such laws, and to take any and all further actions that they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the underwriters for such securities.

SECTION 13.06. Establishment of Trust Account in Connection with the Sale of the Series 2013B Bonds. The Authorized Officers of the Trust are hereby severally authorized and directed, in consultation with Bond Counsel and other appropriate advisors to the Trust, to enter into a trust agreement by and between the Trust and U.S. Bank National Association, or any successors and assigns thereto, providing for the establishment of a trust account with U.S. Bank National Association, or any successors and assigns thereto (i) for deposit therein (a) at the time of the award of the Series 2013B Bonds the good faith deposit of the successful bidder for the Series 2013B Bonds, such check being required by the terms of the Notice of Sale, (b) on the Business Day prior to the issuance of the Series 2013B Bonds the portion of the Debt Service Reserve Requirement not funded with Series 2013B Bond proceeds to be contributed by the State of New Jersey in the amount set forth in Section 2.03(8) hereof, and (c) prior to the issuance of the Series 2013B Bonds, such other amounts, the deposit of which may be deemed necessary and desirable by any Authorized Officer of the Trust, in consultation with Bond Counsel and other appropriate advisors to the Trust, (ii) for withdrawal therefrom on the date of issuance of the Series 2013B Bonds (a) the amounts deposited in accordance with clause (i)(a) above to be transferred in accordance with the terms of Section 2.03(7) hereof, (b) the amounts deposited in accordance with clause (i)(b) above to be transferred in accordance with the terms of Section 2.03(8) hereof, (c) the amounts deposited in accordance with clause (i)(c) above to be transferred in a manner consistent with their purposes to a Fund and Account created hereunder as more fully detailed by the terms of said trust agreement and (d) the interest earned on all of such amounts to be paid over to the Trust for any of its lawful purposes and (iii) after all of the transfers having been made in accordance with clause (ii) above, for the closing of such trust account on the date of issuance of the Series 2013B Bonds.

SECTION 13.07. Agreements with DTC; Discontinuance of Book-Entry System; Replacement of DTC.

1. In connection with the issuance and sale of the Series 2013B Bonds, the Authorized Officers of the Trust are hereby severally authorized and directed to enter into agreements on behalf of the Trust with DTC, with such terms and provisions as such Authorized Officer of the Trust shall approve upon consultation with Bond Counsel, which agreements shall take effect on the date of delivery of the Series 2013B Bonds.

2. The Authorized Officers of the Trust are hereby severally authorized and directed to determine, upon consultation with Bond Counsel, whether or not it is advisable for the Trust to continue the book-entry system or to replace DTC with another qualified securities depository as successor to DTC.

ARTICLE XIV

MISCELLANEOUS

SECTION 14.01. Liability of Trust Limited to Trust Estate. Notwithstanding anything contained in this Bond Resolution or in the Bonds, the Trust shall not be required to advance any moneys derived from any source other than the Trust Estate for any of the purposes in this Bond Resolution, whether for the payment of the principal or Redemption Price of, or interest on, the Bonds or for any other purpose of this Bond Resolution. Nevertheless, the Trust may, but shall not be required to, advance for any of the purposes hereof any funds of the Trust that may be made available to it for such purposes.

SECTION 14.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Bond Resolution either the Trust or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the duties, covenants, obligations and agreements contained in this Bond Resolution by or on behalf of the Trust or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof, whether so expressed or not.

SECTION 14.03. Limitation of Rights to Parties. Nothing expressed or implied in this Bond Resolution or in the Bonds is intended or shall be construed to give to any person other than the Trust, the Trustee, the Paying Agents and the Holders of Bonds any legal or equitable right, remedy or claims under or in respect of this Bond Resolution or any duty, covenant, obligation, agreement, condition or provision therein or herein contained; and all such duties, covenants, obligations, agreements, conditions and provisions are and shall be for the sole and exclusive benefit of the Trust, the Trustee, the Paying Agents and the Holders of Bonds.

SECTION 14.04. Waiver of Notice. Whenever in this Bond Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 14.05. Destruction of Bonds. Whenever in this Bond Resolution provision is made for the cancellation by the Trustee and the delivery to the Trust of any Bonds, unless otherwise requested in writing the Trust, in lieu of such cancellation and delivery, the Trustee shall destroy such Bonds (in the presence of an officer of the Trust, if the Trust shall so require), and deliver a certificate of such destruction to the Trust.

SECTION 14.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Bond Resolution or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Bond Resolution or in the Bonds and such invalidity, illegality or unenforceability shall not affect any other provision of this Bond Resolution, and this Bond Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Trust hereby declares that it would have entered into this Bond Resolution and each and every section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Bond Resolution may be held illegal, invalid or unenforceable.

SECTION 14.07. Notices. Any notices, certificates or other communications required or permitted to be given herein shall be in writing (unless otherwise specifically required or permitted herein) and shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid (unless otherwise specifically required or permitted herein) to the Trust, the Trustee, and the Paying Agent at the addresses set forth below:

- (a) Trust: New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 6, Suite 201
Lawrenceville, New Jersey 08648
Attention: Executive Director
- (b) Trustee: U.S. Bank National Association
21 South Street, 3rd Floor
Morristown, New Jersey 07960
Attention: Corporate Trust Department
- (c) Paying Agent: U.S. Bank National Association
21 South Street, 3rd Floor
Morristown, New Jersey 07960
Attention: Corporate Trust Department

The Trust, the Trustee, and the Paying Agent may designate any further or different address to which subsequent notices and communications shall be sent by giving notice thereof to the other parties hereto.

SECTION 14.08. Disqualified Bonds. In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Bond Resolution, Bonds that are owned or held by or for the account of the Trust or any Borrower, or by any other primary or secondary obligor on any Loan Agreement, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Trust or any Borrower or any other primary or secondary obligor on any Loan Agreement, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purpose of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Trust or any Borrower or any other primary or secondary obligor on any Loan Agreement. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of Counsel shall be full protection to the Trustee.

The determination to be made hereunder by the Trustee with respect to Bonds to be disregarded and deemed not to be Outstanding shall be based upon information that has been brought to the attention of the Trustee. There is no affirmative duty on the part of the Trustee to undertake any investigation in determining Bonds to be disregarded and deemed not to be Outstanding.

SECTION 14.09. Funds and Accounts. Any fund, account or subaccount required by this Bond Resolution to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund, an account or a subaccount, and, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, may be treated either as a fund, an account or a subaccount; but all such records with respect to all such funds, accounts or subaccounts shall at all times be maintained in accordance with generally accepted accounting principles, to the extent practicable, or some other accounting standard recognized by the State or acceptable to the Trust.

SECTION 14.10. Waiver of Personal Liability. No member, officer, agent or employee of the Trust shall be individually or personally liable for the payment of the principal or Redemption Price of, or interest on, the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof, all such liability, if any, being expressly waived and released by each Holder of Bonds by the acceptance of such Bonds, but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Bond Resolution.

SECTION 14.11. Trust Protected in Acting in Good Faith. In the exercise of the powers of the Trust and its members, officers, employees and agents under this Bond Resolution, the Loan Agreements or any other document executed in connection with the Bonds, the Trust shall not be accountable to any Borrower, the Trustee, the Paying Agent, or any Holder for any action taken or omitted by it or its members, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred.

SECTION 14.12. Business Days. Except as otherwise specifically provided herein, if any date specified herein for the payment of any Bond or the performance of any act shall not be a Business Day at the place of payment or performance, such payment or performance shall be made on the next succeeding Business Day with the same effect as if made on such date, and in case any payment of the principal or Redemption Price of or interest on any Bond shall be due on a date that is not a Business Day, interest on such principal amount shall cease to accrue on the date on which such payment was due if such payment is made on the immediately succeeding Business Day.

ARTICLE XV

BOND FORM AND EFFECTIVE DATE

SECTION 15.01. Form of Series 2013B Bonds and Trustee's Authentication Certificate.

Subject to the provisions of this Bond Resolution, the form of the Series 2013B Bonds and the Trustee's certificate of authentication shall be of substantially the following tenor:

[FORM OF SERIES 2013B BOND]

UNITED STATES OF AMERICA

STATE OF NEW JERSEY

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

ENVIRONMENTAL INFRASTRUCTURE BONDS, SERIES 2013B

NO. R-__ CUSIP: _____ - ____

Interest Rate	Maturity Date	Dated Date	Authentication Date
____%	September 1, ____	May 22, 2013	May 22, 2013

Registered Owner: CEDE & CO.

Principal Sum: _____ (\$ __, __)

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST (the “Trust”), a public body corporate and politic and an instrumentality of the State of New Jersey created and existing under the laws of the State of New Jersey, hereby acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner stated hereon or its registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the Principal Office of U.S. Bank National Association (such bank and any successors thereto being herein called the “Trustee” and “Paying Agent”), the Principal Sum stated hereon in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and to pay from such pledged funds on March 1 and September 1 in each year, commencing September 1, 2013, until the Trust’s obligation with respect to the payment of such Principal Sum shall be discharged to the Registered Owner hereof, interest from the Dated Date hereof on such Principal Sum by check or draft of the Trustee mailed to such Registered Owner who shall appear as of the fifteenth (15th) day (whether or not such day shall be a Business Day) of the month immediately preceding such interest payment date on the books of the Trust maintained by the Trustee. However, so long as the Series 2013B Bonds (as hereinafter defined) are held in book-entry-only form pursuant to the Resolution (as hereinafter defined), the provisions of the Resolution governing such book-entry-only form shall govern repayment of the principal or Redemption Price, if any, of and interest on the Series 2013B Bonds.

This bond is one of a duly authorized Series of Bonds of the Trust designated “Environmental Infrastructure Bonds, Series 2013B” (herein called the “Series 2013B Bonds”), and issued in the aggregate principal amount of [\$ _____] under and in full compliance with the Constitution and statutes of the State of New Jersey, including, without limitation, the “New Jersey Environmental Infrastructure Trust Act”, constituting chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey, as amended and supplemented (herein called the “Act”), and under and pursuant to a resolution authorizing the Series 2013B Bonds adopted by the Trust on April 11, 2013 and entitled “Environmental Infrastructure Bond Resolution, Series 2013B”, as the same may be amended or supplemented from time to time in accordance with its terms (herein called the “Resolution”).

All capitalized terms used but not defined herein shall have the meanings set forth in the Resolution as if fully set forth herein.

As provided in the Resolution, the Series 2013B Bonds and all other bonds issued on a parity basis with the Series 2013B Bonds under the Resolution (herein collectively called the "Bonds") are direct and special obligations of the Trust payable solely, subject to the following sentence, from and secured (as to payment of principal or Redemption Price, if any, of and interest on) by the Trust Estate, all in accordance with their terms and the terms and conditions of the Resolution, subject only to the provisions of the Resolution permitting the application of the Trust Estate for the purposes and upon the terms and conditions set forth in the Resolution. The principal or Redemption Price, if any, of and interest on the Series 2013B Bonds are additionally secured by moneys held by the Master Program Trustee in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement. The Trust Estate under the Resolution includes the Loan Agreements (with certain exceptions set forth in the Resolution), any other Revenues and all other funds and accounts established under the Resolution [(other than the Operating Expense Fund, the Project Fund, the Rebate Fund and the amounts held in the Capitalized Interest Account of the Debt Service Fund that are allocable to and held for the benefit of _____, including Investment Securities, as applicable, held in any such Fund thereunder, together with all proceeds and revenues of the foregoing, all of the Trust's right, title and interest in and to the foregoing and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price, if any, of and interest on the Bonds in accordance with the terms and provisions of the Resolution]. Copies of the Resolution are on file at the office of the Trust and at the above-mentioned office of the Trustee. Reference is hereby made to the Act and to the Resolution and any and all supplements thereto and modifications and amendments thereof for a description of the pledge and assignment and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued and may be issued thereunder, the terms and provisions upon which this bond shall cease to be entitled to any lien, benefit or security under the Resolution and for all of the other terms and provisions thereof. All duties, covenants, agreements and obligations of the Trust under the Resolution may be discharged and satisfied at or prior to the maturity or redemption, if any, of this bond if moneys or certain specified securities shall have been deposited with the Trustee, all in accordance with the terms and provisions of the Resolution.

As provided in the Resolution, Bonds may be issued from time to time pursuant to Supplemental Resolutions in one or more Series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. Although the aggregate principal amount of Bonds that may be issued under the Resolution is not limited, and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution, the aggregate amount of bonds that may be issued by the Trust is currently limited by the Act. The Trust makes no representation as to whether this limitation on the aggregate principal amount of bonds issued by the Trust under the Act will continue to restrict the future issuance of bonds by the Trust under the Act.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended by the Trust with the written consent of the holders of at least two-thirds (2/3) in aggregate principal amount of the Bonds Outstanding under the Resolution at the time such consent is given, and, in case less than all of the several Series of Bonds then Outstanding are affected thereby, with such consent of at least two-thirds (2/3) in aggregate principal amount of the Bonds of each Series so affected and Outstanding; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding under the Resolution, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a

change in the terms of redemption, if any (including Sinking Fund Installments), or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price, if any, thereof or in the rate of interest thereon without the consent of the holder of such Bond, nor shall it reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, nor shall it change or modify any of the rights or obligations of the Trustee or of the Paying Agent without its written assent thereto.

This bond is transferable, as provided in the Resolution, only upon the books of the Trust kept for that purpose at the above-mentioned office of the Trustee, as bond registrar, by the Registered Owner hereof in person, or by such Registered Owner's attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar duly executed by the Registered Owner or such Registered Owner's duly authorized attorney, and thereupon a new fully registered bond or bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Resolution upon payment of the charges therein prescribed. The Trust, the Trustee and the Paying Agent may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if any, hereof and the interest due hereon and for all other purposes.

The Series 2013B Bonds maturing on or before September 1, 2022 shall not be subject to redemption prior to their respective stated maturity dates. The Series 2013B Bonds maturing on or after September 1, 2023 shall be subject to redemption prior to their respective stated maturity dates on or after September 1, 2022, at the option of the Trust, upon the terms set forth in the Resolution.

The Series 2013B Bonds are payable upon redemption at the above-mentioned office of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be mailed by the Trustee via first class mail, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date, to the registered owners of any Series 2013B Bonds or portions thereof to be redeemed at their last addresses, if any, appearing upon the Trust's registry books, all in the manner and upon the terms and conditions set forth in the Resolution. If notice of redemption shall have been mailed as aforesaid, the Series 2013B Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all of the Series 2013B Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 2013B Bonds or portions thereof so called for redemption shall cease to accrue and be payable. Failure of the registered owner of any Series 2013B Bonds to be redeemed to receive any such notice shall not affect the validity of the proceedings for the redemption of such Series 2013B Bonds.

The principal or Redemption Price, if any, of and interest on the Series 2013B Bonds are payable by the Trust solely from the Trust Estate, and neither the State of New Jersey nor any political subdivision thereof, other than the Trust (but solely to the extent of the Trust Estate), is obligated to pay the principal or Redemption Price, if any, of or interest on this bond and the issue of which it is one, and neither the full faith and credit nor the taxing power of the State of New Jersey or any political subdivision thereof is pledged to the payment of the principal or Redemption Price, if any, of or interest on this bond or the issue of which it is one.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond exist, have happened and have been performed, and the Series of Bonds of which this is one, together with all other indebtedness of the Trust, comply in all respects with the applicable laws of the State of New Jersey, including, without limitation, the Act.

This bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman or Vice-Chairman and its seal to be impressed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of the Dated Date hereof.

**NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST**

By: _____

Chairman

[SEAL]

ATTEST:

Assistant Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION ON SERIES 2013B BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 2013B Bonds delivered pursuant to the within-mentioned Resolution.

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

**By: _____
Authorized Signatory**

The following abbreviations, when used in the inscription on this bond, shall be construed as though they were written out in full according to applicable laws or regulations (additional abbreviations may also be used though not in the following list):

TEN COM – as tenants in common
TEN ENT – as tenants by the entireties

UNIF GIFT MIN ACT
_____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors Act
(State)

JT TEN – as joint tenants with
right of survivorship
and not as tenants in common

ASSIGNMENT

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE (FOR COMPUTER RECORD ONLY): _____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please Print or Typewrite Name and Address of Transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

_____, Attorney, to transfer the within bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranty:

Signature:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank, trust company, national bank association or other banking institution incorporated under the laws of the United States or a state of the United States.

NOTICE: The signature of this Assignment must correspond with the name that appears upon the first page of the within bond in every particular, without alteration or enlargement or any change whatsoever.

SECTION 15.02. Effective Date. This Bond Resolution shall not become effective until all of the following shall have occurred:

(a) As required by paragraph i of Section 4 of Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey, as amended and supplemented, there shall have run ten (10) days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Trust meeting at which this Bond Resolution was adopted has been delivered to the Governor for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval; and

(b) As required by paragraph j of Section 4 of Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey, as amended and supplemented, there is received by the Trust the written approval of this Bond Resolution by each of the Governor of the State and the State Treasurer.

EXHIBIT A

Form of Loan Agreement for Private Water Company Borrower

EXHIBIT B

Form of Loan Agreement for State University Borrower

EXHIBIT C

[Reserved.]

EXHIBIT D

Form of Notice of Sale

EXHIBIT E

Form of Trust Continuing Disclosure Agreement

EXHIBIT F

CERTIFICATE OF AN AUTHORIZED OFFICER OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST AS REQUIRED BY SECTION 4 OR 8(a) OF THE MASTER PROGRAM TRUST AGREEMENT

I, DAVID E. ZIMMER, Executive Director of the New Jersey Environmental Infrastructure Trust (the “Trust”) and an Authorized Officer as defined in and under that certain Master Program Trust Agreement, dated as of November 1, 1995, by and among the Trust, the State, United States Trust Company of New York, as Master Program Trustee thereunder, The Bank of New York (NJ), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to Wachovia Bank National Association), in several capacities thereunder, as supplemented by that certain Agreement of Resignation of Outgoing Master Program Trustee, Appointment of Successor Master Program Trustee and Acceptance Agreement, dated as of November 1, 2001, by and among United States Trust Company of New York, as Outgoing Master Program Trustee, State Street Bank and Trust Company, N.A. (predecessor to U.S. Bank Trust National Association), as Successor Master Program Trustee (the “Master Program Trustee”), and the Trust, as the same may be amended and supplemented from time to time in accordance with its terms (the “Master Program Trust Agreement”; capitalized terms used but not defined in this Certificate shall have the meanings ascribed to such terms in the Master Program Trust Agreement), **DO HEREBY CERTIFY** as follows:

1. The 2013A series within the Financing Program for the year 2013 shall constitute a Future Financing Program within the meaning of and for the purposes set forth in the Master Program Trust Agreement.
2. The 2013A series within the Financing Program for the year 2013 has received all requisite approvals, authorizations and consents that constitute a condition precedent to such Financing Program becoming a Future Financing Program.
3. The 2013A series within the Financing Program for the year 2013 shall be a Future Financing Program in order to provide additional security for the Coverage Receiving Trust Bonds, including, without limitation, the Future Trust Bonds to be issued under such Financing Program.
4. Attached hereto is an accurate and authentic copy of revised Schedule AG-2 to the Master Program Trust Agreement, which has simultaneously herewith been delivered to the Master Program Trustee for replacement of the existing Schedule AG-2 affixed to the Master Program Trust Agreement as Appendix A thereto.
5. This revised Schedule AG-2 to the Master Program Trust Agreement is being delivered to the Master Program Trustee in connection with the Trust’s issuance of its Environmental Infrastructure Bonds, Series 2013B in the aggregate principal amount of \$_____, which bonds constitute Future Trust Bonds under the Master Program Trust Agreement.

IN WITNESS WHEREOF, the undersigned duly Authorized Officer of the Trust has executed and delivered this Certificate this [22nd day of May, 2013].

**NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST**

By: _____
Executive Director

SCHEDULE I-A

Reserved

SCHEDULE I-A

Reserved

SCHEDULE I-B

Allocable Share – Borrowers

The allocations contained in the attached schedule are valid for the term of the Loan of a particular Borrower. Once a Borrower's Loan is repaid or if a Borrower decides to prepay its Loan, (i) said Borrower will no longer be entitled to any earnings on any of the funds or accounts established pursuant to this Bond Resolution and (ii) no reallocation will be made of the remaining Borrowers.

SCHEDULE II

Reserved

RESOLUTION NO. 13-

RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST AUTHORIZING DIRECT LOANS TO CERTAIN BORROWERS PARTICIPATING IN THE STATE FISCAL YEAR 2013 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM

WHEREAS, pursuant to Section 5(m) and Section 9(a) of the New Jersey Environmental Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the “State”), as amended and supplemented (N.J.S.A. 58:11B-1 *et seq.*) (the “Act”), the New Jersey Environmental Infrastructure Trust, a public body corporate and politic under the laws of the State, created pursuant to the Act (the “Trust”), is authorized to make and contract to make loans (each, a “Trust Loan”) to project sponsors (each, a “Project Sponsor”) to finance a portion of the costs of the respective environmental infrastructure system projects thereof (each, a “Project”), which Project Sponsors may lawfully undertake or acquire and for which they are authorized by law to borrow funds, subject to such terms and conditions as the Trust shall determine to be consistent with the Act and the purposes of the Trust; and

WHEREAS, the Project Sponsors set forth in Schedule I attached hereto (each, a “Direct Loan Borrower” and, collectively, the “Direct Loan Borrowers”) have sought financial assistance from the Trust in connection with the respective Projects thereof that bear the corresponding numeric designations set forth in Schedule I attached hereto (each, a “Direct Loan Project” and, collectively, the “Direct Loan Projects”); and

WHEREAS, it currently is estimated by each Direct Loan Borrower that the portion of the total cost of its respective Direct Loan Project to be financed by the Trust will represent a low Project cost relative to the cost of other Projects for which other Project Sponsors seek financing from the Trust, and, in connection with such Direct Loan Project costs, each Direct Loan Borrower seeks financial assistance from the Trust in the form of a Trust Loan (each, a “Direct Trust Loan” and, collectively, the “Direct Trust Loans”) in a principal amount not to exceed the amount set forth under the heading “Maximum Trust Loan Amount” in Schedule I attached hereto with respect to the respective and corresponding Direct Loan Project of each such Direct Loan Borrower (each, a “Maximum Trust Loan Amount”), with additional financial assistance to be provided to each Direct Loan Borrower for the balance of the cost of its respective Direct Loan Project in the form of a loan (each, a “NJDEP Loan” and, collectively, the “NJDEP Loans”) from the State, acting by and through the New Jersey Department of Environmental Protection (the “NJDEP”); and

WHEREAS, as an alternative to the funding of the Direct Trust Loans from proceeds of bonds to be issued by the Trust as part of its State Fiscal Year 2013 Environmental Infrastructure Financing Program, it is in the administrative interests of the Trust, given the low principal amount of each Direct Trust Loan and the nature of each Direct Loan Project, that the Trust fund the Direct Trust Loans as so-called direct loans as part of the direct loan initiative of the Trust (the “Direct Loan Program”) from (i) investment earnings available to the Trust for such purposes and/or (ii) operating funds of the Trust that are not required for, or committed to, the operation of the Trust for fiscal years 2013 and 2014 (collectively, the “Available Funds”); and

WHEREAS, on February 9, 2012, the Board of Directors of the Trust (the “Board”) adopted a resolution entitled “Amended and Restated Resolution of the New Jersey Environmental Infrastructure Trust Relating to the Direct Loan Program and Certain Policies Regarding the Administration Thereof and the Granting of Direct Loans” (the “Direct Loan Policy Resolution”), which Direct Loan Policy Resolution sets forth the Direct Loan Program Criteria (as such term is defined in the Direct Loan Policy Resolution) for use by the Trust for the purpose of identifying a Project that shall be appropriate for funding through the Direct Loan Program of the Trust, and such Direct Loan Program Criteria, either one of which, or both collectively, may be deemed by the Board to be determinative, include the following: (i) the loan by the Trust to the Project Sponsor pursuant to the Direct Loan Program shall not exceed \$300,000; and (ii) the Project Sponsor shall be the subject of economic hardship and/or shall lack administrative staff and/or expertise in matters relating to the completion and the financing of the Direct Loan Project; and

WHEREAS, each Direct Loan Borrower and the Direct Loan Project thereof satisfies clause (i) of the Direct Loan Program Criteria, due to the fact that the principal amount of such Direct Trust Loan is expected to be less than or equal to \$300,000; and

WHEREAS, each Direct Trust Loan shall be extended by the Trust to each Direct Loan Borrower, and each Direct Loan Borrower shall repay its Direct Trust Loan to the Trust, pursuant to the terms and provisions of a loan agreement (each, a “Direct Trust Loan Agreement” and, collectively, the “Direct Trust Loan Agreements”), by and between the Trust and such Direct Loan Borrower; and

WHEREAS, the rate of interest to be paid by each Direct Loan Borrower to the Trust with respect to the repayment of its Direct Trust Loan shall be calculated in the following manner (the “Interest Rate Calculation”), so as to achieve an objectively determined rate of interest that is reflective of the policy goals as set forth in the Direct Loan Policy Resolution, this Resolution and the market as of the date of closing for each Direct Trust Loan: (i) the interest rate as determined, on the date of closing for each Direct Trust Loan, by the Municipal Market Advisors pursuant to their MMD Index, (ii) plus (or minus) the number of basis points by which the interest rate on the most recently issued tax-exempt (non-AMT) Environmental Infrastructure Bonds issued by the Trust to provide new financing for Projects (the “Bonds”) exceeded (or was less than) the MMD Index on the date on which such Bonds were sold, and (iii) with such determination being made as a scale for each year of the life of such Direct Trust Loan and thereupon converted into an average rate based upon the weighted average maturity schedule, thereby establishing level debt service comparable to the amortization of a mortgage loan; and

WHEREAS, it is the desire of the Trust, subject to the terms and provisions of the Act, the Direct Loan Policy Resolution and this Resolution, to authorize each Direct Trust Loan to the respective Direct Loan Borrower in an amount not to exceed the respective Maximum Trust Loan Amount (all as identified in Schedule I attached hereto and made a part hereof) for the purpose of financing a portion of the cost of the respective Direct Loan Project thereof (as identified in Schedule I attached hereto and made a part hereof), pursuant to the respective terms and provisions of the respective Direct Trust Loan Agreement.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the New Jersey Environmental Infrastructure Trust, as follows:

Section 1. The Board hereby approves the making of each Direct Trust Loan to the respective Direct Loan Borrower (as identified in Schedule I attached hereto and made a part hereof), as part of the Direct Loan Program of the Trust, for the purpose of financing a portion of the cost of the respective Direct Loan Project thereof (as identified in Schedule I attached hereto and made a part hereof), provided that (i) the principal amount of each Direct Trust Loan shall not exceed the applicable Maximum Trust Loan Amount with respect to such Direct Loan Project (as identified in Schedule I attached hereto and made a part hereof), (ii) each Direct Trust Loan shall be funded solely from the Available Funds, (iii) each Direct Trust Loan shall comply fully with the provisions of the Act, the Direct Loan Policy Resolution and this Resolution, (iv) each Direct Trust Loan shall be made by the Trust to the respective Direct Loan Borrower, and the repayment thereof shall be made by such Direct Loan Borrower to the Trust, pursuant to the terms and provisions of a Direct Trust Loan Agreement, in substantially the form attached hereto as Exhibit A and made a part hereof (with respect to a municipal Direct Loan Borrower) or in substantially the form attached hereto as Exhibit B and made a part hereof (with respect to an authority Direct Loan Borrower), with such revisions and modifications thereto as shall be approved by the Chairman, the Vice Chairman or the Executive Director of the Trust (each, an “Authorized Officer”) after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, such approval to be evidenced by the execution thereof by such Authorized Officer, and (v) the payment of interest on each Direct Trust Loan by the respective Direct Loan Borrower shall be calculated pursuant to the Interest Rate Calculation.

Section 2. Each Authorized Officer is hereby severally authorized and directed to execute (i) each Direct Trust Loan Agreement and (ii) any certificates, instruments or documents contemplated therein or otherwise related to the making of the Direct Trust Loans by the Trust to each respective Direct Loan Borrower.

Section 3. Upon execution of each Direct Trust Loan Agreement by an Authorized Officer, the Secretary and the Assistant Secretary of the Trust are each hereby severally authorized and directed, where required, to affix the corporate seal of the Trust, and to attest to the signature of such Authorized Officer, thereon and on any certificates, instruments or documents contemplated therein or related thereto and to the making of the Direct Trust Loan by the Trust to such Direct Loan Borrower.

Section 4. Any Authorized Officer is hereby authorized and directed to take such other actions that such Authorized Officer, in his respective sole discretion after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, deems necessary, convenient or desirable to effect the transactions contemplated hereby.

Section 5. This Resolution shall take effect immediately, subject to the provisions of the Act.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

SCHEDULE I

DIRECT LOAN BORROWERS

<u>Direct Loan Borrower</u>	<u>Direct Loan Project No.</u>	<u>Maximum Trust Loan Amount</u>
Caldwell Borough	S340523-04-1	\$230,360
Cranford Township	S340858-01	\$257,660
Hampton Borough	1013001-001	\$124,280
Jackson Township Municipal Utilities Authority	S340953-03	\$187,747
Jackson Township Municipal Utilities Authority	1511001-009	\$210,728
Matawan Borough	1329001-005	\$256,620
Milltown Borough	S340102-02-1	\$178,200
National Park Borough	S340419-01	\$228,870
Oradell Borough	S340835-01	\$264,225
Secaucus Municipal Utilities Authority	S340154-02	\$109,200
TOTAL		\$2,047,890

EXHIBIT A

EXHIBIT B

RESOLUTION NO. 13-

RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST AUTHORIZING AN AUTHORIZED OFFICER OF THE TRUST TO CONSENT ON BEHALF OF THE TRUST, AS BONDHOLDER, TO CERTAIN PROPOSED AMENDMENTS TO THE GENERAL BOND RESOLUTION OF THE TWO RIVERS WATER RECLAMATION AUTHORITY

WHEREAS, the New Jersey Environmental Infrastructure Trust (the “Trust”), a public body corporate and politic duly created and existing pursuant to the New Jersey Environmental Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the “State”), as amended and supplemented (the “Act”), is authorized, pursuant to Sections 5(m) and 9(a) of the Act, to make and contract to make loans pursuant to loan agreements with local government units and public water utilities (each a “Borrower”) to finance a portion of the cost of environmental infrastructure system projects that Borrowers may lawfully undertake or acquire and for which they are authorized by law to borrow funds; and

WHEREAS, on November 9, 2000, in connection with the annual Environmental Infrastructure Financing Program (the “Financing Program”) of the Trust and the State, acting by and through the New Jersey Department of Environmental Protection (the “NJDEP”), the Trust issued its Environmental Infrastructure Bonds, Series 2000A, in the original aggregate principal amount of \$89,640,000 (the “Series 2000 Bonds”), pursuant to a resolution of the Trust entitled “Environmental Infrastructure Bond Resolution, Series 2000A”, adopted on September 18, 2000, as supplemented by (i) a resolution of the Trust entitled “Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2006A (2000A Financing Program) of the New Jersey Environmental Infrastructure Trust”, adopted by the Trust on March 23, 2006, and (ii) a resolution of the Trust entitled “Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2010A of the New Jersey Environmental Infrastructure Trust”, adopted by the Trust on July 8, 2010 (as so amended and supplemented, the “2000A Resolution”); and

WHEREAS, on June 22, 2006, the Trust issued its Environmental Infrastructure Refunding Bonds, Series 2006A (2000A Financing Program), in the original aggregate principal amount of \$39,580,000 (the “Series 2006A Refunding Bonds”), pursuant to the 2000A Resolution, for the purpose of advance refunding a portion of the Series 2000 Bonds; and

WHEREAS, on August 18, 2010, the Trust issued its Environmental Infrastructure Refunding Bonds, Series 2010A, in the original aggregate principal amount of \$68,570,000 (the “Series 2010A Refunding Bonds”), pursuant to the 2000A Resolution, a portion (the “2000A Allocable Portion of the Series 2010A Refunding Bonds”) of the proceeds of which was used for the purpose of currently refunding a portion of the Series 2000 Bonds; and

WHEREAS, the Trust and the Two Rivers Water Reclamation Authority (formerly known as the Northeast Monmouth Regional Sewerage Authority) (the “Authority”), a public body

corporate and politic created and existing pursuant to the laws of the State, have entered into that certain Loan Agreement, dated as of November 1, 2000 (the "Loan Agreement"), pursuant to the terms of which the Trust has made a loan to the Authority (the "Loan"), from a portion of the proceeds of the Series 2000 Bonds (a portion of which was refunded with proceeds of the Series 2006A Refunding Bonds and a portion of which was refunded with proceeds of the 2000A Allocable Portion of the Series 2010A Refunding Bonds), to finance a portion of the Project as defined and described in the Loan Agreement; and

WHEREAS, to evidence and secure the repayment of the Loan pursuant to the Loan Agreement, the Authority issued to the Trust its Sewer System Revenue Bond, Parity Series 2000 in the aggregate principal amount of \$26,715,000 (the "Trust Loan Bond"), pursuant to a resolution of the Authority, adopted January 17, 1978, entitled "Resolution Authorizing the Issuance of Revenue Bonds of the Northeast Monmouth Regional Sewerage Authority", as amended and supplemented (the "Authority Bond Resolution"); and

WHEREAS, simultaneously with the extension of the Loan by the Trust to the Authority, the State, acting by and through the NJDEP, extended a loan to the Authority (the "Fund Loan"), pursuant to a Loan Agreement, dated as of November 1, 2000, by and between the State and the Authority (the "Fund Loan Agreement"); and

WHEREAS, to evidence and secure the repayment of the Fund Loan pursuant to the Fund Loan Agreement, the Authority issued to the State its Sewer System Revenue Bond, Parity Series 2000 in the aggregate principal amount of \$22,642,977 (the "Fund Loan Bond"), pursuant to the Authority Bond Resolution; and

WHEREAS, the Trust Loan Bond and the Fund Loan Bond are the only obligations currently outstanding pursuant to the Authority Bond Resolution; and

WHEREAS, the Authority recently has submitted a written request to the Trust seeking the consent of the Trust, as holder of the Trust Loan Bond, to a certain proposed amendment to the Authority Bond Resolution (the "Proposed Amendment"), which Proposed Amendment is attached hereto as Exhibit A; and

WHEREAS, if implemented, the Proposed Amendment would amend and restate and, therefore, expand the definition of "Investment Obligations" pursuant to the Authority Bond Resolution, as set forth in the Proposed Amendment; and

WHEREAS, the Proposed Amendment will not result in any material diminishment of the security for the Trust Loan Bond; and

WHEREAS, it is the desire of the Trust to consent to the Proposed Amendment, due to the fact that the Proposed Amendment would not result in any material diminishment of the security for the Trust Loan Bond.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Trust (the "Board"), as follows:

Section 1. The Board hereby consents to the Proposed Amendment in the form presented to the Trust and attached as Exhibit A hereto, due to the fact that the Proposed Amendment will not result in any material diminishment of the security for the Trust Loan Bond.

Section 2. The Chairman, the Vice Chairman and the Executive Director of the Trust (each an “Authorized Officer”) are hereby severally authorized and directed to evidence the consent of the Trust to the Proposed Amendment by the execution of a consent certificate in such form as may be approved by an Authorized Officer, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State.

Section 3. The Executive Director and any other Authorized Officer are hereby severally authorized and directed to (i) execute such other certificates, instruments or other documents, in such form and with such terms and conditions as the Executive Director, or any other Authorized Officer, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, deems necessary, convenient or desirable to effect the transactions contemplated hereby, and (ii) take such other actions as the Executive Director, or any other Authorized Officer, in their respective sole discretion after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, deems necessary, convenient or desirable to effect the transactions contemplated hereby.

Section 4. This Resolution shall take effect immediately, subject to the provisions of the Act.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

EXHIBIT A
FORM OF PROPOSED AMENDMENT

SUPPLEMENTAL AND AMENDING RESOLUTION OF THE TWO RIVERS WATER RECLAMATION AUTHORITY, AUTHORIZING THE AMENDMENT OF THE DEFINITION OF “INVESTMENT OBLIGATIONS” IN THE RESOLUTION ENTITLED, “RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS OF THE NORTHEAST MONMOUTH REGIONAL SEWERAGE AUTHORITY”, AS AMENDED AND SUPPLEMENTED AND MAKING CERTAIN OTHER DETERMINATIONS IN RELATION THERETO.

WHEREAS, the Two Rivers Water Reclamation Authority, (the "Authority"), formerly known as the Northeast Monmouth County Regional Sewerage Authority, is a public body corporate and politic of the State of New Jersey, organized and existing under the provisions of the Sewerage Authorities Law (N.J.S.A. 40:14A-1 et seq.), constituting Chapter 138 of the Pamphlet Laws of 1946 of the State of New Jersey, and the acts amendatory thereof and supplemental thereto (the “Act”), created by virtue of parallel ordinances of the Member Municipalities (as defined herein) duly adopted by their respective governing bodies in the single calendar year; and

WHEREAS, the Authority owns and operates a wastewater treatment and disposal facility (the "System"), serving (A) the Boroughs of Fair Haven, Little Silver, Monmouth Beach, Oceanport, Shrewsbury and West Long Branch (collectively, the “Member Municipalities”) pursuant to an agreement, dated as of June 20, 1967, by and among the Member Municipalities (the “Agreement”); (B) the Boroughs of Red Bank, Rumson, Eatontown, Tinton Falls, Sea Bright and the Township of Shrewsbury (collectively, the “Customer Municipalities”) pursuant to respective Customer Agreements by and between the Authority and each of the Customer Municipalities (collectively, the “Customer Agreements”); and (C) the United States Government installation Fort Monmouth/Camp Wood (“Fort Monmouth”) pursuant to a certain Utility Contract by and between the Authority and Fort Monmouth (the “Utility Contract”); and

WHEREAS, on January 17, 1978, the Authority adopted a resolution entitled, "Resolution Authorizing the Issuance of Revenue Bonds of the Northeast Monmouth Regional Sewerage Authority", as amended and supplemented (the "General Bond Resolution") providing for the issuance of revenue bonds by the Authority; and

WHEREAS, the General Bond Resolution defines the Authority’s “Investment Obligations” as follows:

“Investment Obligations” means to the extent permitted by law (a) any direct and general obligation of, or any obligation fully and unconditionally guaranteed by the United States of America; (b) any bond, debenture, note or participation certificate issued by any of the following Federal agencies: Federal Home Loan Bank Systems, Export-Import Bank, Tennessee Valley Authority, Federal Notational Mortgage Association (to the extent guaranteed by the Government National Mortgage Association), Government National Mortgage Association, Farmers Home

Administration, Federal Financing Bank, Student Loan Marketing Association and U.S. Postal Service; (c) negotiable or non-negotiable certificates of deposit issued by any bank, trust company or national banking association, which certificates of deposit, except in the case of certificates of deposit issued by a bank, trust company or national banking association in New Jersey or having a capital stock and surplus of more than \$50,000,000, shall be continuously secured by obligations described in subparagraphs (a) (b) or (d) of this definition, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit; (d) full faith and credit obligations of any State, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency; (e) repurchase agreements with any bank, trust company or national banking association, either located in New Jersey or having a capital stock and surplus of more than \$50,000,000, with respect to any of the obligations described in subparagraphs (a), (b) or (d) above; or (f) deposits in interest bearing accounts in any bank, trust company or national banking association located in New Jersey or having a capital stock and surplus of more than \$50,000,000; provided that only subparagraph (a) shall be considered to be an Investment Obligation for purposes of Sections 508(6) and 1201”; and

WHEREAS, the definition of “Investment Obligations” pursuant to the General Bond Resolution is unduly restrictive and does not permit the full range of investments available to the Authority under Federal and New Jersey State law; and

WHEREAS, the Authority would like to amend such definition so that it may invest in any instrument, obligation, security or other financial investment permitted by Federal and New Jersey State law, all as set forth herein; and

WHEREAS, such amendment requires the consent of the New Jersey Environmental Infrastructure Trust as the sole bondholders of the Authority bonds;

NOW THEREFORE, BE IT RESOLVED BY THE TWO RIVERS WATER RECLAMATION AUTHORITY, as follows:

1. The Authority hereby amends the definition “Investment Obligations” as defined in the General Bond Resolution to the following definition:

“Investment Obligations” means to the extent permitted by Federal and New Jersey State law, (i) any obligations of the United States of America, or of any state of the United States of America or any political subdivision thereof or of any agency or instrumentality of any such state or political subdivision, that shall be rated as an investment grade obligation, (ii) or any other investment permitted by law; provided that only direct and general obligation of, or any obligation fully and unconditionally guaranteed by the United States of America shall be considered to be an Investment Obligation for purposes of Sections 508(6) and 1201.”

2. This amending and supplementing resolution shall become effective upon the receipt of the consent to such amendment described herein from the New Jersey Environmental Infrastructure Trust as sole bondholder of the Authority's bonds and compliance with Sections 803 and 904 of the General Bond Resolution of the Authority.

RESOLUTION NO. 13-

**ACCEPTANCE AND APPROVAL OF THE SYF2014
OPERATING BUDGET**

WHEREAS, the New Jersey Environmental Infrastructure Trust (the “Trust”) must secure legislative approval of its annual Financial Plan (Financial Plan” or “May Report”) pursuant to N.J.S.A. 58:11B-21 and 21.1; and

WHEREAS, the May Report must include, among other things, a copy of the Trust’s approved operating budget; and

WHEREAS, the Trust desires to approve its State Fiscal Year (“SFY”) 2014 Operating Budget for inclusion in the State Fiscal Year Financial Plan.

NOW THEREFORE BE IT RESOLVED, after due consideration of all of the items set forth herein the Trust hereby adopts the attached SFY2014 Operating Budget; and

BE IT FURTHER RESOLVED that the SFY2014 Operating Budget will include the currently charged administrative fee and loan surcharge fee of 0.003 and .001 respectively (both times the principal amount of bonds sold), for the loans made pursuant to the SFY2014 Financial Plan, and further maintain the existing administrative fee at the respective caps for all the previous borrowers.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

RESOLUTION NO. 13-

**RESOLUTION APPROVING
THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
SFY2014 FINANCIAL PLAN**

WHEREAS, pursuant to N.J.S.A. 58:11B-21 and 21.1, the New Jersey Environmental Infrastructure Trust (the "Trust") is required to submit to the Legislature on or before May 15, 2012, a financial plan designed to implement the financing of the projects to be approved pursuant to N.J.S.A. 58:11B-20; and

WHEREAS, the financial plan shall contain an enumeration of the bonds which the Trust intends to issue, including the amounts thereof and the terms and conditions thereof; a list of loans to be made to participants, including the terms and conditions thereof and the anticipated rate of interest per annum and repayment schedule therefore; and operating and financial statement covering the Trust's proposed operations during the forthcoming fiscal year including amounts of income from all sources; the schedule of fees and charges to be charged to and collected from borrowers in connection with the Trust loans; and a summary of the status of each project for which loans have been made and a description of the major impediments to the accomplishment of the planned projects;

NOW THEREFORE BE IT RESOLVED THAT the Trust Board of Directors hereby approves the proposed "Financial Plan" for State Fiscal Year 2014 substantially in the form as the Plan included in the agenda for the April 11, 2013 Trust Board meeting with such changes thereto as have been implemented by the FY2013 budget approved by the Trust and as the Executive Director, in consultation with the Chairman or Vice Chairman, shall approve and authorize; and

BE IT FURTHER RESOLVED THAT the Executive Director, in consultation with the Chairman or Vice Chairman, is hereby authorized and directed to take such other actions as are necessary or desirable to publish, file and distribute the Financial Plan, including its printing and binding.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions: