Public notice is hereby given that the New Jersey Environmental Infrastructure Trust ("Trust") Board of Directors will hold a public meeting on **Thursday, January 9, 2014 at 10:00 a.m., in the large conference room, at 3131 Princeton Pike, Building 4, Suite 216, 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 the December 12, 2013 Meeting
5. Announcements
6. Public Comment
7. Unfinished Business:
   A. Discussion of the Construction Status Report (hand-out)  
      (DEP representative)
   B. Discussion and Status of the SFY2014 Financing Program Projects (hand-out)  
      (DEP representative)
   C. Aged Inventory Report  
      (L. Kaltman)
   D. Status of Outstanding Trust Requests for Proposals  
      (D. Zimmer)
   E. Update on Closed Interim Financing Program Loans  
      (D. Zimmer)
8. New Business
   A. Discussion and Approval of the December 2013 Treasurer Report  
      (J. Hansbury)
   B. Discussion and Approval of a Resolution Authorizing an Internal Controls Auditing Services  
      (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.
December 13, 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 December 12, 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,

[Signature]

David E. Zimmer, CFA  
Assistant Secretary

DEZ;jam  
Enclosure  
Cc:  Honorable Stephen Sweeney, President of the Senate  
Honorable Sheila Oliver, Speaker of the General Assembly
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – December 12, 2013

1. CALL TO ORDER:

A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, December 12, 2013 in the conference room of 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey. Chairman Victor called the meeting to order at 10:00 a.m.

2. OPEN PUBLIC MEETING ACT STATEMENT:

Executive Director Zimmer read the Open Public Meeting Act Statement into the record.

3. ROLL CALL:

Ms. Josephine Manzo conducted roll call to which Chairman Victor, Mr. Barrack, Mr. Briant, Ms. Campbell, Mr. Requa and Mr. Chebra all responded affirmatively.

DIRECTORS
Warren Victor, Chairman
Herbert Barrack, Vice Chairman
Robert A. Briant, Jr., Treasurer
Eugene Chebra
(for DEP Commissioner Martin)
Christine Campbell
(for State Treasurer Sidamon-Eristoff)
James Requa
(for DCA Commissioner Constable)

OTHERS
David E. Zimmer, Executive Director
Frank Scangarella, Assistant Director
Lauren Seidman Kaltman, Chief Financial Officer
John Hansbury, Chief Budget Officer
Peter Simon, Governor’s Authorities Unit
Gabriel Chacon, Deputy Attorney General
Richard Nolan, McCarter & English LLP
Geoffrey Stewart, Public Financial Management
DEP Representatives, Municipal Finance & Construction
4. **APPROVAL OF THE MINUTES:**

Chairman Victor opened discussion of the minutes of the November 14, 2013 Trust Board meeting.

There were no comments or questions. Chairman Victor requested a motion for approval.

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

5. **ANNOUNCEMENTS:**

- Executive Director Zimmer noted there were a number of meetings and calls during the past month, all pertinent to the upcoming SRF, SANDY SRF, and SAIL financing Programs and directed members to the complete list of announcements and correspondence which are available on the Trust’s webpage at: [http://www.njeit.org/general-information/miscellaneous/board-meeting-agendas](http://www.njeit.org/general-information/miscellaneous/board-meeting-agendas).

- The next Board meeting is scheduled for Thursday, January 9, 2014 at 10:00 am at the Trust’s new offices.

There were no comments or questions.

6. **PUBLIC COMMENTS:**

Chairman Victor invited comments from the public. Mr. Lee Purcell of Lee T. Purcell & Associates reported on two projects that he represents as the Engineer. Although pleased with the progress of the Program, he recommend that the Program notify applicants of the nine month time frame that borrowers have to submit their plans and specifications. Mr. Purcell commented that it would be advantageous for borrowers if all Program deadlines are prominently displayed.

7. **UNFINISHED BUSINESS:**

A. Mr. William Machotka of the NJDEP’s Municipal Finance and Construction Element, reported that there are currently 228 active projects totaling $1,262,722,166 and 882 closed projects with loans outstanding totaling $4,321,694,565 for a grand total of 1110 projects at $5,584,416,731.

B. Mr. Gautem Patel of the NJDEP’s Municipal Finance and Construction Element, discussed the SFY2014 Combined Financing Loan Programs:

**SFY2014 Clean Water Financing Program:**

<table>
<thead>
<tr>
<th>Program</th>
<th>Projects</th>
<th>Totaling</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Program</td>
<td>70</td>
<td>Projects</td>
<td>$467,346,000</td>
</tr>
<tr>
<td>Supplemental Program</td>
<td>5</td>
<td>Projects</td>
<td>$48,285,000</td>
</tr>
<tr>
<td>Track II Projects</td>
<td>7</td>
<td>Projects</td>
<td>$31,894,000</td>
</tr>
<tr>
<td>Barnegat Bay Projects</td>
<td>6</td>
<td>Projects</td>
<td>$9,677,000</td>
</tr>
<tr>
<td><strong>Total Clean Water Projects</strong></td>
<td><strong>88</strong></td>
<td><strong>Projects</strong></td>
<td><strong>$557,202,000</strong></td>
</tr>
</tbody>
</table>
**SFY2014 Drinking Water Financing Program:**

<table>
<thead>
<tr>
<th></th>
<th>61 Projects Totaling</th>
<th>$177,699,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplemental Program</td>
<td>2 Projects Totaling</td>
<td>$1,906,000</td>
</tr>
<tr>
<td>Legacy</td>
<td>1 Project Totaling</td>
<td>$2,678,000</td>
</tr>
<tr>
<td>Track II Projects</td>
<td>10 Projects Totaling</td>
<td>$39,849,000</td>
</tr>
<tr>
<td><strong>Total Drinking Water Projects</strong></td>
<td>74 Projects Totaling</td>
<td><strong>$222,132,000</strong></td>
</tr>
</tbody>
</table>

**SFY2014 Grand Totals:**

| Clean & Drinking Water Program Totals: | 162 Projects | $779,334,000 |

The Board discussed the sizeable Program expected for this year in terms of both project number and amount as well as the timeline of the finance process.

C. Executive Director Zimmer requested CFO Lauren Kaltman to discuss the status of the Aged Inventory Report and the progress since the last Trust Board meeting. The NJEIT and DEP have focused efforts on closing out projects from 2008 and prior. Progress has been made on the joint effort regarding notification to the borrowers who have not drawn down their remaining project funds. At the November Board meeting, 35 such projects were outstanding. Since the November meeting, one project has been closed out and 14 additional projects are in the process of closing out. The Board requested an explanation of the Program’s 30 day notification process. The Trust and the DEP are in the process of working on the remaining projects with the goal to have a significant amount of these projects closed by the end of the 1st quarter of 2014.

D. Executive Director Zimmer reported on the status of the Trust’s outstanding Requests For Proposals (RFPs):

- **RFP for Internal Controls Audit**
  Pursuant to Resolution No. 13-52, the Trust issued an RFP and received proposals from six (6) firms. The Review Committee is in the process of reviewing and ranking the six proposals and anticipates a recommendation for contract award to be presented to the Board for consideration at the January, 2014 Board meeting.

- **RFP for Engineering Consulting Services**
  Pursuant to Resolution No. 13-56, on November 19, 2013, the Trust received proposals from four (4) pre-qualified firms. This item was presented for consideration and award under Agenda Item 8B.

E. Executive Director Zimmer next reported on the status of the Interim Financing Program (IFP):

- The Trust received 2 new applications from the previous month; both drinking water projects from Old Bridge MUA. The Trust currently has a total of 20 IFP loan applications totaling $28,638,784.
- The Trust has closed on 13 IFP loans applications totaling of $18,780,882.
- Nine (9) projects have received IFP loan disbursements from the Trust to-date totaling $5,425,883.

The IFP report was provided to the Board of Directors of the Trust in satisfaction of the requirements of Section 6 of the authorizing Resolution No. 12-61 adopted on December 13, 2012.

There were no comments or questions.

8. **NEW BUSINESS:**

A. Executive Director Zimmer requested that the Trust’s Chief Budget Officer, John Hansbury, introduce Resolution No. 13-65 accepting the November 2013 Treasurer’s Reports.

Mr. Hansbury presented the Report announcing that in November 2013, the Trust received revenues from fees of $53,542.50 and paid bills totaling $119,128.77 and that the Trust had received and is reviewing bills for payment totaling $141,785.59.

Mr. Hansbury asked if there were any comments or questions. Hearing none, Chairman Victor requested a motion for approval.

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

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

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Princeton Pike Office Park, LLC</td>
<td>$9,077.43</td>
</tr>
<tr>
<td>(Rent - December 2013) - Current lease dates 12/1/2013 - 11/30/2018 Annual Rent $64,000.00 + New Estimated annual nets $44,929.08 divided by 12 months equals $9,077.43 per month.</td>
<td></td>
</tr>
<tr>
<td>PFM Asset Management, LLC</td>
<td>$11,150.63</td>
</tr>
<tr>
<td>(Investment Advisor - October 2013) 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# 148771</td>
<td></td>
</tr>
<tr>
<td>J&amp;J Staffing Resources</td>
<td>$16,555.00</td>
</tr>
<tr>
<td>(Part-Time salaries November 2013, invoice #’s: 318020, 318359, 318693, 319034)</td>
<td></td>
</tr>
<tr>
<td>Omnicap Group LLC</td>
<td>$21,650.00</td>
</tr>
<tr>
<td>(Arbitrage Rebate Services for reporting periods (9/1/08 - 9/26/12))</td>
<td></td>
</tr>
</tbody>
</table>
B. Executive Director Zimmer introduced Resolution No. 13-66 and recommended the appointment of Grant Thornton to provide Engineering Consulting Services for oversight of FEMA project applications, design, construction and expense requisition processes. Under Resolution No. 13-56, the Trust authorized the distribution of an RFP to contract such services for a period not to exceed three years, with years 2 and 3 as extensions at the option of the Board. The Trust received and reviewed four responses, of which Grant Thornton’s proposal ranked the highest and provided the lowest cost estimate to review, approve and manage 18 hypothetical projects. The contract will commence in December 2013 and continue until November 8, 2016.

Mr. Briant identified the contract line “extra expense” and questioned what type of expense would fall under this category. Mr. Zimmer responded that the “extra expense” line was created to reimburse travel expenses incurred, with an estimate cost of $60,000.

Hearing no additional comments, Chairman Victor requested a motion for approval.

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

C. Executive Director Zimmer requested that Assistant Director Scangarella introduce Resolution No. 13-67. This Resolution approves for the SFY2014 Financing Program: (i) Borrower’s master forms of Trust Loan Agreements, (ii) Borrower’s Escrow Agreements, (iii) authorizes the Trust to conduct a TEFRA hearing in accordance with Internal Revenue Service requirements, if necessary, and (iv) authorizes the submission by the Trust to acquire the proper approvals from the Director of the Division of Investment, Department of Treasury necessary for the investment of bond proceeds. All actions serve to establish Program requirements and policies as well as communicate these policies and requirements to Program participants.

Copies of all forms are available at [http://www.njeit.org/mtgdates.htm](http://www.njeit.org/mtgdates.htm).
Mr. Scangarella asked if there were any comments or questions. Hearing none, Chairman Victor requested a motion for approval.

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

D. Executive Director Zimmer requested CFO Kaltman to introduce the next three Program approvals.

Ms. Kaltman introduced Resolution No. 13-68 approving the SFY2015 Interim Financing Program (IFP) which enables the Trust to make short-term, temporary loans to qualified Borrowers in order to finance all or a portion of costs of the project in anticipation of long-term financing through the SFY2015 Financing Program. Changes to the Program include extending the maximum term of the IFP loans to up to three full fiscal years or as long as 47 months and charging interest at 25% of the market-rate on the loan. The remainder of this Resolution is consistent with the requests and approvals for past IFP Program years including a maximum loan size limit of $10 million. This Resolution also authorizes an RFP for the procurement of a line-of-credit or other commercial credit instrument that may be required for funding the Program.

Mr. Chebra inquired as to the specifics of the 25% market-rate loan and any borrower outreach efforts by the Trust. Mr. Scangarella clarified that the Resolution allowed for “up to 25%” market-rate loans, and that outreach efforts with borrowers were planned.

Ms. Kaltman asked if there were any further comments or questions. Hearing none, Chairman Victor requested a motion for approval.

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

E. CFO Kaltman then introduced Resolution No. 13-69 authorizing the implementation of the SFY2015 Supplemental Financing Program (SFP) for those borrowers requiring additional funding for eligible project cost in excess of the legislative appropriated amount. The SFP enables the Trust to provide short-term, temporary funding to outstanding Program projects with a maximum principal amount of each SFP loan not to exceed $300,000 and the total principal amount of the SFP Program not to exceed $2,000,000 at any given time. SFP loans will bear interest rates of 0% for loans to local government units and water utilities serving fewer than 10,000 residents, and an interest rate of 2% to water utilities serving greater than 10,000 residents as well as any other private person or local government on behalf of a private person.

Ms. Kaltman asked if there were any comments or questions. Hearing none, Chairman Victor requested a motion for approval.

The resolution was moved for adoption by Mr. Requa and seconded by Mr. Chebra. The motion was carried 6 to 0 with 0 abstentions.
F. CFO Kaltman then introduced Resolution No. 13-70 authorizing the renewal of the Planning & Design (P&D) Financing Program for SFY2015. The re-authorization of this Program is consistent with previous years and includes a maximum individual loan amount of $500,000 and a maximum outstanding Program limitation of $2,000,000 at any given time. P&D loans will bear interest rates of 0% for loans to local government units and water utilities serving fewer than 10,000 residents, and an interest rate of 2% to water utilities serving greater than 10,000 residents as well as any other private person or local government on behalf of a private person.

Ms. Kaltman asked if there were any comments or questions. Hearing none, Chairman Victor requested a motion for approval.

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

G. Executive Director Zimmer requested that Assistant Director Scangarella introduce Resolution No. 13-71 authorizing the dissolution of the Atlantic Highlands-Highlands RSA and the assumption of certain duties and obligations by the Boroughs of Highlands and Atlantic Highlands for outstanding Program debt repayment obligations. Once dissolved, the financial obligations will pass separately to the two municipalities. The Trust required an advanced independent credit rating prior to the dissolution. Both the Borough of Atlantic Highlands and the Borough of Highlands received an investment grade rating from S&P. The RSA still needs to receive approval from the Local Finance Board (LFB) to move forward with the dissolution. As such, this Resolution is subject to the RSA receiving approval from the LFB to dissolve. Otherwise this Resolution will expire.

Mr. Scangarella asked if there were any comments or questions. Hearing none, Chairman Victor requested a motion for approval.

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

H. Executive Director Zimmer introduced Resolution No. 13-72 authorizing the execution of a Memorandum of Agreement (MOA) between the NJ Department of Environmental Protection regarding the H2LOans Technology staffing assistance and additional technology purchases.

The MOU provides that DEP will supply two hourly employees to assist the Trust in this work and also authorizes the purchase by the Trust of additional technology totaling $760,260 including GIS software and licensing, not to exceed $319,320; infrastructure hardware totaling $371,255 and software licensing not to exceed $69,685. Each separate procurement will require prior approval by the Board.

Mr. Barrack praised the technology efforts and innovation by both staffs as well as the evidence of the high levels of cooperation and participation amongst the Trust and the DEP.
Mr. Victor asked for a status update on the ability to protect software created by staff. Mr. Zimmer and Mr. Scangarella updated the Board as to the copyright protection and patent consideration efforts that are in process.

Mr. Zimmer asked if there were any further comments or questions. Hearing none, Chairman Victor requested a motion for approval.

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

I. Executive Director Zimmer requested Mr. Eugene Chebra of the DEP to discuss the Program’s annual January Report, which is required to be submitted to both Houses of the NJ Legislature by January 15th of each year according to N.J.S.A. 58:11B-20 and 20.1. The January Report describes the DEP’s priority ranking system for the Program, lists all possible projects considered for funding during the upcoming year and describes the policies for management of Federal SRF monies and Principal Forgiveness grants for the upcoming State Fiscal Year. For those applicants that missed the Program’s Letter of Intent (LOI) deadline, a Track-II LOI project submittal is being considered to allow additional project requests for Program funding. A draft Report was presented to the Board and is currently being reviewed by DEP Commissioner Martin.

J. Executive Director Zimmer requested Assistant Director Scangarella to introduce Resolution No. 13-73 approving the Second Amended and Restated Resolution of the Disaster Relief Emergency Financing Program. The Board was presented with the previous Resolution No. 13-47 in a black-lined version to compare the changes to the Resolution being adopted. The amendment provides a means for interest to be charged if the Trust’s funds are used as well as provides certification of two projects to be undertaken by South Monmouth Regional Sewerage Authority.

Mr. Scangarella discussed the changes and asked if there were any comments or questions, hearing none, Chairman Victor requested a motion for approval.

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

9. EXECUTIVE SESSION:

Chairman Victor asked if there was a need for an Executive Session. Executive Director Zimmer responded there was a need for an Executive Session to discuss contract/litigation matters.

Chairman Victor introduced Resolution No. 13-74 to conduct an Executive Session.

The resolution was moved for adoption by Mr. Chebra and seconded by Mr. Briant. The motion was carried 6 to 0 with 0 abstentions.
The Board convened Executive Session at 11:17 p.m.

Public session was reconvened at 12:18 p.m. Minutes of the Executive Session will be available when the need for confidentiality is no longer necessary.

Chairman Victor asked Executive Director Zimmer if there was any future action required by the Board. Mr. Zimmer answer there was not.

Chairman Victor then asked for a motion for an adjournment.

Mr. Chebra moved to adjourn the meeting. The motion was seconded by Ms. Campbell. The motion was carried 6 to 0 with 0 abstentions.

The meeting was adjourned at 12:18 p.m.
RESOLUTION NO. 13 - 65

RESOLUTION AUTHORIZING APPROVAL OF THE NOVEMBER 2013 TREASURER’S REPORT

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") has reviewed the Treasurer’s Report for November 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 November 2013 and requests that the same be entered into the record.

Adopted Date: December 12, 2013

Motion Made By: Mr. Briant

Motion Seconded By: Mr. Barrack

Ayes: 6

Nays: 0

Abstentions: 0
RESOLUTION NO. 13 - 66

RESOLUTION OF THE TRUST AUTHORIZING THE AWARD OF A CONTRACT FOR ENGINEERING CONSULTING SERVICES FOR THE TRUST’S STATEWIDE ASSISTANCE INFRASTRUCTURE LOAN PROGRAM (SAIL)

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, in Resolution No. 13-47, the Board authorized the Disaster Relief Emergency Financing Program wherein authorization is given to issue loans to qualified borrowers through SAIL; and

WHEREAS, in Resolution No. 13-56, the Board authorized the Executive Director to solicit bids through Treasury for engineering consulting services for projects seeking financing through SAIL for costs sought to be reimbursed by FEMA;

WHEREAS, the Trust in partnership with Treasury received proposals from four firms for engineering consulting services; and

WHEREAS, the Trust created a Review Committee, the members of which independently reviewed and ranked the proposals based on value, price and other factors; and

WHEREAS, the engineering consultant proposal submitted by Grant Thornton received the highest ranking by the Review Committee.

NOW THEREFORE BE IT RESOLVED THAT the Executive Director is directed to send a letter of intent of appointment to Grant Thornton, which letter also states that the appointment is for a term ending November 8, 2016 and contingent upon the subsequent execution by all parties of an agreement substantially in the form of the agreement attached hereto; and

BE IT FURTHER RESOLVED THAT the Chairman or Vice Chairman of the Trust is hereby authorized to execute an agreement, substantially in the form of the agreement attached to the Request for Proposals, with Grant Thornton. The terms and conditions of the agreement shall include but not be limited to:

a. the provision of services as outlined in the Request for Proposal (RFP) distributed on November 4, 2013, the RFP Addendum dated November 13, 2013, and the proposal submitted by Grant Thornton dated November 19, 2013.

b. the agreement will provided for two one (1) year extensions only as specifically authorized by the Board.
c. 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.

Adopted Date: December 12, 2013

Motion Made By: Mr. Barrack

Motion Seconded By: Mr. Requa

Ayes: 6

Nays: 0

Abstentions: 0
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
AGREEMENT FOR TECHNICAL AND ENGINEERING OVERSIGHT
CONSULTING SERVICES

This Agreement made and entered into on or about this 22nd day of December, 2013 between the New Jersey Environmental Infrastructure Trust hereinafter referred to as the TRUST and Grant Thornton LLP hereinafter referred to as the FIRM.

WHEREAS, the TRUST desires to engage the FIRM to provide Technical and Engineering Oversight Consulting Services, which include but are not limited to the scope of services set forth in the Engagement Query for Services dated November 4, 2013, and Addendum #1 dated November 13, 2013; and

WHEREAS, the FIRM has submitted a proposal dated November 19, 2013 to provide such services and represents that it is qualified by training and experience to perform the required services in the manner and on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the mutual promises and undertakings contained herein, the parties hereto covenant and agree as follows:

ARTICLE I

A. The FIRM shall provide the required services in accordance with the terms, conditions, specifications, and scope of the work set forth in:

1. Engagement Query for Services dated November 4, 2013, Addendum #1 dated November 13, 2013, the State of New Jersey Standard Terms and Conditions, and related materials attached and enclosed with the Engagement Query for Services; and

2. FIRM’S proposal dated November 19, 2013;

3. Executive Director’s letter dated December____, 2013;

The aforementioned documents are hereby incorporated by reference into this contract as if set forth in their full text herein.

B. In the event that there exists a conflict in terms, conditions, specifications, or scope of work between the Engagement Query for Services and the FIRM’S proposal, the
provisions of the Engagement Query for Services, the Executive Director’s letter of December ____ , 2013 and this Agreement shall prevail.

C. The TRUST’S obligations hereunder are contingent upon the availability of assessed or appropriated funds from which payment for contract purposes can be made in accordance with the provisions of the Environmental Infrastructure Trust Act, N.J.S.A. 58:11B-1 et seq. (the "Act"). No legal liability on the part of the TRUST for payment of any money shall arise unless and until funds are available each year to the TRUST from administrative fees or loan surcharges lawfully assessed against local government units or otherwise made available each year to the TRUST by the Legislature as may be required by the Act.

D. The FIRM shall maintain accounting records and other evidence pertaining to costs incurred on the project and shall make the records available to the TRUST at all reasonable times during the contract period and for two full years from the date of the final payment. These records are subject to audit by the TRUST.

E. Ownership of all data, material and documentation originated and prepared for the TRUST pursuant to this Agreement shall belong exclusively to the TRUST. All such data, materials or documentation shall be delivered to the TRUST without any additional charge upon demand after termination of the Agreement, except as otherwise provided under the terms of this Agreement.

F. Except as otherwise permitted by this Agreement, the FIRM shall not publish, permit to be published, or distribute, use or disclose to anyone for public consumption, any information which it acquires in performance of the Agreement, without prior written consent of the TRUST.

G. The TRUST and the FIRM each reserve the right to terminate this contract, provided written notice has been given to the other party at the address set forth in Article V at least thirty (30) days prior to such proposed termination date.

ARTICLE II

A. In full consideration of all services to be performed under this Agreement, the FIRM shall be compensated in accordance with the compensation schedule set forth in the FIRM’S bid proposal submitted November 19, 2013, except that this consideration for the first year shall not exceed $______________ for services performed; for the second year, the fees shall not exceed $______________ and for the third year, the fees shall not exceed $______________ with the possible exception as set forth in Section B of this Article.

B. Invoices must be submitted to the Executive Director of the TRUST before any payments will be made to the FIRM.
C. The FIRM must submit supporting evidence with the invoices identifying the project task and indicating among other things the actual time by employee (on an hourly basis) devoted to the project for which billing is submitted. All disbursements shall be itemized.

D. It is the responsibility of the TRUST to ascertain that services have been performed in a proper and satisfactory manner in accordance with the terms and conditions set forth in the Agreement prior to the approval of such invoices. However, approval of invoices for payment by the TRUST shall not constitute a release or waiver of any claim the TRUST has or may have for latent defects or errors or other breaches of this Agreement on the part of the FIRM, or any claims for breach of warranty, negligence or misconduct.

E. The FIRM shall be compensated for actual services performed and disbursements made in accordance with the terms of this ARTICLE.

F. Final payment shall be withheld by the TRUST until all services under this Agreement have been performed in a manner satisfactory to the TRUST and upon submission of any final report if stipulated in the supporting documentation.

G. The FIRM agrees that it shall be directly responsible to and shall submit drafts, reports, and other documents and information or other production items contracted for to the TRUST, at the address indicated in ARTICLE VI, for approval on behalf of the TRUST before any payments are made in accordance with the terms of this ARTICLE II.

ARTICLE III

A. This Agreement shall commence as of December _____, 2013 and continue in full force and effect until November 8, 2016 or at the option of the TRUST except as otherwise set forth in this Agreement.

B. The TRUST and the FIRM reserve the right to extend the term of this Agreement for additional periods of one year or less. Such extensions shall be offered by the TRUST in writing not less than 30 days prior to the termination of the initial term of the Agreement. Acceptance of any extensions by the FIRM is to be in writing and must be on file in the TRUST'S office within 5 days of the date of such offer of extension. In the event the Agreement is extended, all of the original terms will remain in effect for the extended period, except as otherwise agreed upon by the parties at the time of extension.

C. In the event of the termination of this Agreement, as provided in Article I, the FIRM shall furnish to the Executive Director of the TRUST such report or reports as he may require, based upon work completed under the provisions of this Agreement. The FIRM shall not be compensated for the time necessary to prepare such reports as may be required under this provision.
ARTICLE IV

A. The FIRM'S status shall be that of any independent principal and not as agent or employee of the TRUST.

B. The FIRM agrees not to assign this Agreement or any monies due hereunder, or enter into any subagreement under this Agreement, without the prior written approval of the TRUST.

C. The FIRM agrees that in the performance of this Agreement it will obey, abide and comply with the applicable Federal and State laws and regulations.

D. If incorporated in a state other than the State of New Jersey, the FIRM shall promptly file with the Secretary of the State any documents required in order to do business in the STATE OF NEW JERSEY and shall otherwise comply with the provisions of the laws of the STATE OF NEW JERSEY in that regard.

E. This Agreement shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the STATE OF NEW JERSEY.

F. If it becomes necessary for the FIRM, either as principal or by agent, to enter upon the premises or property of the TRUST or the State of New Jersey for any purpose whatsoever pursuant to this Agreement, the FIRM hereby covenants and agrees to take, use, provide and make all proper, necessary and sufficient precautions, safeguards and protections against the occurrence of happenings of any accidents, injuries or damages to any person or property in connection with performance of the services under this Agreement, and to be responsible for, and to indemnify and save harmless the TRUST and the State of New Jersey from the payment of all sums of money, including the cost of defense, by reason of all, or any, such accidents, injuries or damages that may happen in connection with the performance of services under this Agreement.

The FIRM shall be responsible for and shall indemnify and hold the TRUST and State harmless for all fines, penalties and losses incurred, including the cost of defense, for or by reason of the violation of any local, State or Federal ordinance, regulation, or law, in connection with the performance of said services.

The FIRM will maintain sufficient insurance to indemnify the TRUST and the State of New Jersey and the members, officers and employees of the TRUST and State against any claim for loss, damage or injury to property or persons arising out of the performance of the FIRM or its subcontractors, employees and agents of the services contemplated by the Agreement and the use, misuse or failure of any equipment or machinery used by the FIRM or its subcontractors, employees or agents, and shall if requested provide certificates of such insurance to the TRUST. The FIRM shall also carry errors and omissions, professional liability and/or professional
liability malpractice insurance sufficient to protect the FIRM from any liability arising out of the professional obligations performed pursuant to this Agreement.

The FIRM shall defend, indemnify and otherwise hold harmless the TRUST, its directors, officers and employees, and any officers and employees of the State of New Jersey authorized to render services to the TRUST, from any and all claims or actions at law of any and all kinds or nature including the costs of defense (1) which arise from acts or omissions whether negligent or not of the FIRM or its agents, employees, servants, subcontractors, materialmen or others working for or on behalf of the FIRM, irrespective of whether such risks are directly within the control of the FIRM, or (2) which arise from any failure to perform the FIRM'S obligations under this Agreement or any improper performance of said obligations.

It is expressly agreed and understood that any approval by the TRUST of the services performed and/or reports or other productions items provided by the FIRM shall not operate to limit the obligations of the FIRM assumed in this Agreement. Furthermore, the FIRM expressly understands and agrees that the provisions of the preceding indemnification clause shall in no way limit the FIRM'S obligations assumed in this Agreement, nor shall they be construed to relieve the FIRM from any liability, nor preclude the TRUST from taking any other actions available to it under any other provisions of this Agreement or otherwise at law. The FIRM will be liable to the TRUST for any reasonable costs incurred by the TRUST to correct, modify or redesign any technical information or production item submitted by the FIRM that is found to be defective or not in accordance with the provisions of this Agreement as a result of negligent act, error or omission on the part of the FIRM, its officers, agents, servants, employees, consultants or subcontractors. The FIRM shall be given a reasonable opportunity to correct any deficiency.

G. During the performance of this Agreement, the FIRM agrees as follows:

1. The FIRM will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status or sex. The FIRM will take affirmative action to ensure that applicants are recruited and employed, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status or sex. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The FIRM agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. The FIRM shall insert a similar provision in all subcontracts.

2. The FIRM will, in all solicitations or advertisements for employees placed by or on behalf of the FIRM, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin ancestry, marital status or sex;
3. The FIRM will send to each labor union or representative of workers with which it has a collective bargaining Agreement or other contract or understanding, a notice advising the labor union or worker's representative of the FIRM'S commitments under this Agreement and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

H. The FIRM hereby agrees that the TRUST shall be the sole and exclusive owner of all right, title and interest in and to any technology or works of authorship (collectively, referred to herein as the “Technology”) developed by the FIRM pursuant to this temporary staffing agreement, and all derivative works thereof, and the sole owner of all intellectual property rights associated with the Technology, including any and all copyrights, patents, trademarks, trade secrets, and other proprietary rights therein. Ownership of the Technology and all associated intellectual property rights shall be vested in the FIRM from the date of creation of the Technology, and, to the extent that the Technology constitutes copyrightable subject matter, the Technology shall be deemed to be “works made for hire” within the meaning of the Copyright Act of 1976, as amended.

To the extent any rights in the Technology, including any and all intellectual property rights associated therewith, are deemed under any applicable law to vest initially with the FIRM, the FIRM hereby assigns to the TRUST all right, title, and interest in and to the Technology and all related intellectual property rights, without further consideration, free from any claim, lien for balance due, or rights of retention thereof on the part of the FIRM. The FIRM shall fully disclose and deliver the object code and source code (if applicable) for the Technology to the TRUST, promptly upon creation or fixation in a tangible medium of expression, and shall promptly, upon the TRUST's request, execute and deliver any and all lawful, worldwide patent, copyright, or other applications, assignments, and other documents that the TRUST may request for protecting the Technology.


J. The FIRM does hereby warrant and represent that this Agreement has not been solicited or secured, directly or indirectly, in a manner contrary to the laws of the STATE OF NEW JERSEY and that said laws have not been violated and shall not be violated as they relate to the procurement or the performance of this Agreement by any conduct, including the paying or giving of any fee, commission, compensation, gift, gratuity or consideration of any kind, directly, or indirectly, to any State employee, officer or official or to any Special State officer or employee as defined in N.J.S.A. 52:13D-13.
K. The FIRM warrants and represents that no person or selling agency has been employed or retained to solicit or secure this Agreement upon any Agreement or understanding for a commission, percentage, brokerage or contingent fee excepting bona fide employees or bona fide established commercial or selling agencies maintained by the FIRM for the purpose of securing business.

L. Unless it has already done so as part of its response to the RFP, the FIRM agrees to complete the attached Stockholder Disclosure Form before executing this Agreement.

M. It is agreed and understood that the TRUST reserves the right under this Agreement to determine whether a conflict of interest or the appearance of a conflict of interest exists which would under State law adversely affect the Agreement, or would otherwise be contrary to the best interest of the TRUST and the State of New Jersey.

N. The FIRM and TRUST agree that any claims asserted against the TRUST shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq. and the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq. (except for section 9 of the Contractual Liability Act, N.J.S.A. 59:13-9), notwithstanding that the Contractual Liability Act is not applicable by its provisions to claims arising under contracts with the TRUST.

O. The FIRM does hereby warrant and represent that it is qualified by training and experience to perform the required services in the manner and on the terms and conditions set forth herein.

P. Invalidation of any one of the provisions of this Agreement, by judgement or court order, shall in no way affect any other provisions herein contained, which provisions shall remain in full force and effect.

Q. This Agreement may only be amended, modified or supplemented in writing consented to by the parties hereto.

R. This Agreement may be executed by the parties hereto in two counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart, which together shall constitute but one and the same Agreement.

S. For the purpose of this Agreement, “Confidential Information” shall mean all confidential and proprietary information disclosed prior to, as of and following the date of this Agreement, concerning the Technology and/or any services provided to the TRUST by the FIRM, including, without limitation, all financial information, potential customers, business plans, forecasts, marketing plans, processes, procedures, designs, drawings, documents, software (including object code and source code), diagrams, flowcharts, technical documentation, and any and all other information; marketing materials, product concepts, and in each instance whether
T. All Confidential Information:

a. shall not be copied, distributed, disclosed, modified or disseminated in any way to any third party by the FIRM without the prior written consent of the TRUST, which may be withheld in the TRUST’S sole discretion;

b. shall be maintained in confidence, and may only be disclosed to those employees, consultants and legal representatives of the FIRM (collectively, “FIRM Agents”) who have a need to know such Confidential Information, and provided further that all such FIRM Agents have been advised of the confidentiality obligations imposed hereby, and have agreed in writing to be so bound; and

c. shall not be used by the FIRM for its own benefit, nor for the benefit of any third party, for any purposes except as those uses expressly permitted by this Agreement.

U. The obligations of paragraph T shall not apply to any information that:

a. is already in the public domain at the time of disclosure or becomes available to the public through no breach of this Agreement by the FIRM or any FIRM Agent; or

b. was, as between the FIRM and the TRUST, lawfully within the FIRM’S possession prior to receipt from the TRUST without obligation of confidentiality.

For purposes of this paragraph U, Confidential Information shall not be deemed to be in the public domain merely because any part of said information is embodied in general disclosures or because individual features, components or a combination thereof are now known to the public. Additionally, if the FIRM receives a subpoena or other order from a court or other governing body with jurisdiction demanding disclosure of Confidential Information, the FIRM shall immediately notify the TRUST, affording the TRUST the opportunity to challenge the sought disclosure, with which effort the FIRM shall cooperate at the TRUST’S expense.

V. The FIRM shall take all precautions, at least as great as the precautions it takes to protect its own most confidential information, but no less than reasonable care, to keep confidential the Confidential Information.

W. Unless mutually agreed otherwise in writing, the parties hereto agree that no representations or warranties of any kind are given by the TRUST with respect to the Confidential Information or any use thereof. In no way will the foregoing limit the TRUST’S right of recourse against the FIRM for disclosure, use or retention of Confidential Information in violation of this Agreement.

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X. The FIRM acknowledges and agrees that: (a) the Confidential Information is proprietary to and valuable information of the TRUST, and (b) the TRUST derives economic value from the Confidential Information not being generally known to other persons who can obtain economic value from its disclosure or use. The FIRM agrees that any breach of this Agreement shall cause immediate and irreparable harm to the TRUST, for which monetary damages would be inadequate or difficult to ascertain. The FIRM therefore agrees that upon the existence of any such breach or threatened breach, the TRUST shall be entitled to immediately obtain a temporary restraining order and a permanent injunction as well as any other appropriate equitable relief from any court having jurisdiction over the matter, without the need to post a bond or to prove actual damages. This paragraph will not limit the TRUST’S right to obtain monetary damages in addition to such equitable relief.

Y. The FIRM’S obligations hereunder with respect to each item of Confidential Information shall remain in full force and effect notwithstanding the termination of this Agreement or the negotiations contemplated herein for any reason. Upon such termination or sooner upon request from the TRUST, the FIRM shall immediately return all Confidential Information to the TRUST, including all copies, excerpts, extracts, summaries or analyses thereof or therefrom, regardless of the media on or in which such Confidential Information was received or maintained, including without limitation those provided to the FIRM Agents.

Z. For the term of this Agreement, and for a period of time extending two (2) years from the dates of either (a) satisfaction or (b) termination of this Agreement, neither party to this Agreement shall solicit, recruit, employ, or offer to employ any employee of the other party.

ARTICLE V

In accordance with Public Law 2005, Chapter 92, the FIRM covenants and agrees that all services performed under this Agreement by the FIRM shall be performed within the United States of America.

Pursuant to Public Law 2005 (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 FIRMs is based on the FIRMs' political contributions. The FIRM agrees to complete the attached Chapter 51 Disclosure Form (Exhibit B), execute, and submit same with this Agreement to the Trust. 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. If the FIRM fails to fully comply with Chapter 51 upon contract execution, this contract is void ab initio, as a material defect that invalidates this Agreement. If the FIRM solicits or makes any Chapter 51 political contributions prior to the completion of this Contract, such act shall constitute a material breach of this Agreement.
Pursuant to Public Law 2005, Chapter 271 (Chapter 271) the FIRM is required to disclose its (and its principals') political contributions within the immediately preceding twelve (12) month period as set forth in the attached Chapter 271 disclosure statement. The FIRM agrees to complete the attached Chapter 271 Disclosure Form (Exhibit C) execute, and submit same with this Agreement to the Trust. The FIRM also has a continuing duty to immediately report any Chapter 271 political contributions it makes during the term of this Agreement to the TRUST. The FIRM will not be precluded from entering a contract with the TRUST by virtue of the information provided in the Chapter 271 disclosure provided the form is fully and accurately completed. If the FIRM fails to fully comply with Chapter 271 upon contract execution, this Agreement is void ab initio, as a material defect that invalidates this Agreement.

The FIRM represents and warrants that all information, certifications and disclosure statements previously provided in connection with Public Law 2005, Chapter 51 and Executive Order No. 117 (2008) (“EO 117”), are true and correct as of the date hereof and all such statements have been made with full knowledge that the TRUST and the State of New Jersey (the “State”) will rely upon the truth of the statements contained therein in engaging FIRM. The FIRM agrees that it shall maintain continued compliance with Public Law 2005, Chapter 51, EO 117 and regulations promulgated thereunder during the term of this Agreement. The FIRM acknowledges that upon its failure to make required filings thereunder or the making of a contribution prohibited thereunder, the Trust may terminate this Agreement and any remedies available to the Trust may be exercised against FIRM at law or in equity.

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-20.13 (P.L. 2005, c. 271 section 3) if the FIRM receives contracts in excess of $50,000 from a public entity during 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 www.elec.state.nj.us.
ARTICLE VI

The addresses given below shall be the addresses of the representative parties to which notices and reports required by this Agreement shall be sent by mail:

For The FIRM: TAMARA ANGER
Principal
Grant Thornton LLP

For the TRUST: DAVID E. ZIMMER, CFA
Executive Director
New Jersey Environmental Infrastructure Trust
3131 Princeton Pike, Building 4, Suite 216
Lawrenceville, NJ 08648

IN WITNESS WHEREOF, the parties, hereto have caused this Agreement to be executed by these duly authorized representatives as of the dates indicated.

Witness:

GRANT THORNTON LLP

By: __________________________
Dated: ____________________

Witness: NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE W TRUST

By: __________________________
Dated: ____________________

Approved as to form only:
ATTORNEY GENERAL
STATE OF NEW JERSEY

By: __________________________
Deputy Attorney General
Dated: ____________________
State of New Jersey

New Jersey Environmental Infrastructure Trust

STOCKHOLDER DISCLOSURE FORM

Name
Address
City & State

List the names and addresses of all individuals, partnerships, corporations or any other owner having 10% or greater interest in the corporation or any other owner having 10% or greater interest in the corporation or partnership bidding under this Request for Proposals. If a listed owner is a corporation or partnership, then list the names and addresses of holders of 10% or more interest in that corporation or partnership. If additional space is necessary, list on an attached sheet. If there are no owners with 10% or more interest in your company, enter "None".

NAME
ADDRESS (include zip)

President of the Firm (Type/print name) Phone

I certify that: 

___ The list of stockholders above is current and correct to the best of my knowledge.

___ There are no stockholders holding 10% or more interest in this corporation or Firm to the best of my knowledge.

___ Firm is solely owned and not subject to corporation or partnership disclosure requirement.

Signature, Authorized Representative

Type/Print Name ________________________________ Title

Witness ________________________________ Date
RESOLUTION NO. 13 - 67

RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST AUTHORIZING THE FORM OF THE TRUST LOAN AGREEMENT AND THE ESCROW AGREEMENT AND AUTHORIZING AND DIRECTING ANY AUTHORIZED OFFICER OF THE TRUST (I) TO UNDERTAKE AND COMPLETE AN ESCROW CLOSING WITH RESPECT TO EACH PROJECT SPONSOR PARTICIPATING IN THE STATE FISCAL YEAR 2014 ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM, (II) IN CONNECTION WITH EACH ESCROW CLOSING, TO EXECUTE AND DELIVER A TRUST LOAN AGREEMENT AND AN ESCROW AGREEMENT SUBSTANTIALLY IN THE FORM APPROVED HEREBY, (III) TO TAKE ANY OTHER ACTION AS MAY BE NECESSARY OR APPROPRIATE TO EFFECT THE CONSUMMATION OF AN ESCROW CLOSING FOR EACH PROJECT SPONSOR, (IV) TO CONDUCT A TEFRA HEARING IN ORDER TO SATISFY THE REQUIREMENTS OF SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, (V) TO SUBMIT FOR THE APPROVAL OF THE DIRECTOR OF THE DIVISION OF INVESTMENTS IN THE NEW JERSEY DEPARTMENT OF THE TREASURY THE INVESTMENT AUTHORIZATION REQUEST AND TO UNDERTAKE ANY OTHER ACTION NECESSARY IN CONNECTION THEREWITH, AND (VI) TO TAKE SUCH OTHER ACTIONS IN CONNECTION WITH THE FOREGOING OR SUCH OTHER ACTIONS AS SHALL BE NECESSARY IN FURTHERANCE OF THE INTENT AND PURPOSES OF THE PROGRAM.

WHEREAS, pursuant to Section 5(i) and Section 6(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 issue its bonds (the “Trust Bonds”) in any principal amounts (subject to the limitations of Section 6(g) of the Act) as in its judgment shall be necessary to provide funds sufficient for any of its corporate purposes, including, without limitation, the making of 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”); and

WHEREAS, pursuant to Section 5(m) and Section 9(a) of the Act, the Trust is authorized to make and contract to make Trust Loans to Project Sponsors to finance a portion of the costs of the respective Projects thereof, 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 purposes thereof; and

WHEREAS, the Board of Directors of the Trust (the “Board”) currently is scheduled to consider, as part of its agenda at its February 12, 2014 meeting, the Project applications of certain Project Sponsors for Trust Loans from the Trust, which Trust Loans, if so approved, would be made, pursuant to the provisions of the Act, by the Trust to such Project Sponsors from the proceeds of Trust Bonds, to be issued pursuant to the State Fiscal Year 2014 Environmental Infrastructure Financing Program of the Trust (the “Program”); and
WHEREAS, each Trust Loan made by the Trust to a Project Sponsor pursuant to the Program shall be made pursuant to the terms and provisions of a loan agreement, by and between the Trust and the respective Project Sponsor (the “Trust Loan Agreement”); and

WHEREAS, the Trust, in consultation with its professional advisors, has prepared master forms of the Trust Loan Agreement, such forms being attached hereto as Exhibit A and made a part hereof; and

WHEREAS, the Trust Loan Agreement contains all of the terms and conditions that are applicable to the receipt by the Project Sponsors of Trust Loans from the Trust, including, without limitation, specific terms and conditions with which certain Project Sponsors must comply prior to receipt of Trust Loans from the Trust, but do not contain those terms and conditions that cannot be determined until completion of the sale of the Trust Bonds or until further evaluation of information to be received by the Trust from the Project Sponsors; and

WHEREAS, pursuant to the terms and provisions of the Program and subject to (i) satisfaction in full of the conditions precedent set forth in the hereinafter defined Escrow Agreement and (ii) the final certification of the respective Project pursuant to the regulations and procedures of the New Jersey Department of Environmental Protection (the “NJDEP”), the Trust and each Project Sponsor shall deposit into escrow (the “Escrow Closing”) the duly authorized, executed and delivered Trust Loan Agreement (subject to completion to the extent of those terms and conditions that cannot be determined until completion of the sale of the Trust Bonds or until further evaluation of information to be received by the Trust from the Project Sponsor) and certain other Program-related documents (collectively, the “Escrowed Program Documents”), which Escrowed Program Documents shall be held in escrow by a national banking association or a banking corporation with trust and fiduciary powers in the State, duly appointed by the Board as escrow agent (the “Escrow Agent”), pursuant to the terms and provisions of an escrow agreement (the “Escrow Agreement”) to which the Trust, the respective Project Sponsor and the Escrow Agent, inter alia, shall be parties, which Escrow Agreement shall establish the terms and conditions governing the holding in escrow and administering by the Escrow Agent of the Escrowed Program Documents, including, without limitation, the completion of those terms and conditions of the Trust Loan Agreement that cannot be determined until completion of the sale of the Trust Bonds or until the further evaluation of information to be received by the Trust from the Project Sponsor; and

WHEREAS, the Trust, in consultation with its professional advisors, has prepared master forms of the Escrow Agreement, such forms being attached hereto as Exhibit B and made a part hereof; and

WHEREAS, in furtherance of the intent and goals of the Program, the Board currently is scheduled to consider, as part of its agenda at its meeting to be held on or about April 10, 2014, the adoption of one or more Environmental Infrastructure Bond Resolutions (collectively, the “Trust Bond Resolution”), which Trust Bond Resolution shall authorize, inter alia, (i) the marketing, issuance and sale by the Trust of its Trust Bonds, (ii) the allocation of the proceeds of the Trust Bonds to the Projects of the respective Project Sponsors pursuant to the terms of the
respective Trust Loan Agreement, (iii) the investment of the proceeds of the Trust Bonds until expenditure thereof pursuant to the terms of the Trust Bond Resolution, and (iv) certain other matters as shall be set forth in the Trust Bond Resolution; and

WHEREAS, prior to consideration by the Board of the Trust Bond Resolution, as part of the agenda of its meeting to be held on or about April 10, 2014, in furtherance of the intent and purposes of the Program, it will be necessary for the Trust to implement certain elements of the Program, including, without limitation, (i) the completion of an Escrow Closing with respect to the Trust Loan to be made by the Trust to each qualifying Project Sponsor from the proceeds of the Trust Bonds, (ii) the conduct, if necessary, of a hearing (the “TEFRA Hearing”) with respect to the Trust Bonds pursuant to the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), and (iii) the submission of a written request by the Trust (the “Investment Authorization Request”) to the Director of the Division of Investments in the New Jersey Department of the Treasury (the “Director”) for approval of the investment by the Trust of proceeds of the Trust Bonds pursuant to, among other investment instruments that may be deemed appropriate and advantageous, a repurchase agreement that does not conform with State Investment Council regulations, which approval by the Director is dependent upon a finding thereby that such investment is consistent with the corporate purposes of the Trust; and

WHEREAS, it is the desire of the Board, in furtherance of the intent and purposes of the Program, that the Executive Director of the Trust, or any other person or persons designated by the Board by resolution to act on behalf of the Trust (each, an “Authorized Officer”), each be severally authorized to act on behalf of the Trust and implement in furtherance of the Program (i) the completion of an Escrow Closing with respect to the Trust Loan to be made by the Trust to each qualifying Project Sponsor from the proceeds of the Trust Bonds, (ii) the conduct, if determined to be necessary by any Authorized Officer, of a TEFRA Hearing with respect to the Trust Bonds pursuant to the requirements of the Code, (iii) the submission of the Investment Authorization Request to the Director, and (iv) such other actions in connection with the foregoing or such other actions as shall be necessary in furtherance of the intent and purposes of the Program.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the New Jersey Environmental Infrastructure Trust, as follows:

Section 1. In furtherance of the intent and purposes of the Program, the Board hereby approves the execution and delivery at Escrow Closing (but only upon (i) satisfaction in full of the conditions precedent to Escrow Closing set forth in the respective Escrow Agreement and (ii) the final certification of the respective Project pursuant to the regulations and procedures of the NJDEP) of a Trust Loan Agreement with respect to each Trust Loan to be made by the Trust to each Project Sponsor in connection with the respective Project thereof, each such Trust Loan Agreement to be in substantially the form attached hereto as Exhibit A and made a part hereof, with such revisions and modifications thereto as shall be approved by any Authorized Officer, after consultation with counsel to the Trust, such approval to be evidenced by the execution thereof by such Authorized Officer; provided, however, that each Trust Loan Agreement
executed and delivered at Escrow Closing pursuant to the authorization of the Board set forth herein shall be exclusive of the following terms, which terms shall be completed, upon completion of the sale of the Trust Bonds and further evaluation of information to be received by the Trust from the Project Sponsors, by any Authorized Officer in a manner (i) consistent with the provisions of the Trust Bond Resolution and (ii) pursuant to the provisions of the respective Escrow Agreement relating to the completion of such terms: (a) the principal and interest repayment schedules and adjusted principal amount reflecting, as applicable and without limitation, capitalized interest, reserve capacity, administrative fees and issuance expenses, including, without limitation, bond insurance premiums, if any, which cannot be finally determined until completion of the sale of the Trust Bonds; (b) if applicable, provisions requiring additional forms of security, such as a deficiency agreement, a letter of credit or a special reserve fund securing the timely repayment of the Trust Loan; and (c) provisions relating to the satisfaction of the “funds available” or “cash on hand” requirement pertaining to the funding of unallowable Project costs or that portion of allowable Project costs not financed with proceeds of the Trust Bonds through the Trust Loan Agreement and the corresponding fund loan agreement entered into by and between the NJDEP and the Project Sponsor.

Section 2. In furtherance of the intent and purposes of the Program, the Board hereby approves the execution and delivery at Escrow Closing (but only upon (i) satisfaction in full of the conditions precedent to Escrow Closing set forth in the respective Escrow Agreement and (ii) the final certification of the respective Project pursuant to the regulations and procedures of the NJDEP) of an Escrow Agreement with respect to each Trust Loan to be made by the Trust to each Project Sponsor in connection with the respective Project thereof, each such Escrow Agreement to be in substantially the form attached hereto as Exhibit B and made a part hereof, with such revisions and modifications thereto as shall be approved by any Authorized Officer, after consultation with counsel to the Trust, such approval to be evidenced by the execution thereof by such Authorized Officer.

Section 3. In furtherance of the intent and purposes of the Program, the Board hereby authorizes any Authorized Officer to engage in an Escrow Closing (but only upon (i) satisfaction in full of the conditions precedent to Escrow Closing set forth in the respective Escrow Agreement and (ii) the final certification of the respective Project pursuant to the regulations and procedures of the NJDEP), pursuant to the terms and procedures of the Escrow Agreement, with respect to each Trust Loan to be made by the Trust to each Project Sponsor in connection with the respective Project thereof. The Board hereby authorizes any Authorized Officer, upon consultation with counsel to the Trust, (i) to determine the Escrow Closing schedule and (ii) to undertake any other action in furtherance of the Escrow Closing, relating to the Trust Loan made by the Trust to each Project Sponsor in connection with the respective Project thereof, as such Authorized Officer shall determine to be necessary.

Section 4. In furtherance of the intent and purposes of the Program, the Board hereby authorizes (but only upon (i) satisfaction in full of the conditions precedent to Escrow Closing set forth in the respective Escrow Agreement and (ii) the final certification of the respective Project pursuant to the regulations and procedures of the NJDEP) that (i) the Trust
Loan Agreement, the Escrow Agreement, any other Escrowed Program Documents to which the Trust is a party, and any other document required to be executed by the Trust in connection with the undertaking and completion of the Escrow Closing shall be executed in the name of the Trust by the manual signature of the Chairman or any Authorized Officer of the Trust, and (ii) if required by the terms of such document, its corporate seal shall be impressed, imprinted or otherwise reproduced thereon and attested by the manual signature of the Secretary or Assistant Secretary or other Authorized Officer of the Trust.

Section 5. In furtherance of the intent and purposes of the Program, the Board hereby authorizes any Authorized Officer, after consultation with counsel to the Trust, to take such other actions and to execute such other documents and instruments as may be necessary or appropriate (and not inconsistent with the terms and provisions of this Resolution) to effect the consummation of an Escrow Closing with respect to each Trust Loan made by the Trust to each Project Sponsor in connection with the respective Project thereof.

Section 6. In furtherance of the intent and purposes of the Program, the Board hereby authorizes any Authorized Officer, after consultation with counsel to the Trust, to conduct the TEFRA Hearing with respect to the Trust Bonds at such time in such manner as any Authorized Officer, after consultation with counsel to the Trust, shall determine to be necessary, convenient or desirable in order to satisfy the requirements of the Code.

Section 7. In furtherance of the intent and purposes of the Program, the Board hereby authorizes any Authorized Officer, after consultation with counsel to the Trust, to submit the Investment Authorization Request to the Director for approval and to undertake any other action necessary in connection with (i) the approval by the Director of the investment by the Trust of a portion of the proceeds of the Trust Bonds pursuant to, among other investment instruments that may be deemed appropriate and advantageous, a repurchase agreement that does not conform with State Investment Council regulations and (ii) the finding by the Director that such investment is consistent with the corporate purposes of the Trust.

Section 8. The Board hereby authorizes any Authorized Officer, after consultation with counsel to the Trust, to take such other actions, to execute such other instruments and to seek such other consents as may be necessary or appropriate (and not inconsistent with the terms and provisions of this Resolution) to further the intent and purposes of the Program.

Adopted Date: December 12, 2013
Motion Made By: Mr. Briant
Motion Seconded By: Mr. Requa
Ayes: 6
Nays: 0
Abstentions: 0
ESCROW AGREEMENT

by and among

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST,

THE STATE OF NEW JERSEY,
acting by and through the New Jersey Department of Environmental Protection,

(NAME OF BORROWER)

and

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

DATED: _____________, 2014
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This Escrow Agreement, made and entered into on the Escrow Closing Date (as hereinafter defined) by and among NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession duly created and validly existing under the laws of the State of New Jersey (the “Trust”), THE STATE OF NEW JERSEY, acting by and through the New Jersey Department of Environmental Protection (the “State”), the BORROWER (as hereinafter defined) and U.S. Bank National Association, a national banking association duly organized and validly existing under the laws of the United States of America, as Escrow Agent (the “Escrow Agent”); WITNESSETH THAT:

WHEREAS, the Borrower is undertaking to obtain loans from both the Trust and the State (a “Trust Loan” and “Fund Loan,” respectively) under the “State Fiscal Year 2014 New Jersey Environmental Infrastructure Financing Program”; and

WHEREAS, as one of the preconditions to the making of such Trust Loan and Fund Loan, the Trust and the State are requiring that the Borrower execute and attest the loan agreements required in connection with such loans, and produce validly executed and attested bonds evidencing such loans, prior to the Trust undertaking to publish the notice of sale for the bonds it intends to issue to fund the Trust Loan (the “Trust Bonds”).

NOW, THEREFORE, for and in consideration of the mutual duties, covenants, obligations and agreements set forth herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:
1. Appointment of Escrow Agent

For the purposes and subject to the terms and conditions set forth in this Escrow Agreement, the Trust, the State and the Borrower hereby agree to the appointment of U.S. Bank National Association, as Escrow Agent, and the Escrow Agent hereby accepts such appointment. The Escrow Agent agrees to act as agent for the Trust, the State and the Borrower and shall possess and administer the Escrowed Documents (as defined in Section 2 hereof) in accordance with the instructions set forth in this Escrow Agreement. Certain capitalized terms used herein shall have the meanings ascribed to such terms in Schedule A attached hereto and made a part hereof. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in both the Trust Loan Agreement and the Fund Loan Agreement (as hereinafter defined).

2. Escrowed Documents

On the date hereof, the Trust, the State and the Borrower have jointly delivered the following documents (together with the Borrower’s counsel opinions referred to in this Section 2, the “Escrowed Documents”) to the Escrow Agent in the respective forms described below:

(a) a fully authorized, executed and attested loan agreement with respect to the Fund Loan by and between the State and the Borrower, which will be dated as of May 1, 2014 (the “Fund Loan Agreement”), which Fund Loan Agreement is true, accurate and complete in all respects, except for (1) Exhibit A-2 thereto with respect to the principal amount of and the semiannual principal repayment schedule for the Fund Loan to be made under the Fund Loan Agreement and (2) to the extent the Borrower requests and the State and the Trust consent to an adjustment to the principal amount of the Fund Loan prior to the bid blackout date, which is the date of Borrower’s escrow closing, then also except for the principal amount of the Fund Loan and the corresponding changes to Exhibits B and C thereto (which Exhibit A-2 and if applicable, which Fund Loan principal amount shall be provided to the Escrow Agent by the Trust pursuant to Section 3 hereof);

(b) a fully authorized, executed and attested bond of the Borrower to the State (the “Fund Loan Bond”), which will be dated the date of the Trust Loan Bond (as hereinafter defined), evidencing the Fund Loan to be made by the State to the Borrower under the Fund Loan Agreement, which Fund Loan Bond has been so authorized, executed and attested by the Borrower (but not delivered) pursuant to the Borrower’s Bond Resolution, and which Fund Loan Bond is true, accurate and complete in all respects except as to its date and if applicable in accordance with Section 2(a)(2) hereof, except as to its principal amount (which date and if applicable, which Fund Loan principal amount shall be provided to the Escrow Agent by the Trust pursuant to Section 3 hereof);

(c) a fully authorized, executed and attested loan agreement with respect to the Trust Loan by and between the Trust and the Borrower, which will be dated as of May 1, 2014, (the “Trust Loan Agreement”), which Trust Loan Agreement is true, accurate and complete in all respects, except for Exhibit A-2 thereto with respect to the
principal amount of and the Trust Bond Loan Repayments (as defined in the Trust Loan Agreement) schedule for the Trust Loan to be made under said Trust Loan Agreement and if applicable in accordance with Section 2(a)(2) hereof, except as to the corresponding changes to Exhibits B and C thereto (which Exhibit A-2 (including the Trust Loan principal amount) shall be provided to the Escrow Agent by the Trust pursuant to Section 3 hereof); and

(d) a fully authorized, executed and attested bond of the Borrower to the Trust (the “Trust Loan Bond”), which will be dated the dated date of the Trust Bonds, evidencing the Trust Loan to be made by the Trust to the Borrower under the Trust Loan Agreement, which Trust Loan Bond has been so authorized, executed and attested by the Borrower (but not delivered) pursuant to the Borrower’s Bond Resolution, and which Trust Loan Bond is true, accurate and complete in all respects except as to its date, principal amount and Trust Bond Loan Repayments schedule (which date, amount and schedule shall be provided to the Escrow Agent by the Trust and placed on the Trust Loan Bond by a representative of the Borrower in the presence of the Escrow Agent and the Trust pursuant to Section 3 hereof).

An opinion of each of the Borrower’s bond and general counsel, which opinions shall each be in substantially similar form to the opinions set forth in Exhibit A hereto, shall also be delivered on the date hereof to the Escrow Agent.

The Escrow Agent shall hold the Escrowed Documents for release and delivery, or cancellation, pursuant to the terms and conditions of this Escrow Agreement.

3. Release of Escrowed Documents

On May 21, 2014 at 9:30 a.m. at the office of bond counsel to the Trust, or such other date or time that may be agreed upon by the Trust, the State and the Borrower and of which the Escrow Agent is notified in writing by the Trust (the “Loan Closing”), the Escrow Agent shall (1) release the Escrowed Documents from escrow and (2) simultaneously with the closing of the Trust Bonds, deliver (A) to the Trust, the Trust Loan Agreement and the Trust Loan Bond, and (B) to the State, the Fund Loan Agreement and the Fund Loan Bond, such release and delivery being subject only to receipt by the Escrow Agent of all of the following items as conditions precedent thereto:

(a) Exhibit A-2 to each of the Trust Loan Agreement (which shall include the insertion of the principal amount of the Trust Loan) and the Fund Loan Agreement (which shall include the insertion of the principal amount of the Fund Loan), each completed in its entirety and if applicable in accordance with Section 2(a)(2) hereof, the revised Trust Loan and Fund Loan principal amounts and the corresponding changes to Exhibits B and C thereto;

(b) a written certification of the Trust setting forth (1) the date, principal amount and Trust Bond Loan Repayments schedule for the Trust Loan Bond necessary to complete in its entirety the Trust Loan Bond, which date, amount and schedule shall be placed upon the Trust Loan Bond by a representative of the Borrower in the presence of
the Escrow Agent and the Trust while the Trust Loan Bond is held in escrow by the Escrow Agent, (2) the date and if applicable in accordance with Section 2(a)(2) hereof, the principal amount for the Fund Loan Bond necessary to complete in its entirety the Fund Loan Bond, which date and if applicable, amount shall be placed upon the Fund Loan Bond by a representative of the Borrower in the presence of the Escrow Agent and the State while the Fund Loan Bond is held in escrow by the Escrow Agent, and (3) a determination by the Trust as to which 2014 Series of Trust Bonds, insured, uninsured or otherwise, will finance the Trust Loan;

(c) a written certification of the Trust acknowledging receipt by the Trust of the following:

(i) the opinions of bond and general counsels to the Borrower and, if applicable, the certificates of the Borrower with respect to liability insurance coverage, as required under Section 3.06(d) of the Trust Loan Agreement and Section 3.06(c) of the Fund Loan Agreement;

(ii) copies of those ordinances and resolutions finally adopted by the governing body of the Borrower and requested by the Trust and/or the State, including, without limitation, (A) the resolution of the Borrower authorizing the execution, attestation and delivery of the Trust Loan Agreement, the Fund Loan Agreement and this Escrow Agreement, (B) the Borrower’s Bond Resolution, as amended and supplemented as of the date of the Loan Closing, authorizing the execution, attestation, sale and delivery of the Trust Loan Bond to the Trust and the Fund Loan Bond to the State, (C) the resolution of the Borrower confirming the details of the sale of the Trust Loan Bond to the Trust and the Fund Loan Bond to the State, (D) the resolution of the Borrower, if any, declaring its official intent to reimburse expenditures for the Costs of the Project from the proceeds of the Trust Bonds, each of said ordinances and resolutions of the Borrower being certified by an Authorized Officer of the Borrower as of the date of the Loan Closing, (E) the resolution of the Local Finance Board in the Division of Local Government Services in the New Jersey Department of Community Affairs (the “Local Finance Board”) approving the issuance by the Borrower of the Trust Loan Bond to the Trust and the Fund Loan Bond to the State and setting forth any other approvals required therefor by the Local Finance Board, and (F) any other Proceedings;

(iii) a certificate of the Borrower in the form attached as Exhibit B hereto stating to the satisfaction of the Trust that the Borrower will be able to meet the available funds requirement under Section 3.02(b) of the Trust Loan Agreement prior to the first anticipated disbursement of proceeds of the Trust Loan, as set forth in Exhibit C to the Trust Loan Agreement;

(iv) the Trust Loan Bond;

(v) a certificate of the Borrower either (A) in the form attached as Exhibit G-1 hereto stating to the satisfaction of the Trust that (i) the Borrower will use a portion of the proceeds of the Trust Loan to reimburse the Borrower for expenditures paid by it prior to the Loan Closing for Costs of the Project, and (ii) such reimbursements
comply with the various provisions of the Treasury Regulations as defined and set forth therein, or (B) in the form attached as Exhibit G-2 hereto stating to the satisfaction of the Trust that no portion of the proceeds of the Trust Loan will be used by the Borrower to reimburse the Borrower for expenditures paid by it prior to the Loan Closing for Costs of the Project; and

(vi) any additional items identified in Section 3(c)(vi) of Schedule A attached hereto and made part hereof.

(d) a copy of the written certification of the Trust to the Borrower that the following actions shall take place simultaneously with the release and delivery of the Escrowed Documents:

(i) the authentication and delivery by U.S. Bank National Association, as trustee, of the Trust Bonds pursuant to Section 2.03 of the Bond Resolution (as defined in the Trust Loan Agreement and sometimes referred to herein as the “Trust Bond Resolution”); and

(ii) the deposits to the Project Fund, the Debt Service Fund, the Operating Expense Fund, the Rebate Fund and the Debt Service Reserve Fund (as defined in the Trust Bond Resolution) as may be required to be made pursuant to Section 2.03 of the Trust Bond Resolution;

(e) copies of (1) the authorizations by the New Jersey State Legislature of the expenditure of funds by the Trust for the Trust Loan, (2) the appropriations by the New Jersey State Legislature of funds in the applicable State Fund (as defined in the Fund Loan Agreement) to the Trust for the Debt Service Reserve Fund and to the State for the Fund Loan, (3) the Governor’s approval of (1) and (2) of this subsection (e), (4) the approval of the New Jersey State Legislature, by concurrent resolution, of the “Fiscal Year 2014 Financial Plan” of the Trust, (5) the award of federal funds under a fully executed State revolving fund capitalization grant agreement between the State and the United States Environmental Protection Agency pursuant to the Water Quality Act of 1987 and the Safe Drinking Water Act of 1996 and the requisite “State Match”, (6) the letters of each of the Governor and the New Jersey State Treasurer, pursuant to N.J.S.A. 58:11B-4(j), approving the adoption of the Trust Bond Resolution, (7) the “Certificate of the New Jersey State Treasurer Regarding the Approval of the Trust Loan and the Fund Loan” in satisfaction of the requirements of Section 9a of the Act, and (8) such other appropriations, resolutions, authorizations, consents or approvals as may be required in order to undertake and complete the “State Fiscal Year 2014 New Jersey Environmental Infrastructure Financing Program”; and

(f) a written certification of the Trust acknowledging receipt by the State of the Fund Loan Bond.

Failure of the Escrow Agent to so release and deliver any one of the Escrowed Documents after satisfaction of the above-mentioned conditions shall be considered a failure to release and deliver all of the Escrowed Documents.
4. Cancellation of Escrowed Documents

In the event that any of the conditions precedent to the release of the Escrowed Documents set forth in Section 3 hereof shall remain unsatisfied for any reason as of the Loan Closing or if the Escrowed Documents are not released and delivered as of the Loan Closing, the Escrow Agent shall on said date mark the Escrowed Documents “CANCELED”, and shall return (1) the Trust Loan Bond and the Fund Loan Bond to the Borrower, (2) the Trust Loan Agreement to the Trust, and (3) the Fund Loan Agreement to the State. The Trust and the State hereby acknowledge that upon receipt of said agreements marked “CANCELED” the obligations of the Borrower thereunder are without effect.

5. Modifications to Loan Agreements

The Trust, the State and the Borrower acknowledge that, in connection with (1) the sale, issuance and delivery of the Trust Bonds and (2) any Fund Loans funded with the proceeds of any State Bonds (as may be defined in the Fund Loan Agreement) hereafter issued by the State, it may be necessary, subsequent to the date hereof and prior to the Loan Closing, to modify the Trust Loan Agreement and the Fund Loan Agreement for the purposes set forth, respectively, in Sections 2.02(o) thereof, including, without limitation, for the purpose of assuring that the interest on the Trust Bonds and the State Bonds is not includable in gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. In such event, the Trust and, if applicable, the State will make such modifications by amending Exhibit F to the Trust Loan Agreement and, if applicable, the Fund Loan Agreement and delivering the amended Exhibit F to the Borrower and the Escrow Agent on or prior to the Loan Closing.

Any modifications to the Trust Loan Agreement and the Fund Loan Agreement by amending Exhibit F thereto pursuant to this Section 5 shall not affect in any way the Borrower’s covenant and agreement made in Section 2.02(e)(i) of each of the Trust Loan Agreement and, if applicable, the Fund Loan Agreement.

6. Liability of Escrow Agent

The Escrow Agent shall have no duties or responsibilities as Escrow Agent under this Escrow Agreement other than those expressly set forth herein, and shall have no duty to enforce any obligation of any person to perform any act. The Escrow Agent may rely conclusively and shall be protected in acting upon any order, notice, demand, direction, certificate, opinion and advice of counsel (including counsel selected by the Escrow Agent), statement, instrument, report or other instrument or document (not only as to its due execution and the validity and effectiveness thereof, but also as to the truth and accuracy of any information therein contained) that is believed by the Escrow Agent to be genuine and to be signed by the proper person.

The Escrow Agent agrees that it (1) shall be responsible to the State, the Trust and the Borrower for the proper and faithful observance and performance of the duties, covenants, obligations and agreements required of it pursuant hereto, for the fidelity and integrity of its officers, employees and agents employed in any undertaking hereunder, and for any and all loss or damage that may result from any failure to observe and perform or from any improper or
incorrect observance or performance of its duties, covenants, obligations and agreements hereunder, and (2) shall save harmless the State, the Trust and the Borrower, or any trustee, employee or officer thereof, from any and all loss or damage caused thereby, except in the event of loss or damage resulting from their own negligence or willful misconduct.

7. Acknowledgments and Liability of Borrower

Based upon the Borrower’s execution and delivery into escrow of the Trust Loan Agreement and the Fund Loan Agreement in accordance with the terms hereof and further based upon the Borrower’s execution, attestation and delivery of this Escrow Agreement, the Borrower has irrevocably committed to borrow (1) from the Trust, the Trust Loan Amount, pursuant to the terms and conditions of the Trust Loan Agreement, and (2) from the State, the Fund Loan Amount, pursuant to the terms and conditions of the Fund Loan Agreement. Notwithstanding the foregoing, the Trust Loan Amount and the Fund Loan Amount may only be changed subsequent to the date hereof in accordance with Section 2(a)(2) hereof.

The Borrower acknowledges (1) that the Trust and the State are relying upon the Borrower’s execution and attestation of the Escrowed Documents and related execution, attestation and delivery of this Escrow Agreement, as well as the execution of the commitment letters set forth as Exhibit A hereto (delivered to the Trust and the State on the date hereof) relating to the delivery of the opinions required to close the Trust Loan and the Fund Loan; (2) that such reliance by the Trust is the basis upon which the Trust will determine the aggregate principal amount of, and undertake all actions necessary to issue, the Trust Bonds; (3) that, in consideration of (1) and (2) above, the Trust has tentatively scheduled the mailing of the Preliminary Official Statement for the Trust Bonds on or about April __, 2014, the initial publication of its Notice of Sale for the Trust Bonds on or about April __, 2014, and the sale of the Trust Bonds on or about May __, 2014; (4) that the aggregate principal amount of and the interest payable on that portion of the Trust Loan set forth in Exhibit A-2 to the Trust Loan Agreement shall be based upon and reflect, among other things, the interest rate on the Trust Bonds established at the sale thereof; and (5) that the Trust’s ability to make the Trust Loan at the rate so established, and the State’s ability to make the Fund Loan, are subject to and dependent upon the release and delivery of the Escrowed Documents pursuant to Section 3 hereof.

The Borrower agrees that, subject to the provisions of the immediately succeeding sentence, in the event the Escrow Agent shall fail to release and deliver or shall cancel the Escrowed Documents for any reason (including, but not limited to, the failure of the Borrower to satisfy any of the preconditions to its due authorization, execution, attestation and delivery of the Trust Loan Bond or the Fund Loan Bond or the failure of general counsel or bond counsel to the Borrower to deliver its respective opinion required in connection with the closing of the Trust Loan or the Fund Loan), the Borrower shall be responsible to the Trust, the State and the Borrowers for any and all expenses, losses or damages, monetary and otherwise (including, but not limited to, all costs of issuance and all legal costs of the Trust, the State and the Borrowers incurred in connection with the Trust’s proposed bond issue to fund the Trust Loan and the proposed making of the Trust Loan and the Fund Loan for financing a portion of the Costs of the Borrower’s environmental infrastructure project), to the Trust, the State and the Borrowers, respectively, arising from such failure or cancellation. Notwithstanding the provisions of the
immediately preceding sentence to the contrary, in the event that the Escrow Agent shall fail to release and deliver or shall cancel the Escrowed Documents and such failure or such cancellation is the result of the gross negligence or willful misconduct of the Trust, the Borrower shall not be responsible to the Trust or the State for any expenses, losses or damages, monetary or otherwise, incurred by the Trust or the State, respectively, and arising as a result of such failure or such cancellation, and such expenses, losses or damages, monetary or otherwise, of the Trust and the State, respectively, shall be the sole responsibility of the Trust; provided, however, that in the event of such failure or such cancellation as a result of the gross negligence or willful misconduct of the Trust, the Borrower shall remain responsible for its own expenses, losses or damages, monetary or otherwise (including, but not limited to, all costs of issuance and all legal costs of the Borrower incurred in connection with the Trust’s proposed bond issue to fund the Trust Loan and the proposed making of the Trust Loan and the Fund Loan for financing a portion of the Costs of the Borrower’s environmental infrastructure project). The Borrower’s obligation under this paragraph shall be continuing notwithstanding such failure or cancellation by the Escrow Agent.

Notwithstanding the foregoing, nothing herein shall prevent the Borrower from pursuing any claims, including any claims the Trust or the State may have, against any third party for any default, cancellation or failure to perform under this Escrow Agreement; provided, however, that no such claim of the Trust or the State may be pursued by the Borrower without the express written consent of the Trust or the State, respectively, which consent shall not be unreasonably withheld.

8. Escrow Agent’s Compensation

The Trust shall pay the Escrow Agent a total fee for the services performed under this Escrow Agreement in accordance with the terms of the Escrow Agent’s proposal to the Trust dated April 9, 2013 and the Trust’s Resolution 13-34 adopted on June 13, 2013 to accept such proposal, subject to the execution, attestation and delivery of this Escrow Agreement.

9. Miscellaneous Trust and State Requirements

(a) Covenant of Non-Collusion. The Escrow Agent warrants and represents that this Escrow Agreement has not been solicited or prepared, directly or indirectly, in a manner contrary to the laws of the State of New Jersey or the United States of America, and that said laws have not been violated and shall not be violated as they relate to the procurement or the performance of this Escrow Agreement by any conduct, including the paying or giving of any fee, commission, compensation, gift, gratuity or consideration of any kind, directly or indirectly, to any federal, State or local government employee, officer or official or any special State officer as defined in N.J.S.A. 52:13D-13.

(b) Covenant Against Contingent Fees. The Escrow Agent warrants and represents that no person or selling agency has been employed or retained to solicit or secure this Escrow Agreement upon any agreement or understanding for a commission, percentage or brokerage or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the Escrow Agent for the purpose of securing business.
(c) **Non-Discrimination.** During the performance of this Escrow Agreement, the Escrow Agent warrants and represents that:

(i) the Escrow Agent will comply with all applicable federal, state and local anti-discrimination laws, including those found at N.J.S.A. 10:2-1 through 10:2-4 and N.J.S.A. 10:5-31 through 10:5-38, as well as all rules and regulations issued thereunder;

(ii) the Escrow Agent will comply with any applicable affirmative action program approved by the Treasurer of the State of New Jersey;

(iii) the Escrow Agent will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status or sex. The Escrow Agent will take affirmative action to ensure that such applicants are recruited and employed, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status or sex. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Escrow Agent agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. The Escrow Agent shall insert a similar provision in any subcontract for performance of services within the scope of this Escrow Agreement;

(iv) the Escrow Agent will, in all solicitations or advertisements for employees placed by or on behalf of the Escrow Agent, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status or sex; and

(v) the Escrow Agent will send to each labor union or representative of workers with which the Escrow Agent has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers’ representative of the Escrow Agent’s commitments under this Escrow Agreement, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) **Confidentiality.** Unless otherwise specified in this Escrow Agreement, the Escrow Agent shall not publish, permit to be published, distribute, use or disclose to any person any information that the Escrow Agent acquires in the performance of this Escrow Agreement, except with the prior written consent of the Trust, the State and the Borrower.

10. **Useful Life of Project Financed with Trust Loan**

The Borrower represents that the useful life of the Project to be financed with the Trust Loan, as set forth in the certificate of the Borrower’s consulting engineer (in the form attached as Exhibit D hereto), exceeds the maturity date of the Borrower Bond to the Trust.
11. Defaults With Respect to Debt Obligations of Borrower

The Borrower represents and warrants that, since December 31, 1975 and as of the date hereof, the Borrower has not been, and is not now, in default in the payment of the principal of or interest on any of its bonds, notes or other debt obligations.

12. Amendments, Waiver and Discharge

Neither this Escrow Agreement nor any term hereof may be amended, waived, discharged or terminated except by a writing signed by each of the parties hereto.

13. Binding Effect

All of the terms of this Escrow Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective parties hereto and their respective permitted successors and assigns, whether or not so expressed; provided, however, that none of the Trust, the State, the Borrower or the Escrow Agent may transfer, assign or pledge its respective duties, covenants, obligations and agreements hereunder without the prior written consent of each of the other parties hereto.

14. Governing Law

This Escrow Agreement shall be construed in accordance with and governed by the laws of the State of New Jersey. The Escrow Agent shall, in the performance of this Escrow Agreement, comply with all New Jersey and federal laws, rules and regulations applicable to this Escrow Agreement and to the services to be provided hereunder. All contract claims under this Escrow Agreement shall be subject to and governed by the provisions of the New Jersey Contractual Liability Act (N.J.S.A. 59:13-1 et seq.).

15. Captions

Captions are used herein for convenience only, and shall not be construed as part of this Escrow Agreement.

16. Separability

Each provision of this Escrow Agreement shall be considered separable. If for any reason any provision that is not essential to the effectuation of the basic purposes hereof is determined to be invalid or contrary to existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Escrow Agreement that are valid.

17. Notices

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Borrower at the address in Section 17(d) of Schedule A attached hereto and made part hereof, and to the Trust, the State and the Escrow Agent, at the following addresses:
(a) Trust:

New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 4, Suite 216
Lawrenceville, New Jersey 08648-2201
Attention: Executive Director

(b) State:

New Jersey Department of Environmental Protection
Municipal Finance and Construction Element
401 East State Street – 3rd Floor
Trenton, New Jersey 08625-0425
Attention: Assistant Director

New Jersey Department of the Treasury
Office of Public Finance
State Street Square – 5th Floor
Trenton, New Jersey 08625-0002
Attention: Director

(c) Escrow Agent:

U.S. Bank National Association
21 South Street, 3rd Floor
Morristown, New Jersey 07960
Attention: Corporate Trust Department

Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent by giving written notice to each of the other parties hereto.


Additional defined terms, covenants and requirements have been included in Schedule A attached hereto and made a part hereof. Such additional defined terms, covenants and requirements are incorporated in this Escrow Agreement by reference thereto as if set forth in full herein and the Borrower hereby agrees to observe and comply with each such additional term, covenant and requirement included in Schedule A as if the same were set forth in its entirety where reference thereto is made in this Escrow Agreement.

19. Counterparts

This Escrow Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Escrow Agreement to produce or account for more than one of such counterparts, which together shall constitute but one and the same agreement.
IN WITNESS WHEREOF, each of the parties hereto by its duly authorized representative has executed, sealed if applicable, and delivered this Escrow Agreement on the date first written above.

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

[SEAL]

By: ______________________________
    Warren H. Victor
    Chairman

ATTEST:

David E. Zimmer
Assistant Secretary

THE STATE OF NEW JERSEY
ACTING BY AND THROUGH THE
NEW JERSEY DEPARTMENT OF
ENVIRONMENTAL PROTECTION

[SEAL]

By: ______________________________
    Michele N. Siekerka, Esq.
    Deputy Commissioner
    Department of Environmental Protection

ATTEST:

Eugene J. Chebra, P.E.
Assistant Director
Municipal Finance and Construction Element,
Department of Environmental Protection

[SEAL]

By: ______________________________

[BORROWER]

ATTEST:

Authorized Officer

By: ______________________________

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

ATTEST:

Name
Title

By: ______________________________
Name
Title

[signature page]
SCHEDULE A

Certain Additional Escrow Agreement Provisions

Definitions: In addition to those capitalized terms defined elsewhere in this Escrow Agreement, the following capitalized terms as used in this Escrow Agreement shall, unless the context clearly requires otherwise, have the following meanings:

“Borrower” means _______________, a municipal corporation duly created and validly existing under the laws of the State of New Jersey.

“Borrower Bond Resolution” means a resolution entitled “________________________”, adopted by the Borrower on __________, as amended and supplemented.

“Escrow Closing Date” means __________, 2014.

“Fund Loan Amount” means $__________.

“Trust Loan Amount” means (i) an amount sufficient to pay project costs of $__________ and the Administrative Fee in the amount of $__________, plus (ii) an amount equal to the Borrower’s allocable share of underwriter’s discount on and certain costs of issuance of the Trust Bonds, plus (iii) if the Trust Bonds are sold with a net original issue discount, an amount equal to the Borrower’s allocable share of such net original issue discount, minus (iv) if the Trust Bonds are sold with a net original issue premium, an amount equal to the Borrower’s allocable share of such original issue premium[, plus (v) an amount sufficient to capitalize that portion of interest on the Trust Loan that is set forth in Exhibit A-2 to the Trust Loan Agreement through and including [DATE]].

Additional Provisions:

Section 3(c)(vi). Reserved.

Section 17.

(d) Borrower:

[Name of Borrower]
[Address]
[ ]
Attention: [__________________]
EXHIBIT A

COMMITMENT LETTERS OF BORROWER’S BOND COUNSEL AND GENERAL COUNSEL
[LETTERHEAD OF BORROWER'S BOND COUNSEL/GENERAL COUNSEL]

[Date of Escrow Closing]

New Jersey Environmental Infrastructure Trust
Lawrenceville, New Jersey 08648

New Jersey Department of Environmental Protection
Trenton, New Jersey 08625

New Jersey Department of the Treasury
Trenton, New Jersey 08625

RE: [Name of Borrower]
Application for Loans from New Jersey Environmental Infrastructure Trust and State of New Jersey; State Fiscal Year 2014 New Jersey Environmental Infrastructure Financing Program

Ladies and Gentlemen:

In our capacity as [bond] [general] counsel to the [Name of Borrower] (the “Borrower”), we have reviewed (i) a copy of the authorized, executed and attested loan agreement (the “Trust Loan Agreement”) to be delivered to the New Jersey Environmental Infrastructure Trust (the “Trust”) and (ii) an authorized, executed and attested general obligation bond of the Borrower to be delivered to the Trust (the “Trust Loan Bond”), each exclusive of the principal and partial interest repayment schedule applicable thereto, for and evidencing a loan from the Trust in connection with the captioned program (the “Program”). We have also reviewed (i) a copy of the authorized, executed and attested loan agreement (the “Fund Loan Agreement”, and together with the Trust Loan Agreement, the “Loan Agreements”) to be delivered to the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection (the “State”), and (ii) an authorized, executed and attested general obligation bond of the Borrower to be delivered to the State (the “State Loan Bond”, and together with the Trust Loan Bond, the “Borrower Bonds”), each exclusive of the principal repayment schedule applicable thereto, for and evidencing a loan from the State in connection with the Program. We understand that these Loan Agreements and Borrower Bonds will be placed in escrow on the date hereof and will be released from escrow in completed form and delivered to the Trust and the State, respectively, on the date of closing on the Trust’s bond issue for the Program, which is estimated to occur on or about May 21, 2014 (the “Loan Closing”).

We have also reviewed a copy of the Escrow Agreement dated the date hereof by and among the Trust, the State, the Borrower and U.S. Bank National Association, as Escrow Agent (the “Escrow Agreement”), which sets forth the terms and conditions upon which the Escrowed Documents (as defined in the Escrow Agreement) shall be released and delivered, or canceled.

Based upon the foregoing, we are of the opinion that the Escrow Agreement has been duly and validly authorized by the Borrower and executed, attested and delivered by the authorized officers of the Borrower; and assuming that the Trust, the State and the Escrow Agent
each has the requisite power and authority to authorize, execute, attest and deliver, and each has
duly and validly authorized, executed, attested and delivered, the Escrow Agreement, the Escrow
Agreement constitutes a legal, valid and binding obligation of the Borrower, enforceable against
the Borrower in accordance with its terms, except as the enforcement thereof may be limited or
modified by bankruptcy, insolvency or other laws or legal or equitable principles affecting the
enforcement of creditors’ rights and remedies.

In addition, based upon our review of such information, certificates of the Borrower,
statutes and other matters of law as we deem relevant, we are of the opinion that, as of the date
hereof, there exist on the part of the Borrower no legal impediments to the release and delivery
of the Escrowed Documents at the Loan Closing pursuant to the provisions of the Escrow
Agreement or to the delivery of our opinions in favor of the Trust and the State at such time,
substantially in the forms attached hereto as Exhibit A and Exhibit B, as required by Section 2.02
of each of the Trust Loan Agreement and the Fund Loan Agreement, respectively.

We hereby authorize McCarter & English, LLP, acting as bond counsel to the Trust, and
the Attorney General of the State of New Jersey, acting as general counsel to the Trust, to rely on
this opinion as if we had addressed this opinion to them in addition to you.

Very truly yours,
Exhibit A

[ATTACH FORM OF APPROPRIATE BORROWER BOND COUNSEL OR GENERAL COUNSEL OPINION]

*Note:* Exhibit E to the Trust Loan Agreement may be divided between the Borrower bond counsel and general counsel so long as when the two opinions are taken together the entire Exhibit E opinion is rendered.
[ATTACH FORM OF APPROPRIATE BORROWER BOND COUNSEL OR GENERAL COUNSEL OPINION]

Note: Exhibit E to the Fund Loan Agreement may be divided between the Borrower bond counsel and general counsel so long as when the two opinions are taken together the entire Exhibit E opinion is rendered.
EXHIBIT B

CERTIFICATE AS TO AVAILABLE FUNDS

I, [_______________], an authorized representative of the [NAME OF BORROWER], a [municipal corporation duly created and validly existing under the laws of the State of New Jersey, located in the County of [_____________] ] [political subdivision duly created and validly existing under the laws of the State of New Jersey], and herein referred to as the “Borrower”, HEREBY CERTIFY that the Borrower will be able to meet the available funds requirement under Section 3.02(b) of the Loan Agreement by and between the Borrower and the New Jersey Environmental Infrastructure Trust dated as of May 1, 2014 (the “Loan Agreement”) prior to the first anticipated disbursement of proceeds pursuant to Exhibit C of the Loan Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand on May 21, 2014.

[NAME OF BORROWER]

By: _________________________
Name: _________________________
Title: _________________________
EXHIBIT C-1

[RESERVED]
EXHIBIT C-3

[RESERVED]
EXHIBIT D

LETTER OF CONSULTING ENGINEER
Re: New Jersey Environmental Infrastructure Trust  
State Fiscal Year 2014 Financing Program  
Project No. [__________]

New Jersey Environmental Infrastructure Trust  
3131 Princeton Pike  
Building 4, Suite 216  
Lawrenceville, New Jersey 08648-2201

Dear Trust Members:

I am acting as consulting engineer for the [Name of Borrower] with respect to the above-referenced environmental infrastructure system project, a portion of the Costs of which is to be financed by a loan from the New Jersey Environmental Infrastructure Trust expected to close on or about May 21, 2014 (the “Loan Closing”).

As such, I am familiar with the plans and specifications of the environmental infrastructure system project, and I hereby certify that (i) the building cost of such project is a reasonable and accurate estimation thereof and (ii) the useful life of such project exceeds [twenty (20)] years from the expected date of the Loan Closing.

[NAME OF ENGINEERING FIRM]

By: __________________________
Name: _________________________
Title: _________________________
EXHIBIT E

[RESERVED]
EXHIBIT G-1

CERTIFICATE REGARDING REIMBURSEMENTS

I, [____________________], an authorized representative of the [NAME OF BORROWER] (the "Borrower"), a [municipal corporation duly created and validly existing under the laws of the State of New Jersey, located in the County of [_____________] [political subdivision duly created and validly existing under the laws of the State of New Jersey], DO HEREBY CERTIFY the following:

A portion of the proceeds of the loan (the “Trust Loan”) made by the New Jersey Environmental Infrastructure Trust (the “Trust”) to the Borrower out of the proceeds of the Trust’s Environmental Infrastructure Bonds, Series 2014[__] (the “Trust Bonds”), in accordance with the Loan Agreement dated as of May 1, 2014 by and between the Trust and the Borrower (the “Loan Agreement”), will be used to reimburse the Borrower for expenditures paid prior to the date hereof for Costs of the Project (as such terms are defined in the Loan Agreement), such expenditures being more fully described in Schedule A attached hereto. With respect to such reimbursements:

(a) All allocations of the proceeds of the Trust Bonds and the Trust Loan to the reimbursement of expenditures for Costs of the Project made prior to the issuance of the Trust Bonds satisfy the criteria set forth in either clauses (i), (ii) or (iii) [circle one or more as applicable]:

(i) The Costs of the Project to be reimbursed were paid by the Borrower (A) subsequent to [DATE] (the date of adoption of a Declaration of Official Intent, as hereinafter defined) or (B) not more than 60 days prior to the date of adoption of the Declaration of Official Intent with equity of the Borrower as advances in anticipation of long-term tax-exempt financing by the Trust, as provided in a resolution declaring the Borrower’s official intent in accordance with Treasury Regulations §1.150-2 (or Treasury Regulations §1.103-18(f), if adopted by the Borrower between January 27, 1992 and June 30, 1993) (the “Declaration of Official Intent”);

(ii) The Costs of the Project to be reimbursed were paid by the Borrower for “preliminary expenditures” (within the meaning of Treasury Regulations §150-2(f)(2)) including architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs that were incurred prior to commencement of construction, rehabilitation or acquisition of the Project, other than land acquisition, site preparation and similar costs incident to commencement of construction, which do not exceed 20 percent of the issue price of the Trust Loan that finances the Project; or

(iii) The Costs of the Project to be reimbursed were paid by the Borrower prior to March 3, 1992 and after September 8, 1989 for which there is objective evidence that, at the time the expenditure was paid, the Borrower expected to reimburse the expenditure with the proceeds of a borrowing, and because of the timing of the expenditure and such objective evidence, a basis exists for reimbursement under Treasury Regulations §1.150-
2 independent of the official intent requirement described in clause (i) above or the preliminary expenditure exception described in clause (ii) above.

(b) On the date of the Declaration of Official Intent, in the case of reimbursements described in clause (i) of paragraph (a) above, or the date of payment, in the case of reimbursements described in clause (iii) of paragraph (a) above, the Borrower had a reasonable expectation (within the meaning of Treasury Regulations §1.150-2(e)) that it would reimburse the equity it advanced with the proceeds of a borrowing of debt obligations.

(c) All reimbursement allocations, other than reimbursement allocations for “preliminary expenditures” (as described in clause (ii) of paragraph (a) above), will occur not later than 18 months after the later of (i) the date on which the expenditure is paid or (ii) the date the Project is “placed in service” (within the meaning of Treasury Regulations §1.150-2) or abandoned, but in no event more than 3 years after the expenditure is paid.

(d) No reimbursement allocation will employ an “abusive arbitrage device” under Treasury Regulations §1.148-10 to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147, inclusive, of the Internal Revenue Code of 1986, as amended (the “Code”).

(e) The proceeds of the Trust Bonds used to reimburse the Borrower for Costs of the Project, or funds corresponding to such amounts, will not be used in a manner that results in the creation of “replacement proceeds”, including “sinking funds”, “pledged funds” or funds subject to a “negative pledge” (as such terms are defined in Treasury Regulations §1.148-1), of the Trust Bonds or another issue of debt obligations, other than amounts deposited into a “bona fide debt service fund” (as defined in Treasury Regulations §1.148-1).

(f) The Costs of the Project to be reimbursed with the proceeds of the Trust Bonds will be “capital expenditures” within the meaning of Treasury Regulations §1.150-1(b).

IN WITNESS WHEREOF, I have hereunto set my hand on May 21, 2014.

[NAME OF BORROWER]

By: ____________________________
Name: __________________________
Title: ___________________________
SCHEDULE A

[Description of Expenditures Being Reimbursed]
EXHIBIT G-2

CERTIFICATE REGARDING NO REIMBURSEMENTS

I, [____________________], an authorized representative of the [NAME OF BORROWER] (the "Borrower"), a [municipal corporation duly created and validly existing under the laws of the State of New Jersey, located in the County of [_____________] [political subdivision duly created and validly existing under the laws of the State of New Jersey], DO HEREBY CERTIFY the following:

No portion of the proceeds of the loan made by the New Jersey Environmental Infrastructure Trust (the “Trust”) to the Borrower out of the proceeds of the Trust’s Environmental Infrastructure Bonds, Series 2014[___], in accordance with the Loan Agreement dated as of May 1, 2014 by and between the Trust and the Borrower (the “Loan Agreement”), will be used to reimburse the Borrower for expenditures paid prior to the date hereof for Costs of the Project (as such terms are defined in the Loan Agreement).

IN WITNESS WHEREOF, I have hereunto set my hand on May 21, 2014.

[NAME OF BORROWER]

By: ________________________
Name: ______________________
Title: _______________________
ESCROW AGREEMENT

by and among

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST,

THE STATE OF NEW JERSEY,
acting by and through the New Jersey Department of Environmental Protection,

(NAME OF BORROWER),

[BORROWER’S TRUSTEE],
    as Borrower’s Trustee

and

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

DATED: ________________, 2014
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ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the “Escrow Agreement”), made and entered into on
the Escrow Closing Date (as hereinafter defined) by and among NEW JERSEY
ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with
corporate succession duly created and validly existing under the laws of the State of New Jersey
(the “Trust”), THE STATE OF NEW JERSEY, acting by and through the New Jersey
Department of Environmental Protection (the “State”), the BORROWER (as hereinafter
defined), the BORROWER’S TRUSTEE (as hereinafter defined), if any, and U.S. Bank National
Association, a national banking association duly organized and validly existing under the laws of
the United States of America, as Escrow Agent (the “Escrow Agent”);

WITNESSETH THAT:

WHEREAS, the Borrower is undertaking to obtain loans from both the Trust and the
State (a “Trust Loan” and “Fund Loan,” respectively) under the “State Fiscal Year 2014 New
Jersey Environmental Infrastructure Financing Program”; and

WHEREAS, as one of the preconditions to the making of such Trust Loan and Fund
Loan, the Trust and the State are requiring that the Borrower execute and attest the loan
agreements required in connection with such loans, and produce validly executed, attested and
authenticated bonds evidencing such loans, prior to the Trust undertaking to publish the notice of
sale for the bonds it intends to issue to fund the Trust Loan (the “Trust Bonds”).

NOW, THEREFORE, for and in consideration of the mutual duties, covenants,
obligations and agreements set forth herein, the sufficiency of which is hereby acknowledged,
the parties hereto agree as follows:
1. Appointment of Escrow Agent

For the purposes and subject to the terms and conditions set forth in this Escrow Agreement, the Trust, the State, the Borrower and the Borrower’s Trustee hereby agree to the appointment of U.S. Bank National Association, as Escrow Agent, and the Escrow Agent hereby accepts such appointment. The Escrow Agent agrees to act as agent for the Trust, the State, the Borrower and the Borrower’s Trustee and shall possess and administer the Escrowed Documents (as defined in Section 2 hereof) in accordance with the instructions set forth in this Escrow Agreement. Certain capitalized terms used herein shall have the meanings ascribed to such terms in Schedule A attached hereto and made a part hereof. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in both the Trust Loan Agreement and the Fund Loan Agreement (as hereinafter defined).

2. Escrowed Documents

On the date hereof, the Trust, the State, the Borrower and the Borrower’s Trustee have jointly delivered the following documents (together with the Borrower’s counsel opinions referred to in this Section 2, the “Escrowed Documents”) to the Escrow Agent in the respective forms described below:

(a) a fully authorized, executed and attested loan agreement with respect to the Fund Loan by and between the State and the Borrower, which will be dated as of May 1, 2014 (the “Fund Loan Agreement”), which Fund Loan Agreement is true, accurate and complete in all respects, except for (1) Exhibit A-2 thereto with respect to the principal amount of and the semiannual principal repayment schedule for the Fund Loan to be made under the Fund Loan Agreement and (2) to the extent the Borrower requests and the State and the Trust consent to an adjustment to the principal amount of the Fund Loan prior to the bid blackout date, which is the date of Borrower’s escrow closing, then also except for the principal amount of the Fund Loan and the corresponding changes to Exhibits B and C thereto (which Exhibit A-2 and if applicable, which Fund Loan principal amount shall be provided to the Escrow Agent by the Trust pursuant to Section 3 hereof);

(b) a fully authorized, executed, attested and authenticated bond of the Borrower to the State (the “Fund Loan Bond”), which will be dated the date of the Trust Loan Bond (as hereinafter defined), evidencing the Fund Loan to be made by the State to the Borrower under the Fund Loan Agreement, which Fund Loan Bond has been so authorized, executed and attested by the Borrower and authenticated (but not delivered) by the Borrower’s Trustee pursuant to the provisions of the Borrower’s Bond Resolution, and which Fund Loan Bond is true, accurate and complete in all respects except as to its date and if applicable in accordance with Section 2(a)(2) hereof, except as to its principal amount (which date and if applicable, which Fund Loan principal amount shall be provided to the Escrow Agent by the Trust and placed on the Fund Loan Bond by representatives of the Borrower and the Borrower’s Trustee in the presence of the Escrow Agent and the State pursuant to Section 3 hereof);
(c) a fully authorized, executed and attested loan agreement with respect to the Trust Loan by and between the Trust and the Borrower, which will be dated as of May 1, 2014 (the “Trust Loan Agreement”), which Trust Loan Agreement is true, accurate and complete in all respects, except for Exhibit A-2 thereto with respect to the principal amount of and the Trust Bond Loan Repayments (as defined in the Trust Loan Agreement) schedule for the Trust Loan to be made under said Trust Loan Agreement and if applicable in accordance with Section 2(a)(2) hereof, except as to the corresponding changes to Exhibits B and C thereto (which Exhibit A-2 (including the Trust Loan principal amount) shall be provided to the Escrow Agent by the Trust pursuant to Section 3 hereof); and

(d) a fully authorized, executed, attested and authenticated bond of the Borrower to the Trust (the “Trust Loan Bond”), which will be dated the dated date of the Trust Bonds, evidencing the Trust Loan to be made by the Trust to the Borrower under the Trust Loan Agreement, which Trust Loan Bond has been so authorized, executed and attested by the Borrower and authenticated (but not delivered) by the Borrower’s Trustee pursuant to the Borrower’s Bond Resolution, and which Trust Loan Bond is true, accurate and complete in all respects except as to its date, principal amount and Trust Bond Loan Repayments schedule (which date, amount and schedule shall be provided to the Escrow Agent by the Trust and placed on the Trust Loan Bond by representatives of the Borrower and the Borrower’s Trustee in the presence of the Escrow Agent and the Trust pursuant to Section 3 hereof).

An opinion of each of the Borrower’s bond and general counsel, which opinions shall each be in substantially similar form to the opinions set forth in Exhibit A hereto, shall also be delivered on the date hereof to the Escrow Agent.

The Escrow Agent shall hold the Escrowed Documents for release and delivery, or cancellation, pursuant to the terms and conditions of this Escrow Agreement.

3. Release of Escrowed Documents

On May 21, 2014 at 9:30 a.m. at the office of bond counsel to the Trust, or such other date or time that may be agreed upon by the Trust, the State, the Borrower and the Borrower’s Trustee and of which the Escrow Agent is notified in writing by the Trust (the “Loan Closing”), the Escrow Agent shall (1) release the Escrowed Documents from escrow and (2) simultaneously with the closing of the Trust Bonds, deliver (A) to the Trust, the Trust Loan Agreement and the Trust Loan Bond, and (B) to the State, the Fund Loan Agreement and the Fund Loan Bond, such release and delivery being subject only to receipt by the Escrow Agent of all of the following items as conditions precedent thereto:

(a) Exhibit A-2 to each of the Trust Loan Agreement (which shall include the insertion of the principal amount of the Trust Loan) and the Fund Loan Agreement (which shall include the insertion of the principal amount of the Fund Loan), each completed in its entirety and if applicable in accordance with Section 2(a)(2) hereof, the revised Trust Loan and Fund Loan principal amounts and the corresponding changes to Exhibits B and C thereto;
(b) a written certification of the Trust setting forth (1) the date, principal amount and Trust Bond Loan Repayments schedule for the Trust Loan Bond necessary to complete in its entirety the Trust Loan Bond, which date, amount and schedule shall be placed upon the Trust Loan Bond by representatives of the Borrower and the Borrower’s Trustee in the presence of the Escrow Agent and the Trust while the Trust Loan Bond is held in escrow by the Escrow Agent, (2) the date and if applicable in accordance with Section 2(a)(2) hereof, the principal amount for the Fund Loan Bond necessary to complete in its entirety the Fund Loan Bond, which date and if applicable, amount shall be placed upon the Fund Loan Bond by representatives of the Borrower and the Borrower’s Trustee in the presence of the Escrow Agent and the State while the Fund Loan Bond is held in escrow by the Escrow Agent, and (3) a determination by the Trust as to which 2014 Series of Trust Bonds, insured, uninsured or otherwise, will finance the Trust Loan;

(c) a written certification of the Trust acknowledging receipt by the Trust of the following:

(i) the opinions of bond and general counsels to the Borrower and, if applicable, the certificates of the Borrower with respect to liability insurance coverage, as required under Section 3.06(d) of the Trust Loan Agreement and Section 3.06(c) of the Fund Loan Agreement;

(ii) copies of those resolutions finally adopted by the governing body of the Borrower and requested by the Trust and/or the State, including, without limitation, (A) the resolution of the Borrower authorizing the execution, attestation and delivery of the Trust Loan Agreement, the Fund Loan Agreement and this Escrow Agreement, (B) the Borrower’s Bond Resolution, as amended and supplemented as of the date of the Loan Closing, authorizing the execution, attestation, sale and delivery of the Trust Loan Bond to the Trust and the Fund Loan Bond to the State, (C) the resolution of the Borrower confirming the details of the sale of the Trust Loan Bond to the Trust and the Fund Loan Bond to the State, (D) the resolution of the Borrower, if any, declaring its official intent to reimburse expenditures for the Costs of the Project from the proceeds of the Trust Bonds, each of said resolutions of the Borrower being certified by an Authorized Officer of the Borrower as of the date of the Loan Closing, (E) the resolution of the Local Finance Board in the Division of Local Government Services in the New Jersey Department of Community Affairs (the “Local Finance Board”) approving the issuance by the Borrower of the Trust Loan Bond to the Trust and the Fund Loan Bond to the State and setting forth any other approvals required therefor by the Local Finance Board, and (F) any other Proceedings;

(iii) a certificate of the Borrower in the form attached as Exhibit B hereto stating to the satisfaction of the Trust that the Borrower will be able to meet the cash-on-hand requirement under Section 3.02(b) of the Trust Loan Agreement prior to the first anticipated disbursement of proceeds of the Trust Loan, as set forth in Exhibit C to the Trust Loan Agreement;

(iv) the Trust Loan Bond;
(v) a certificate of the Borrower either (A) in the form attached as Exhibit G-1 hereto stating to the satisfaction of the Trust that (i) the Borrower will use a portion of the proceeds of the Trust Loan to reimburse the Borrower for expenditures paid by it prior to the Loan Closing for Costs of the Project, and (ii) such reimbursements comply with the various provisions of the Treasury Regulations as defined and set forth therein, or (B) in the form attached as Exhibit G-2 hereto stating to the satisfaction of the Trust that no portion of the proceeds of the Trust Loan will be used by the Borrower to reimburse the Borrower for expenditures paid by it prior to the Loan Closing for Costs of the Project; and

(vi) any additional items identified in Section 3(c)(vi) of Schedule A attached hereto and made part hereof.

(d) a copy of the written certification of the Trust to the Borrower’s Trustee that the following actions shall take place simultaneously with the release and delivery of the Escrowed Documents:

(i) the authentication and delivery by U.S. Bank National Association, as trustee, of the Trust Bonds pursuant to Section 2.03 of the Bond Resolution (as defined in the Trust Loan Agreement and sometimes referred to herein as the “Trust Bond Resolution”); and

(ii) the deposits to the Project Fund, the Debt Service Fund, the Operating Expense Fund, the Rebate Fund and the Debt Service Reserve Fund (as defined in the Trust Bond Resolution) as may be required to be made pursuant to Section 2.03 of the Trust Bond Resolution;

(e) copies of (1) the authorizations by the New Jersey State Legislature of the expenditure of funds by the Trust for the Trust Loan, (2) the appropriations by the New Jersey State Legislature of funds in the applicable State Fund (as defined in the Fund Loan Agreement) to the Trust for the Debt Service Reserve Fund and to the State for the Fund Loan, (3) the Governor’s approval of (1) and (2) of this subsection (e), (4) the approval of the New Jersey State Legislature, by concurrent resolution, of the “Fiscal Year 2014 Financial Plan” of the Trust, (5) the award of federal funds under a fully executed State revolving fund capitalization grant agreement between the State and the United States Environmental Protection Agency pursuant to the Water Quality Act of 1987 and the Safe Drinking Water Act of 1996 and the requisite “State Match”, (6) the letters of each of the Governor and the New Jersey State Treasurer, pursuant to N.J.S.A. 58:11B-4(j), approving the adoption of the Trust Bond Resolution, (7) the “Certificate of the New Jersey State Treasurer Regarding the Approval of the Trust Loan and the Fund Loan” in satisfaction of the requirements of Section 9a of the Act, and (8) such other appropriations, resolutions, authorizations, consents or approvals as may be required in order to undertake and complete the “State Fiscal Year 2014 New Jersey Environmental Infrastructure Financing Program”; and

(f) a written certification of the Trust acknowledging receipt by the State of the Fund Loan Bond.
Failure of the Escrow Agent to so release and deliver any one of the Escrowed Documents after satisfaction of the above-mentioned conditions shall be considered a failure to release and deliver all of the Escrowed Documents.

4. **Cancellation of Escrowed Documents**

In the event that any of the conditions precedent to the release of the Escrowed Documents set forth in Section 3 hereof shall remain unsatisfied for any reason as of the Loan Closing or if the Escrowed Documents are not released and delivered as of the Loan Closing, the Escrow Agent shall on said date mark the Escrowed Documents “CANCELED”, and shall return (1) the Trust Loan Bond and the Fund Loan Bond to the Borrower, (2) the Trust Loan Agreement to the Trust, and (3) the Fund Loan Agreement to the State. The Trust and the State hereby acknowledge that upon receipt of said agreements marked “CANCELED” the obligations of the Borrower thereunder are without effect.

5. **Modifications to Loan Agreements**

The Trust, the State and the Borrower acknowledge that, in connection with (1) the sale, issuance and delivery of the Trust Bonds and (2) any Fund Loans funded with the proceeds of any State Bonds (as may be defined in the Fund Loan Agreement) hereafter issued by the State, it may be necessary, subsequent to the date hereof and prior to the Loan Closing, to modify the Trust Loan Agreement and the Fund Loan Agreement for the purposes set forth, respectively, in Section 2.02(q) and Section 2.02(p) thereof, including, without limitation, for the purpose of assuring that the interest on the Trust Bonds and the State Bonds is not includable in gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. In such event, the Trust and, if applicable, the State will make such modifications by amending Exhibit F to the Trust Loan Agreement and, if applicable, the Fund Loan Agreement and delivering the amended Exhibit F to the Borrower and the Escrow Agent on or prior to the Loan Closing.

Any modifications to the Trust Loan Agreement and the Fund Loan Agreement by amending Exhibit F thereto pursuant to this Section 5 shall not affect in any way the Borrower’s covenant and agreement made in Section 2.02(f)(i) of each of the Trust Loan Agreement and, if applicable, the Fund Loan Agreement.

6. **Liability of Escrow Agent**

The Escrow Agent shall have no duties or responsibilities as Escrow Agent under this Escrow Agreement other than those expressly set forth herein, and shall have no duty to enforce any obligation of any person to perform any act. The Escrow Agent may rely conclusively and shall be protected in acting upon any order, notice, demand, direction, certificate, opinion and advice of counsel (including counsel selected by the Escrow Agent), statement, instrument, report or other instrument or document (not only as to its due execution and the validity and effectiveness thereof, but also as to the truth and accuracy of any information therein contained) that is believed by the Escrow Agent to be genuine and to be signed by the proper person.

The Escrow Agent agrees that it (1) shall be responsible to the State, the Trust, the Borrower and the Borrower’s Trustee for the proper and faithful observance and performance of
the duties, covenants, obligations and agreements required of it pursuant hereto, for the fidelity and integrity of its officers, employees and agents employed in any undertaking hereunder, and for any and all loss or damage that may result from any failure to observe and perform or from any improper or incorrect observance or performance of its duties, covenants, obligations and agreements hereunder, and (2) shall save harmless the State, the Trust, the Borrower and the Borrower’s Trustee, or any trustee, employee or officer thereof, from any and all loss or damage caused thereby, except in the event of loss or damage resulting from their own negligence or willful misconduct.

7. Acknowledgments and Liability of Borrower

Based upon the Borrower’s execution and delivery into escrow of the Trust Loan Agreement and the Fund Loan Agreement in accordance with the terms hereof and further based upon the Borrower’s execution, attestation and delivery of this Escrow Agreement, the Borrower has irrevocably committed to borrow (1) from the Trust, the Trust Loan Amount, pursuant to the terms and conditions of the Trust Loan Agreement, and (2) from the State, the Fund Loan Amount, pursuant to the terms and conditions of the Fund Loan Agreement. Notwithstanding the foregoing, the Trust Loan Amount and the Fund Loan Amount may only be changed subsequent to the date hereof in accordance with Section 2(a)(2) hereof.

The Borrower acknowledges (1) that the Trust and the State are relying upon the Borrower’s execution and attestation of the Escrowed Documents and related execution, attestation and delivery of this Escrow Agreement, as well as the execution of the commitment letters set forth as Exhibit A hereto (delivered to the Trust and the State on the date hereof) relating to the delivery of the opinions required to close the Trust Loan and the Fund Loan; (2) that such reliance by the Trust is the basis upon which the Trust will determine the aggregate principal amount of, and undertake all actions necessary to issue, the Trust Bonds; (3) that, in consideration of (1) and (2) above, the Trust has tentatively scheduled the mailing of the Preliminary Official Statement for the Trust Bonds on or about April __, 2014, the initial publication of its Notice of Sale for the Trust Bonds on or about April __, 2014, and the sale of the Trust Bonds on or about May __, 2014; (4) that the aggregate principal amount of and the interest payable on that portion of the Trust Loan set forth in Exhibit A-2 to the Trust Loan Agreement shall be based upon and reflect, among other things, the interest rate on the Trust Bonds established at the sale thereof; and (5) that the Trust’s ability to make the Trust Loan at the rate so established, and the State’s ability to make the Fund Loan, are subject to and dependent upon the release and delivery of the Escrowed Documents pursuant to Section 3 hereof.

The Borrower agrees that, subject to the provisions of the immediately succeeding sentence, in the event the Escrow Agent shall fail to release and deliver or shall cancel the Escrowed Documents for any reason (including, but not limited to, the failure of the Borrower to satisfy any of the preconditions to its due authorization, execution, attestation and delivery of the Trust Loan Bond or the Fund Loan Bond or the failure of general counsel or bond counsel to the Borrower to deliver its respective opinion required in connection with the closing of the Trust Loan or the Fund Loan), the Borrower shall be responsible to the Trust, the State and the Borrowers for any and all expenses, losses or damages, monetary and otherwise (including, but not limited to, all costs of issuance and all legal costs of the Trust, the State and the Borrowers.
incurred in connection with the Trust’s proposed bond issue to fund the Trust Loan and the proposed making of the Trust Loan and the Fund Loan for financing a portion of the Costs of the Borrower’s environmental infrastructure project), to the Trust, the State and the Borrowers, respectively, arising from such failure or cancellation. Notwithstanding the provisions of the immediately preceding sentence to the contrary, in the event that the Escrow Agent shall fail to release and deliver or shall cancel the Escrowed Documents and such failure or such cancellation is the result of the gross negligence or willful misconduct of the Trust, the Borrower shall not be responsible to the Trust or the State for any expenses, losses or damages, monetary or otherwise, incurred by the Trust or the State, respectively, and arising as a result of such failure or such cancellation, and such expenses, losses or damages, monetary or otherwise, of the Trust and the State, respectively, shall be the sole responsibility of the Trust; provided, however, that in the event of such failure or such cancellation as a result of the gross negligence or willful misconduct of the Trust, the Borrower shall remain responsible for its own expenses, losses or damages, monetary or otherwise (including, but not limited to, all costs of issuance and all legal costs of the Borrower incurred in connection with the Trust’s proposed bond issue to fund the Trust Loan and the proposed making of the Trust Loan and the Fund Loan for financing a portion of the Costs of the Borrower’s environmental infrastructure project). The Borrower’s obligation under this paragraph shall be continuing notwithstanding such failure or cancellation by the Escrow Agent.

Notwithstanding the foregoing, nothing herein shall prevent the Borrower from pursuing any claims, including any claims the Trust or the State may have, against any third party for any default, cancellation or failure to perform under this Escrow Agreement; provided, however, that no such claim of the Trust or the State may be pursued by the Borrower without the express written consent of the Trust or the State, respectively, which consent shall not be unreasonably withheld.

8. Escrow Agent’s Compensation

The Trust shall pay the Escrow Agent a total fee for the services performed under this Escrow Agreement in accordance with the terms of the Escrow Agent’s proposal to the Trust dated April 9, 2013 and the Trust’s Resolution 13-34 adopted on June 13, 2013 to accept such proposal, subject to the execution, attestation and delivery of this Escrow Agreement.

9. Miscellaneous Trust and State Requirements

(a) Covenant of Non-Collusion. The Escrow Agent warrants and represents that this Escrow Agreement has not been solicited or prepared, directly or indirectly, in a manner contrary to the laws of the State of New Jersey or the United States of America, and that said laws have not been violated and shall not be violated as they relate to the procurement or the performance of this Escrow Agreement by any conduct, including the paying or giving of any fee, commission, compensation, gift, gratuity or consideration of any kind, directly or indirectly, to any federal, State or local government employee, officer or official or any special State officer as defined in N.J.S.A. 52:13D-13.

(b) Covenant Against Contingent Fees. The Escrow Agent warrants and represents that no person or selling agency has been employed or retained to solicit or
secure this Escrow Agreement upon any agreement or understanding for a commission, percentage or brokerage or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the Escrow Agent for the purpose of securing business.

(c) **Non-Discrimination.** During the performance of this Escrow Agreement, the Escrow Agent warrants and represents that:

(i) the Escrow Agent will comply with all applicable federal, state and local anti-discrimination laws, including those found at N.J.S.A. 10:2-1 through 10:2-4 and N.J.S.A. 10:5-31 through 10:5-38, as well as all rules and regulations issued thereunder;

(ii) the Escrow Agent will comply with any applicable affirmative action program approved by the Treasurer of the State of New Jersey;

(iii) the Escrow Agent will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status or sex. The Escrow Agent will take affirmative action to ensure that such applicants are recruited and employed, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status or sex. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Escrow Agent agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. The Escrow Agent shall insert a similar provision in any subcontract for performance of services within the scope of this Escrow Agreement;

(iv) the Escrow Agent will, in all solicitations or advertisements for employees placed by or on behalf of the Escrow Agent, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status or sex; and

(v) the Escrow Agent will send to each labor union or representative of workers with which the Escrow Agent has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers’ representative of the Escrow Agent’s commitments under this Escrow Agreement, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) **Confidentiality.** Unless otherwise specified in this Escrow Agreement, the Escrow Agent shall not publish, permit to be published, distribute, use or disclose to any person any information that the Escrow Agent acquires in the performance of this Escrow Agreement, except with the prior written consent of the Trust, the State, the Borrower and the Borrower’s Trustee.
10. **Useful Life of Project Financed with Trust Loan**

The Borrower represents that the useful life of the Project to be financed with the Trust Loan, as set forth in the certificate of the Borrower’s consulting engineer (in the form attached as Exhibit D hereto), exceeds the maturity date of the Borrower Bond to the Trust.

11. **Defaults With Respect to Debt Obligations of Borrower**

The Borrower represents and warrants that, since December 31, 1975 and as of the date hereof, the Borrower has not been, and is not now, in default in the payment of the principal of or interest on any of its bonds, notes or other debt obligations.

12. **Amendments, Waiver and Discharge**

Neither this Escrow Agreement nor any term hereof may be amended, waived, discharged or terminated except by a writing signed by each of the parties hereto.

13. **Binding Effect**

All of the terms of this Escrow Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective parties hereto and their respective permitted successors and assigns, whether or not so expressed; **provided, however**, that none of the Trust, the State, the Borrower, the Borrower’s Trustee or the Escrow Agent may transfer, assign or pledge its respective duties, covenants, obligations and agreements hereunder without the prior written consent of each of the other parties hereto.

14. **Governing Law**

This Escrow Agreement shall be construed in accordance with and governed by the laws of the State of New Jersey. The Escrow Agent shall, in the performance of this Escrow Agreement, comply with all New Jersey and federal laws, rules and regulations applicable to this Escrow Agreement and to the services to be provided hereunder. All contract claims under this Escrow Agreement shall be subject to and governed by the provisions of the New Jersey Contractual Liability Act (N.J.S.A. 59:13-1 et seq.).

15. **Captions**

Captions are used herein for convenience only, and shall not be construed as part of this Escrow Agreement.

16. **Separability**

Each provision of this Escrow Agreement shall be considered separable. If for any reason any provision that is not essential to the effectuation of the basic purposes hereof is determined to be invalid or contrary to existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Escrow Agreement that are valid.
17. Notices

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Borrower and the Borrower’s Trustee, if any, at the address(es) in Section 17(d) and (e), respectively, of Schedule A attached hereto and made part hereof, and to the Trust, the State and the Escrow Agent, at the following addresses:

(a) Trust:

New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 4, Suite 216
Lawrenceville, New Jersey 08648-2201
Attention: Executive Director

(b) State:

New Jersey Department of Environmental Protection
Municipal Finance and Construction Element
401 East State Street – 3rd Floor
Trenton, New Jersey 08625-0425
Attention: Assistant Director

New Jersey Department of the Treasury
Office of Public Finance
State Street Square – 5th Floor
Trenton, New Jersey 08625-0002
Attention: Director

(c) Escrow Agent:

U.S. Bank National Association
21 South Street, 3rd Floor
Morristown, New Jersey 07960
Attention: Corporate Trust Department

Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent by giving written notice to each of the other parties hereto.

Additional defined terms, covenants and requirements have been included in Schedule A attached hereto and made a part hereof. Such additional defined terms, covenants and requirements are incorporated in this Escrow Agreement by reference thereto as if set forth in full herein and the Borrower hereby agrees to observe and comply with each such additional term, covenant and requirement included in Schedule A as if the same were set forth in its entirety where reference thereto is made in this Escrow Agreement.

19. Counterparts

This Escrow Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Escrow Agreement to produce or account for more than one of such counterparts, which together shall constitute but one and the same agreement.
IN WITNESS WHEREOF, each of the parties hereto by its duly authorized representative has executed, sealed if applicable, and delivered this Escrow Agreement on the date first written above.

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

By: __________________________
Warren H. Victor
Chairman

THE STATE OF NEW JERSEY
ACTING BY AND THROUGH THE
NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION

By: __________________________
Michele N. Siekerka, Esq.
Deputy Commissioner
Department of Environmental Protection

[SEAL]

ATTEST:

David E. Zimmer
Assistant Secretary

[SEAL]

ATTEST:

Eugene J. Chebra, P.E.
Assistant Director
Municipal Finance and Construction Element,
Department of Environmental Protection

[SEAL]

[BORROWER]

ATTEST:

By: __________________________
Authorized Officer

[SEAL]

[BORROWER'S TRUSTEE],
as Borrower's Trustee

ATTEST:

By: __________________________
Name
Title

[SEAL]

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

ATTEST:

By: __________________________
Name
Title

[signature page]
SCHEDULE A

Certain Additional Escrow Agreement Provisions

Definitions: In addition to those capitalized terms defined elsewhere in this Escrow Agreement, the following capitalized terms as used in this Escrow Agreement shall, unless the context clearly requires otherwise, have the following meanings:

“Borrower” means _____________, a public body corporate and politic with corporate succession, duly created and validly existing pursuant to the laws of the State of New Jersey, including without limitation, the Borrower Enabling Act, and its successors and assigns.

“Borrower Bond Resolution” means the resolution of the Borrower entitled “[__________________]”, adopted on [_______], as amended and supplemented from time to time, [in particular by a supplemental resolution detailing the terms of the Borrower Bond adopted on [_______] and entitled “[__________]”] pursuant to which the Borrower Bond has been issued.

“Borrower’s Trustee” means, a [banking institution] [national banking association] duly organized and validly existing under the laws of the [State of New Jersey] [United States of America]. [There is no Borrower Trustee under the Borrower Bond Resolution, therefore all references to Borrower Trustee herein shall be null and void.]

“Escrow Closing Date” means ____________, 2014.

“Fund Loan Amount” means $____________.

“Trust Loan Amount” means (i) an amount sufficient to pay project costs of $____________ and the Administrative Fee in the amount of $________, plus (ii) an amount equal to the Borrower’s allocable share of underwriter’s discount on and certain costs of issuance of the Trust Bonds, plus (iii) if the Trust Bonds are sold with a net original issue discount, an amount equal to the Borrower’s allocable share of such net original issue discount, minus (iv) if the Trust Bonds are sold with a net original issue premium, an amount equal to the Borrower’s allocable share of such original issue premium[, plus (v) an amount sufficient to capitalize that portion of interest on the Trust Loan that is set forth in Exhibit A-2 to the Trust Loan Agreement through and including [DATE]][, plus (v)] [, plus (vi)] [an amount equal to that portion of the Borrower’s allocable share of the Debt Service Reserve Fund attributable to the cost of funding reserve capacity from a portion of the proceeds of the Trust Bonds for the Borrower’s environmental infrastructure project].

Additional Provisions:

Section 3(c)(vi). [A certified copy of the executed Service Agreement.] [Reserved.]
Section 17.

(d) Borrower:

[Borrower]
[Address]
[
]
Attention: [______________]

(e) Borrower’s Trustee:

[Borrower’s Trustee]
[Address]
[
]
Attention: [______________]
EXHIBIT A

COMMITMENT LETTERS OF BORROWER’S
BOND COUNSEL AND GENERAL COUNSEL
[LETTERHEAD OF BORROWER’S BOND COUNSEL/GENERAL COUNSEL]

[Date of Escrow Closing]

New Jersey Environmental Infrastructure Trust
Lawrenceville, New Jersey  08648

New Jersey Department of Environmental Protection
Trenton, New Jersey  08625

New Jersey Department of the Treasury
Trenton, New Jersey  08625

RE:  [Name of Borrower]
Application for Loans from New Jersey Environmental Infrastructure Trust and State of New Jersey; State Fiscal Year 2014 New Jersey Environmental Infrastructure Financing Program

Ladies and Gentlemen:

In our capacity as [bond] [general] counsel to [the] [Name of Borrower] (the “Borrower”), we have reviewed (i) a copy of the authorized, executed and attested loan agreement (the “Trust Loan Agreement”) to be delivered to the New Jersey Environmental Infrastructure Trust (the “Trust”) and (ii) an authorized, executed, attested and authenticated revenue bond of the Borrower to be delivered to the Trust (the “Trust Loan Bond”), each exclusive of the principal and partial interest repayment schedule applicable thereto, for and evidencing a loan from the Trust in connection with the captioned program (the “Program”). We have also reviewed (i) a copy of the authorized, executed and attested loan agreement (the “Fund Loan Agreement”, and together with the Trust Loan Agreement, the “Loan Agreements”) to be delivered to the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection (the “State”), and (ii) an authorized, executed, attested and authenticated revenue bond of the Borrower to be delivered to the State (the “State Loan Bond”, and together with the Trust Loan Bond, the “Borrower Bonds”), each exclusive of the principal repayment schedule applicable thereto, for and evidencing a loan from the State in connection with the Program. We understand that these Loan Agreements and Borrower Bonds will be placed in escrow on the date hereof and will be released from escrow in completed form and delivered to the Trust and the State, respectively, on the date of closing on the Trust’s bond issue for the Program, which is estimated to occur on or about May 21, 2014 (the “Loan Closing”).

We have also reviewed a copy of the Escrow Agreement dated the date hereof by and among the Trust, the State, the Borrower, the Borrower’s Trustee, and U.S. Bank National Association, as Escrow Agent (the “Escrow Agreement”), which sets forth the terms and conditions upon which the Escrowed Documents (as defined in the Escrow Agreement) shall be released and delivered, or canceled.

Based upon the foregoing, we are of the opinion that the Escrow Agreement has been duly and validly authorized by the Borrower and executed, attested and delivered by the authorized officers of the Borrower; and assuming that the Trust, the State, the Borrower’s
Trustee and the Escrow Agent each has the requisite power and authority to authorize, execute, attest and deliver, and each has duly and validly authorized, executed, attested and delivered, the Escrow Agreement, the Escrow Agreement constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be limited or modified by bankruptcy, insolvency or other laws or legal or equitable principles affecting the enforcement of creditors’ rights and remedies.

In addition, based upon our review of such information, certificates of the Borrower, statutes and other matters of law as we deem relevant, we are of the opinion that, as of the date hereof, there exist on the part of the Borrower no legal impediments to the release and delivery of the Escrowed Documents at the Loan Closing pursuant to the provisions of the Escrow Agreement or to the delivery of our opinions in favor of the Trust and the State at such time, substantially in the forms attached hereto as Exhibit A and Exhibit B, as required by Section 2.02 of each of the Trust Loan Agreement and the Fund Loan Agreement, respectively.

We hereby authorize McCarter & English, LLP, acting as bond counsel to the Trust, and the Attorney General of the State of New Jersey, acting as general counsel to the Trust, to rely on this opinion as if we had addressed this opinion to them in addition to you.

Very truly yours,
Exhibit A

[ATTACH FORM OF APPROPRIATE BORROWER BOND COUNSEL OR GENERAL COUNSEL OPINION]

Note: Exhibit E to the Trust Loan Agreement may be divided between the Borrower bond counsel and general counsel so long as when the two opinions are taken together the entire Exhibit E opinion is rendered.
Exhibit B

[ATTACH FORM OF APPROPRIATE BORROWER BOND COUNSEL OR GENERAL COUNSEL OPINION]

Note: Exhibit E to the Fund Loan Agreement may be divided between the Borrower bond counsel and general counsel so long as when the two opinions are taken together the entire Exhibit E opinion is rendered.
EXHIBIT B

CERTIFICATE AS TO CASH ON HAND

I, [___________________], an authorized representative of [NAME OF BORROWER], a [municipal] [county] [utilities authority] [sewerage authority] [political subdivision] of the State of New Jersey, located in the County of [________________], and herein referred to as the “Borrower”, HEREBY CERTIFY that the Borrower will be able to meet the cash on hand requirement under Section 3.02(b) of the Loan Agreement by and between the Borrower and the New Jersey Environmental Infrastructure Trust dated as of May 1, 2014 (the “Loan Agreement”) prior to the first anticipated disbursement of proceeds pursuant to Exhibit C of the Loan Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand on May 21, 2014.

[NAME OF BORROWER]

By: _______________________
Name: _____________________
Title: ______________________
EXHIBIT C-2

[RESERVED]
EXHIBIT D

LETTER OF CONSULTING ENGINEER
Re: New Jersey Environmental Infrastructure Trust
State Fiscal Year 2014 Financing Program
Project No. [__________]

New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 4, Suite 216
Lawrenceville, New Jersey 08648-2201

Dear Trust Members:

I am acting as consulting engineer for [Name of Borrower] with respect to the above-referenced environmental infrastructure system project, a portion of the Costs of which is to be financed by a loan from the New Jersey Environmental Infrastructure Trust expected to close on or about May 21, 2014 (the “Loan Closing”).

As such, I am familiar with the plans and specifications of the environmental infrastructure system project, and I hereby certify that (i) the building cost of such project is a reasonable and accurate estimation thereof and (ii) the useful life of such project exceeds [twenty (20)] years from the expected date of the Loan Closing.

[NAME OF ENGINEERING FIRM]

By: __________________________
Name: _______________________
Title: ________________________
EXHIBIT E

[RESERVED]
EXHIBIT G-1

CERTIFICATE REGARDING REIMBURSEMENTS

I, [_______________________], an authorized representative of [NAME OF BORROWER] (the “Borrower”), located in the County of [____________], New Jersey, DO HEREBY CERTIFY the following:

A portion of the proceeds of the loan (the “Trust Loan”) made by the New Jersey Environmental Infrastructure Trust (the “Trust”) to the Borrower out of the proceeds of the Trust’s Environmental Infrastructure Bonds, Series 2014[___] (the “Trust Bonds”), in accordance with the Loan Agreement dated as of May 1, 2014 by and between the Trust and the Borrower (the “Loan Agreement”), will be used to reimburse the Borrower for expenditures paid prior to the date hereof for Costs of the Project (as such terms are defined in the Loan Agreement), such expenditures being more fully described in Schedule A attached hereto. With respect to such reimbursements:

(a) All allocations of the proceeds of the Trust Bonds and the Trust Loan to the reimbursement of expenditures for Costs of the Project made prior to the issuance of the Trust Bonds satisfy the criteria set forth in either clauses (i), (ii) or (iii) [circle one or more as applicable]:

(i) The Costs of the Project to be reimbursed were paid by the Borrower (A) subsequent to [DATE] (the date of adoption of a Declaration of Official Intent, as hereinafter defined) or (B) not more than 60 days prior to the date of adoption of the Declaration of Official Intent with equity of the Borrower as advances in anticipation of long-term tax-exempt financing by the Trust, as provided in a resolution declaring the Borrower’s official intent in accordance with Treasury Regulations §1.150-2 (or Treasury Regulations §1.103-18(f), if adopted by the Borrower between January 27, 1992 and June 30, 1993) (the “Declaration of Official Intent”);

(ii) The Costs of the Project to be reimbursed were paid by the Borrower for “preliminary expenditures” (within the meaning of Treasury Regulations §150-2(f)(2)) including architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs that were incurred prior to commencement of construction, rehabilitation or acquisition of the Project, other than land acquisition, site preparation and similar costs incident to commencement of construction, which do not exceed 20 percent of the issue price of the Trust Loan that finances the Project; or

(iii) The Costs of the Project to be reimbursed were paid by the Borrower prior to March 3, 1992 and after September 8, 1989 for which there is objective evidence that, at the time the expenditure was paid, the Borrower expected to reimburse the expenditure with the proceeds of a borrowing, and because of the timing of the expenditure and such objective evidence, a basis exists for reimbursement under Treasury Regulations §1.150-2 independent of the official intent requirement described in clause (i) above or the preliminary expenditure exception described in clause (ii) above.
(b) On the date of the Declaration of Official Intent, in the case of reimbursements described in clause (i) of paragraph (a) above, or the date of payment, in the case of reimbursements described in clause (iii) of paragraph (a) above, the Borrower had a reasonable expectation (within the meaning of Treasury Regulations §1.150-2(e)) that it would reimburse the equity it advanced with the proceeds of a borrowing of debt obligations.

(c) All reimbursement allocations, other than reimbursement allocations for “preliminary expenditures” (as described in clause (ii) of paragraph (a) above), will occur not later than 18 months after the later of (i) the date on which the expenditure is paid or (ii) the date the Project is “placed in service” (within the meaning of Treasury Regulations §1.150-2) or abandoned, but in no event more than 3 years after the expenditure is paid.

(d) No reimbursement allocation will employ an “abusive arbitrage device” under Treasury Regulations §1.148-10 to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147, inclusive, of the Internal Revenue Code of 1986, as amended (the “Code”).

(e) The proceeds of the Trust Bonds used to reimburse the Borrower for Costs of the Project, or funds corresponding to such amounts, will not be used in a manner that results in the creation of “replacement proceeds”, including “sinking funds”, “pledged funds” or funds subject to a “negative pledge” (as such terms are defined in Treasury Regulations §1.148-1), of the Trust Bonds or another issue of debt obligations, other than amounts deposited into a “bona fide debt service fund” (as defined in Treasury Regulations §1.148-1).

(f) The Costs of the Project to be reimbursed with the proceeds of the Trust Bonds will be “capital expenditures” within the meaning of Treasury Regulations §1.150-1(b).

IN WITNESS WHEREOF, I have hereunto set my hand on May 21, 2014.

[NAME OF BORROWER]

By:________________________
Name:
Title:
SCHEDULE A

[Description of Expenditures Being Reimbursed]
EXHIBIT G-2

CERTIFICATE REGARDING NO REIMBURSEMENTS

I, [___________________], an authorized representative of [NAME OF BORROWER] (the “Borrower”), located in the County of [__________], New Jersey, DO HEREBY CERTIFY the following:

No portion of the proceeds of the loan made by the New Jersey Environmental Infrastructure Trust (the “Trust”) to the Borrower out of the proceeds of the Trust’s Environmental Infrastructure Bonds, Series 2014[____], in accordance with the Loan Agreement dated as of May 1, 2014 by and between the Trust and the Borrower (the “Loan Agreement”), will be used to reimburse the Borrower for expenditures paid prior to the date hereof for Costs of the Project (as such terms are defined in the Loan Agreement).

IN WITNESS WHEREOF, I have hereunto set my hand on May 21, 2014.

[NAME OF BORROWER]

By: _________________________
Name: _______________________
Title: _______________________
ESCROW AGREEMENT

by and among

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST,

THE STATE OF NEW JERSEY,
acting by and through the New Jersey Department of Environmental Protection,

(NAME OF BORROWER),

(BORROWER’S TRUSTEE),
as Borrower’s Trustee

and

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

DATED: ________________, 2014
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ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the “Escrow Agreement”), made and entered into on the Escrow Closing Date (as hereinafter defined) by and among NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession duly created and validly existing under the laws of the State of New Jersey (the “Trust”), THE STATE OF NEW JERSEY, acting by and through the New Jersey Department of Environmental Protection (the “State”), the BORROWER (as defined in Schedule A attached hereto), the BORROWER’S TRUSTEE (as hereinafter defined), and U.S. Bank National Association, a national banking association duly organized and validly existing under the laws of the United States of America, as Escrow Agent (the “Escrow Agent”);

WITNESSETH THAT:

WHEREAS, the Borrower is undertaking to obtain loans from both the Trust and the State (a “Trust Loan” and “Fund Loan,” respectively) under the “State Fiscal Year 2014 New Jersey Environmental Infrastructure Financing Program”; and

WHEREAS, as one of the preconditions to the making of such Trust Loan and Fund Loan, the Trust and the State are requiring that the Borrower execute and attest the loan agreements required in connection with such loans, and produce validly executed, attested and, if applicable, authenticated bonds or notes evidencing such loans, prior to the Trust undertaking to publish the notice of sale for the bonds it intends to issue to fund the Trust Loan (the “Trust Bonds”).

NOW, THEREFORE, for and in consideration of the mutual duties, covenants, obligations and agreements set forth herein, the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:
1. Appointment of Escrow Agent

For the purposes and subject to the terms and conditions set forth in this Escrow Agreement, the Trust, the State, the Borrower and the Borrower’s Trustee hereby agree to the appointment of U.S. Bank National Association, as Escrow Agent, and the Escrow Agent hereby accepts such appointment. The Escrow Agent agrees to act as agent for the Trust, the State, the Borrower and the Borrower’s Trustee and shall possess and administer the Escrowed Documents (as defined in Section 2 hereof) in accordance with the instructions set forth in this Escrow Agreement. Certain capitalized terms used herein shall have the meanings ascribed to such terms in Schedule A attached hereto and made a part hereof. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in both the Trust Loan Agreement and the Fund Loan Agreement (as hereinafter defined).

2. Escrowed Documents

On the date hereof, the Trust, the State, the Borrower and the Borrower’s Trustee have jointly delivered the following documents (together with the Borrower’s counsel opinions referred to in this Section 2, the “Escrowed Documents”) to the Escrow Agent in the respective forms described below:

   (a) a fully authorized, executed and attested loan agreement with respect to the Fund Loan by and between the State and the Borrower, which will be dated as of May 1, 2014 (the “Fund Loan Agreement”), which Fund Loan Agreement is true, accurate and complete in all respects, except for (1) Exhibit A-2 thereto with respect to the principal amount of and the semiannual principal repayment schedule for the Fund Loan to be made under the Fund Loan Agreement and (2) to the extent the Borrower requests and the State and the Trust consent to an adjustment to the principal amount of the Fund Loan prior to the bid blackout date, which is the date of Borrower’s escrow closing, then also except for the principal amount of the Fund Loan and the corresponding changes to Exhibits B and C thereto (which Exhibit A-2 and if applicable, which Fund Loan principal amount shall be provided to the Escrow Agent by the Trust pursuant to Section 3 hereof);

   (b) a fully authorized, executed, attested and, if applicable, authenticated bond or note of the Borrower to the State (the “Fund Loan Bond”), which will be dated the date of the Trust Loan Bond (as hereinafter defined), evidencing the Fund Loan to be made under the Fund Loan Agreement and (2) to the extent the Borrower requests and the State and the Trust consent to an adjustment to the principal amount of the Fund Loan prior to the bid blackout date, which is the date of Borrower’s escrow closing, then also except for the principal amount of the Fund Loan and the corresponding changes to Exhibits B and C thereto (which Exhibit A-2 and if applicable, which Fund Loan principal amount shall be provided to the Escrow Agent by the Trust pursuant to Section 3 hereof);
(c) a fully authorized, executed and attested loan agreement and with respect to the Trust Loan by and between the Trust and the Borrower, which will be dated as of May 1, 2014 (the “Trust Loan Agreement”), which Trust Loan Agreement is true, accurate and complete in all respects, except for Exhibit A-2 thereto with respect to the principal amount of and the Trust Bond Loan Repayments (as defined in the Trust Loan Agreement) schedule for the Trust Loan to be made under said Trust Loan Agreement and if applicable in accordance with Section 2(a)(2) hereof, except as to the corresponding changes to Exhibits B and C thereto (which Exhibit A-2 (including the Trust Loan principal amount) shall be provided to the Escrow Agent by the Trust pursuant to Section 3 hereof); and

(d) a fully authorized, executed, attested and, if applicable, authenticated bond or note of the Borrower to the Trust (the “Trust Loan Bond”), which will be dated the dated date of the Trust Bonds, evidencing the Trust Loan to be made by the Trust to the Borrower under the Trust Loan Agreement, which Trust Loan Bond has been so authorized, executed and attested by the Borrower and authenticated (but not delivered) by the Borrower’s Trustee pursuant to the Borrower’s Bond Resolution, and which Trust Loan Bond is true, accurate and complete in all respects except as to its date, principal amount and Trust Bond Loan Repayments schedule (which date, amount and schedule shall be provided to the Escrow Agent by the Trust and placed on the Trust Loan Bond by representatives of the Borrower and the Borrower’s Trustee in the presence of the Escrow Agent and the Trust pursuant to Section 3 hereof).

An opinion of each of the Borrower’s bond and general counsel, which opinions shall each be in substantially similar form to the opinions set forth in Exhibit A hereto, shall also be delivered on the date hereof to the Escrow Agent.

The Escrow Agent shall hold the Escrowed Documents for release and delivery, or cancellation, pursuant to the terms and conditions of this Escrow Agreement.

3. Release of Escrowed Documents

On May 21, 2014 at 9:30 a.m. at the office of bond counsel to the Trust, or such other date or time that may be agreed upon by the Trust, the State, the Borrower and the Borrower’s Trustee and of which the Escrow Agent is notified in writing by the Trust (the “Loan Closing”), the Escrow Agent shall (1) release the Escrowed Documents from escrow and (2) simultaneously with the closing of the Trust Bonds, deliver (A) to the Trust, the Trust Loan Agreement and the Trust Loan Bond, and (B) to the State, the Fund Loan Agreement and the Fund Loan Bond, such release and delivery being subject only to receipt by the Escrow Agent of all of the following items as conditions precedent thereto:

(a) Exhibit A-2 to each of the Trust Loan Agreement (which shall include the insertion of the principal amount of the Trust Loan) and the Fund Loan Agreement (which shall include the insertion of the principal amount of the Fund Loan), each completed in its entirety and if applicable in accordance with Section 2(a)(2) hereof, the revised Trust Loan and Fund Loan principal amounts and the corresponding changes to Exhibits B and C thereto;
(b) a written certification of the Trust setting forth (1) the date, principal amount and Trust Bond Loan Repayments schedule for the Trust Loan Bond necessary to complete in its entirety the Trust Loan Bond, which date, amount and schedule shall be placed upon the Trust Loan Bond by representatives of the Borrower and the Borrower’s Trustee in the presence of the Escrow Agent and the Trust while the Trust Loan Bond is held in escrow by the Escrow Agent, (2) the date and if applicable in accordance with Section 2(a)(2) hereof, the principal amount for the Fund Loan Bond necessary to complete in its entirety the Fund Loan Bond, which date and if applicable, amount shall be placed upon the Fund Loan Bond by representatives of the Borrower and the Borrower’s Trustee in the presence of the Escrow Agent and the State while the Fund Loan Bond is held in escrow by the Escrow Agent, and (3) a determination by the Trust as to which 2014 Series of Trust Bonds, insured, uninsured or otherwise, will finance the Trust Loan;

(c) a written certification of the Trust acknowledging receipt by the Trust of the following:

(i) the opinions of bond and general counsels to the Borrower and, if applicable, the certificates of the Borrower with respect to liability insurance coverage, as required under Section 3.06(d) of the Trust Loan Agreement and Section 3.06(c) of the Fund Loan Agreement;

(ii) copies of those resolutions finally adopted by the governing body of the Borrower and requested by the Trust and/or the State, including, without limitation, (A) the resolution of the Borrower authorizing the execution, attestation and delivery of the Trust Loan Agreement, the Fund Loan Agreement and this Escrow Agreement, (B) the Borrower’s Bond Resolution, as amended and supplemented as of the date of the Loan Closing, authorizing the execution, attestation, sale and delivery of the Trust Loan Bond to the Trust and the Fund Loan Bond to the State, (C) the resolution of the Borrower confirming the details of the sale of the Trust Loan Bond to the Trust and the Fund Loan Bond to the State, (D) the resolution of the Borrower, if any, declaring its official intent to reimburse expenditures for the Costs of the Project from the proceeds of the Trust Bonds, each of said resolutions of the Borrower being certified by an Authorized Officer of the Borrower as of the date of the Loan Closing, (E) the resolution of the New Jersey Board of Public Utilities (the “BPU”) approving the issuance by the Borrower of the Trust Loan Bond to the Trust and the Fund Loan Bond to the State and setting forth any other approvals required therefor by the BPU, and (F) any other Proceedings;

(iii) a certificate of the Borrower in the form attached as Exhibit B hereto stating to the satisfaction of the Trust that the Borrower will be able to meet the cash-on-hand requirement under Section 3.02(b) of the Trust Loan Agreement prior to the first anticipated disbursement of proceeds of the Trust Loan, as set forth in Exhibit C to the Trust Loan Agreement;

(iv) the Trust Loan Bond;
(v) a certificate of the Borrower either (A) in the form attached as Exhibit G-1 hereto stating to the satisfaction of the Trust that (i) the Borrower will use a portion of the proceeds of the Trust Loan to reimburse the Borrower for expenditures paid by it prior to the Loan Closing for Costs of the Project, and (ii) such reimbursements comply with the various provisions of the Treasury Regulations as defined and set forth therein, or (B) in the form attached as Exhibit G-2 hereto stating to the satisfaction of the Trust that no portion of the proceeds of the Trust Loan will be used by the Borrower to reimburse the Borrower for expenditures paid by it prior to the Loan Closing for Costs of the Project; and

(vi) any additional items identified in Section 3(c)(vi) of Schedule A attached hereto and made part hereof.

(d) a copy of the written certification of the Trust to the Borrower’s Trustee that the following actions shall take place simultaneously with the release and delivery of the Escrowed Documents:

(i) the authentication and delivery by U.S. Bank National Association, as trustee, of the Trust Bonds pursuant to Section 2.03 of the Bond Resolution (as defined in the Trust Loan Agreement and sometimes referred to herein as the “Trust Bond Resolution”); and

(ii) the deposits to the Project Fund, the Debt Service Fund, the Operating Expense Fund, the Rebate Fund and the Debt Service Reserve Fund (as defined in the Trust Bond Resolution) as may be required to be made pursuant to Section 2.03 of the Trust Bond Resolution;

(e) copies of (1) the authorizations by the New Jersey State Legislature of the expenditure of funds by the Trust for the Trust Loan, (2) the appropriations by the New Jersey State Legislature of funds in the applicable State Fund (as defined in the Fund Loan Agreement) to the Trust for the Debt Service Reserve Fund and to the State for the Fund Loan, (3) the Governor’s approval of (1) and (2) of this subsection (e), (4) the approval of the New Jersey State Legislature, by concurrent resolution, of the “Fiscal Year 2014 Financial Plan” of the Trust, (5) the award of federal funds under a fully executed State revolving fund capitalization grant agreement between the State and the United States Environmental Protection Agency pursuant to the Water Quality Act of 1987 and the Safe Drinking Water Act of 1996 and the requisite “State Match”, (6) the letters of each of the Governor and the New Jersey State Treasurer, pursuant to N.J.S.A. 58:11B-4(j), approving the adoption of the Trust Bond Resolution, (7) the “Certificate of the New Jersey State Treasurer Regarding the Approval of the Trust Loan and the Fund Loan” in satisfaction of the requirements of Section 9a of the Act, and (8) such other appropriations, resolutions, authorizations, consents or approvals as may be required in order to undertake and complete the “State Fiscal Year 2014 New Jersey Environmental Infrastructure Financing Program”; and

(f) a written certification of the Trust acknowledging receipt by the State of the Fund Loan Bond.
Failure of the Escrow Agent to so release and deliver any one of the Escrowed Documents after satisfaction of the above-mentioned conditions shall be considered a failure to release and deliver all of the Escrowed Documents.

4. Cancellation of Escrowed Documents

In the event that any of the conditions precedent to the release of the Escrowed Documents set forth in Section 3 hereof shall remain unsatisfied for any reason as of the Loan Closing or if the Escrowed Documents are not released and delivered as of the Loan Closing, the Escrow Agent shall on said date mark the Escrowed Documents “CANCELED”, and shall return (1) the Trust Loan Bond and the Fund Loan Bond to the Borrower, (2) the Trust Loan Agreement to the Trust, and (3) the Fund Loan Agreement to the State. The Trust and the State hereby acknowledge that upon receipt of said agreements marked “CANCELED” the obligations of the Borrower thereunder are without effect.

5. Modifications to Loan Agreements

The Trust, the State and the Borrower acknowledge that, in connection with (1) the sale, issuance and delivery of the Trust Bonds and (2) any Fund Loans funded with the proceeds of any State Bonds (as may be defined in the Fund Loan Agreement) hereafter issued by the State, it may be necessary, subsequent to the date hereof and prior to the Loan Closing, to modify the Trust Loan Agreement and the Fund Loan Agreement for the purposes set forth, respectively, in Section 2.02(q) and Section 2.02(p) thereof, including, without limitation, for the purpose of assuring that the interest on the Trust Bonds and the State Bonds is not includable in gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. In such event, the Trust and, if applicable, the State will make such modifications by amending Exhibit F to the Trust Loan Agreement and, if applicable, the Fund Loan Agreement and delivering the amended Exhibit F to the Borrower and the Escrow Agent on or prior to the Loan Closing.

Any modifications to the Trust Loan Agreement and the Fund Loan Agreement by amending Exhibit F thereto pursuant to this Section 5 shall not affect in any way the Borrower’s covenant and agreement made in Section 2.02(f)(i) of each of the Trust Loan Agreement and, if applicable, the Fund Loan Agreement.

6. Liability of Escrow Agent

The Escrow Agent shall have no duties or responsibilities as Escrow Agent under this Escrow Agreement other than those expressly set forth herein, and shall have no duty to enforce any obligation of any person to perform any act. The Escrow Agent may rely conclusively and shall be protected in acting upon any order, notice, demand, direction, certificate, opinion and advice of counsel (including counsel selected by the Escrow Agent), statement, instrument, report or other instrument or document (not only as to its due execution and the validity and effectiveness thereof, but also as to the truth and accuracy of any information therein contained) that is believed by the Escrow Agent to be genuine and to be signed by the proper person.

The Escrow Agent agrees that it (1) shall be responsible to the State, the Trust, the Borrower and the Borrower’s Trustee for the proper and faithful observance and performance of
the duties, covenants, obligations and agreements required of it pursuant hereto, for the fidelity and integrity of its officers, employees and agents employed in any undertaking hereunder, and for any and all loss or damage that may result from any failure to observe and perform or from any improper or incorrect observance or performance of its duties, covenants, obligations and agreements hereunder, and (2) shall save harmless the State, the Trust, the Borrower and the Borrower’s Trustee, or any trustee, employee or officer thereof, from any and all loss or damage caused thereby, except in the event of loss or damage resulting from their own negligence or willful misconduct.

7. Acknowledgments and Liability of Borrower

Based upon the Borrower’s execution and delivery into escrow of the Trust Loan Agreement and the Fund Loan Agreement in accordance with the terms hereof and further based upon the Borrower’s execution, attestation and delivery of this Escrow Agreement, the Borrower has irrevocably committed to borrow (1) from the Trust, the Trust Loan Amount, pursuant to the terms and conditions of the Trust Loan Agreement, and (2) from the State, the Fund Loan Amount, pursuant to the terms and conditions of the Fund Loan Agreement. Notwithstanding the foregoing, the Trust Loan Amount and the Fund Loan Amount may only be changed subsequent to the date hereof in accordance with Section 2(a)(2) hereof.

The Borrower acknowledges (1) that the Trust and the State are relying upon the Borrower’s execution and attestation of the Escrowed Documents and related execution, attestation and delivery of this Escrow Agreement, as well as the execution of the commitment letters set forth as Exhibit A hereto (delivered to the Trust and the State on the date hereof) relating to the delivery of the opinions required to close the Trust Loan and the Fund Loan; (2) that such reliance by the Trust is the basis upon which the Trust will determine the aggregate principal amount of, and undertake all actions necessary to issue, the Trust Bonds; (3) that, in consideration of (1) and (2) above, the Trust has tentatively scheduled the mailing of the Preliminary Official Statement for the Trust Bonds on or about April __, 2014, the initial publication of its Notice of Sale for the Trust Bonds on or about April __, 2014, and the sale of the Trust Bonds on or about May __, 2014; (4) that the aggregate principal amount of and the interest payable on that portion of the Trust Loan set forth in Exhibit A-2 to the Trust Loan Agreement shall be based upon and reflect, among other things, the interest rate on the Trust Bonds established at the sale thereof; and (5) that the Trust’s ability to make the Trust Loan at the rate so established, and the State’s ability to make the Fund Loan, are subject to and dependent upon the release and delivery of the Escrowed Documents pursuant to Section 3 hereof.

The Borrower agrees that, subject to the provisions of the immediately succeeding sentence, in the event the Escrow Agent shall fail to release and deliver or shall cancel the Escrowed Documents for any reason (including, but not limited to, the failure of the Borrower to satisfy any of the preconditions to its due authorization, execution, attestation and delivery of the Trust Loan Bond or the Fund Loan Bond or the failure of general counsel or bond counsel to the Borrower to deliver its respective opinion required in connection with the closing of the Trust Loan or the Fund Loan), the Borrower shall be responsible to the Trust, the State and the Borrowers for any and all expenses, losses or damages, monetary and otherwise (including, but not limited to, all costs of issuance and all legal costs of the Trust, the State and the Borrowers
incurred in connection with the Trust’s proposed bond issue to fund the Trust Loan and the proposed making of the Trust Loan and the Fund Loan for financing a portion of the Costs of the Borrower’s environmental infrastructure project), to the Trust, the State and the Borrowers, respectively, arising from such failure or cancellation. Notwithstanding the provisions of the immediately preceding sentence to the contrary, in the event that the Escrow Agent shall fail to release and deliver or shall cancel the Escrowed Documents and such failure or such cancellation is the result of the gross negligence or willful misconduct of the Trust, the Borrower shall not be responsible to the Trust or the State for any expenses, losses or damages, monetary or otherwise, incurred by the Trust or the State, respectively, and arising as a result of such failure or such cancellation, and such expenses, losses or damages, monetary or otherwise, of the Trust and the State, respectively, shall be the sole responsibility of the Trust; provided, however, that in the event of such failure or such cancellation as a result of the gross negligence or willful misconduct of the Trust, the Borrower shall remain responsible for its own expenses, losses or damages, monetary or otherwise (including, but not limited to, all costs of issuance and all legal costs of the Borrower incurred in connection with the Trust’s proposed bond issue to fund the Trust Loan and the proposed making of the Trust Loan and the Fund Loan for financing a portion of the Costs of the Borrower’s environmental infrastructure project). The Borrower’s obligation under this paragraph shall be continuing notwithstanding such failure or cancellation by the Escrow Agent.

Notwithstanding the foregoing, nothing herein shall prevent the Borrower from pursuing any claims, including any claims the Trust or the State may have, against any third party for any default, cancellation or failure to perform under this Escrow Agreement; provided, however, that no such claim of the Trust or the State may be pursued by the Borrower without the express written consent of the Trust or the State, respectively, which consent shall not be unreasonably withheld.

8. Escrow Agent’s Compensation

The Trust shall pay the Escrow Agent a total fee for the services performed under this Escrow Agreement in accordance with the terms of the Escrow Agent’s proposal to the Trust dated April 9, 2013 and the Trust’s Resolution No. 13-34 adopted on June 13, 2013 to accept such proposal, subject to the execution, attestation and delivery of this Escrow Agreement.

9. Miscellaneous Trust and State Requirements

(a) Covenant of Non-Collusion. The Escrow Agent warrants and represents that this Escrow Agreement has not been solicited or prepared, directly or indirectly, in a manner contrary to the laws of the State of New Jersey or the United States of America, and that said laws have not been violated and shall not be violated as they relate to the procurement or the performance of this Escrow Agreement by any conduct, including the paying or giving of any fee, commission, compensation, gift, gratuity or consideration of any kind, directly or indirectly, to any federal, State or local government employee, officer or official or any special State officer as defined in N.J.S.A. 52:13D-13.

(b) Covenant Against Contingent Fees. The Escrow Agent warrants and represents that no person or selling agency has been employed or retained to solicit or
secure this Escrow Agreement upon any agreement or understanding for a commission, percentage or brokerage or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the Escrow Agent for the purpose of securing business.

(c) Non-Discrimination. During the performance of this Escrow Agreement, the Escrow Agent warrants and represents that:

(i) the Escrow Agent will comply with all applicable federal, state and local anti-discrimination laws, including those found at N.J.S.A. 10:2-1 through 10:2-4 and N.J.S.A. 10:5-31 through 10:5-38, as well as all rules and regulations issued thereunder;

(ii) the Escrow Agent will comply with any applicable affirmative action program approved by the Treasurer of the State of New Jersey;

(iii) the Escrow Agent will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status or sex. The Escrow Agent will take affirmative action to ensure that such applicants are recruited and employed, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status or sex. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Escrow Agent agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause. The Escrow Agent shall insert a similar provision in any subcontract for performance of services within the scope of this Escrow Agreement;

(iv) the Escrow Agent will, in all solicitations or advertisements for employees placed by or on behalf of the Escrow Agent, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status or sex; and

(v) the Escrow Agent will send to each labor union or representative of workers with which the Escrow Agent has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers’ representative of the Escrow Agent’s commitments under this Escrow Agreement, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) Confidentiality. Unless otherwise specified in this Escrow Agreement, the Escrow Agent shall not publish, permit to be published, distribute, use or disclose to any person any information that the Escrow Agent acquires in the performance of this Escrow Agreement, except with the prior written consent of the Trust, the State, the Borrower and the Borrower’s Trustee.
10. Useful Life of Project Financed with Trust Loan

The Borrower represents that the useful life of the Project to be financed with the Trust Loan, as set forth in the certificate of the Borrower’s consulting engineer (in the form attached as Exhibit D hereto), exceeds the maturity date of the Borrower Bond to the Trust.

11. Defaults With Respect to Debt Obligations of Borrower

The Borrower represents and warrants that, since December 31, 1975 and as of the date hereof, the Borrower has not been, and is not now, in default in the payment of the principal of or interest on any of its bonds, notes or other debt obligations.

12. Amendments, Waiver and Discharge

Neither this Escrow Agreement nor any term hereof may be amended, waived, discharged or terminated except by a writing signed by each of the parties hereto.

13. Binding Effect

All of the terms of this Escrow Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective parties hereto and their respective permitted successors and assigns, whether or not so expressed; provided, however, that none of the Trust, the State, the Borrower, the Borrower’s Trustee or the Escrow Agent may transfer, assign or pledge its respective duties, covenants, obligations and agreements hereunder without the prior written consent of each of the other parties hereto.

14. Governing Law

This Escrow Agreement shall be construed in accordance with and governed by the laws of the State of New Jersey. The Escrow Agent shall, in the performance of this Escrow Agreement, comply with all New Jersey and federal laws, rules and regulations applicable to this Escrow Agreement and to the services to be provided hereunder. All contract claims under this Escrow Agreement shall be subject to and governed by the provisions of the New Jersey Contractual Liability Act (N.J.S.A. 59:13-1 et seq.).

15. Captions

Captions are used herein for convenience only, and shall not be construed as part of this Escrow Agreement.

16. Separability

Each provision of this Escrow Agreement shall be considered separable. If for any reason any provision that is not essential to the effectuation of the basic purposes hereof is determined to be invalid or contrary to existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Escrow Agreement that are valid.
17. Notices

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Borrower and the Borrower’s Trustee, if any, at the address(es) in Section 17(d) and (e), respectively, of Schedule A attached hereto and made part hereof, and to the Trust, the State and the Escrow Agent, at the following addresses:

(a) Trust:

New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 4, Suite 216
Lawrenceville, New Jersey 08648-2201
Attention: Executive Director

(b) State:

New Jersey Department of Environmental Protection
Municipal Finance and Construction Element
401 East State Street – 3rd Floor
Trenton, New Jersey 08625-0425
Attention: Assistant Director

New Jersey Department of the Treasury
Office of Public Finance
State Street Square – 5th Floor
Trenton, New Jersey 08625-0002
Attention: Director

(c) Escrow Agent:

U.S. Bank National Association
21 South Street, 3rd Floor
Morristown, New Jersey 07960
Attention: Corporate Trust Department

Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent by giving written notice to each of the other parties hereto.


Additional defined terms, covenants and requirements have been included in Schedule A attached hereto and made part hereof. Such additional defined terms, covenants and requirements are incorporated in this Escrow Agreement by reference thereto as if set forth in full herein and the Borrower hereby agrees to observe and comply with each such additional
term, covenant and requirement included in Schedule A as if the same were set forth in its entirety where reference thereto is made in this Escrow Agreement.

19. **Counterparts**

   This Escrow Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Escrow Agreement to produce or account for more than one of such counterparts, which together shall constitute but one and the same agreement.
IN WITNESS WHEREOF, each of the parties hereto by its duly authorized representative has executed, sealed if applicable, and delivered this Escrow Agreement on the date first written above.

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

By: ___________________________________________
   Warren H. Victor
   Chairman

THE STATE OF NEW JERSEY
ACTING BY AND THROUGH THE
NEW JERSEY DEPARTMENT OF
ENVIRONMENTAL PROTECTION

By: ___________________________________________
   Michele N. Siekerka, Esq.
   Deputy Commissioner
   Department of Environmental Protection

[SEAL]

ATTEST:

David E. Zimmer
Assistant Secretary

[SEAL]

[SEAL]

ATTEST:

Eugene J. Chebra, P.E.
Assistant Director
Municipal Finance and Construction Element,
Department of Environmental Protection

[SEAL]

[SEAL]

[SEAL]

ATTEST:

Authorized Officer

[SEAL]

[SEAL]

[SEAL]

ATTEST:

Authorized Officer

[SEAL]

[SEAL]

[SEAL]

ATTEST:

Authorized Officer

[SEAL]

[SEAL]

[SEAL]

ATTEST:

Authorized Officer

[SEAL]

[SEAL]

[SEAL]

ATTEST:

Authorized Officer

[SEAL]

[SEAL]

[SEAL]

ATTEST:

Authorized Officer

[SEAL]

[SEAL]

[SEAL]

ATTEST:

Authorized Officer

U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent

By: ___________________________________________
   Name
   Title

[signature page]
SCHEDULE A

Certain Additional Escrow Agreement Provisions

Definitions: In addition to those capitalized terms defined elsewhere in this Escrow Agreement, the following capitalized terms as used in this Escrow Agreement shall, unless the context clearly requires otherwise, have the following meanings:

“Borrower” means _______________, a corporation duly created and validly existing under the laws of the State of New Jersey, and its successors and assigns.

“Borrower Bond Resolution” means [a resolution] [an indenture] of the Borrower entitled “[_______________]”, [adopted by the Borrower on] [dated as of] [_______], as amended and supplemented.

“Borrower’s Trustee” means, a [banking institution] [national banking association] duly organized and validly existing under the laws of the [State of New Jersey] [United States of America]. [There is no Borrower Trustee under the Borrower Bond Resolution, therefore all references to Borrower Trustee herein shall be null and void.]

“Escrow Closing Date” means ____________, 2014

“Fund Loan Amount” means $____________.

“Trust Loan Amount” means (i) an amount sufficient to pay project costs of $____________ and the Administrative Fee in the amount of $________, plus (ii) an amount equal to the Borrower’s allocable share of underwriter's discount on and certain costs of issuance of the Trust Bonds, plus (iii) if the Trust Bonds are sold with a net original issue discount, an amount equal to the Borrower’s allocable share of such net original issue discount, minus (iv) if the Trust Bonds are sold with a net original issue premium, an amount equal to the Borrower’s allocable share of such original issue premium[, plus (v) an amount sufficient to capitalize that portion of interest on the Trust Loan that is set forth in Exhibit A-2 to the Trust Loan Agreement through and including [DATE]].

Additional Provisions:

Section 3(c)(vi). [_______________] [Reserved].

Section 17.

(d) Borrower:

[Name of Borrower]

[Address ]

[Attention: [_______________]]

(e) Borrower's Trustee:

[Borrower’s Trustee]

[Address ]

[Attention: [_______________]]
EXHIBIT A

COMMITMENT LETTERS OF BORROWER’S
BOND COUNSEL AND GENERAL COUNSEL
New Jersey Environmental Infrastructure Trust
Lawrenceville, New Jersey 08648

New Jersey Department of Environmental Protection
Trenton, New Jersey 08625

New Jersey Department of the Treasury
Trenton, New Jersey 08625

RE: [Name of Borrower]
Application for Loans from New Jersey Environmental Infrastructure Trust and State of New Jersey; State Fiscal Year 2014 New Jersey Environmental Infrastructure Financing Program

Ladies and Gentlemen:

In our capacity as [bond] [general] counsel to [Name of Borrower] (the “Borrower”), we have reviewed (i) a copy of the authorized, executed and attested loan agreement (the “Trust Loan Agreement”) to be delivered to the New Jersey Environmental Infrastructure Trust (the “Trust”) and (ii) an authorized, executed, attested and, if applicable, authenticated revenue bond or note of the Borrower to be delivered to the Trust (the “Trust Loan Bond”), each exclusive of the principal and partial interest repayment schedule applicable thereto, for and evidencing a loan from the Trust in connection with the captioned program (the “Program”). We have also reviewed (i) a copy of the authorized, executed and attested loan agreement (the “Fund Loan Agreement”, and together with the Trust Loan Agreement, the “Loan Agreements”) to be delivered to the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection (the “State”), and (ii) an authorized, executed, attested and, if applicable, authenticated revenue bond or note of the Borrower to be delivered to the State (the “State Loan Bond”, and together with the Trust Loan Bond, the “Borrower Bonds”), each exclusive of the principal repayment schedule applicable thereto, for and evidencing a loan from the State in connection with the Program. We understand that these Loan Agreements and Borrower Bonds will be placed in escrow on the date hereof and will be released from escrow in completed form and delivered to the Trust and the State, respectively, on the date of closing on the Trust’s bond issue for the Program, which is estimated to occur on or about May 21, 2014 (the “Loan Closing”).

We have also reviewed a copy of the Escrow Agreement dated the date hereof by and among the Trust, the State, the Borrower, the Borrower’s Trustee, and U.S. Bank National Association, as Escrow Agent (the “Escrow Agreement”), which sets forth the terms and conditions upon which the Escrowed Documents (as defined in the Escrow Agreement) shall be released and delivered, or canceled.

Based upon the foregoing, we are of the opinion that the Escrow Agreement has been duly and validly authorized by the Borrower and executed, attested and delivered by the
authorized officers of the Borrower; and assuming that the Trust, the State, the Borrower’s Trustee and the Escrow Agent each has the requisite power and authority to authorize, execute, attest and deliver, and each has duly and validly authorized, executed, attested and delivered, the Escrow Agreement, the Escrow Agreement constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be limited or modified by bankruptcy, insolvency or other laws or legal or equitable principles affecting the enforcement of creditors’ rights and remedies.

In addition, based upon our review of such information, certificates of the Borrower, statutes and other matters of law as we deem relevant, we are of the opinion that, as of the date hereof, there exist on the part of the Borrower no legal impediments to the release and delivery of the Escrowed Documents at the Loan Closing pursuant to the provisions of the Escrow Agreement or to the delivery of our opinions in favor of the Trust and the State at such time, substantially in the forms attached hereto as Exhibit A and Exhibit B, as required by Section 2.02 of each of the Trust Loan Agreement and the Fund Loan Agreement, respectively.

We hereby authorize McCarter & English, LLP, acting as bond counsel to the Trust, and the Attorney General of the State of New Jersey, acting as general counsel to the Trust, to rely on this opinion as if we had addressed this opinion to them in addition to you.

Very truly yours,
Exhibit A

[ATTACH FORM OF APPROPRIATE BORROWER BOND COUNSEL OR GENERAL COUNSEL OPINION]

Note: Exhibit E to the Trust Loan Agreement may be divided between the Borrower bond counsel and general counsel so long as when the two opinions are taken together the entire Exhibit E opinion is rendered.
Exhibit B

[ATTACH FORM OF APPROPRIATE BORROWER BOND COUNSEL OR GENERAL COUNSEL OPINION]

Note: Exhibit E to the Fund Loan Agreement may be divided between the Borrower bond counsel and general counsel so long as when the two opinions are taken together the entire Exhibit E opinion is rendered.
EXHIBIT B

CERTIFICATE AS TO CASH ON HAND

I, [___________________], an authorized representative of [NAME OF BORROWER] (the “Borrower”), a corporation of the State of New Jersey, HEREBY CERTIFY that the Borrower will be able to meet the cash on hand requirement under Section 3.02(b) of the Loan Agreement by and between the Borrower and the New Jersey Environmental Infrastructure Trust dated as of May 1, 2014 (the “Loan Agreement”) prior to the first anticipated disbursement of proceeds pursuant to Exhibit C of the Loan Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand on May 21, 2014.

[NAME OF BORROWER]

By: ______________________
Name: ____________________
Title: _____________________
EXHIBIT C-1

[RESERVED]
EXHIBIT C-2

[RESERVED]
EXHIBIT C-3

[RESERVED]
Re: New Jersey Environmental Infrastructure Trust
State Fiscal Year 2014 Financing Program
Project No. [__________]

New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 4, Suite 216
Lawrenceville, New Jersey 08648-2201

Dear Trust Members:

I am acting as consulting engineer for [Name of Borrower] with respect to the above-referenced environmental infrastructure system project, a portion of the Costs of which is to be financed by a loan from the New Jersey Environmental Infrastructure Trust expected to close on or about May 21, 2014 (the “Loan Closing”).

As such, I am familiar with the plans and specifications of the environmental infrastructure system project, and I hereby certify that (i) the building cost of such project is a reasonable and accurate estimation thereof and (ii) the useful life of such project exceeds [twenty (20)] years from the expected date of the Loan Closing.

[NAME OF ENGINEERING FIRM]

By: __________________________
Name: _________________________
Title: __________________________
EXHIBIT E

[RESERVED]
EXHIBIT G-1

CERTIFICATE REGARDING REIMBURSEMENTS

I, [_______________________], an authorized representative of [NAME OF BORROWER] (the “Borrower”), a corporation of the State of New Jersey, HEREBY CERTIFY the following:

A portion of the proceeds of the loan (the “Trust Loan”) made by the New Jersey Environmental Infrastructure Trust (the “Trust”) to the Borrower out of the proceeds of the Trust’s Environmental Infrastructure Bonds, Series 2014[___] (the “Trust Bonds”), in accordance with the Loan Agreement dated as of May 1, 2014 by and between the Trust and the Borrower (the “Loan Agreement”), will be used to reimburse the Borrower for expenditures paid prior to the date hereof for Costs of the Project (as such terms are defined in the Loan Agreement), such expenditures being more fully described in Schedule A attached hereto. With respect to such reimbursements:

(a) All allocations of the proceeds of the Trust Bonds and the Trust Loan to the reimbursement of expenditures for Costs of the Project made prior to the issuance of the Trust Bonds satisfy the criteria set forth in either clauses (i), (ii) or (iii) [circle one or more as applicable]:

(i) The Costs of the Project to be reimbursed were paid by the Borrower (A) subsequent to [DATE] (the date of adoption of a Declaration of Official Intent, as hereinafter defined) or (B) not more than 60 days prior to the date of adoption of the Declaration of Official Intent with equity of the Borrower as advances in anticipation of long-term tax-exempt financing by the Trust, as provided in a resolution declaring the Borrower’s official intent in accordance with Treasury Regulations §1.150-2 (or Treasury Regulations §1.103-18(f), if adopted by the Borrower between January 27, 1992 and June 30, 1993) (the “Declaration of Official Intent”);

(ii) The Costs of the Project to be reimbursed were paid by the Borrower for “preliminary expenditures” (within the meaning of Treasury Regulations §150-2(f)(2)) including architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs that were incurred prior to commencement of construction, rehabilitation or acquisition of the Project, other than land acquisition, site preparation and similar costs incident to commencement of construction, which do not exceed 20 percent of the issue price of the Trust Loan that finances the Project; or

(iii) The Costs of the Project to be reimbursed were paid by the Borrower prior to March 3, 1992 and after September 8, 1989 for which there is objective evidence that, at the time the expenditure was paid, the Borrower expected to reimburse the expenditure with the proceeds of a borrowing, and because of the timing of the expenditure and such objective evidence, a basis exists for reimbursement under Treasury Regulations §1.150-2 independent of the official intent requirement described in clause (i) above or the preliminary expenditure exception described in clause (ii) above.
(b) On the date of the Declaration of Official Intent, in the case of reimbursements described in clause (i) of paragraph (a) above, or the date of payment, in the case of reimbursements described in clause (iii) of paragraph (a) above, the Borrower had a reasonable expectation (within the meaning of Treasury Regulations §1.150-2(e)) that it would reimburse the equity it advanced with the proceeds of a borrowing of debt obligations.

(c) All reimbursement allocations, other than reimbursement allocations for “preliminary expenditures” (as described in clause (ii) of paragraph (a) above), will occur not later than 18 months after the later of (i) the date on which the expenditure is paid or (ii) the date the Project is “placed in service” (within the meaning of Treasury Regulations §1.150-2) or abandoned, but in no event more than 3 years after the expenditure is paid.

(d) No reimbursement allocation will employ an “abusive arbitrage device” under Treasury Regulations §1.148-10 to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147, inclusive, of the Internal Revenue Code of 1986, as amended (the “Code”).

(e) The proceeds of the Trust Bonds used to reimburse the Borrower for Costs of the Project, or funds corresponding to such amounts, will not be used in a manner that results in the creation of “replacement proceeds”, including “sinking funds”, “pledged funds” or funds subject to a “negative pledge” (as such terms are defined in Treasury Regulations §1.148-1), of the Trust Bonds or another issue of debt obligations, other than amounts deposited into a “bona fide debt service fund” (as defined in Treasury Regulations §1.148-1).

(f) The Costs of the Project to be reimbursed with the proceeds of the Trust Bonds will be “capital expenditures” within the meaning of Treasury Regulations §1.150-1(b).

IN WITNESS WHEREOF, I have hereunto set my hand on May 21, 2014.

[NAME OF BORROWER]

By: __________________________
Name: _______________________
Title: ________________________
SCHEDULE A

[Description of Expenditures Being Reimbursed]
CERTIFICATE REGARDING NO REIMBURSEMENTS

I, [_______________________], an authorized representative of [NAME OF BORROWER] (the “Borrower”), a corporation of the State of New Jersey, HEREBY CERTIFY the following:

No portion of the proceeds of the loan made by the New Jersey Environmental Infrastructure Trust (the “Trust”) to the Borrower out of the proceeds of the Trust’s Environmental Infrastructure Bonds, Series 2014[___], in accordance with the Loan Agreement dated as of May 1, 2014 by and between the Trust and the Borrower (the “Loan Agreement”), will be used to reimburse the Borrower for expenditures paid prior to the date hereof for Costs of the Project (as such terms are defined in the Loan Agreement).

IN WITNESS WHEREOF, I have hereunto set my hand on May 21, 2014.

[NAME OF BORROWER]

By: __________________________
Name: _______________________
Title: _______________________
LOAN AGREEMENT

BY AND BETWEEN

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

AND

[NAME OF BORROWER]

DATED AS OF MAY 1, 2014
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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into as of May 1, 2014, by and between the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession, and the Borrower (capitalized terms used in this Loan Agreement shall have, unless the context otherwise requires, the meanings ascribed thereto in Section 1.01 hereof);

WITNESSETH THAT:

WHEREAS, the Trust, in accordance with the Act, the Bond Resolution and a financial plan approved by the State Legislature in accordance with Sections 22 and 22.1 of the Act, will issue its Trust Bonds on or prior to the Loan Closing for the purpose of making the Loan to the Borrower and the Loans to the Borrowers from the proceeds of the Trust Bonds to finance a portion of the Costs of Environmental Infrastructure Facilities;

WHEREAS, the Borrower has, in accordance with the Act and the Regulations, made timely application to the Trust for a Loan to finance a portion of the Costs of the Project;

WHEREAS, the State Legislature, in accordance with Sections 20 and 20.1 of the Act, has in the form of an appropriations act approved a project priority list that includes the Project and that authorizes an expenditure of proceeds of the Trust Bonds to finance a portion of the Costs of the Project;

WHEREAS, the Trust has approved the Borrower’s application for a Loan from available proceeds of the Trust Bonds to finance a portion of the Costs of the Project;

WHEREAS, in accordance with the applicable Bond Act (as defined in the Fund Loan Agreement), and the Regulations, the Borrower has been awarded a Fund Loan for a portion of the Costs of the Project; and

WHEREAS, the Borrower, in accordance with the Act, the Regulations and the Borrower Enabling Act, will issue a Borrower Bond to the Trust evidencing said Loan at the Loan Closing.

NOW, THEREFORE, for and in consideration of the award of the Loan by the Trust, the Borrower agrees to complete the Project and to perform under this Loan Agreement in accordance with the conditions, covenants and procedures set forth herein and attached hereto as part hereof, as follows:
ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions.

(a) The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the following meanings:

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

“Administrative Fee” means that portion of Interest on the Loan or Interest on the Borrower Bond payable hereunder as an annual fee of up to four-tenths of one percent (.40%) of the initial principal amount of the Loan or such lesser amount, if any, as may be authorized by any act of the State Legislature and as the Trust may approve from time to time.

“Authorized Officer” means, in the case of the 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 relating to the Loan, the Borrower Bond or this Loan Agreement.

“Bond Counsel” means a law firm appointed or approved by the Trust, as the case may be, having a reputation in the field of municipal law whose opinions are generally acceptable by purchasers of municipal bonds.

“Borrower” means the New Jersey county or municipality that is a party to this Loan Agreement, and its successors and assigns, as further described in Schedule A attached hereto.

“Borrower Bond” means the Borrower Bond issued pursuant to the Borrower Enabling Act, authorized, executed, attested and delivered by the Borrower to the Trust to evidence the Borrower’s obligations to pay the Loan Repayments and all other amounts due and owing by the Borrower under this Loan Agreement, a specimen of which is attached hereto as Exhibit D and made a part hereof, pursuant to which the power and obligation of the Borrower to make such payments shall be unlimited and for the payment of which the Borrower shall, if necessary, levy ad valorem taxes upon all the taxable property within the jurisdiction of the Borrower without limitation as to rate or amount.

“Borrowers” means any other Local Government Unit or Private Entity (as such terms are defined in the Regulations) authorized to construct, operate and maintain Environmental Infrastructure Facilities that have entered into Loan Agreements with the Trust pursuant to which the Trust will make Loans to such recipients from moneys on deposit in the Project Fund, excluding the Project Loan Account.

“Code” means the Internal Revenue Code of 1986, as the same may from time to time be amended and supplemented, including any regulations promulgated thereunder, any successor code thereto and any administrative or judicial interpretations thereof.
“Costs” means those costs that are eligible, reasonable, necessary, allocable to the 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 as set forth in Exhibit B hereto, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an authorized officer of the Trust.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund, if any, as defined in the Bond Resolution.

“Department” means the New Jersey Department of Environmental Protection

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, described in Exhibit A-1 attached hereto and made a part hereof for which the Borrower is borrowing the Loan under this Loan Agreement.

“Event of Default” means any occurrence or event specified in Section 5.01 hereof.

“Excess Project Funds” shall have the meaning set forth in Section 3.03A hereof.

“Fund Loan” means the loan made to the Borrower by the State, acting by and through the Department, pursuant to the Fund Loan Agreement dated as of May 1, 2014 by and between the Borrower and the State, acting by and through the Department, to finance or refinance a portion of the Costs of the Project.

“Fund Loan Agreement” means the loan agreement dated as of May 1, 2014 by and between the Borrower and the State, acting by and through the Department, regarding the terms and conditions of the Fund Loan.

“Interest on the Loan” or “Interest on the Borrower Bond” means the sum of (i) the Interest Portion, (ii) the Administrative Fee, and (iii) any late charges incurred hereunder.

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

“Loan” means the loan made by the Trust to the Borrower to finance or refinance a portion of the Costs of the Project pursuant to this Loan Agreement, as further described in Schedule A attached hereto.
“Loan Agreement” means this Loan Agreement, including Schedule A and the Exhibits attached hereto, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof and of the Bond Resolution.

“Loan Agreements” means any other loan agreements entered into by and between the Trust and one or more of the Borrowers pursuant to which the Trust will make Loans to such Borrowers from moneys on deposit in the Project Fund, excluding the Project Loan Account, financed with the proceeds of the Trust Bonds.

“Loan Closing” means the date upon which the Trust shall issue and deliver the Trust Bonds and the Borrower shall deliver its Borrower Bond, as previously authorized, executed and attested, to the Trust.

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

“Loan Term” means the term of this Loan Agreement provided in Sections 3.01 and 3.03 hereof and in Exhibit A-2 attached hereto and made a part hereof.

“Loans” means the loans made by the Trust to the Borrowers under the Loan Agreements from moneys on deposit in the Project Fund, excluding the Project Loan Account.

“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 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, and the Trust, as the same may be amended and supplemented from time to time in accordance with its terms.

“Official Statement” means the Official Statement relating to the issuance of the Trust Bonds.

“Preliminary Official Statement” means the Preliminary Official Statement relating to the issuance of the Trust Bonds.

“Prime Rate” means the prevailing commercial interest rate announced by the Trustee from time to time in the State as its prime lending rate.

“Project” means the Environmental Infrastructure Facilities of the Borrower described in Exhibit A-1 attached hereto and made a part hereof, which constitutes a project for which the Trust is permitted to make a loan to the Borrower pursuant to the Act, the Regulations and the Bond Resolution, all or a portion of the Costs of which is financed or refinanced by the Trust through the making of the Loan under this Loan Agreement and which may be identified under
either the Drinking Water or Clean Water Project Lists with the Project Number specified in Exhibit A-1 attached hereto.

“Project Fund” means the Project Fund as defined in the Bond Resolution.

“Project Loan Account” means the project loan account established on behalf of the Borrower in the Project Fund in accordance with the Bond Resolution to finance all or a portion of the Costs of the Project.

“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.

“State” means the State of New Jersey.

“Trust” means the New Jersey Environmental Infrastructure Trust, a public body corporate and politic with corporate succession duly created and validly existing under and by virtue of the Act.

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

“Trust Bonds” means bonds authorized by Section 2.03 of the Bond Resolution, together with any refunding bonds authenticated and delivered pursuant to Section 2.04 of the Bond Resolution, in each case issued in order to finance (i) the portion of the Loan deposited in the Project Loan Account, (ii) the portion of the Loans deposited in the balance of the Project Fund, (iii) any capitalized interest related to such bonds, (iv) a portion of the costs of issuance related to such bonds, and (v) that portion of the Debt Service Reserve Fund (to the extent the Trust establishes a Debt Service Reserve Fund pursuant to the Bond Resolution), if any, allocable to the Loan or Loans, as the case may be, a portion of which includes the funding of reserve capacity, if applicable, for the Environmental Infrastructure Facilities of the Borrower or Borrowers, as the case may be, or to refinance any or all of the above.

“Trustee” means, initially, U.S. Bank National Association, the Trustee appointed by the Trust and its successors as Trustee under the Bond Resolution, as provided in Article X of the Bond Resolution.

(b) In addition to the capitalized terms defined in subsection (a) of this Section 1.01, certain additional capitalized terms used in this Loan Agreement shall, unless the context clearly requires otherwise, have the meanings ascribed to such additional capitalized terms in Schedule A attached hereto and made a part hereof.

(c) Except as otherwise defined herein or where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, agencies and districts. Words importing one gender shall include the other gender.
ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

SECTION 2.01. Representations of Borrower. The Borrower represents for the benefit of the Trust, the Trustee and the holders of the Trust Bonds as follows:

(a) Organization and Authority.

(i) The Borrower is an Entity duly created and validly existing under and pursuant to the Constitution and statutes of the State.

(ii) The acting officials of the Borrower who are contemporaneously herewith performing or have previously performed any action contemplated in this Loan Agreement either are or, at the time any such action was performed, were the duly appointed or elected officials of such Borrower empowered by applicable State law and, if applicable, authorized by ordinance or resolution of the Borrower to perform such actions. To the extent any such action was performed by an official no longer the duly acting official of such Borrower, all such actions previously taken by such official are still in full force and effect.

(iii) The Borrower has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate and maintain its Environmental Infrastructure System, to carry on its activities relating thereto, to execute, attest and deliver this Loan Agreement and the Borrower Bond, to sell the Borrower Bond to the Trust, to undertake and complete the Project and to carry out and consummate all transactions contemplated by this Loan Agreement.

(iv) The proceedings of the Borrower’s governing body approving this Loan Agreement and the Borrower Bond, authorizing the execution, attestation and delivery of this Loan Agreement and the Borrower Bond, authorizing the sale of the Borrower Bond to the Trust and authorizing the Borrower to undertake and complete the Project, including, without limitation, the “Proceedings”, were duly published in accordance with applicable State law, and have been duly and lawfully adopted in accordance with the Borrower Enabling Act and other applicable State law at a meeting or meetings that were duly called pursuant to necessary public notice and held in accordance with applicable State law and at which quorums were present and acting throughout.

(v) By official action of the Borrower taken prior to or concurrent with the execution and delivery hereof, including, without limitation, the Proceedings, the Borrower has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the execution, attestation, delivery and performance of this Loan Agreement and the transactions contemplated hereby; (B) the issuance of the Borrower Bond and the sale thereof to the Trust upon the terms set forth herein; (C) the approval of the inclusion, if such inclusion is deemed necessary in the sole discretion of the Trust, in the Preliminary Official Statement and the Official Statement of all statements and information relating to the Borrower set forth in “APPENDIX B” thereto.
(the “Borrower Appendices”) and any amendment thereof or supplement thereto; and (D) the execution, delivery and due performance of any and all other certificates, agreements and instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out, give effect to and consummate the transactions contemplated by this Loan Agreement, including, without limitation, the designation of the Borrower Appendices portion of the Preliminary Official Statement, if any, as “deemed final” for the purposes and within the meaning of Rule 15c2-12 (“Rule 15c2-12”) of the Securities and Exchange Commission (“SEC”) promulgated under the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto.

(vi) This Loan Agreement and the Borrower Bond have each been duly authorized by the Borrower and duly executed, attested and delivered by Authorized Officers of the Borrower, and the Borrower Bond has been duly sold by the Borrower to the Trust and duly issued by the Borrower; and assuming that the Trust has all the requisite power and authority to authorize, execute, attest and deliver, and has duly authorized, executed, attested and delivered, this Loan Agreement, and assuming further that this Loan Agreement is the legal, valid and binding obligation of the Trust, enforceable against the Trust in accordance with its terms, each of this Loan Agreement and the Borrower Bond constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors' rights; and the information contained under "Description of Loan" in Exhibit A-2 attached hereto and made a part hereof is true and accurate in all respects.

(b) Full Disclosure. There is no fact that the Borrower has not disclosed to the Trust in writing on the Borrower’s application for the Loan or otherwise that materially adversely affects or (so far as the Borrower can now foresee) that will materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System, or the ability of the Borrower to make all Loan Repayments and any other payments required under this Loan Agreement or otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect (i) the undertaking or completion of the Project, (ii) the properties, activities, prospects or condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System, (iii) the ability of the Borrower to make all Loan Repayments or any other payments required under this Loan Agreement, (iv) the authorization, execution, attestation or delivery of this Loan Agreement or the Borrower Bond, (v) the issuance of the Borrower Bond and the sale thereof to the Trust, or (vi) the Borrower’s ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond, which proceedings have not been previously disclosed in writing to the Trust either in the Borrower’s application for the Loan or otherwise.
(d) **Compliance with Existing Laws and Agreements.** (i) The authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond by the Borrower and the sale of the Borrower Bond to the Trust, (ii) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder and thereunder, (iii) the consummation of the transactions provided for in this Loan Agreement and the Borrower Bond, and (iv) the undertaking and completion of the Project will not (A) other than the lien, charge or encumbrance created hereby, by the Borrower Bond and by any other outstanding debt obligations of the Borrower that are at parity with the Borrower Bond as to lien on, and source and security for payment thereon from, the general tax revenues of the Borrower, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations is subject.

(e) **No Defaults.** No event has occurred and no condition exists that, upon the authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond, the sale of the Borrower Bond to the Trust or the receipt of the amount of the Loan, would constitute an Event of Default hereunder. The Borrower is not in violation of, and has not received notice of any claimed violation of, any term of any agreement or other instrument to which it is a party or by which it, its Environmental Infrastructure System or its properties may be bound, which violation would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System or the ability of the Borrower to make all Loan Repayments, to pay all other amounts due hereunder or otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond.

(f) **Governmental Consent.** The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond, for the sale of the Borrower Bond to the Trust for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond and for the undertaking or completion of the Project and the financing or refinancing thereof, including, but not limited to, the approval by the Local Finance Board in the Division of Local Government Services in the New Jersey Department of Community Affairs (the “Local Finance Board”) of the issuance by the Borrower of the Borrower Bond to the Trust, as required by Section 9a of the Act, and any other approvals required therefor by the Local Finance Board; and the Borrower has complied with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond or with the undertaking or
completion of the Project and the financing or refinancing thereof. No consent, approval or authorization of, or filing, registration or qualification with, any governmental body or officer that has not been obtained is required on the part of the Borrower as a condition to the authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond, the sale of the Borrower Bond to the Trust, the undertaking or completion of the Project or the consummation of any transaction herein contemplated.

(g) Compliance with Law. The Borrower:

(i) is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject, the failure to comply with which would materially adversely affect (A) the ability of the Borrower to conduct its activities or to undertake or complete the Project, (B) the ability of the Borrower to make the Loan Repayments and to pay all other amounts due hereunder, or (C) the condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System; and

(ii) has obtained all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its properties or for the conduct of its activities that, if not obtained, would materially adversely affect (A) the ability of the Borrower to conduct its activities or to undertake or complete the Project, (B) the ability of the Borrower to make the Loan Repayments and to pay all other amounts due hereunder, or (C) the condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System.

(h) Use of Proceeds. The Borrower will apply the proceeds of the Loan from the Trust as described in Exhibit B attached hereto and made a part hereof (i) to finance or refinance a portion of the Costs of the Borrower’s Project; and (ii) where applicable, to reimburse the Borrower for a portion of the Costs of the Borrower’s Project, which portion was paid or incurred in anticipation of reimbursement by the Trust and is eligible for such reimbursement under and pursuant to the Regulations, the Code and any other applicable law. All of such costs constitute Costs for which the Trust is authorized to make Loans to the Borrower pursuant to the Act and the Regulations.

(i) Official Statement. The descriptions and information set forth in the Borrower Appendices, if any, contained in the Official Statement relating to the Borrower, its operations and the transactions contemplated hereby, as of the date of the Official Statement, were and, as of the date of delivery hereof, are true and correct in all material respects, and did not and do not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(j) Preliminary Official Statement. As of the date of the Preliminary Official Statement, the descriptions and information set forth in the Borrower Appendices, if any, contained in the Preliminary Official Statement relating to the Borrower, its operations and the transactions contemplated hereby (i) were “deemed final” by the Borrower for the purposes and within the meaning of Rule 15c2-12 and (ii) were true and correct in all material respects, and did not contain any untrue statement of a material fact or omit to state a material fact necessary
to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

SECTION 2.02. Particular Covenants of Borrower.

(a) Full Faith and Credit Pledge. The Borrower unconditionally and irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the punctual payment of the principal and redemption premium, if any, of the Borrower Bond, the Interest on the Borrower Bond and all other amounts due under the Borrower Bond, which Borrower Bond shall secure the Loan Repayments and all other amounts due under this Loan Agreement according to its terms. The Borrower acknowledges that to assure the continued operation and solvency of the Trust and to further secure the Trust Bonds, the Trust may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to pay promptly to the Trust in full any Loan Repayments, an amount sufficient to satisfy such deficiency shall be paid by the New Jersey State Treasurer to the Trust from State-aid otherwise payable to the Borrower.

(b) Performance Under Loan Agreement; Rates. The Borrower covenants and agrees (i) to comply with all applicable state and federal laws, rules and regulations in the performance of this Loan Agreement; (ii) to cooperate with the Trust in the observance and performance of the respective duties, covenants, obligations and agreements of the Borrower and the Trust under this Loan Agreement; and (iii) to establish, levy and collect rents, rates and other charges for the products and services provided by its Environmental Infrastructure System, which rents, rates and other charges, together with any other moneys available for the purpose, shall be at least sufficient to comply with all covenants pertaining thereto contained in, and all other provisions of, any bond ordinance, resolution, trust indenture or other security agreement, if any, relating to any bonds, notes or other evidences of indebtedness issued or to be issued by the Borrower, including without limitation rents, rates and other charges, together with other available moneys, sufficient to pay the principal of and Interest on the Borrower Bond, plus all other amounts due hereunder.

(c) Completion of Project and Provision of Moneys Therefor. The Borrower covenants and agrees (i) to exercise its best efforts in accordance with prudent environmental infrastructure utility practice to complete the Project and to accomplish such completion on or before the estimated Project completion date set forth in Exhibit G hereto and made a part hereof; (ii) to comply with the terms and provisions contained in Exhibit G hereto; and (iii) to provide from its own fiscal resources all moneys, in excess of the total amount of loan proceeds it receives under the Loan and Fund Loan, required to complete the Project.

(d) Disposition of Environmental Infrastructure System. The Borrower shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System except on ninety (90) days’ prior written notice to the Trust, and, in any event, shall not so sell, lease, abandon or otherwise dispose of the same unless the following conditions are met: (i) the Borrower shall, in accordance with Section 4.02 hereof, assign this Loan Agreement and the Borrower Bond and its rights and interests hereunder and thereunder to the purchaser or lessee of the Environmental Infrastructure System, and such purchaser or lessee shall assume all duties, covenants, obligations and agreements of the Borrower under this Loan Agreement and
the Borrower Bond; and (ii) the Trust shall by appropriate action determine, in its sole discretion, that such sale, lease, abandonment or other disposition will not materially adversely affect (A) the Trust’s ability to meet its duties, covenants, obligations and agreements under the Bond Resolution, (B) the value of this Loan Agreement or the Borrower Bond as security for the payment of Trust Bonds and the interest thereon, or (C) the excludability from gross income for federal income tax purposes of the interest on Trust Bonds then outstanding or that could be issued in the future.

(e) **Exclusion of Interest from Federal Gross Income and Compliance with Code.**

(i) The Borrower covenants and agrees that it shall not take any action or omit to take any action that would result in the loss of the exclusion of the interest on any Trust Bonds now or hereafter issued from gross income for purposes of federal income taxation as that status is governed by Section 103(a) of the Code.

(ii) The Borrower shall not take any action or omit to take any action that would cause its Borrower Bond or the Trust Bonds (assuming solely for this purpose that the proceeds of the Trust Bonds loaned to the Borrower represent all of the proceeds of the Trust Bonds) to be “private activity bonds” within the meaning of Section 141(a) of the Code. Accordingly, unless the Borrower receives the prior written approval of the Trust, the Borrower shall not (A) permit any of the proceeds of the Trust Bonds loaned to the Borrower or the Project financed or refinanced with the proceeds of the Trust Bonds loaned to the Borrower to be used (directly or indirectly) in any manner that would constitute “private business use” within the meaning of Section 141(b)(6) of the Code, (B) use (directly or indirectly) any of the proceeds of the Trust Bonds loaned to the Borrower to make or finance loans to persons other than “governmental units” (as such term is used in Section 141(c) of the Code), or (C) use (directly or indirectly) any of the proceeds of the Trust Bonds loaned to the Borrower to acquire any “nongovernmental output property” within the meaning of Section 141(d)(2) of the Code.

(iii) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the Trust Bonds (or amounts replaced with such proceeds) or any other funds or take any action or omit to take any action that would cause the Trust Bonds (assuming solely for this purpose that the proceeds of the Trust Bonds loaned to the Borrower represent all of the proceeds of the Trust Bonds) to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

(iv) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the Trust Bonds to pay the principal of or the interest or redemption premium on or any other amount in connection with the retirement or redemption of any issue of state or local governmental obligations (“refinancing of indebtedness”), unless the Borrower shall (A) establish to the satisfaction of the Trust, prior to the issuance of the Trust Bonds, that such refinancing of indebtedness will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Trust Bonds, and (B) provide to the Trust an opinion of Bond Counsel to that effect in form and substance satisfactory to the Trust.
(v) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the Trust Bonds to reimburse the Borrower for an expenditure with respect to Costs of the Borrower’s Project paid by the Borrower prior to the issuance of the Trust Bonds, unless (A) the allocation by the Borrower of the proceeds of the Trust Bonds to reimburse such expenditure complies with the requirements of Treasury Regulations §1.150-2 necessary to enable the reimbursement allocation to be treated as an expenditure of the proceeds of the Trust Bonds for purposes of applying Sections 103 and 141-150, inclusive, of the Code, or (B) such proceeds of the Trust Bonds will be used for refinancing of indebtedness that was used to pay Costs of the Borrower’s Project or to reimburse the Borrower for expenditures with respect to Costs of the Borrower’s Project paid by the Borrower prior to the issuance of such indebtedness in accordance with a reimbursement allocation for such expenditures that complies with the requirements of Treasury Regulations §1.150-2.

(vi) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the Trust Bonds to pay any costs which are not Costs of the Borrower’s Project that constitute (A) a “capital expenditure,” within the meaning of Treasury Regulations §1.150-1, or (B) interest on the Trust Bonds accruing during a period commencing on the date of issuance of the Trust Bonds and ending on the date that is the later of (I) three years from the date of issuance of the Trust Bonds or (II) one year after the completion date with respect to the Project, as set forth in Exhibit G hereto.

(vii) The Borrower shall not use the proceeds of the Trust Bonds (assuming solely for this purpose that the proceeds of the Trust Bonds loaned to the Borrower represent all of the proceeds of the Trust Bonds) in any manner that would cause the Trust Bonds to be considered “federally guaranteed” within the meaning of Section 149(b) of the Code or “hedge bonds” within the meaning of Section 149(g) of the Code.

(viii) The Borrower shall not issue any debt obligations that (A) are sold at substantially the same time as the Trust Bonds and finance or refinance the Loan made to the Borrower, (B) are sold pursuant to the same plan of financing as the Trust Bonds and finance or refinance the Loan made to the Borrower, and (C) are reasonably expected to be paid out of substantially the same source of funds as the Trust Bonds and finance or refinance the Loan made to the Borrower.

(ix) Neither the Borrower nor any “related party” (within the meaning of Treasury Regulations §1.150-1) shall purchase Trust Bonds in an amount related to the amount of the Loan.

(x) The Borrower will not issue or permit to be issued obligations that will constitute an “advance refunding” of the Borrower Bond within the meaning of Section 149(d)(5) of the Code without the express written consent of the Trust, which consent may only be delivered by the Trust after the Trust has received notice from the Borrower of such contemplated action no later than sixty (60) days prior to any such contemplated action, and which consent is in the sole discretion of the Trust.
(xi) The Borrower will not invest amounts held in any reserve or replacement fund of the Borrower (within the meaning of Section 148(d)(1) of the Code) that are allocable to the Borrower Bond evidencing the Loan at a yield in excess of the yield on the Trust Bonds, all in accordance with the instructions of the Trust, except for any period such amounts constitute proceeds of indebtedness of the Borrower the interest on which is excluded from gross income for purposes of federal income taxation and such amounts have not been reallocated to the Trust Bonds as "gross proceeds" of the Trust Bonds (in accordance with Treasury Regulations §1.148-6(b) or successor Treasury Regulations applicable to the Trust Bonds).

(xii) No “gross proceeds” of the Trust Bonds held by the Borrower (other than amounts in a “bona fide debt service fund”) will be held in a “commingled fund” (as such terms are defined in Treasury Regulations §1.148-1(b)).

(xiii) Based upon all of the objective facts and circumstances in existence on the date of issuance of the Trust Bonds used to finance the Project, (A) within six months of the date of issuance of the Trust Bonds used to finance the Project, the Borrower will incur a substantial binding obligation to a third party to expend on the Project at least five percent (5%) of the “net sale proceeds” (within the meaning of Treasury Regulations §1.148-1) of the Loan used to finance the Project (treating an obligation as not being binding if it is subject to contingencies within the control of the Borrower, the Trust or a “related party” (within the meaning of Treasury Regulations §1.150-1)), (B) completion of the Project and the allocation to expenditures of the “net sale proceeds” of the Loan used to finance the Project will proceed with due diligence, and (C) all of the proceeds of the Loan used to finance the Project (other than amounts deposited into the Debt Service Reserve Fund (to the extent the Trust establishes a Debt Service Reserve Fund pursuant to the Bond Resolution) allocable to that portion of the Loan used to finance reserve capacity, if any) and investment earnings thereon will be spent prior to the period ending three (3) years subsequent to the date of issuance of the Trust Bonds used to finance the Project. Accordingly, the proceeds of the Loan deposited in the Project Loan Account used to finance the Project will be eligible for the 3-year arbitrage temporary period since the expenditure test, time test and due diligence test, as set forth in Treasury Regulations §1.148-2(e)(2), will be satisfied.

(xiv) The weighted average maturity of the Loan does not exceed 120% of the average reasonably expected economic life of the Project financed or refinanced with the Loan, determined in the same manner as under Section 147(b) of the Code. Accordingly, the term of the Loan will not be longer than is reasonably necessary for the governmental purposes of the Loan within the meaning of Treasury Regulations §1.148-1(c)(4).

(xv) The Borrower shall only enter into service contracts (including management contracts), with respect to any portion of the Project financed by the Trust Bonds, with a “governmental unit” (within the meaning of Section 141 of the Code) or only when such contracts comply with Rev. Proc. 97-13, 1997-1 C.B. 632, or successor provisions applicable to the Trust Bonds; provided, that the Borrower delivers an opinion of Bond Counsel, in form and substance satisfactory to the Trust, to the effect that the
entering into of such contracts by the Borrower will not adversely affect the exclusion
from gross income for federal income tax purposes of the interest on the Trust Bonds.

(xvi) The Borrower shall, within 30 days of date the Borrower concludes that no
additional proceeds of the Loan will be required to pay costs of the Project, provide to the
Trust a certificate of the Borrower evidencing such conclusion.

For purposes of this subsection and subsection (g) of this Section 2.02, quoted terms shall
have the meanings given thereto by Section 148 of the Code, including, particularly, Treasury
Regulations §§1.148-1 through 1.148-11, inclusive, as supplemented or amended, to the extent
applicable to the Trust Bonds, and any successor Treasury Regulations applicable to the Trust
Bonds.

(f) Operation and Maintenance of Environmental Infrastructure System. The
Borrower covenants and agrees that it shall, in accordance with prudent environmental
infrastructure utility practice, (i) at all times operate the properties of its Environmental
Infrastructure System and any business in connection therewith in an efficient manner, (ii)
maintain its Environmental Infrastructure System in good repair, working order and operating
condition, and (iii) from time to time make all necessary and proper repairs, renewals,
replacements, additions, betterments and improvements with respect to its Environmental
Infrastructure System so that at all times the business carried on in connection therewith shall be
properly and advantageously conducted.

(g) Records and Accounts.

(i) The Borrower shall keep accurate records and accounts for its
Environmental Infrastructure System (the “System Records”) separate and distinct from
its other records and accounts (the “General Records”). Such System Records shall be
audited annually by an independent registered municipal accountant or certified public
accountant, which may be part of the annual audit of the General Records of the
Borrower. Such System Records and General Records shall be made available for
inspection by the Trust at any reasonable time upon prior written notice, and a copy of
such annual audit(s) therefor, including all written comments and recommendations of
such accountant, shall be furnished to the Trust within 150 days of the close of the fiscal
year being so audited or, with the consent of the Trust, such additional period as may be
provided by law.

(ii) Within 30 days following receipt of any Loan proceeds, including without
limitation the “Allowance for Administrative Costs” or the “Allowance for Planning and
Design” set forth in Exhibit B hereto, the Borrower shall allocate such proceeds to an
expenditures in a manner that satisfies the requirements of Treasury Regulation
§1.148-6(d) and transmit a copy of each such allocation to the Trust. No portion of the
Allowance for Administrative Costs will be allocated to a cost other than a cost described
in N.J.A.C. 7:22-5.11(a) 3, 4, 5 or 6. No portion of the Allowance for Planning and
Design will be allocated to a cost other than a cost described N.J.A.C. 7:22-5.12, or other
costs of the Borrower’s Environmental Infrastructure System which are “capital
expenditures,” within the meaning of Treasury Regulations §1.150-1. The Borrower
shall retain records of such allocations for at least until the date that is three years after the scheduled maturity date of the Trust Bonds. The Borrower shall make such records available to the Trust within 15 days of any request by the Trust.

(iii) Unless otherwise advised in writing by the Trust, in furtherance of the covenant of the Borrower contained in subsection (f) of this Section 2.02 not to cause the Trust Bonds to be arbitrage bonds, the Borrower shall keep, or cause to be kept, accurate records of each investment it makes in any “nonpurpose investment” acquired with, or otherwise allocated to, “gross proceeds” of the Trust Bonds not held by the Trustee and each “expenditure” it makes allocated to “gross proceeds” of the Trust Bonds. Such records shall include the purchase price, including any constructive “payments” (or in the case of a “payment” constituting a deemed acquisition of a “nonpurpose investment” (e.g., a “nonpurpose investment” first allocated to “gross proceeds” of the Trust Bonds after it is actually acquired because it is deposited in a sinking fund for the Trust Bonds)), the “fair market value” of the “nonpurpose investment” on the date first allocated to the “gross proceeds” of the Trust Bonds, nominal interest rate, dated date, maturity date, type of property, frequency of periodic payments, period of compounding, yield to maturity, amount actually or constructively received on disposition (or in the case of a “receipt” constituting a deemed disposition of a “nonpurpose investment” (e.g., a “nonpurpose investment” that ceases to be allocated to the “gross proceeds” of the Trust Bonds because it is removed from a sinking fund for the Trust Bonds)), the “fair market value” of the “nonpurpose investment” on the date it ceases to be allocated to the “gross proceeds” of the Trust Bonds, the purchase date and disposition date of the “nonpurpose investment” and evidence of the “fair market value” of such property on the purchase date and disposition date (or deemed purchase or disposition date) for each such “nonpurpose investment”.

(iv) Within thirty (30) days of the last day of the fifth and each succeeding fifth “bond year” (which, unless otherwise advised by the Trust, shall be the five-year period ending on the date five years subsequent to the date immediately preceding the date of issuance of the Trust Bonds and each succeeding fifth “bond year”) and within thirty (30) days of the date the last bond that is part of the Trust Bonds is discharged (or on any other periodic basis requested in writing by the Trust), the Borrower shall (A) calculate, or cause to be calculated, the “rebate amount” as of the “computation date” or “final computation date” attributable to any “nonpurpose investment” made by the Borrower and (B) remit the following to the Trust: (1) an amount of money that when added to the “future value” as of the “computation date” of any previous payments made to the Trust on account of rebate equals the “rebate amount”, (2) the calculations supporting the “rebate amount” attributable to any “nonpurpose investment” made by the Borrower allocated to “gross proceeds” of the Trust Bonds, and (3) any other information
requested by the Trust relating to compliance with Section 148 of the Code (e.g., information related to any “nonpurpose investment” of the Borrower for purposes of application of the “universal cap”).

(v) The Borrower covenants and agrees that it will account for “gross proceeds” of the Trust Bonds, investments allocable to the Trust Bonds and expenditures of “gross proceeds” of the Trust Bonds in accordance with Treasury Regulations §1.148-6. All allocations of “gross proceeds” of the Trust Bonds to expenditures will be recorded on the books of the Borrower kept in connection with the Trust Bonds no later than 18 months after the later of the date the particular Costs of the Borrower’s Project is paid or the date the portion of the project financed by the Trust Bonds is placed in service. All allocations of proceeds of the Trust Bonds to expenditures will be made no later than the date that is 60 days after the fifth anniversary of the date the Trust Bonds are issued or the date 60 days after the retirement of the Trust Bonds, if earlier. Such records and accounts will include the particular Costs paid, the date of the payment and the party to whom the payment was made.

(vi) From time to time as directed by the Trust, the Borrower shall provide to the Trust a written report demonstrating compliance by the Borrower with the provisions of Section 2.02(e) of this Loan Agreement, each such written report to be submitted by the Borrower to the Trust in the form of a full and complete written response to a questionnaire provided by the Trust to the Borrower. Each such questionnaire shall be provided by the Trust to the Borrower not less than fourteen (14) days prior to the date established by the Trust for receipt from the Borrower of the full and complete written response to the questionnaire.

(h) Inspections; Information. The Borrower shall permit the Trust and the Trustee and any party designated by any of such parties, at any and all reasonable times during construction of the Project and thereafter upon prior written notice, to examine, visit and inspect the property, if any, constituting the Project and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, and shall supply such reports and information as the Trust and the Trustee may reasonably require in connection therewith.

(i) Insurance. The Borrower shall maintain or cause to be maintained, in force, insurance policies with responsible insurers or self-insurance programs providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System at least to the extent that similar insurance is usually carried by utilities constructing, operating and maintaining Environmental Infrastructure Facilities of the nature of the Borrower’s Environmental Infrastructure System, including liability coverage, all to the extent available at reasonable cost but in no case less than will satisfy all applicable regulatory requirements.

(j) Costs of Project. The Borrower certifies that the building cost of the Project, as listed in Exhibit B hereto and made a part hereof, is a reasonable and accurate estimation thereof, and it will supply to the Trust a certificate from a licensed professional engineer authorized to
practice in the State stating that such building cost is a reasonable and accurate estimation and that the useful life of the Project exceeds the maturity date of the Borrower Bond.

(k) **Delivery of Documents.** Concurrently with the delivery of this Loan Agreement (as previously authorized, executed and attested) at the Loan Closing, the Borrower will cause to be delivered to the Trust and the Trustee each of the following items:

(i) an opinion of the Borrower’s bond counsel substantially in the form of Exhibit E hereto; provided, however, that the Trust may permit portions of such opinion to be rendered by general counsel to the Borrower and may permit variances in such opinion from the form set forth in Exhibit E if, in the opinion of the Trust, such variances are not to the material detriment of the interests of the holders of the Trust Bonds;

(ii) counterparts of this Loan Agreement as previously executed and attested by the parties hereto;

(iii) copies of those ordinances and/or resolutions finally adopted by the governing body of the Borrower and requested by the Trust, including, without limitation, (A) the resolution of the Borrower authorizing the execution, attestation and delivery of this Loan Agreement, (B) the ordinances and resolutions of the Borrower authorizing the execution, attestation, sale and delivery of the Borrower Bond to the Trust, (C) the resolution of the Borrower, if any, confirming the details of the sale of the Borrower Bond to the Trust, (D) the resolution of the Borrower, if any, declaring its official intent to reimburse expenditures for the Costs of the Project from the proceeds of the Trust Bonds, each of said ordinances and resolutions of the Borrower being certified by an Authorized Officer of the Borrower as of the date of the Loan Closing, (E) the resolution of the Local Finance Board approving the issuance by the Borrower of the Borrower Bond to the Trust and setting forth any other approvals required therefor by the Local Finance Board, and (F) any other Proceedings;

(iv) if the Loan is being made to reimburse the Borrower for all or a portion of the Costs of the Borrower’s Project or to refinance indebtedness or reimburse the Borrower for the repayment of indebtedness previously incurred by the Borrower to finance all or a portion of the Costs of the Borrower’s Project, an opinion of Bond Counsel, 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 the interest on the Trust Bonds; and

(v) the certificates of insurance coverage as required pursuant to the terms of Section 3.06(d) hereof and such other certificates, documents, opinions and information as the Trust may require in Exhibit F hereto, if any.

(l) **Execution and Delivery of Borrower Bond.** Concurrently with the delivery of this Loan Agreement at the Loan Closing, the Borrower shall also deliver to the Trust the Borrower Bond, as previously executed and attested, upon the receipt of a written certification of the Trust that a portion of the net proceeds of the Trust Bonds shall be deposited in the Project Loan Account simultaneously with the delivery of the Borrower Bond.
(m) **Notice of Material Adverse Change.** The Borrower shall promptly notify the Trust of any material adverse change in the properties, activities, prospects or condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System, or in the ability of the Borrower to make all Loan Repayments and otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond.

(n) **Continuing Representations.** The representations of the Borrower contained herein shall be true at the time of the execution of this Loan Agreement and at all times during the term of this Loan Agreement.

(o) **Additional Covenants and Requirements.** (i) No later than the Loan Closing and, if necessary, in connection with the Trust’s issuance of the Trust Bonds or the making of the Loan, additional covenants and requirements have been included in Exhibit F hereto and made a part hereof. Such covenants and requirements may include, but need not be limited to, the maintenance of specified levels of Environmental Infrastructure System rates, the issuance of additional debt of the Borrower, the use by or on behalf of the Borrower of certain proceeds of the Trust Bonds as such use relates to the exclusion from gross income for federal income tax purposes of the interest on any Trust Bonds, the transfer of revenues and receipts from the Borrower’s Environmental Infrastructure System, compliance with Rule 15c2-12, Rule 10b-5 and any other applicable federal or state securities laws, and matters in connection with the appointment of the Trustee under the Bond Resolution and any successors thereto. The Borrower hereby agrees to observe and comply with each such additional covenant and requirement, if any, included in Exhibit F hereto as if the same were set forth herein in its entirety. (ii) Additional defined terms, covenants, representations and requirements have been included in Schedule A attached hereto and made a part hereof. Such additional defined terms, covenants, representations and requirements are incorporated in this Loan Agreement by reference thereto as if set forth in full herein and the Borrower hereby agrees to observe and comply with each such additional term, covenant, representation and requirement included in Schedule A as if the same were set forth in its entirety where reference thereto is made in this Loan Agreement.

(p) **Continuing Disclosure Covenant.** To the extent that the Trust, in its sole discretion, determines, at any time prior to the termination of the Loan Term, that the Borrower is a material “obligated person”, as the term “obligated person” is defined in Rule 15c2-12, with materiality being determined by the Trust pursuant to criteria established, from time to time, by the Trust in its sole discretion and set forth in a bond resolution or official statement of the Trust, the Borrower hereby covenants that it will authorize and provide to the Trust, for inclusion in any preliminary official statement or official statement of the Trust, all statements and information relating to the Borrower and deemed material by the Trust for the purpose of satisfying Rule 15c2-12 as well as Rule 10b-5 promulgated pursuant to the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto (“Rule 10b-5”), including certificates and written representations of the Borrower evidencing its compliance with Rule 15c2-12 and Rule 10b-5; and the Borrower hereby further covenants that the Borrower shall execute and deliver the Continuing Disclosure Agreement, in substantially the form attached hereto as Exhibit H, with such revisions thereto prior to execution and delivery thereof as the Trust shall determine to be necessary, desirable or convenient, in its sole
discretion, for the purpose of satisfying Rule 15c2-12 and the purposes and intent thereof, as Rule 15c2-12, its purposes and intent may hereafter be interpreted from time to time by the SEC or any court of competent jurisdiction; and pursuant to the terms and provisions of the Continuing Disclosure Agreement, the Borrower shall thereafter provide on-going disclosure with respect to all statements and information relating to the Borrower in satisfaction of the requirements set forth in Rule 15c2-12 and Rule 10b-5, including, without limitation, the provision of certificates and written representations of the Borrower evidencing its compliance with Rule 15c2-12 and Rule 10b-5.
ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

SECTION 3.01. Loan; Loan Term. The Trust hereby agrees to make the Loan as described in Exhibit A-2 hereof and to disburse proceeds of the Loan to the Borrower in accordance with Section 3.02 and Exhibit C hereof, and the Borrower hereby agrees to borrow and accept the Loan from the Trust upon the terms set forth in Exhibit A-2 attached hereto and made a part hereof; provided, however, that the Trust shall be under no obligation to make the Loan if (a) at the Loan Closing, the Borrower does not deliver to the Trust a Borrower Bond and such other documents required under Section 2.02(k) hereof, or (b) an Event of Default has occurred and is continuing under the Bond Resolution or this Loan Agreement. Although the Trust intends to disburse proceeds of the Loan to the Borrower at the times and up to the amounts set forth in Exhibit C to pay a portion of the Costs of the Project, due to unforeseen circumstances there may not be a sufficient amount on deposit in the Project Fund on any date to make the disbursement in such amount. Nevertheless, the Borrower agrees that the amount actually deposited in the Project Loan Account at the Loan Closing plus the Borrower’s allocable share of (i) certain costs of issuance and underwriter’s discount for all Trust Bonds issued to finance the Loan; (ii) capitalized interest during the Project construction period, if applicable; and (iii) that portion of the Debt Service Reserve Fund (to the extent the Trust establishes a Debt Service Reserve Fund pursuant to the Bond Resolution) attributable to the cost of funding reserve capacity for the Project, if applicable, shall constitute the initial principal amount of the Loan (as the same may be adjusted downward in accordance with the definition thereof), and neither the Trust nor the Trustee shall have any obligation thereafter to loan any additional amounts to the Borrower.

The Borrower shall use the proceeds of the Loan strictly in accordance with Section 2.01(h) hereof.

The payment obligations created under this Loan Agreement are secured by the Borrower Bond. The obligations to pay the principal of the Borrower Bond, Interest on the Borrower Bond and other amounts due under the Borrower Bond are each direct, general, irrevocable and unconditional obligations of the Borrower payable from any source legally available to the Borrower, including, without limitation, the general tax revenues of the Borrower, and the Borrower shall, if necessary, levy ad valorem taxes upon all the taxable property within the Borrower for the payment of such obligations, without limitation as to rate or amount.

SECTION 3.02. Disbursement of Loan Proceeds.

(a) The Trustee, as the agent of the Trust, shall disburse the amounts on deposit in the Project Loan Account to the Borrower upon receipt of a requisition executed by an Authorized Officer of the Borrower, and approved by the Trust, in a form meeting the requirements of Section 5.02(3) of the Bond Resolution.

(b) The Trust and Trustee shall not be required to disburse any Loan proceeds to the Borrower under this Loan Agreement, unless:
(i) the proceeds of the Trust Bonds shall be available for disbursement, as
determined solely by the Trust;

(ii) in accordance with the Bond Act, and the Regulations, the Borrower shall
have timely applied for, shall have been awarded and, prior to or simultaneously with the
Loan Closing, shall have closed a Fund Loan for a portion of the Allowable Costs (as
defined in such Regulations) of the Project in an amount not in excess of the amount of
Allowable Costs of the Project financed by the Loan from the Trust;

(iii) the Borrower shall have funds available to pay for the greater of (A) that
portion of the total Costs of the Project that is not eligible to be funded from the Fund
Loan or the Loan, or (B) that portion of the total Costs of the Project that exceeds the
actual amounts of the loan commitments made by the State and the Trust, respectively,
for the Fund Loan and the Loan; and

(iv) no Event of Default nor any event that, with the passage of time or service
of notice or both, would constitute an Event of Default shall have occurred and be
continuing hereunder.

SECTION 3.03. Amounts Payable.

(a) The Borrower shall repay the Loan in installments payable to the Trustee as
follows:

(i) the principal of the Loan shall be repaid annually on the Principal Payment
Dates, in accordance with the schedule set forth in Exhibit A-2 attached hereto and made
a part hereof, as the same may be amended or modified by any credits applicable to the
Borrower as set forth in the Bond Resolution;

(ii) the Interest Portion described in clause (i) of the definition thereof shall be
paid semiannually on the Interest Payment Dates, in accordance with the schedule set
forth in Exhibit A-2 attached hereto and made a part hereof, as the same may be amended
or modified by any credits applicable to the Borrower as set forth in the Bond Resolution;
and

(iii) the Interest Portion described in clause (ii) of the definition thereof shall
be paid upon the date of optional redemption or acceleration, as the case may be, of the
Trust Bonds allocable to any prepaid or accelerated Trust Bond Loan Repayment.

The obligations of the Borrower under the Borrower Bond shall be deemed to be amounts
payable under this Section 3.03. Each Loan Repayment, whether satisfied through a direct
payment by the Borrower to the Trustee or (with respect to the Interest Portion) through the use
of Trust Bond proceeds and income thereon on deposit in the Interest Account (as defined in the
Bond Resolution) to pay interest on the Trust Bonds, shall be deemed to be a credit against the
corresponding obligation of the Borrower under this Section 3.03 and shall fulfill the Borrower’s
obligation to pay such amount hereunder and under the Borrower Bond. Each payment made to
the Trustee pursuant to this Section 3.03 shall be applied first to the Interest Portion then due and
payable, second to the principal of the Loan then due and payable, third to the payment of the Administrative Fee, and finally to the payment of any late charges hereunder.

(b) The Interest on the Loan described in clause (iii) of the definition thereof shall (i) consist of a late charge for any Trust Bond Loan Repayment that is received by the Trustee later than the tenth (10th) day following its due date and (ii) be payable immediately thereafter in an amount equal to the greater of twelve percent (12%) per annum or the Prime Rate plus one half of one percent per annum on such late payment from its due date to the date it is actually paid; provided, however, that the rate of Interest on the Loan, including, without limitation, any late payment charges incurred hereunder, shall not exceed the maximum interest rate permitted by law.

(c) The Borrower shall receive, as a credit against its semiannual payment obligations of the Interest Portion, the amounts certified by the Trust pursuant to Section 5.10 of the Bond Resolution. Such amounts shall represent the Borrower’s allocable share of the interest earnings on certain funds and accounts established under the Bond Resolution, calculated in accordance with Section 5.10 of the Bond Resolution.

(d) In accordance with the provisions of the Bond Resolution, the Borrower shall receive, as a credit against its Trust Bond Loan Repayments, the amounts set forth in the certificate of the Trust filed with the Trustee pursuant to Section 5.02(4) of the Bond Resolution.

(e) The Interest on the Loan described in clause (ii) of the definition thereof shall be paid by the Borrower in the amount of one-half of the Administrative Fee, if any, to the Trustee semiannually on each February 1 and August 1, commencing August 1, 2014.

(f) In the event that the Borrower fails or is unable to pay promptly to the Trust in full any Loan Repayment or any other payment required under this Loan Agreement when due, the Borrower hereby acknowledges that the Trust may exercise its right under and in accordance with Section 12a of the Act to satisfy such deficiency from State-aid payable to the Borrower. The amount of State-aid so paid to the Trust shall be deemed to be a credit against the obligations of the Borrower under this Section 3.03, and any such payment made to the Trust shall fulfill the Borrower's obligation to pay such amount under this Loan Agreement and the Borrower Bond. Each such payment of State-aid so made to the Trust shall be applied first to the Interest Portion then due and payable, second, to the extent available, to the principal of the Loan then due and payable, third, to the extent available, to the Administrative Fee, fourth, to the extent available, to the payment of any late charges incurred hereunder, and finally, to the extent available, to any other payment required under this Loan Agreement.

(g) Upon thirty (30) days prior written notice to the Borrower, an Authorized Officer of the Trust may, in the sole discretion of such Authorized Officer, prescribe the particular method by which payments pursuant to, and in satisfaction of, this Section 3.03 shall be made by the Borrower. Such method as prescribed by an Authorized Officer of the Trust may include, without limitation, the automatic debit by the Trust or the Trustee of the respective amounts of such payments, as required by this Section 3.03, from an account that shall be identified by the Borrower in writing and recorded on file with the Trust and the Trustee. In the absence of any such written notice to the Borrower by an Authorized Officer of the Trust pursuant to this
subsection (g), the Borrower shall implement the payments required pursuant to, and in satisfaction of, this Section 3.03 either via electronic transfer of immediately available funds or via check.

SECTION 3.03A. Amounts on Deposit in Project Loan Account After Completion of Project Draws.

(a) If, on the date which is one hundred eighty (180) days following the final date for which a disbursement of Loan proceeds is scheduled to be made pursuant to Exhibit C hereto, any amounts remain on deposit in the Borrower’s Project Loan Account, the Borrower must provide to the Trust and the Department a certificate of an Authorized Officer of the Borrower (i) stating that the Borrower has not yet completed the Project, (ii) stating that the Borrower intends to complete the Project, (iii) setting forth the amount of remaining Loan Proceeds required to complete the Project, and (iv) providing a revised draw schedule, in a form similar to Exhibit C hereto and approved by the Department.

(b) If, on the date which is one hundred eighty (180) days following the final date for which a disbursement of Loan proceeds is scheduled to be made pursuant to a revised draw schedule certified to the Trust and the Department in accordance with Section 3.03A(a) hereof, any amounts remain on deposit in the Borrower’s Project Loan Account, the Borrower must provide to the Trust and the Department a certificate of an Authorized Officer of the Borrower (i) stating that the Borrower has not yet completed the Project, (ii) stating that the Borrower intends to complete the Project, (iii) setting forth the amount of remaining Loan Proceeds required to complete the Project, and (iv) providing a revised draw schedule, in a form similar to Exhibit C hereto and approved by the Department.

(c) If the Borrower fails to provide the certificate described in paragraphs (a) or (b) of this Section 3.03A, when due, or if such certificate, or a certificate provided pursuant to Section 2.02(e)(xvi) hereof, states that the Borrower does not require all or any portion of the amount on deposit in the Project Loan Account to complete the Project, such amounts on deposit in the Project Loan Account which are not certified by an Authorized Officer of the Borrower as being required to complete the Project (“Excess Project Funds”) shall be applied as follows:

(i) If the Excess Project Funds are less than or equal to the greater of (A) $250,000 or (B) the amount of Loan Repayments due from the Borrower to the Trust in the next succeeding calendar year, the Excess Project Funds shall be applied by the Trust toward the Borrower’s obligation to make the Loan Repayments next coming due; or

(ii) If the Excess Project Funds are greater than the greater of (A) $250,000 or (B) the amount of Loan Repayments due from the Borrower to the Trust in the next succeeding calendar year, the Excess Project Funds shall be applied by the Trust as a prepayment of the Borrower’s Loan Repayments, and shall be applied to the principal payments (including premium, if any) on the Loan in inverse order of their maturity.

SECTION 3.04. Unconditional Obligations. The direct, general obligation of the Borrower to make the Loan Repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its
part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever while any Trust Bonds remain outstanding or any Loan Repayments remain unpaid, for any reason, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Project, this Loan Agreement or the Bond Resolution, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might otherwise have against the Trust, the Trustee or any other party or parties; provided, however, that payments hereunder shall not constitute a waiver of any such rights. The Borrower shall not be obligated to make any payments required to be made by any other Borrowers under separate Loan Agreements or the Bond Resolution.

The Borrower acknowledges that payment of the Trust Bonds by the Trust, including payment from moneys drawn by the Trustee from the Debt Service Reserve Fund (to the extent the Trust establishes a Debt Service Reserve Fund pursuant to the Bond Resolution), does not constitute payment of the amounts due under this Loan Agreement and the Borrower Bond. If at any time the amount in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Requirement as the result of any transfer of moneys from the Debt Service Reserve Fund to the Debt Service Fund (as all such terms are defined in the Bond Resolution) as the result of a failure by the Borrower to make any Trust Bond Loan Repayments required hereunder, the Borrower agrees to replenish (i) such moneys so transferred and (ii) any deficiency arising from losses incurred in making such transfer as the result of the liquidation by the Trust of Investment Securities (as defined in the Bond Resolution) acquired as an investment of moneys in the Debt Service Reserve Fund, by making payments to the Trust in equal monthly installments for the lesser of six (6) months or the remaining term of the Loan at an interest rate to be determined by the Trust necessary to make up any loss caused by such deficiency.

The Borrower acknowledges that payment of the Trust Bonds from moneys that were originally received by the Trustee pursuant to Section 5.04(1) of the Bond Resolution from repayments by the Borrowers of loans made to the Borrowers by the State, acting by and through the Department, pursuant to loan agreements dated as of May 1, 2014 by and between the Borrowers and the State, acting by and through the Department, to finance or refinance a portion of the Costs of the Environmental Infrastructure Facilities of the Borrowers, does not constitute payment of the amounts due under this Loan Agreement and the Borrower Bond.

SECTION 3.05. Loan Agreement to Survive Bond Resolution and Trust Bonds. The Borrower acknowledges that its duties, covenants, obligations and agreements hereunder shall survive the discharge of the Bond Resolution applicable to the Trust Bonds and shall survive the payment of the principal and redemption premium, if any, of and the interest on the Trust Bonds until the Borrower can take no action or fail to take any action that could adversely affect the exclusion from gross income of the interest on the Trust Bonds for purposes of federal

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SECTION 3.06. Disclaimer of Warranties and Indemnification.

(a) The Borrower acknowledges and agrees that (i) neither the Trust nor the Trustee makes any warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for any use of the Environmental Infrastructure System or the Project or any portions thereof or any other warranty or representation with respect thereto; (ii) in no event shall the Trust or the Trustee or their respective agents be liable or responsible for any incidental, indirect, special or consequential damages in connection with or arising out of this Loan Agreement or the Project or the existence, furnishing, functioning or use of the Environmental Infrastructure System or the Project or any item or products or services provided for in this Loan Agreement; and (iii) to the fullest extent permitted by law, the Borrower shall indemnify and hold the Trust and the Trustee harmless against, and the Borrower shall pay any and all, liability, loss, cost, damage, claim, judgment or expense of any and all kinds or nature and however arising and imposed by law, which the Trust and the Trustee may sustain, be subject to or be caused to incur by reason of any claim, suit or action based upon personal injury, death or damage to property, whether real, personal or mixed, or upon or arising out of contracts entered into by the Borrower, the Borrower’s ownership of the Environmental Infrastructure System or the Project, or the acquisition, construction or installation of the Project.

(b) It is mutually agreed by the Borrower, the Trust and the Trustee that the Trust and its officers, agents, servants or employees shall not be liable for, and shall be indemnified and saved harmless by the Borrower in any event from, any action performed under this Loan Agreement and any claim or suit of whatsoever nature, except in the event of loss or damage resulting from their own negligence or willful misconduct. It is further agreed that the Trustee and its directors, officers, agents, servants or employees shall not be liable for, and shall be indemnified and saved harmless by the Borrower in any event from, any action performed pursuant to this Loan Agreement, except in the event of loss or damage resulting from their own negligence or willful misconduct.

(c) The Borrower and the Trust agree that all claims shall be subject to and governed by the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq. (except for N.J.S.A. 59:13-9 thereof), although such Act by its express terms does not apply to claims arising under contract with the Trust.

(d) In connection with its obligation to provide the insurance required under Section 2.02(i) hereof: (i) the Borrower shall include, or cause to be included, the Trust and its directors, employees and officers as additional “named insureds” on (A) any certificate of liability insurance procured by the Borrower (or other similar document evidencing the liability insurance coverage procured by the Borrower) and (B) any certificate of liability insurance procured by any contractor or subcontractor for the Project, and from the later of the date of the Loan Closing or the date of the initiation of construction of the Project until the date the Borrower receives the written certificate of Project completion from the Trust, the Borrower shall maintain said liability insurance covering the Trust and said directors, employees and officers in good standing; and (ii)
the Borrower shall include the Trust as an additional “named insured” on any certificate of insurance providing against risk of direct physical loss, damage or destruction of the Environmental Infrastructure System, and during the Loan Term the Borrower shall maintain said insurance covering the Trust in good standing.

The Borrower shall provide the Trust with a copy of each of any such original, supplemental, amendatory or reissued certificates of insurance (or other similar documents evidencing the insurance coverage) required pursuant to this Section 3.06(d).

**SECTION 3.07. Option to Prepay Loan Repayments.** The Borrower may prepay the Trust Bond Loan Repayments, in whole or in part (but if in part, in the amount of $100,000 or any integral multiple thereof), upon prior written notice to the Trust and the Trustee not less than ninety (90) days in addition to the number of days’ advance notice to the Trustee required for any optional redemption of the Trust Bonds, and upon payment by the Borrower to the Trustee of amounts that, together with investment earnings thereon, will be sufficient to pay the principal amount of the Trust Bond Loan Repayments to be prepaid plus the Interest Portion described in clause (ii) of the definition thereof on any such date of redemption; provided, however, that, with respect to any prepayment other than those required by Section 3.03A hereof, any such full or partial prepayment may only be made (i) if the Borrower is not then in arrears on its Fund Loan, (ii) if the Borrower is contemporaneously making a full or partial prepayment of the Fund Loan such that, after the prepayment of the Loan and the Fund Loan, the Trust, in its sole discretion, determines that the interests of the owners of the Trust Bonds are not adversely affected by such prepayments, and (iii) upon the prior written approval of the Trust. In addition, if at the time of such prepayment the Trust Bonds may only be redeemed at the option of the Trust upon payment of a premium, the Borrower shall add to its prepayment of Trust Bond Loan Repayments an amount, as determined by the Trust, equal to such premium allocable to the Trust Bonds to be redeemed as a result of the Borrower’s prepayment. Prepayments shall be applied first to the Interest Portion that accrues on the portion of the Loan to be prepaid until such prepayment date as described in clause (ii) of the definition thereof and then to principal payments (including premium, if any) on the Loan in inverse order of their maturity.

**SECTION 3.08. Priority of Loan and Fund Loan.**

(a) The Borrower hereby acknowledges that, to the extent allowed by law, any Loan Repayments then due and payable on the Loan shall be satisfied by the Trustee before any loan repayments on the Borrower’s Fund Loan shall be satisfied by the Trustee. The Borrower agrees not to interfere with any such action by the Trustee.

(b) The Borrower hereby acknowledges that in the event the Borrower fails or is unable to pay promptly to the Trust in full any Trust Bond Loan Repayments under this Loan Agreement when due, then any (i) Administrative Fee paid hereunder, (ii) late charges paid hereunder, and (iii) loan repayments paid by the Borrower on its Fund Loan under the related loan agreement therefor, any of which payments shall be received by the Trustee during the time of any such Trust Bond Loan Repayment deficiency, shall be applied by the Trustee first to satisfy such Trust Bond Loan Repayment deficiency as a credit against the obligations of the Borrower to make payments of the Interest Portion under the Loan and the Borrower Bond, second, to the extent available, to make Trust Bond Loan Repayments of principal hereunder and
payments of principal under the Borrower Bond, *third*, to the extent available, to pay the Administrative Fee, *fourth*, to the extent available, to pay any late charges hereunder, *fifth*, to the extent available, to satisfy the repayment of the Borrower’s Fund Loan under its related loan agreement therefor, and *finally*, to the extent available, to satisfy the repayment of the administrative fee under any such related loan agreement.

(c) The Borrower hereby further acknowledges that any loan repayments paid by the Borrower on its Fund Loan under the related loan agreement therefor shall be applied according to the provisions of the Master Program Trust Agreement.

**SECTION 3.09. Approval of the New Jersey State Treasurer.** The Borrower and the Trust hereby acknowledge that prior to or simultaneously with the Loan Closing the New Jersey State Treasurer, in satisfaction of the requirements of Section 9a of the Act, issued the “Certificate of the New Jersey State Treasurer Regarding the Approval of the Trust Loan and the Fund Loan” (the “Treasurer’s Certificate”). Pursuant to the terms of the Treasurer’s Certificate, the New Jersey State Treasurer approved the Loan and the terms and conditions thereof as established by the provisions of this Loan Agreement.
ARTICLE IV
ASSIGNMENT OF LOAN AGREEMENT AND BORROWER BOND

SECTION 4.01. Assignment and Transfer by Trust.

(a) The Borrower hereby expressly acknowledges that, other than the provisions of Section 2.02(c)(ii) hereof, the Trust’s right, title and interest in, to and under this Loan Agreement and the Borrower Bond have been assigned to the Trustee as security for the Trust Bonds as provided in the Bond Resolution, and that if any Event of Default shall occur, the Trustee or any Bond Insurer (as such term may be defined in the Bond Resolution), if applicable, pursuant to the Bond Resolution, shall be entitled to act hereunder in the place and stead of the Trust. The Borrower hereby acknowledges the requirements of the Bond Resolution applicable to the Trust Bonds and consents to such assignment and appointment. This Loan Agreement and the Borrower Bond, including, without limitation, the right to receive payments required to be made by the Borrower hereunder and to compel or otherwise enforce observance and performance by the Borrower of its other duties, covenants, obligations and agreements hereunder, may be further transferred, assigned and reassigned in whole or in part to one or more assignees or subassignees by the Trustee at any time subsequent to their execution without the necessity of obtaining the consent of, but after giving prior written notice to, the Borrower.

The Trust shall retain the right to compel or otherwise enforce observance and performance by the Borrower of its duties, covenants, obligations and agreements under Section 2.02(c)(ii) hereof; provided, however, that in no event shall the Trust have the right to accelerate the Borrower Bond in connection with the enforcement of Section 2.02(c)(ii) hereof.

(b) The Borrower hereby approves and consents to any assignment or transfer of this Loan Agreement and the Borrower Bond that the Trust deems to be necessary in connection with any refunding of the Trust Bonds or the issuance of additional bonds under the Bond Resolution or otherwise, all in connection with the pooled loan program of the Trust.

SECTION 4.02. Assignment by Borrower. Neither this Loan Agreement nor the Borrower Bond may be assigned by the Borrower for any reason, unless the following conditions shall be satisfied: (i) the Trust and the Trustee shall have approved said assignment in writing; (ii) the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Borrower’s duties, covenants, obligations and agreements under this Loan Agreement and, to the extent permitted under applicable law, the Borrower Bond; (iii) immediately after such assignment, the assignee shall not be in default in the observance or performance of any duties, covenants, obligations or agreements of the Borrower under this Loan Agreement or the Borrower Bond; and (iv) the Trust shall have received an opinion of Bond Counsel to the effect that such assignment will not adversely affect the security of the holders of the Trust Bonds or the exclusion of the interest on the Trust Bonds from gross income for purposes of federal income taxation under Section 103(a) of the Code.
ARTICLE V
EVENTS OF DEFAULT AND REMEDIES

SECTION 5.01. Events of Default. If any of the following events occur, it is hereby defined as and declared to be and to constitute an “Event of Default”:

(a) failure by the Borrower to pay, or cause to be paid, any Trust Bond Loan Repayment required to be paid hereunder when due, which failure shall continue for a period of fifteen (15) days;

(b) failure by the Borrower to pay, or cause to be paid, the Administrative Fee or any late charges incurred hereunder or any portion thereof when due or to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in subsection (a) of this Section 5.01 or other than the obligations of the Borrower contained in Section 2.02(c)(ii) hereof and in Exhibit F hereto, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period, the Trustee may not unreasonably withhold its consent to an extension of such time up to 120 days from the delivery of the written notice referred to above if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Event of Default is corrected;

(c) any representation made by or on behalf of the Borrower contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan, is false or misleading in any material respect;

(d) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, and/or any proceeding with respect to such petition and/or pursuant to any such law shall occur or be pending (including, without limitation, the operation and administration of the Borrower pursuant to any plan of reorganization approved and implemented under any such law), unless in the case of any such petition filed against the Borrower or any such proceeding such petition and such proceeding shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal or the further jurisdiction of any court; or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or trustee, but not including a takeover by the Division of Local Government Services in the New Jersey Department of Community Affairs) of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days;

(e) the Borrower shall generally fail to pay its debts as such debts become due; and
failure of the Borrower to observe or perform such additional duties, covenants, obligations, agreements or conditions as are required by the Trust and specified in Exhibit F attached hereto and made a part hereof.

SECTION 5.02. Notice of Default. The Borrower shall give the Trustee and the Trust prompt telephonic notice of the occurrence of any Event of Default referred to in Section 5.01(d) or (e) hereof and of the occurrence of any other event or condition that constitutes an Event of Default at such time as any senior administrative or financial officer of the Borrower becomes aware of the existence thereof.

SECTION 5.03. Remedies on Default. Whenever an Event of Default referred to in Section 5.01 hereof shall have occurred and be continuing, the Borrower acknowledges the rights of the Trustee and of any Bond Insurer to direct any and all remedies in accordance with the terms of the Bond Resolution, and the Borrower also acknowledges that the Trust shall have the right to take, or to direct the Trustee to take, any action permitted or required pursuant to the Bond Resolution and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder.

In addition, if an Event of Default referred to in Section 5.01(a) hereof shall have occurred and be continuing, the Trust shall, to the extent allowed by applicable law and to the extent and in the manner set forth in the Bond Resolution, have the right to declare, or to direct the Trustee to declare, all Loan Repayments and all other amounts due hereunder (including, without limitation, payments under the Borrower Bond) together with the prepayment premium, if any, calculated pursuant to Section 3.07 hereof to be immediately due and payable, and upon notice to the Borrower the same shall become due and payable without further notice or demand.

SECTION 5.04. Attorneys’ Fees and Other Expenses. The Borrower shall on demand pay to the Trust or the Trustee the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred by either of them in the collection of Trust Bond Loan Repayments or any other sum due hereunder or in the enforcement of the observation or performance of any other duties, covenants, obligations or agreements of the Borrower upon an Event of Default.

SECTION 5.05. Application of Moneys. Any moneys collected by the Trust or the Trustee pursuant to Section 5.03 hereof shall be applied (a) first to pay any attorneys’ fees or other fees and expenses owed by the Borrower pursuant to Section 5.04 hereof, (b) second, to the extent available, to pay the Interest Portion then due and payable, (c) third, to the extent available, to pay the principal due and payable on the Loan, (d) fourth, to the extent available, to pay the Administrative Fee, any late charges incurred hereunder or any other amounts due and payable under this Loan Agreement, and (e) fifth, to the extent available, to pay the Interest Portion and the principal on the Loan and other amounts payable hereunder as such amounts become due and payable.
SECTION 5.06.  **No Remedy Exclusive; Waiver; Notice.** No remedy herein conferred upon or reserved to the Trust or the Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trust or the Trustee to exercise any remedy reserved to it in this Article V, it shall not be necessary to give any notice other than such notice as may be required in this Article V.

SECTION 5.07.  **Retention of Trust’s Rights.** Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof or of the Bond Resolution, or anything else to the contrary contained herein, the Trust shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the Borrower at law or in equity, as the Trust may, in its discretion, deem necessary to enforce the obligations of the Borrower to the Trust pursuant to Section 5.03 hereof.
ARTICLE VI

MISCELLANEOUS

SECTION 6.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Borrower at the address specified in Exhibit A-1 attached hereto and made a part hereof and to the Trust and the Trustee at the following addresses:

(a) Trust:

New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 4, Suite 216
Lawrenceville, New Jersey 08648-2201
Attention: Executive Director

(b) Trustee:

U.S. Bank National Association
21 South Street, 3rd Floor
Morristown, New Jersey 07960
Attention: Corporate Trust Department

Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent by notice in writing given to the others.

SECTION 6.02. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Trust and the Borrower and their respective successors and assigns.

SECTION 6.03. Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

SECTION 6.04. Amendments, Supplements and Modifications. Except as otherwise provided in this Section 6.04, this Loan Agreement may not be amended, supplemented or modified without the prior written consent of the Trust and the Borrower and without the satisfaction of all conditions set forth in Section 11.12 of the Bond Resolution. Notwithstanding the conditions set forth in Section 11.12 of the Bond Resolution, (i) Section 2.02(p) hereof may be amended, supplemented or modified upon the written consent of the Trust and the Borrower and without the consent of the Trustee, any Bond Insurer or any holders of the Trust Bonds, and (ii) Exhibit H hereto may be amended, supplemented or modified prior to the execution and delivery thereof as the Trust, in its sole discretion, shall determine to be necessary, desirable or convenient for the purpose of satisfying Rule 15c2-12 and the purpose and intent thereof as Rule 15c2-12, its purpose and intent may hereafter be interpreted from time to time by
the SEC or any court of competent jurisdiction, and such amendment, supplement or modification shall not require the consent of the Borrower, the Trustee, any Bond Insurer or any holders of the Trust Bonds.

SECTION 6.05. Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 6.06. Applicable Law and Regulations. This Loan Agreement shall be governed by and construed in accordance with the laws of the State, including the Act and the Regulations, which Regulations are, by this reference thereto, incorporated herein as part of this Loan Agreement.

SECTION 6.07. Consents and Approvals. Whenever the written consent or approval of the Trust shall be required under the provisions of this Loan Agreement, such consent or approval may only be given by the Trust unless otherwise provided by law or by rules, regulations or resolutions of the Trust or unless expressly delegated to the Trustee and except as otherwise provided in Section 6.09 hereof.

SECTION 6.08. Captions. The captions or headings in this Loan Agreement are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

SECTION 6.09. Benefit of Loan Agreement; Compliance with Bond Resolution. This Loan Agreement is executed, among other reasons, to induce the purchase of the Trust Bonds. Accordingly, all duties, covenants, obligations and agreements of the Borrower herein contained are hereby declared to be for the benefit of and are enforceable by the Trust, the holders of the Trust Bonds and the Trustee. The Borrower covenants and agrees to observe and comply with, and to enable the Trust to observe and comply with, all duties, covenants, obligations and agreements contained in the Bond Resolution.

SECTION 6.10. Further Assurances. The Borrower shall, at the request of the Trust, authorize, execute, attest, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Loan Agreement and the Borrower Bond.
IN WITNESS WHEREOF, the Trust and the Borrower have caused this Loan Agreement to be executed, sealed and delivered as of the date first above written.

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

[SEAL]

By: ____________________________
    Warren H. Victor
    Chairman

ATTEST:

David E. Zimmer
Assistant Secretary

[NAME OF BORROWER]

[SEAL]

By: ____________________________
    Authorized Officer

ATTEST:

Authorized Officer
SCHEDULE A

Certain Additional Loan Agreement Provisions

In addition to the terms defined in subsection (a) of Section 1.01 of this Loan Agreement, certain additional capitalized terms used in this Loan Agreement shall, unless the context clearly requires otherwise, have the meanings ascribed to such additional capitalized terms in this Schedule A.

Additional Definitions:

“Bond Resolution” means the “Environmental Infrastructure Trust Bond Resolution, Series 2014[[_]]”, as adopted by the Board of Directors of the Trust on or about April __, 2014 authorizing the issuance of the Trust Bonds, and all further amendments and supplements thereto adopted in accordance with the provisions thereof.

“Borrower” means _______________, an Entity duly created and validly existing pursuant to the laws of the State of New Jersey, including, without limitation, the Borrower Enabling Act, and any successors and assigns thereto.

“Borrower Enabling Act” means the “Local Bond Law”, constituting Chapter 169 of the Pamphlet Laws of 1960 of the State (codified at N.J.S.A. 40A:2-1 et seq.), as the same may from time to time be amended and supplemented, and the “Local Budget Law”, P.L. 1960, c. 169, as amended (N.J.S.A. 40A:4-1 et seq.).

“Entity” means a municipal corporation of the State of New Jersey.

“Interest Payment Dates” means February 1 and August 1 of each year, commencing on ________ 1, 201__.

“Loan” means the loan made by the Trust to the Borrower to finance or refinance a portion of the Costs of the Project pursuant to this Loan Agreement. For all purposes of this Loan Agreement, the amount of the Loan at any time shall be the initial aggregate principal amount of the Borrower Bond (which amount equals the amount actually deposited in the Project Loan Account at the Loan Closing plus the Borrower’s allocable share of [(i)] certain costs of issuance, and underwriter’s discount for all Trust Bonds issued to finance the Loan[,] [(ii) capitalized interest during the Project construction period], less any amount of such principal amount that has been repaid by the Borrower under this Loan Agreement and less any adjustment made pursuant to the provisions of the Bond Resolution, including, without limitation, Section 5.02(4) thereof, N.J.A.C. 7:22-4.26 and the appropriations act of the State Legislature authorizing the expenditure of Trust Bond proceeds to finance a portion of the Costs of the Project.

“Principal Payment Dates” means August 1 of each year, commencing on August 1, 201__.

“Proceedings” means [a] bond ordinance[s] of the Borrower finally adopted on [DATE] [and [DATE], respectively,] and [respectively] entitled “[TITLE OF ORDINANCE]” [and “[TITLE OF ORDINANCE]”], and [a] resolution[s] of the Borrower adopted pursuant to the provisions of N.J.S.A. 40A:2-27 [and 40A:2-26(f)] on [DATE] [and [DATE], respectively,] and [respectively] entitled “[TITLE OF RESOLUTION]” [and “[TITLE OF RESOLUTION]”].
EXHIBIT A-1

Description of Project and Environmental Infrastructure System
EXHIBIT A-2

Description of Loan
EXHIBIT B

Basis for Determination of Allowable Project Costs
EXHIBIT C

Estimated Disbursement Schedule
EXHIBIT D

Specimen Borrower Bond
FOR VALUE RECEIVED, the [NAME OF BORROWER], a [municipal corporation] [political subdivision] duly created and validly existing under the Constitution and laws of the State (the “Borrower”), hereby promises to pay to the order of the New Jersey Environmental Infrastructure Trust (the “Trust”) (i) the principal amount of __________________________ Dollars ($__________), or such lesser amount as shall be determined in accordance with Section 3.01 of the Loan Agreement (as hereinafter defined), at the times and in the amounts determined as provided in the Loan Agreement, together with (ii) Interest on the Loan constituting the Interest Portion, the Administrative Fee and any late charges incurred under the Loan Agreement (as such terms are defined in the Loan Agreement) in the amount calculated as provided in the Loan Agreement, payable on the days and in the amounts and as provided in the Loan Agreement, which principal amount and Interest Portion of the Interest on the Loan shall, unless otherwise provided in the Loan Agreement, be payable on the days and in the amounts as also set forth in Exhibit A attached hereto under the column headings respectively entitled “Principal” and “Interest”, plus (iii) any other amounts due and owing under the Loan Agreement at the times and in the amounts as provided therein. The Borrower irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the punctual payment of the principal of and the Interest on this Borrower Bond (as defined in the Loan Agreement) and for the punctual payment of all other amounts due under this Borrower Bond and the Loan Agreement according to their respective terms.

This Borrower Bond is issued pursuant to the “Local Bond Law”, P.L. 1960, c. 169, as amended (N.J.S.A. 40A:2-1 et seq.), [the “Municipal Qualified Bond Act”, P.L. 1976, c. 38, as amended (N.J.S.A. 40A:3-1 et seq.)] other applicable law and the Loan Agreement dated as of May 1, 2014 by and between the Trust and the Borrower (the “Loan Agreement”). This Borrower Bond is issued in consideration of the loan made under the Loan Agreement (the “Loan”) to evidence the payment obligations of the Borrower set forth therein. [As a qualified bond issued under Title 40A of the New Jersey Statutes, this Borrower Bond is entitled to the benefits of the provisions of the Municipal Qualified Bond Act, codified at N.J.S.A. 40A:3-1 et seq.] This Borrower Bond has been assigned to U.S. Bank National Association, as trustee (the “Trustee”) under the “Environmental Infrastructure Bond Resolution, Series 2014[ ]”, adopted by the Trust on April __, 2014, as the same may be amended and supplemented in accordance with the terms thereof (the “Bond Resolution”), and payments hereunder shall, except as otherwise provided in the Loan Agreement, be made directly to the Trustee for the account of the Trust pursuant to such assignment. Such assignment has been made as security for the payment of the Trust Bonds (as defined in the Loan Agreement) issued to finance or refinance the Loan and as otherwise described in the Loan Agreement. This Borrower Bond is subject to further assignment or endorsement in accordance with the terms of the Bond Resolution and the Loan Agreement. All of the terms, conditions and provisions of the Loan Agreement are, by this reference thereto, incorporated herein as part of this Borrower Bond.

Pursuant to the Loan Agreement, disbursements shall be made by the Trustee to the Borrower, in accordance with written instructions of the Trust, upon receipt by the Trust and the Trustee of requisitions from the Borrower executed and delivered in accordance with the requirements set forth in Section 3.02 of the Loan Agreement.
This Borrower Bond is entitled to the benefits and is subject to the conditions of the Loan Agreement. The obligations of the Borrower to make the payments required hereunder shall be absolute and unconditional, without any defense or right of set-off, counterclaim or recoupment by reason of any default by the Trust under the Loan Agreement or under any other agreement between the Borrower and the Trust or out of any indebtedness or liability at any time owing to the Borrower by the Trust or for any other reason.

This Borrower Bond is subject to optional prepayment under the terms and conditions, and in the amounts, provided in Section 3.07 of the Loan Agreement. To the extent allowed by applicable law, this Borrower Bond may be subject to acceleration under the terms and conditions, and in the amounts, provided in Section 5.03 of the Loan Agreement.

IN WITNESS WHEREOF, the Borrower has caused this Borrower Bond to be duly executed, sealed and delivered as of May 21, 2014.

[SEAL]

[NAME OF BORROWER]

By: ________________________________

Mayor

ATTEST:

____________________________

Clerk

By: ________________________________

[Treasurer] [Chief Financial Officer]
New Jersey Environmental Infrastructure Trust hereby assigns the foregoing Borrower Bond to U.S. Bank National Association, as the Trust’s Trustee under the “Environmental Infrastructure Bond Resolution, Series 2014[___]”, adopted on April __, 2014, as amended and supplemented, all as of the date of this Borrower Bond, as security for the Trust Bonds issued or to be issued under the Bond Resolution to finance or refinance the Project Fund (as defined in the Bond Resolution).

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

[SEAL]

By:________________________

ATTEST: Warren H. Victor
Chairman

____________________________
David E. Zimmer
Assistant Secretary
May 21, 2014

New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 4, Suite 216
Lawrenceville, New Jersey 08648-2201

U.S. Bank National Association
21 South Street, 3rd Floor
Morristown, New Jersey 07960
Attention: Corporate Trust Department

Ladies and Gentlemen:

We have acted as counsel to the [Name of Borrower], a [municipal corporation] [political subdivision] of the State (the “Borrower”), which has entered into a Loan Agreement (as hereinafter defined) with the New Jersey Environmental Infrastructure Trust (the “Trust”), and have acted as such in connection with the authorization, execution, attestation and delivery by the Borrower of its Loan Agreement and Borrower Bond (as hereinafter defined). All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

In so acting, we have examined the Constitution and laws of the State of New Jersey, including, without limitation, the “Local Bond Law”, P.L. 1960, c. 169, as amended (N.J.S.A. 40A:2-1 et seq.),[ the “Municipal Qualified Bond Act”, P.L. 1976, c. 38, as amended (N.J.S.A. 40A:3-1 et seq.),] and the various ordinances and resolutions of the Borrower identified herein. We have also examined originals, or copies certified or otherwise identified to our satisfaction, of the following:

(a) the Trust’s “Environmental Infrastructure Bond Resolution, Series 2014[____]”, adopted by the Board of Directors of the Trust on April __, 2014;

(b) the Loan Agreement dated as of May 1, 2014 (the “Loan Agreement”) by and between the Trust and the Borrower;

(c) the proceedings of the governing body of the Borrower relating to the approval of the Loan Agreement and the execution, attestation and delivery thereof on behalf of the Borrower and the authorization of the undertaking and completion of the Project;

(d) the Borrower Bond dated May 21, 2014 (the “Borrower Bond”) issued by the Borrower to the Trust to evidence the Loan; and

(e) the proceedings (together with the proceedings referred to in clause (c) above and Section 5 below, the “Proceedings”) of the governing body of the Borrower, including, without
limitation, [a] bond ordinance[s] of the Borrower finally adopted on […………] [and [……], respectively,] and [respectively] entitled “[TITLE OF ORDINANCE]” [and “[TITLE OF ORDINANCE]”], and [a] resolution[s] of the Borrower adopted pursuant to the provisions of N.J.S.A. [40A:2-26 (f) and] 40A:2-27 on […..] [and […] , respectively,] and [respectively] entitled “[TITLE OF RESOLUTION]” [and “[TITLE OF RESOLUTION]”] (collectively, the “Borrower Bond Proceedings”), all relating to the authorization of the Borrower Bond and the sale, execution, attestation and delivery thereof to the Trust (the Loan Agreement and the Borrower Bond are referred to herein collectively as the “Loan Documents”).

We have also examined and relied upon originals, or copies certified or otherwise authenticated to our satisfaction, of such other records, documents, certificates and other instruments, and have made such investigation of law as in our judgment we have deemed necessary or appropriate, to enable us to render the opinions expressed below.

We are of the opinion that:

1. The Borrower is a [municipal corporation] [political subdivision] duly created and validly existing under and pursuant to the Constitution and statutes of the State of New Jersey, with the legal right to carry on the business of its Environmental Infrastructure System as currently being conducted and as proposed to be conducted.

2. The Borrower has full legal right and authority to execute, attest and deliver the Loan Documents, to sell the Borrower Bond to the Trust, to observe and perform its duties, covenants, obligations and agreements under the Loan Documents and to undertake and complete the Project.

3. The acting officials of the Borrower who are contemporaneously herewith performing or have previously performed any action contemplated in the Loan Agreement are, and at the time any such action was performed were, the duly appointed or elected officials of the Borrower empowered by applicable New Jersey law and authorized by ordinance or resolution of the Borrower to perform such actions.

4. The Borrower has unconditionally and irrevocably pledged its full faith and credit and covenanted to exercise its unlimited taxing powers for the punctual payment of the principal and redemption premium, if any, of the Borrower Bond, Interest on the Borrower Bond and all other amounts due under the Borrower Bond, which Borrower Bond secures the Loan Repayments and all other amounts due under the Loan Documents according to their respective terms. [The Borrower Bond is entitled to the benefits of the Municipal Qualified Bond Act.]

5. The proceedings of the Borrower's governing body (i) approving the Loan Documents, (ii) authorizing their execution, attestation and delivery on behalf of the Borrower, (iii) with respect to the Borrower Bond only, authorizing its sale by the Borrower to the Trust, (iv) authorizing the Borrower to consummate the transactions contemplated by the Loan Documents, (v) authorizing the Borrower to undertake and complete the Project, and (vi) authorizing the execution and delivery of all other certificates, agreements, documents and
instruments in connection with the execution, attestation and delivery of the Loan Documents, have each been duly and lawfully adopted and authorized in accordance with applicable law and applicable ordinances or resolutions of the Borrower, including, without limitation and where applicable, the Local Bond Law [and the Municipal Qualified Bond Act], the Borrower Bond Proceedings and the other Proceedings, which Proceedings constitute all of the actions necessary to be taken by the Borrower to authorize its actions contemplated by clauses (i) through (vi) above and which Proceedings were duly approved and published, where necessary, in accordance with applicable New Jersey law at a meeting or meetings duly called pursuant to necessary public notice and held in accordance with applicable New Jersey law and at which quorums were present and acting throughout.

6. The Loan Documents have been duly authorized, executed, attested and delivered by the Authorized Officers of the Borrower and the Borrower Bond has been duly sold by the Borrower to the Trust; and assuming in the case of the Loan Agreement that the Trust has the requisite power and authority to authorize, execute, attest and deliver, and has duly authorized, executed, attested and delivered, the Loan Agreement, the Loan Documents constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, subject, however, to the effect of, and to restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally. No opinion is rendered as to the availability of any particular remedy.

7. The authorization, execution, attestation and delivery of the Loan Documents by the Borrower and the sale of the Borrower Bond to the Trust, the observation and performance by the Borrower of its duties, covenants, obligations and agreements thereunder, the consummation of the transactions contemplated therein, and the undertaking and completion of the Project do not and will not (i) result in any breach of any of the terms, conditions or provisions of, or (ii) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations is subject.

8. All approvals, consents or authorizations of, or registrations of or filings with, any governmental or public agency, authority or person required to date on the part of the Borrower in connection with the authorization, execution, attestation, delivery and performance of the Loan Documents, the sale of the Borrower Bond and the undertaking and completion of the Project have been obtained or made.

9. There is no litigation or other proceeding pending or, to our knowledge, after due inquiry, threatened in any court or other tribunal of competent jurisdiction (either state or
federal) (i) questioning the creation, organization or existence of the Borrower, (ii) questioning
the validity, legality or enforceability of the Loan or the Loan Documents, (iii) questioning the
undertaking or completion of the Project, (iv) otherwise challenging the Borrower's ability to
consume the transactions contemplated by the Loan or the Loan Documents, or (v) that, if
adversely decided, would have a materially adverse impact on the financial condition of the
Borrower.

10. The Borrower has no bonds, notes or other debt obligations outstanding that are
superior or senior to the Borrower Bond as to lien on, and source and security for payment
thereof from, the general tax revenues of the Borrower.

11. To the best of our knowledge, upon due inquiry, (i) all representations made by
the Borrower contained within subsections (e) and (g) of Section 2.02 and, if applicable, Exhibit
F of the Loan Agreement are true, accurate and complete, and (ii) all expectations contained
therein are reasonable, and we know of no reason why the Borrower would be unable to comply
on a continuing basis with the covenants contained within subsections (e) and (g) of Section 2.02
and, if applicable, Exhibit F of the Loan Agreement.

12. Assuming that (i) the Borrower complies on a continuing basis with the covenants
contained in subsections (e) and (g) of Section 2.02 and, if applicable, Exhibit F of the Loan
Agreement, (ii) interest on the Trust Bonds is otherwise excluded from gross income of the
holders thereof for federal income tax purposes under the Internal Revenue Code of 1986, as
amended, and (iii) the proceeds of the Trust Bonds loaned to the Borrower represent all of the
proceeds of the Trust Bonds, the application of the proceeds of the Loan for their intended
purposes will not adversely affect the exclusion from gross income for federal income tax
purposes of the interest on the Trust Bonds and no portion of the Trust Bonds will be used in a
private use, within the meaning of Section 141 of the Code.

We hereby authorize McCarter & English, LLP, acting as bond counsel to the Trust, and
the Attorney General of the State of New Jersey, acting as general counsel to the Trust, to rely on
this opinion as if we had addressed this opinion to them in addition to you.

Very truly yours,
EXHIBIT F

Additional Covenants and Requirements

[Insert current refunding covenants, if any.]

[None.]

[For Private Use Borrowers Only] [Qualified Private Activity Bonds:

(a) No portion of the proceeds of the Trust Bonds loaned to the Local Unit will be used to finance issuance costs (within the meaning of Section 147(g) of the Code).

(b) Assuming for this purpose that (i) the Trust has used two percent (2%) of the proceeds of the Trust Bonds to finance issuance costs (within the meaning of Section 147(g) of the Code), (ii) the proceeds of the Trust Bonds loaned to the Local Unit represent all of the remaining proceeds of the Trust Bonds, (iii) the Trust Bonds are issued as qualified bonds (within the meaning of Section 141(e) of the Code) that meet the requirements of Section 142(a)(4) [142(a)(5)] of the Code, and (iv) interest on the Trust Bonds is otherwise excluded from the gross income of the holders thereof for federal income tax purposes under the Code, the Local Unit shall not, directly or indirectly, use or permit the use of any proceeds of the Trust Bonds in a manner that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Trust Bonds.]
EXHIBIT G

General Administrative Requirements for the
State Environmental Infrastructure Financing Program
EXHIBIT H

Form of Continuing Disclosure Agreement
LOAN AGREEMENT

BY AND BETWEEN

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

AND

[NAME OF BORROWER]

DATED AS OF MAY 1, 2014
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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into as of May 1, 2014, by and between the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession, and the Borrower (capitalized terms used in this Loan Agreement shall have, unless the context otherwise requires, the meanings ascribed thereto in Section 1.01 hereof);

WITNESSETH THAT:

WHEREAS, the Trust, in accordance with the Act, the Bond Resolution and a financial plan approved by the State Legislature in accordance with Sections 22 and 22.1 of the Act, will issue its Trust Bonds on or prior to the Loan Closing for the purpose of making the Loan to the Borrower and the Loans to the Borrowers from the proceeds of the Trust Bonds to finance a portion of the Costs of Environmental Infrastructure Facilities;

WHEREAS, the Borrower has, in accordance with the Act and the Regulations, made timely application to the Trust for a Loan to finance a portion of the Costs of the Project;

WHEREAS, the State Legislature, in accordance with Sections 20 and 20.1 of the Act, has in the form of an appropriations act approved a project priority list that includes the Project and that authorizes an expenditure of proceeds of the Trust Bonds to finance a portion of the Costs of the Project;

WHEREAS, the Trust has approved the Borrower’s application for a Loan from available proceeds of the Trust Bonds to finance a portion of the Costs of the Project;

WHEREAS, in accordance with the applicable Bond Act (as defined in the Fund Loan Agreement), and the Regulations, the Borrower has been awarded a Fund Loan for a portion of the Costs of the Project; and

WHEREAS, the Borrower, in accordance with the Act, the Regulations, the Borrower Enabling Act and the Local Authorities Fiscal Control Law, will issue a Borrower Bond to the Trust evidencing said Loan at the Loan Closing.

NOW, THEREFORE, for and in consideration of the award of the Loan by the Trust, the Borrower agrees to complete the Project and to perform under this Loan Agreement in accordance with the conditions, covenants and procedures set forth herein and attached hereto as part hereof, as follows:
ARTICLE I
DEFINITIONS

SECTION 1.01. Definitions.

(a) The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the following meanings:

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

“Administrative Fee” means that portion of Interest on the Loan or Interest on the Borrower Bond payable hereunder as an annual fee of up to four-tenths of one percent (.40%) of the initial principal amount of the Loan or such lesser amount, if any, as may be authorized by any act of the State Legislature and as the Trust may approve from time to time.

“Authorized Officer” means, in the case of the Borrower, any person or persons authorized pursuant to a resolution of the governing body of the Borrower to perform any act or execute any document relating to the Loan, the Borrower Bond or this Loan Agreement.

“Bond Counsel” means a law firm appointed or approved by the Trust, as the case may be, having a reputation in the field of municipal law whose opinions are generally acceptable by purchasers of municipal bonds.

“Borrower Bond” means the revenue bond authorized, executed, attested and delivered by the Borrower to the Trust and authenticated on behalf of the Borrower to evidence the Loan, a specimen of which is attached hereto as Exhibit D and made a part hereof.

“Borrowers” means any other Local Government Unit or Private Entity (as such terms are defined in the Regulations) authorized to construct, operate and maintain Environmental Infrastructure Facilities that have entered into Loan Agreements with the Trust pursuant to which the Trust will make Loans to such recipients from moneys on deposit in the Project Fund, excluding the Project Loan Account.

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

“Costs” means those costs that are eligible, reasonable, necessary, allocable to the 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 as set forth in Exhibit B hereto, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an authorized officer of the Trust.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund, if any, as defined in the Bond Resolution.
“Department” means the New Jersey Department of Environmental Protection

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, described in Exhibit A-1 attached hereto and made a part hereof for which the Borrower is borrowing the Loan under this Loan Agreement.

“Event of Default” means any occurrence or event specified in Section 5.01 hereof.

“Excess Project Funds” shall have the meaning set forth in Section 3.03A hereof.

“Fund Loan” means the loan made to the Borrower by the State, acting by and through the Department, pursuant to the Fund Loan Agreement dated as of May 1, 2014 by and between the Borrower and the State, acting by and through the Department, to finance or refinance a portion of the Costs of the Project.

“Fund Loan Agreement” means the loan agreement dated as of May 1, 2014 by and between the Borrower and the State, acting by and through the Department, regarding the terms and conditions of the Fund Loan.

“Interest on the Loan” or “Interest on the Borrower Bond” means the sum of (i) the Interest Portion, (ii) the Administrative Fee, and (iii) any late charges incurred hereunder.

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

“Loan” means the loan made by the Trust to the Borrower to finance or refinance a portion of the Costs of the Project pursuant to this Loan Agreement, as further described in Schedule A attached hereto.

“Loan Agreement” means this Loan Agreement, including Schedule A and the Exhibits attached hereto, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof and of the Bond Resolution.

“Loan Agreements” means any other loan agreements entered into by and between the Trust and one or more of the Borrowers pursuant to which the Trust will make Loans to such Borrowers from moneys on deposit in the Project Fund, excluding the Project Loan Account, financed with the proceeds of the Trust Bonds.
“Loan Closing” means the date upon which the Trust shall issue and deliver the Trust Bonds and the Borrower shall deliver its Borrower Bond, as previously authorized, executed, attested and authenticated, to the Trust.

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

“Loan Term” means the term of this Loan Agreement provided in Sections 3.01 and 3.03 hereof and in Exhibit A-2 attached hereto and made a part hereof.

“Loans” means the loans made by the Trust to the Borrowers under the Loan Agreements from moneys on deposit in the Project Fund, excluding the Project Loan Account.

“Local Authorities Fiscal Control Law” means the “Local Authorities Fiscal Control Law”, constituting Chapter 313 of the Pamphlet Laws of 1983 of the State (codified at N.J.S.A. 40A:5A-1 et seq.), as the same may from time to time be amended and supplemented.

“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 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, and the Trust, as the same may be amended and supplemented from time to time in accordance with its terms.

“Official Statement” means the Official Statement relating to the issuance of the Trust Bonds.

“Preliminary Official Statement” means the Preliminary Official Statement relating to the issuance of the Trust Bonds.

“Prime Rate” means the prevailing commercial interest rate announced by the Trustee from time to time in the State as its prime lending rate.

“Project” means the Environmental Infrastructure Facilities of the Borrower described in Exhibit A-1 attached hereto and made a part hereof, which constitutes a project for which the Trust is permitted to make a loan to the Borrower pursuant to the Act, the Regulations and the Bond Resolution, all or a portion of the Costs of which is financed or refinanced by the Trust through the making of the Loan under this Loan Agreement and which may be identified under either the Drinking Water or Clean Water Project Lists with the Project Number specified in Exhibit A-1 attached hereto.

“Project Fund” means the Project Fund as defined in the Bond Resolution.
“Project Loan Account” means the project loan account established on behalf of the Borrower in the Project Fund in accordance with the Bond Resolution to finance all or a portion of the Costs of the Project.

“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.

“State” means the State of New Jersey.

“Trust” means the New Jersey Environmental Infrastructure Trust, a public body corporate and politic with corporate succession duly created and validly existing under and by virtue of the Act.

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

“Trust Bonds” means bonds authorized by Section 2.03 of the Bond Resolution, together with any refunding bonds authenticated and delivered pursuant to Section 2.04 of the Bond Resolution, in each case issued in order to finance (i) the portion of the Loan deposited in the Project Loan Account, (ii) the portion of the Loans deposited in the balance of the Project Fund, (iii) any capitalized interest related to such bonds, (iv) a portion of the costs of issuance related to such bonds, and (v) that portion of the Debt Service Reserve Fund (to the extent the Trust establishes a Debt Service Reserve Fund pursuant to the Bond Resolution), if any, allocable to the Loan or Loans, as the case may be, a portion of which includes the funding of reserve capacity, if applicable, for the Environmental Infrastructure Facilities of the Borrower or Borrowers, as the case may be, or to refinance any or all of the above.

“Trustee” means, initially, U.S. Bank National Association, the Trustee appointed by the Trust and its successors as Trustee under the Bond Resolution, as provided in Article X of the Bond Resolution.

(b) In addition to the capitalized terms defined in subsection (a) of this Section 1.01, certain additional capitalized terms used in this Loan Agreement shall, unless the context clearly requires otherwise, have the meanings ascribed to such additional capitalized terms in Schedule A attached hereto and made a part hereof.

(c) Except as otherwise defined herein or where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, agencies and districts. Words importing one gender shall include the other gender.
ARTICLE II
REPRESENTATIONS AND COVENANTS OF BORROWER

SECTION 2.01. Representations of Borrower. The Borrower represents for the benefit of the Trust, the Trustee and the holders of the Trust Bonds as follows:

(a) Organization and Authority.

(i) The Borrower is an Entity duly created and validly existing under and pursuant to the Constitution and statutes of the State, including the Borrower Enabling Act, and is subject to the Local Authorities Fiscal Control Law.

(ii) The acting officials of the Borrower who are contemporaneously herewith performing or have previously performed any action contemplated in this Loan Agreement either are or, at the time any such action was performed, were the duly appointed or elected officials of such Borrower empowered by applicable State law and, if applicable, authorized by resolution of the Borrower to perform such actions. To the extent any such action was performed by an official no longer the duly acting official of such Borrower, all such actions previously taken by such official are still in full force and effect.

(iii) The Borrower has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate and maintain its Environmental Infrastructure System, to carry on its activities relating thereto, to execute, attest and deliver this Loan Agreement and the Borrower Bond, to authorize the authentication of the Borrower Bond, to sell the Borrower Bond to the Trust, to undertake and complete the Project and to carry out and consummate all transactions contemplated by this Loan Agreement.

(iv) The proceedings of the Borrower’s governing body approving this Loan Agreement and the Borrower Bond, authorizing the execution, attestation and delivery of this Loan Agreement and the Borrower Bond, authorizing the sale of the Borrower Bond to the Trust, authorizing the authentication of the Borrower Bond on behalf of the Borrower and authorizing the Borrower to undertake and complete the Project, including, without limitation, the Borrower Bond Resolution (collectively, the “Proceedings”), were duly published in accordance with applicable State law, and have been duly and lawfully adopted in accordance with the Borrower Enabling Act, the Local Authorities Fiscal Control Law and other applicable State law at a meeting or meetings that were duly called pursuant to necessary public notice and held in accordance with applicable State law and at which quorums were present and acting throughout.

(v) By official action of the Borrower taken prior to or concurrent with the execution and delivery hereof, including, without limitation, the Proceedings, the Borrower has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the execution, attestation, delivery and performance of this Loan Agreement and the transactions contemplated hereby; (B) the issuance of the
Borrower Bond and the sale thereof to the Trust upon the terms set forth herein; (C) the approval of the inclusion, if such inclusion is deemed necessary in the sole discretion of the Trust, in the Preliminary Official Statement and the Official Statement of all statements and information relating to the Borrower set forth in “APPENDIX B” thereto (the “Borrower Appendices”) and any amendment thereof or supplement thereto; and (D) the execution, delivery and due performance of any and all other certificates, agreements and instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out, give effect to and consummate the transactions contemplated by this Loan Agreement, including, without limitation, the designation of the Borrower Appendices portion of the Preliminary Official Statement, if any, as “deemed final” for the purposes and within the meaning of Rule 15c2-12 (“Rule 15c2-12”) of the Securities and Exchange Commission (“SEC”) promulgated under the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto.

(vi) See Section 2.01(a)(vi) as set forth in Schedule A attached hereto, made a part hereof and incorporated in this Section 2.01(a) by reference as if set forth in full herein.

(b) Full Disclosure. There is no fact that the Borrower has not disclosed to the Trust in writing on the Borrower’s application for the Loan or otherwise that materially adversely affects or (so far as the Borrower can now foresee) that will materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System, or the ability of the Borrower to make all Loan Repayments and any other payments required under this Loan Agreement or otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect (i) the undertaking or completion of the Project, (ii) the properties, activities, prospects or condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System, (iii) the ability of the Borrower to make all Loan Repayments or any other payments required under this Loan Agreement, (iv) the authorization, execution, attestation or delivery of this Loan Agreement or the Borrower Bond, (v) the issuance of the Borrower Bond and the sale thereof to the Trust, (vi) the adoption of the Borrower Bond Resolution, or (vii) the Borrower’s ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond, which proceedings have not been previously disclosed in writing to the Trust either in the Borrower’s application for the Loan or otherwise.

(d) Compliance with Existing Laws and Agreements. (i) The authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond by the Borrower, (ii) the authentication of the Borrower Bond by the trustee or paying agent under the Borrower Bond Resolution, as the case may be, and the sale of the Borrower Bond to the Trust, (iii) the adoption of the Borrower Bond Resolution, (iv) the observation and performance by the
Borrower of its duties, covenants, obligations and agreements hereunder and thereunder, (v) the consummation of the transactions provided for in this Loan Agreement, the Borrower Bond Resolution and the Borrower Bond, and (vi) the undertaking and completion of the Project will not (A) other than the lien, charge or encumbrance created hereby, by the Borrower Bond, by the Borrower Bond Resolution and by any other outstanding debt obligations of the Borrower that are at parity with the Borrower Bond as to lien on, and source and security for payment thereon from, the Revenues of the Borrower’s Environmental Infrastructure System, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations is subject.

(e) No Defaults. No event has occurred and no condition exists that, upon the authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond, the issuance of the Borrower Bond and the sale thereof to the Trust, the adoption of the Borrower Bond Resolution or the receipt of the amount of the Loan, would constitute an Event of Default hereunder. The Borrower is not in violation of, and has not received notice of any claimed violation of, any term of any agreement or other instrument to which it is a party or by which it, its Environmental Infrastructure System or its properties may be bound, which violation would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System or the ability of the Borrower to make all Loan Repayments, to pay all other amounts due hereunder or otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond.

(f) Governmental Consent. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond, for the issuance of the Borrower Bond and the sale thereof to the Trust, for the adoption of the Borrower Bond Resolution, for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond and for the undertaking or completion of the Project and the financing or refinancing thereof, including, but not limited to, the approval by the Local Finance Board in the Division of Local Government Services in the New Jersey Department of Community Affairs (the “Local Finance Board”) of the issuance by the Borrower of the Borrower Bond to the Trust, as required by Section 9a of the Act, and any other approvals required therefor by the Local Finance Board; and the Borrower has complied with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond or with the undertaking or completion of the Project.
and the financing or refinancing thereof. No consent, approval or authorization of, or filing, registration or qualification with, any governmental body or officer that has not been obtained is required on the part of the Borrower as a condition to the authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond, the issuance of the Borrower Bond and the sale thereof to the Trust, the undertaking or completion of the Project or the consummation of any transaction herein contemplated.

(g) **Compliance with Law.** The Borrower:

(i) is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject, the failure to comply with which would materially adversely affect (A) the ability of the Borrower to conduct its activities or to undertake or complete the Project, (B) the ability of the Borrower to make the Loan Repayments and to pay all other amounts due hereunder, or (C) the condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System; and

(ii) has obtained all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its properties or for the conduct of its activities that, if not obtained, would materially adversely affect (A) the ability of the Borrower to conduct its activities or to undertake or complete the Project, (B) the ability of the Borrower to make the Loan Repayments and to pay all other amounts due hereunder, or (C) the condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System.

(h) **Use of Proceeds.** The Borrower will apply the proceeds of the Loan from the Trust as described in Exhibit B attached hereto and made a part hereof (i) to finance or refinance a portion of the Costs of the Borrower’s Project; and (ii) where applicable, to reimburse the Borrower for a portion of the Costs of the Borrower’s Project, which portion was paid or incurred in anticipation of reimbursement by the Trust and is eligible for such reimbursement under and pursuant to the Regulations, the Code and any other applicable law. All of such costs constitute Costs for which the Trust is authorized to make Loans to the Borrower pursuant to the Act and the Regulations.

(i) **Official Statement.** The descriptions and information set forth in the Borrower Appendices, if any, contained in the Official Statement relating to the Borrower, its operations and the transactions contemplated hereby, as of the date of the Official Statement, were and, as of the date of delivery hereof, are true and correct in all material respects, and did not and do not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(j) **Preliminary Official Statement.** As of the date of the Preliminary Official Statement, the descriptions and information set forth in the Borrower Appendices, if any, contained in the Preliminary Official Statement relating to the Borrower, its operations and the transactions contemplated hereby (i) were “deemed final” by the Borrower for the purposes and within the meaning of Rule 15c2-12 and (ii) were true and correct in all material respects, and did not contain any untrue statement of a material fact or omit to state a material fact necessary
to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

SECTION 2.02. Particular Covenants of Borrower.

(a) Revenue Pledge. (i) The Borrower unconditionally and irrevocably pledges the Revenues in accordance with the terms of and to the extent provided in the Borrower Bond Resolution, including, without limitation, moneys payable pursuant to the Service Agreement, if applicable, in respect of debt service on the Borrower Bond, for the punctual payment of the principal and redemption premium, if any, of the Loan and the Borrower Bond, the Interest on the Loan, the Interest on the Borrower Bond and all other amounts due under this Loan Agreement and the Borrower Bond according to their respective terms. (ii) See Section 2.02(a)(ii) as set forth in Schedule A attached hereto, made a part hereof and incorporated in this Section 2.02(a) by reference as if set forth in full herein.

(b) Performance Under Loan Agreement; Rates. The Borrower covenants and agrees (i) to comply with all applicable state and federal laws, rules and regulations in the performance of this Loan Agreement; (ii) to maintain its Environmental Infrastructure System in good repair and operating condition; (iii) to cooperate with the Trust in the observance and performance of the respective duties, covenants, obligations and agreements of the Borrower and the Trust under this Loan Agreement; and (iv) to establish, levy and collect rents, rates and other charges for the products and services provided by its Environmental Infrastructure System, which rents, rates and other charges shall be at least sufficient (A) to meet the operation and maintenance expenses of its Environmental Infrastructure System, (B) to comply with all covenants pertaining thereto contained in, and all other provisions of, any bond resolution, trust indenture or other security agreement, if any, relating to any bonds, notes or other evidences of indebtedness issued or to be issued by the Borrower, including without limitation rents, rates and other charges, together with other available moneys, sufficient to pay the principal of and Interest on the Borrower Bond, plus all other amounts due hereunder, to pay the debt service requirements on any such bonds, notes or other evidences of indebtedness, whether now outstanding or incurred in the future, secured by such Revenues and issued to finance improvements to the Environmental Infrastructure System and to make any other payments required by the laws of the State, (C) to generate funds sufficient to fulfill the terms of all other contracts and agreements made by the Borrower, including, without limitation, this Loan Agreement and the Borrower Bond, and (D) to pay all other amounts payable from or constituting a lien or charge on the Revenues of its Environmental Infrastructure System.

(c) Revenue Obligation; No Prior Pledges. The Borrower shall not be required to make payments under this Loan Agreement except from the Revenues of its Environmental Infrastructure System and from such other funds of such Environmental Infrastructure System legally available therefor and from any other sources pledged to such payment pursuant to subsection (a) of this Section 2.02. In no event shall the Borrower be required to make payments under this Loan Agreement from any revenues or receipts not derived from its Environmental Infrastructure System or pledged pursuant to subsection (a) of this Section 2.02. Except for the Permitted Pledges, the Revenues derived by the Borrower from its Environmental Infrastructure System, after the payment of all costs of operating and maintaining the Environmental Infrastructure System, are and will be free and clear of any pledge, lien, charge or encumbrance
thereon or with respect thereto prior to, or of equal rank with, the obligation of the Borrower to make Loan Repayments under this Loan Agreement and the Borrower Bond, and all corporate or other action on the part of the Borrower to that end has been and will be duly and validly taken. See Section 2.02(c) as set forth in Schedule A attached hereto, made a part hereof and incorporated in this Section 2.02(c) by reference as if set forth in full herein.

(d) **Completion of Project and Provision of Moneys Therefor.** The Borrower covenants and agrees (i) to exercise its best efforts in accordance with prudent environmental infrastructure utility practice to complete the Project and to accomplish such completion on or before the estimated Project completion date set forth in Exhibit G hereto and made a part hereof; (ii) to comply with the terms and provisions contained in Exhibit G hereto; and (iii) to provide from its own fiscal resources all moneys, in excess of the total amount of loan proceeds it receives under the Loan and Fund Loan, required to complete the Project.

(e) **Disposition of Environmental Infrastructure System.** The Borrower shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System except on ninety (90) days’ prior written notice to the Trust, and, in any event, shall not so sell, lease, abandon or otherwise dispose of the same unless the following conditions are met: (i) the Borrower shall, in accordance with Section 4.02 hereof, assign this Loan Agreement and the Borrower Bond and its rights and interests hereunder and thereunder to the purchaser or lessee of the Environmental Infrastructure System, and such purchaser or lessee shall assume all duties, covenants, obligations and agreements of the Borrower under this Loan Agreement and the Borrower Bond; and (ii) the Trust shall by appropriate action determine, in its sole discretion, that such sale, lease, abandonment or other disposition will not materially adversely affect (A) the Trust’s ability to meet its duties, covenants, obligations and agreements under the Bond Resolution, (B) the value of this Loan Agreement or the Borrower Bond as security for the payment of Trust Bonds and the interest thereon, or (C) the excludability from gross income for federal income tax purposes of the interest on Trust Bonds then outstanding or that could be issued in the future.

(f) **Exclusion of Interest from Federal Gross Income and Compliance with Code.**

(i) The Borrower covenants and agrees that it shall not take any action or omit to take any action that would result in the loss of the exclusion of the interest on any Trust Bonds now or hereafter issued from gross income for purposes of federal income taxation as that status is governed by Section 103(a) of the Code.

(ii) The Borrower shall not take any action or omit to take any action that would cause its Borrower Bond or the Trust Bonds (assuming solely for this purpose that the proceeds of the Trust Bonds loaned to the Borrower represent all of the proceeds of the Trust Bonds) to be “private activity bonds” within the meaning of Section 141(a) of the Code. Accordingly, unless the Borrower receives the prior written approval of the Trust, the Borrower shall not (A) permit any of the proceeds of the Trust Bonds loaned to the Borrower or the Project financed or refinanced with the proceeds of the Trust Bonds loaned to the Borrower to be used (directly or indirectly) in any manner that would constitute “private business use” within the meaning of Section 141(b)(6) of the Code, (B) use (directly or indirectly) any of the proceeds of the Trust Bonds loaned to the
Borrower to make or finance loans to persons other than “governmental units” (as such term is used in Section 141(c) of the Code), or (C) use (directly or indirectly) any of the proceeds of the Trust Bonds loaned to the Borrower to acquire any “nongovernmental output property” within the meaning of Section 141(d)(2) of the Code.

(iii) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the Trust Bonds (or amounts replaced with such proceeds) or any other funds or take any action or omit to take any action that would cause the Trust Bonds (assuming solely for this purpose that the proceeds of the Trust Bonds loaned to the Borrower represent all of the proceeds of the Trust Bonds) to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

(iv) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the Trust Bonds to pay the principal of or the interest or redemption premium on or any other amount in connection with the retirement or redemption of any issue of state or local governmental obligations (“refinancing of indebtedness”), unless the Borrower shall (A) establish to the satisfaction of the Trust, prior to the issuance of the Trust Bonds, that such refinancing of indebtedness will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Trust Bonds, and (B) provide to the Trust an opinion of Bond Counsel to that effect in form and substance satisfactory to the Trust.

(v) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the Trust Bonds to reimburse the Borrower for an expenditure with respect to Costs of the Borrower’s Project paid by the Borrower prior to the issuance of the Trust Bonds, unless (A) the allocation by the Borrower of the proceeds of the Trust Bonds to reimburse such expenditure complies with the requirements of Treasury Regulations §1.150-2 necessary to enable the reimbursement allocation to be treated as an expenditure of the proceeds of the Trust Bonds for purposes of applying Sections 103 and 141-150, inclusive, of the Code, or (B) such proceeds of the Trust Bonds will be used for refinancing of indebtedness that was used to pay Costs of the Borrower’s Project or to reimburse the Borrower for expenditures with respect to Costs of the Borrower’s Project paid by the Borrower prior to the issuance of such indebtedness in accordance with a reimbursement allocation for such expenditures that complies with the requirements of Treasury Regulations §1.150-2.

(vi) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the Trust Bonds to pay any costs which are not Costs of the Borrower’s Project that constitute (A) a “capital expenditure,” within the meaning of Treasury Regulations §1.150-1, or (B) interest on the Trust Bonds accruing during a period commencing on the date of issuance of the Trust Bonds and ending on the date that is the later of (I) three years from the date of issuance of the Trust Bonds or (II) one year after the completion date with respect to the Project, as set forth in Exhibit G hereto.

(vii) The Borrower shall not use the proceeds of the Trust Bonds (assuming solely for this purpose that the proceeds of the Trust Bonds loaned to the Borrower represent all of the proceeds of the Trust Bonds) in any manner that would cause the
Trust Bonds to be considered “federally guaranteed” within the meaning of Section 149(b) of the Code or “hedge bonds” within the meaning of Section 149(g) of the Code.

(viii) The Borrower shall not issue any debt obligations that (A) are sold at substantially the same time as the Trust Bonds and finance or refinance the Loan made to the Borrower, (B) are sold pursuant to the same plan of financing as the Trust Bonds and finance or refinance the Loan made to the Borrower, and (C) are reasonably expected to be paid out of substantially the same source of funds as the Trust Bonds and finance or refinance the Loan made to the Borrower.

(ix) Neither the Borrower nor any “related party” (within the meaning of Treasury Regulations §1.150-1) shall purchase Trust Bonds in an amount related to the amount of the Loan.

(x) The Borrower will not issue or permit to be issued obligations that will constitute an “advance refunding” of the Borrower Bond within the meaning of Section 149(d)(5) of the Code without the express written consent of the Trust, which consent may only be delivered by the Trust after the Trust has received notice from the Borrower of such contemplated action no later than sixty (60) days prior to any such contemplated action, and which consent is in the sole discretion of the Trust.

(xi) See Section 2.02(f)(xi) as set forth in Schedule A attached hereto, made a part hereof and incorporated in this Section 2.02(f)(xi) by reference as if set forth in full herein.

(xii) No “gross proceeds” of the Trust Bonds held by the Borrower (other than amounts in a “bona fide debt service fund”) will be held in a “commingled fund” (as such terms are defined in Treasury Regulations §1.148-1(b)).

(xiii) Based upon all of the objective facts and circumstances in existence on the date of issuance of the Trust Bonds used to finance the Project, (A) within six months of the date of issuance of the Trust Bonds used to finance the Project, the Borrower will incur a substantial binding obligation to a third party to expend on the Project at least five percent (5%) of the “net sale proceeds” (within the meaning of Treasury Regulations §1.148-1) of the Loan used to finance the Project (treating an obligation as not being binding if it is subject to contingencies within the control of the Borrower, the Trust or a “related party” (within the meaning of Treasury Regulations §1.150-1)), (B) completion of the Project and the allocation to expenditures of the “net sale proceeds” of the Loan used to finance the Project will proceed with due diligence, and (C) all of the proceeds of the Loan used to finance the Project (other than amounts deposited into the Debt Service Reserve Fund to the extent the Trust establishes a Debt Service Reserve Fund pursuant to the Bond Resolution) allocable to that portion of the Loan used to finance reserve capacity, if any) and investment earnings thereon will be spent prior to the period ending three (3) years subsequent to the date of issuance of the Trust Bonds used to finance the Project. Accordingly, the proceeds of the Loan deposited in the Project Loan Account used to finance the Project will be eligible for the 3-year arbitrage temporary period since
the expenditure test, time test and due diligence test, as set forth in Treasury Regulations §1.148-2(e)(2), will be satisfied.

(xiv) The weighted average maturity of the Loan does not exceed 120% of the average reasonably expected economic life of the Project financed or refinanced with the Loan, determined in the same manner as under Section 147(b) of the Code. Accordingly, the term of the Loan will not be longer than is reasonably necessary for the governmental purposes of the Loan within the meaning of Treasury Regulations §1.148-1(c)(4).

(xv) The Borrower shall only enter into service contracts (including management contracts), with respect to any portion of the Project financed by the Trust Bonds, with a “governmental unit” (within the meaning of Section 141 of the Code) or only when such contracts comply with Rev. Proc. 97-13, 1997-1 C.B. 632, or successor provisions applicable to the Trust Bonds; provided, that the Borrower delivers an opinion of Bond Counsel, in form and substance satisfactory to the Trust, to the effect that the entering into of such contracts by the Borrower will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Trust Bonds.

(xvi) The Borrower shall, within 30 days of date the Borrower concludes that no additional proceeds of the Loan will be required to pay costs of the Project, provide to the Trust a certificate of the Borrower evidencing such conclusion.

For purposes of this subsection and subsection (h) of this Section 2.02, quoted terms shall have the meanings given thereto by Section 148 of the Code, including, particularly, Treasury Regulations §§1.148-1 through 1.148-11, inclusive, as supplemented or amended, to the extent applicable to the Trust Bonds, and any successor Treasury Regulations applicable to the Trust Bonds.

(g) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall, in accordance with prudent environmental infrastructure utility practice, (i) at all times operate the properties of its Environmental Infrastructure System and any business in connection therewith in an efficient manner, (ii) maintain its Environmental Infrastructure System in good repair, working order and operating condition, and (iii) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to its Environmental Infrastructure System so that at all times the business carried on in connection therewith shall be properly and advantageously conducted.

(h) Records and Accounts.

(i) The Borrower shall keep accurate records and accounts for its Environmental Infrastructure System (the “System Records”) separate and distinct from its other records and accounts (the “General Records”). Such System Records shall be audited annually by an independent registered municipal accountant or certified public accountant, which may be part of the annual audit of the General Records of the Borrower. Such System Records and General Records shall be made available for inspection by the Trust at any reasonable time upon prior written notice, and a copy of
such annual audit(s) therefor, including all written comments and recommendations of such accountant, shall be furnished to the Trust within 150 days of the close of the fiscal year being so audited or, with the consent of the Trust, such additional period as may be provided by law.

(ii) Within 30 days following receipt of any Loan proceeds, including without limitation the “Allowance for Administrative Costs” or the “Allowance for Planning and Design” set forth in Exhibit B hereto, the Borrower shall allocate such proceeds to an expenditures in a manner that satisfies the requirements of Treasury Regulation §1.148-6(d) and transmit a copy of each such allocation to the Trust. No portion of the Allowance for Administrative Costs will be allocated to a cost other than a cost described in N.J.A.C. 7:22-5.11(a) 3, 4, 5 or 6. No portion of the Allowance for Planning and Design will be allocated to a cost other than a cost described N.J.A.C. 7:22-5.12, or other costs of the Borrower’s Environmental Infrastructure System which are “capital expenditures,” within the meaning of Treasury Regulations §1.150-1. The Borrower shall retain records of such allocations for at least until the date that is three years after the scheduled maturity date of the Trust Bonds. The Borrower shall make such records available to the Trust within 15 days of any request by the Trust.

(iii) Unless otherwise advised in writing by the Trust, in furtherance of the covenant of the Borrower contained in subsection (f) of this Section 2.02 not to cause the Trust Bonds to be arbitrage bonds, the Borrower shall keep, or cause to be kept, accurate records of each investment it makes in any “nonpurpose investment” acquired with, or otherwise allocated to, “gross proceeds” of the Trust Bonds not held by the Trustee and each “expenditure” it makes allocated to “gross proceeds” of the Trust Bonds. Such records shall include the purchase price, including any constructive “payments” (or in the case of a “payment” constituting a deemed acquisition of a “nonpurpose investment” (e.g., a “nonpurpose investment” first allocated to “gross proceeds” of the Trust Bonds after it is actually acquired because it is deposited in a sinking fund for the Trust Bonds)), the “fair market value” of the “nonpurpose investment” on the date first allocated to the “gross proceeds” of the Trust Bonds, nominal interest rate, dated date, maturity date, type of property, frequency of periodic payments, period of compounding, yield to maturity, amount actually or constructively received on disposition (or in the case of a “receipt” constituting a deemed disposition of a “nonpurpose investment” (e.g., a “nonpurpose investment” that ceases to be allocated to the “gross proceeds” of the Trust Bonds because it is removed from a sinking fund for the Trust Bonds)), the “fair market value” of the “nonpurpose investment” on the date it ceases to be allocated to the “gross proceeds” of the Trust Bonds, the purchase date and disposition date of the “nonpurpose investment” and evidence of the “fair market value” of such property on the purchase date and disposition date (or deemed purchase or disposition date) for each such “nonpurpose investment”. The purchase date, disposition date and the date of determination of “fair market value” shall be the date on which a contract to purchase or sell the “nonpurpose investment” becomes binding, i.e., the trade date rather than the settlement date. For purposes of the calculation of purchase price and disposition price, brokerage or selling commissions, administrative expenses or similar expenses shall not increase the purchase price of an item and shall not reduce the amount actually or
(iv) Within thirty (30) days of the last day of the fifth and each succeeding fifth “bond year” (which, unless otherwise advised by the Trust, shall be the five-year period ending on the date five years subsequent to the date immediately preceding the date of issuance of the Trust Bonds and each succeeding fifth “bond year”) and within thirty (30) days of the date the last bond that is part of the Trust Bonds is discharged (or on any other periodic basis requested in writing by the Trust), the Borrower shall (A) calculate, or cause to be calculated, the “rebate amount” as of the “computation date” or “final computation date” attributable to any “nonpurpose investment” made by the Borrower and (B) remit the following to the Trust: (1) an amount of money that when added to the “future value” as of the “computation date” of any previous payments made to the Trust on account of rebate equals the “rebate amount”, (2) the calculations supporting the “rebate amount” attributable to any “nonpurpose investment” made by the Borrower allocated to “gross proceeds” of the Trust Bonds, and (3) any other information requested by the Trust relating to compliance with Section 148 of the Code (e.g., information related to any “nonpurpose investment” of the Borrower for purposes of application of the “universal cap”).

(v) The Borrower covenants and agrees that it will account for “gross proceeds” of the Trust Bonds, investments allocable to the Trust Bonds and expenditures of “gross proceeds” of the Trust Bonds in accordance with Treasury Regulations §1.148-6. All allocations of “gross proceeds” of the Trust Bonds to expenditures will be recorded on the books of the Borrower kept in connection with the Trust Bonds no later than 18 months after the later of the date the particular Costs of the Borrower’s Project is paid or the date the portion of the project financed by the Trust Bonds is placed in service. All allocations of proceeds of the Trust Bonds to expenditures will be made no later than the date that is 60 days after the fifth anniversary of the date the Trust Bonds are issued or the date 60 days after the retirement of the Trust Bonds, if earlier. Such records and accounts will include the particular Costs paid, the date of the payment and the party to whom the payment was made.

(vi) From time to time as directed by the Trust, the Borrower shall provide to the Trust a written report demonstrating compliance by the Borrower with the provisions of Section 2.02(f) of this Loan Agreement, each such written report to be submitted by the Borrower to the Trust in the form of a full and complete written response to a questionnaire provided by the Trust to the Borrower. Each such questionnaire shall be provided by the Trust to the Borrower not less than fourteen (14) days prior to the date established by the Trust for receipt from the Borrower of the full and complete written response to the questionnaire.

(i) Inspections; Information. The Borrower shall permit the Trust and the Trustee and any party designated by any of such parties, at any and all reasonable times during construction of the Project and thereafter upon prior written notice, to examine, visit and inspect the property, if any, constituting the Project and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements,
contracts, investments and any other matters relating thereto and to its financial standing, and shall supply such reports and information as the Trust and the Trustee may reasonably require in connection therewith.

(j) Insurance. The Borrower shall maintain or cause to be maintained, in force, insurance policies with responsible insurers or self-insurance programs providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System at least to the extent that similar insurance is usually carried by utilities constructing, operating and maintaining Environmental Infrastructure Facilities of the nature of the Borrower’s Environmental Infrastructure System, including liability coverage, all to the extent available at reasonable cost but in no case less than will satisfy all applicable regulatory requirements.

(k) Costs of Project. The Borrower certifies that the building cost of the Project, as listed in Exhibit B hereto and made a part hereof, is a reasonable and accurate estimation thereof, and it will supply to the Trust a certificate from a licensed professional engineer authorized to practice in the State stating that such building cost is a reasonable and accurate estimation and that the useful life of the Project exceeds the maturity date of the Borrower Bond.

(l) Delivery of Documents. Concurrently with the delivery of this Loan Agreement (as previously authorized, executed and attested) at the Loan Closing, the Borrower will cause to be delivered to the Trust and the Trustee each of the following items:

(i) an opinion of the Borrower’s bond counsel substantially in the form of Exhibit E hereto; provided, however, that the Trust may permit portions of such opinion to be rendered by general counsel to the Borrower and may permit variances in such opinion from the form set forth in Exhibit E if, in the opinion of the Trust, such variances are not to the material detriment of the interests of the holders of the Trust Bonds;

(ii) counterparts of this Loan Agreement as previously executed and attested by the parties hereto;

(iii) copies of those resolutions finally adopted by the governing body of the Borrower and requested by the Trust, including, without limitation, (A) the resolution of the Borrower authorizing the execution, attestation and delivery of this Loan Agreement, (B) the Borrower Bond Resolution, as amended and supplemented as of the date of the Loan Closing, authorizing the execution, attestation, authentication, sale and delivery of the Borrower Bond to the Trust, (C) the resolution of the Borrower, if any, confirming the details of the sale of the Borrower Bond to the Trust, (D) the resolution of the Borrower, if any, declaring its official intent to reimburse expenditures for the Costs of the Project from the proceeds of the Trust Bonds, each of said resolutions of the Borrower being certified by an Authorized Officer of the Borrower as of the date of the Loan Closing, (E) the resolution of the Local Finance Board approving the issuance by the Borrower of the Borrower Bond to the Trust and setting forth any other approvals required therefor by the Local Finance Board, and (F) any other Proceedings;

(iv) if the Loan is being made to reimburse the Borrower for all or a portion of the Costs of the Borrower’s Project or to refinance indebtedness or reimburse the
Borrower for the repayment of indebtedness previously incurred by the Borrower to finance all or a portion of the Costs of the Borrower’s Project, an opinion of Bond Counsel, 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 the interest on the Trust Bonds;

(v) the certificates of insurance coverage as required pursuant to the terms of Section 3.06(d) hereof and such other certificates, documents, opinions and information as the Trust may require in Exhibit F hereto, if any; and

(vi) See Section 2.02(l)(vi) as set forth in Schedule A attached hereto, made a part hereof and incorporated herein by reference as if set forth in full herein.

(m) Execution and Delivery of Borrower Bond. Concurrently with the delivery of this Loan Agreement at the Loan Closing, the Borrower shall also deliver to the Trust the Borrower Bond, as previously executed, attested and authenticated, upon the receipt of a written certification of the Trust that a portion of the net proceeds of the Trust Bonds shall be deposited in the Project Loan Account simultaneously with the delivery of the Borrower Bond.

(n) Notice of Material Adverse Change. The Borrower shall promptly notify the Trust of any material adverse change in the properties, activities, prospects or condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System, or in the ability of the Borrower to make all Loan Repayments and otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond.

(o) Continuing Representations. The representations of the Borrower contained herein shall be true at the time of the execution of this Loan Agreement and at all times during the term of this Loan Agreement.

(p) Continuing Disclosure Covenant. To the extent that the Trust, in its sole discretion, determines, at any time prior to the termination of the Loan Term, that the Borrower is a material “obligated person”, as the term “obligated person” is defined in Rule 15c2-12, with materiality being determined by the Trust pursuant to criteria established, from time to time, by the Trust in its sole discretion and set forth in a bond resolution or official statement of the Trust, the Borrower hereby covenants that it will authorize and provide to the Trust, for inclusion in any preliminary official statement or official statement of the Trust, all statements and information relating to the Borrower and, if applicable, any Underlying Government Unit and Indirect Underlying Government Unit, deemed material by the Trust for the purpose of satisfying Rule 15c2-12 as well as Rule 10b-5 promulgated pursuant to the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto (“Rule 10b-5”), including certificates and written representations of the Borrower evidencing its compliance with Rule 15c2-12 and Rule 10b-5; and the Borrower hereby further covenants that the Borrower shall execute and deliver the Continuing Disclosure Agreement, in substantially the form attached hereto as Exhibit H, with such revisions thereto prior to execution and delivery thereof as the Trust shall determine to be necessary, desirable or convenient, in its sole discretion, for the purpose of satisfying Rule 15c2-12 and the purposes and intent thereof, as
Rule 15c2-12, its purposes and intent may hereafter be interpreted from time to time by the SEC or any court of competent jurisdiction; and pursuant to the terms and provisions of the Continuing Disclosure Agreement, the Borrower shall thereafter provide on-going disclosure with respect to all statements and information relating to the Borrower and, if applicable, any Underlying Government Unit and Indirect Underlying Government Unit, in satisfaction of the requirements set forth in Rule 15c2-12 and Rule 10b-5, including, without limitation, the provision of certificates and written representations of the Borrower evidencing its compliance with Rule 15c2-12 and Rule 10b-5.

(q) **Additional Covenants and Requirements.** (i) No later than the Loan Closing and, if necessary, in connection with the Trust’s issuance of the Trust Bonds or the making of the Loan, additional covenants and requirements have been included in Exhibit F hereto and made a part hereof. Such covenants and requirements may include, but need not be limited to, the requirement that the Borrower enter into and execute or produce a validly existing Service Agreement, the maintenance of specified levels of Environmental Infrastructure System rates, the issuance of additional debt of the Borrower, the use by or on behalf of the Borrower of certain proceeds of the Trust Bonds as such use relates to the exclusion from gross income for federal income tax purposes of the interest on any Trust Bonds, the transfer of Revenues from the Borrower’s Environmental Infrastructure System, compliance with Rule 15c2-12, Rule 10b-5 and any other applicable federal or state securities laws, and matters in connection with the appointment of the Trustee under the Bond Resolution and any successors thereto. The Borrower hereby agrees to observe and comply with each such additional covenant and requirement, if any, included in Exhibit F hereto as if the same were set forth herein in its entirety. (ii) Additional defined terms, covenants, representations and requirements have been included in Schedule A attached hereto and made a part hereof. Such additional defined terms, covenants, representations and requirements are incorporated in this Loan Agreement by reference thereto as if set forth in full herein and the Borrower hereby agrees to observe and comply with each such additional term, covenant, representation and requirement included in Schedule A as if the same were set forth in its entirety where reference thereto is made in this Loan Agreement.
ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

SECTION 3.01. Loan; Loan Term. The Trust hereby agrees to make the Loan as described in Exhibit A-2 hereof and to disburse proceeds of the Loan to the Borrower in accordance with Section 3.02 and Exhibit C hereof, and the Borrower hereby agrees to borrow and accept the Loan from the Trust upon the terms set forth in Exhibit A-2 attached hereto and made a part hereof; provided, however, that the Trust shall be under no obligation to make the Loan if (a) at the Loan Closing, the Borrower does not deliver to the Trust a Borrower Bond and such other documents required under Section 2.02(1) hereof, or (b) an Event of Default has occurred and is continuing under the Bond Resolution or this Loan Agreement. Although the Trust intends to disburse proceeds of the Loan to the Borrower at the times and up to the amounts set forth in Exhibit C to pay a portion of the Costs of the Project, due to unforeseen circumstances there may not be a sufficient amount on deposit in the Project Fund on any date to make the disbursement in such amount. Nevertheless, the Borrower agrees that the amount actually deposited in the Project Loan Account at the Loan Closing plus the Borrower’s allocable share of (i) certain costs of issuance and underwriter’s discount for all Trust Bonds issued to finance the Loan; (ii) capitalized interest during the Project construction period, if applicable; and (iii) that portion of the Debt Service Reserve Fund (to the extent the Trust establishes a Debt Service Reserve Fund pursuant to the Bond Resolution) attributable to the cost of funding reserve capacity for the Project, if applicable, shall constitute the initial principal amount of the Loan (as the same may be adjusted downward in accordance with the definition thereof), and neither the Trust nor the Trustee shall have any obligation thereafter to loan any additional amounts to the Borrower.

The Borrower shall use the proceeds of the Loan strictly in accordance with Section 2.01(h) hereof.

The payment obligations created under this Loan Agreement and the obligations to pay the principal of the Borrower Bond, Interest on the Borrower Bond and other amounts due under the Borrower Bond are each special obligations of the Borrower payable solely from the Revenues in accordance with the terms of and to the extent provided in the Borrower Bond Resolution.

SECTION 3.02. Disbursement of Loan Proceeds.

(a) The Trustee, as the agent of the Trust, shall disburse the amounts on deposit in the Project Loan Account to the Borrower upon receipt of a requisition executed by an Authorized Officer of the Borrower, and approved by the Trust, in a form meeting the requirements of Section 5.02(3) of the Bond Resolution.

(b) The Trust and Trustee shall not be required to disburse any Loan proceeds to the Borrower under this Loan Agreement, unless:

(i) the proceeds of the Trust Bonds shall be available for disbursement, as determined solely by the Trust;
in accordance with the Bond Act, and the Regulations, the Borrower shall have timely applied for, shall have been awarded and, prior to or simultaneously with the Loan Closing, shall have closed a Fund Loan for a portion of the Allowable Costs (as defined in such Regulations) of the Project in an amount not in excess of the amount of Allowable Costs of the Project financed by the Loan from the Trust;

the Borrower shall have on hand moneys to pay for the greater of (A) that portion of the total Costs of the Project that is not eligible to be funded from the Fund Loan or the Loan, or (B) that portion of the total Costs of the Project that exceeds the actual amounts of the loan commitments made by the State and the Trust, respectively, for the Fund Loan and the Loan; and

no Event of Default nor any event that, with the passage of time or service of notice or both, would constitute an Event of Default shall have occurred and be continuing hereunder.

SECTION 3.03.  Amounts Payable.

(a) The Borrower shall repay the Loan in installments payable to the Trustee as follows:

(i) the principal of the Loan shall be repaid annually on the Principal Payment Dates, in accordance with the schedule set forth in Exhibit A-2 attached hereto and made a part hereof, as the same may be amended or modified by any credits applicable to the Borrower as set forth in the Bond Resolution;

(ii) the Interest Portion described in clause (i) of the definition thereof shall be paid semiannually on the Interest Payment Dates, in accordance with the schedule set forth in Exhibit A-2 attached hereto and made a part hereof, as the same may be amended or modified by any credits applicable to the Borrower as set forth in the Bond Resolution; and

(iii) the Interest Portion described in clause (ii) of the definition thereof shall be paid upon the date of optional redemption or acceleration, as the case may be, of the Trust Bonds allocable to any prepaid or accelerated Trust Bond Loan Repayment.

The obligations of the Borrower under the Borrower Bond shall be deemed to be amounts payable under this Section 3.03. Each Loan Repayment, whether satisfied through a direct payment by the Borrower to the Trustee or (with respect to the Interest Portion) through the use of Trust Bond proceeds and income thereon on deposit in the Interest Account (as defined in the Bond Resolution) to pay interest on the Trust Bonds, shall be deemed to be a credit against the corresponding obligation of the Borrower under this Section 3.03 and shall fulfill the Borrower’s obligation to pay such amount hereunder and under the Borrower Bond. Each payment made to the Trustee pursuant to this Section 3.03 shall be applied first to the Interest Portion then due and payable, second to the principal of the Loan then due and payable, third to the payment of the Administrative Fee, and finally to the payment of any late charges hereunder.
(b) The Interest on the Loan described in clause (iii) of the definition thereof shall (i) consist of a late charge for any Trust Bond Loan Repayment that is received by the Trustee later than the tenth (10th) day following its due date and (ii) be payable immediately thereafter in an amount equal to the greater of twelve percent (12%) per annum or the Prime Rate plus one half of one percent per annum on such late payment from its due date to the date it is actually paid; provided, however, that the rate of Interest on the Loan, including, without limitation, any late payment charges incurred hereunder, shall not exceed the maximum interest rate permitted by law.

(c) The Borrower shall receive, as a credit against its semiannual payment obligations of the Interest Portion, the amounts certified by the Trust pursuant to Section 5.10 of the Bond Resolution. Such amounts shall represent the Borrower’s allocable share of the interest earnings on certain funds and accounts established under the Bond Resolution, calculated in accordance with Section 5.10 of the Bond Resolution.

(d) In accordance with the provisions of the Bond Resolution, the Borrower shall receive, as a credit against its Trust Bond Loan Repayments, the amounts set forth in the certificate of the Trust filed with the Trustee pursuant to Section 5.02(4) of the Bond Resolution.

(e) The Interest on the Loan described in clause (ii) of the definition thereof shall be paid by the Borrower in the amount of one-half of the Administrative Fee, if any, to the Trustee semiannually on each February 1 and August 1, commencing August 1, 2014.

(f) See Section 3.03(f) as set forth in Schedule A attached hereto, made a part hereof and incorporated herein by reference as if set forth in full herein.

(g) Upon thirty (30) days prior written notice to the Borrower, an Authorized Officer of the Trust may, in the sole discretion of such Authorized Officer, prescribe the particular method by which payments pursuant to, and in satisfaction of, this Section 3.03 shall be made by the Borrower. Such method as prescribed by an Authorized Officer of the Trust may include, without limitation, the automatic debit by the Trust or the Trustee of the respective amounts of such payments, as required by this Section 3.03, from an account that shall be identified by the Borrower in writing and recorded on file with the Trust and the Trustee. In the absence of any such written notice to the Borrower by an Authorized Officer of the Trust pursuant to this subsection (g), the Borrower shall implement the payments required pursuant to, and in satisfaction of, this Section 3.03 either via electronic transfer of immediately available funds or via check.

SECTION 3.03A. Amounts on Deposit in Project Loan Account After Completion of Project Draws.

(a) If, on the date which is one hundred eighty (180) days following the final date for which a disbursement of Loan proceeds is scheduled to be made pursuant to Exhibit C hereto, any amounts remain on deposit in the Borrower’s Project Loan Account, the Borrower must provide to the Trust and the Department a certificate of an Authorized Officer of the Borrower (i) stating that the Borrower has not yet completed the Project, (ii) stating that the Borrower intends to complete the Project, (iii) setting forth the amount of remaining Loan Proceeds required to
complete the Project, and (iv) providing a revised draw schedule, in a form similar to Exhibit C hereto and approved by the Department.

(b) If, on the date which is one hundred eighty (180) days following the final date for which a disbursement of Loan proceeds is scheduled to be made pursuant to a revised draw schedule certified to the Trust and the Department in accordance with Section 3.03A(a) hereof, any amounts remain on deposit in the Borrower’s Project Loan Account, the Borrower must provide to the Trust and the Department a certificate of an Authorized Officer of the Borrower (i) stating that the Borrower has not yet completed the Project, (ii) stating that the Borrower intends to complete the Project, (iii) setting forth the amount of remaining Loan Proceeds required to complete the Project, and (iv) providing a revised draw schedule, in a form similar to Exhibit C hereto and approved by the Department.

(c) If the Borrower fails to provide the certificate described in paragraphs (a) or (b) of this Section 3.03A, when due, or if such certificate, or a certificate provided pursuant to Section 2.02(e)(xvi) hereof, states that the Borrower does not require all or any portion of the amount on deposit in the Project Loan Account to complete the Project, such amounts on deposit in the Project Loan Account which are not certified by an Authorized Officer of the Borrower as being required to complete the Project (“Excess Project Funds”) shall be applied as follows:

(i) If the Excess Project Funds are less than or equal to the greater of (A) $250,000 or (B) the amount of Loan Repayments due from the Borrower to the Trust in the next succeeding calendar year, the Excess Project Funds shall be applied by the Trust toward the Borrower’s obligation to make the Loan Repayments next coming due; or

(ii) If the Excess Project Funds are greater than the greater of (A) $250,000 or (B) the amount of Loan Repayments due from the Borrower to the Trust in the next succeeding calendar year, the Excess Project Funds shall be applied by the Trust as a prepayment of the Borrower’s Loan Repayments, and shall be applied to the principal payments (including premium, if any) on the Loan in inverse order of their maturity.

SECTION 3.04. Unconditional Obligations. The obligation of the Borrower to make the Loan Repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever while any Trust Bonds remain outstanding or any Loan Repayments remain unpaid, for any reason, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Project, this Loan Agreement or the Bond Resolution, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might otherwise have against the Trust, the Trustee or any other
party or parties; provided, however, that payments hereunder shall not constitute a waiver of any such rights. The Borrower shall not be obligated to make any payments required to be made by any other Borrowers under separate Loan Agreements or the Bond Resolution.

The Borrower acknowledges that payment of the Trust Bonds by the Trust, including payment from moneys drawn by the Trustee from the Debt Service Reserve Fund (to the extent the Trust establishes a Debt Service Reserve Fund pursuant to the Bond Resolution), does not constitute payment of the amounts due under this Loan Agreement and the Borrower Bond. If at any time the amount in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Requirement as the result of any transfer of moneys from the Debt Service Reserve Fund to the Debt Service Fund (as all such terms are defined in the Bond Resolution) as the result of a failure by the Borrower to make any Trust Bond Loan Repayments required hereunder, the Borrower agrees to replenish (i) such moneys so transferred and (ii) any deficiency arising from losses incurred in making such transfer as the result of the liquidation by the Trust of Investment Securities (as defined in the Bond Resolution) acquired as an investment of moneys in the Debt Service Reserve Fund, by making payments to the Trust in equal monthly installments for the lesser of six (6) months or the remaining term of the Loan at an interest rate to be determined by the Trust necessary to make up any loss caused by such deficiency.

The Borrower acknowledges that payment of the Trust Bonds from moneys that were originally received by the Trustee pursuant to Section 5.04(1) of the Bond Resolution from repayments by the Borrowers of loans made to the Borrowers by the State, acting by and through the Department, pursuant to loan agreements dated as of May 1, 2014 by and between the Borrowers and the State, acting by and through the Department, to finance or refinance a portion of the Costs of the Environmental Infrastructure Facilities of the Borrowers, does not constitute payment of the amounts due under this Loan Agreement and the Borrower Bond.

SECTION 3.05. Loan Agreement to Survive Bond Resolution and Trust Bonds. The Borrower acknowledges that its duties, covenants, obligations and agreements hereunder shall survive the discharge of the Bond Resolution applicable to the Trust Bonds and shall survive the payment of the principal and redemption premium, if any, of and the interest on the Trust Bonds until the Borrower can take no action or fail to take any action that could adversely affect the exclusion from gross income of the interest on the Trust Bonds for purposes of federal income taxation, at which time such duties, covenants, obligations and agreements hereunder shall, except for those set forth in Sections 3.06(a) and (b) hereof, terminate.

SECTION 3.06. Disclaimer of Warranties and Indemnification.

(a) The Borrower acknowledges and agrees that (i) neither the Trust nor the Trustee makes any warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for any use of the Environmental Infrastructure System or the Project or any portions thereof or any other warranty or representation with respect thereto; (ii) in no event shall the Trust or the Trustee or their respective agents be liable or responsible for any incidental, indirect, special or consequential damages in connection with or arising out of this Loan Agreement or the Project or the existence, furnishing, functioning or use of the Environmental Infrastructure System or the Project or any item or products or services provided for in this Loan Agreement; and (iii) to the fullest extent
permitted by law, the Borrower shall indemnify and hold the Trust and the Trustee harmless against, and the Borrower shall pay any and all, liability, loss, cost, damage, claim, judgment or expense of any and all kinds or nature and however arising and imposed by law, which the Trust and the Trustee may sustain, be subject to or be caused to incur by reason of any claim, suit or action based upon personal injury, death or damage to property, whether real, personal or mixed, or upon or arising out of contracts entered into by the Borrower, the Borrower’s ownership of the Environmental Infrastructure System or the Project, or the acquisition, construction or installation of the Project.

(b) It is mutually agreed by the Borrower, the Trust and the Trustee that the Trust and its officers, agents, servants or employees shall not be liable for, and shall be indemnified and saved harmless by the Borrower in any event from, any action performed under this Loan Agreement and any claim or suit of whatsoever nature, except in the event of loss or damage resulting from their own negligence or willful misconduct. It is further agreed that the Trustee and its directors, officers, agents, servants or employees shall not be liable for, and shall be indemnified and saved harmless by the Borrower in any event from, any action performed pursuant to this Loan Agreement, except in the event of loss or damage resulting from their own negligence or willful misconduct.

(c) The Borrower and the Trust agree that all claims shall be subject to and governed by the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq. (except for N.J.S.A. 59:13-9 thereof), although such Act by its express terms does not apply to claims arising under contract with the Trust.

(d) In connection with its obligation to provide the insurance required under Section 2.02(j) hereof: (i) the Borrower shall include, or cause to be included, the Trust and its directors, employees and officers as additional “named insureds” on (A) any certificate of liability insurance procured by the Borrower (or other similar document evidencing the liability insurance coverage procured by the Borrower) and (B) any certificate of liability insurance procured by any contractor or subcontractor for the Project, and from the later of the date of the Loan Closing or the date of the initiation of construction of the Project until the date the Borrower receives the written certificate of Project completion from the Trust, the Borrower shall maintain said liability insurance covering the Trust and said directors, employees and officers in good standing; and (ii) the Borrower shall include the Trust as an additional “named insured” on any certificate of insurance providing against risk of direct physical loss, damage or destruction of the Environmental Infrastructure System, and during the Loan Term the Borrower shall maintain said insurance covering the Trust in good standing.

The Borrower shall provide the Trust with a copy of each of any such original, supplemental, amendatory or reissued certificates of insurance (or other similar documents evidencing the insurance coverage) required pursuant to this Section 3.06(d).

SECTION 3.07. Option to Prepay Loan Repayments. The Borrower may prepay the Trust Bond Loan Repayments, in whole or in part (but if in part, in the amount of $100,000 or any integral multiple thereof), upon prior written notice to the Trust and the Trustee not less than ninety (90) days in addition to the number of days’ advance notice to the Trustee required for any optional redemption of the Trust Bonds, and upon payment by the Borrower to the
Trustee of amounts that, together with investment earnings thereon, will be sufficient to pay the principal amount of the Trust Bond Loan Repayments to be prepaid plus the Interest Portion described in clause (ii) of the definition thereof on any such date of redemption; provided, however, that, with respect to any prepayment other than those required by Section 3.03A hereof, any such full or partial prepayment may only be made (i) if the Borrower is not then in arrears on its Fund Loan, (ii) if the Borrower is contemporaneously making a full or partial prepayment of the Fund Loan such that, after the prepayment of the Loan and the Fund Loan, the Trust, in its sole discretion, determines that the interests of the owners of the Trust Bonds are not adversely affected by such prepayments, and (iii) upon the prior written approval of the Trust. In addition, if at the time of such prepayment the Trust Bonds may only be redeemed at the option of the Trust upon payment of a premium, the Borrower shall add to its prepayment of Trust Bond Loan Repayments an amount, as determined by the Trust, equal to such premium allocable to the Trust Bonds to be redeemed as a result of the Borrower’s prepayment. Prepayments shall be applied first to the Interest Portion that accrues on the portion of the Loan to be prepaid until such prepayment date as described in clause (ii) of the definition thereof and then to principal payments (including premium, if any) on the Loan in inverse order of their maturity.

SECTION 3.08. Priority of Loan and Fund Loan.

(a) The Borrower hereby acknowledges that, to the extent allowed by law, any Loan Repayments then due and payable on the Loan shall be satisfied by the Trustee before any loan repayments on the Borrower’s Fund Loan shall be satisfied by the Trustee. The Borrower agrees not to interfere with any such action by the Trustee.

(b) The Borrower hereby acknowledges that in the event the Borrower fails or is unable to pay promptly to the Trust in full any Trust Bond Loan Repayments under this Loan Agreement when due, then any (i) Administrative Fee paid hereunder, (ii) late charges paid hereunder, and (iii) loan repayments paid by the Borrower on its Fund Loan under the related loan agreement therefor, any of which payments shall be received by the Trustee during the time of any such Trust Bond Loan Repayment deficiency, shall be applied by the Trustee first to satisfy such Trust Bond Loan Repayment deficiency as a credit against the obligations of the Borrower to make payments of the Interest Portion under the Loan and the Borrower Bond, second, to the extent available, to make Trust Bond Loan Repayments of principal hereunder and payments of principal under the Borrower Bond, third, to the extent available, to pay the Administrative Fee, fourth, to the extent available, to pay any late charges hereunder, fifth, to the extent available, to satisfy the repayment of the Borrower’s Fund Loan under its related loan agreement therefor, and finally, to the extent available, to satisfy the repayment of the administrative fee under any such related loan agreement.

(c) The Borrower hereby further acknowledges that any loan repayments paid by the Borrower on its Fund Loan under the related loan agreement therefor shall be applied according to the provisions of the Master Program Trust Agreement.

SECTION 3.09. Approval of the New Jersey State Treasurer. The Borrower and the Trust hereby acknowledge that prior to or simultaneously with the Loan Closing the New Jersey State Treasurer, in satisfaction of the requirements of Section 9a of the Act, issued the “Certificate of the New Jersey State Treasurer Regarding the Approval of the Trust Loan and the
Fund Loan” (the “Treasurer’s Certificate”). Pursuant to the terms of the Treasurer’s Certificate, the New Jersey State Treasurer approved the Loan and the terms and conditions thereof as established by the provisions of this Loan Agreement.
ARTICLE IV

ASSIGNMENT OF LOAN AGREEMENT AND BORROWER BOND

SECTION 4.01. Assignment and Transfer by Trust.

(a) The Borrower hereby expressly acknowledges that, other than the provisions of Section 2.02(d)(ii) hereof, the Trust’s right, title and interest in, to and under this Loan Agreement and the Borrower Bond have been assigned to the Trustee as security for the Trust Bonds as provided in the Bond Resolution, and that if any Event of Default shall occur, the Trustee or any Bond Insurer (as such term may be defined in the Bond Resolution), if applicable, pursuant to the Bond Resolution, shall be entitled to act hereunder in the place and stead of the Trust. The Borrower hereby acknowledges the requirements of the Bond Resolution applicable to the Trust Bonds and consents to such assignment and appointment. This Loan Agreement and the Borrower Bond, including, without limitation, the right to receive payments required to be made by the Borrower hereunder and to compel or otherwise enforce observance and performance by the Borrower of its other duties, covenants, obligations and agreements hereunder, may be further transferred, assigned and reassigned in whole or in part to one or more assignees or subassignees by the Trustee at any time subsequent to their execution without the necessity of obtaining the consent of, but after giving prior written notice to, the Borrower.

The Trust shall retain the right to compel or otherwise enforce observance and performance by the Borrower of its duties, covenants, obligations and agreements under Section 2.02(d)(ii) hereof; provided, however, that in no event shall the Trust have the right to accelerate the Borrower Bond in connection with the enforcement of Section 2.02(d)(ii) hereof.

(b) The Borrower hereby approves and consents to any assignment or transfer of this Loan Agreement and the Borrower Bond that the Trust deems to be necessary in connection with any refunding of the Trust Bonds or the issuance of additional bonds under the Bond Resolution or otherwise, all in connection with the pooled loan program of the Trust.

SECTION 4.02. Assignment by Borrower. Neither this Loan Agreement nor the Borrower Bond may be assigned by the Borrower for any reason, unless the following conditions shall be satisfied: (i) the Trust and the Trustee shall have approved said assignment in writing; (ii) the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Borrower’s duties, covenants, obligations and agreements under this Loan Agreement and, to the extent permitted under applicable law, the Borrower Bond; (iii) immediately after such assignment, the assignee shall not be in default in the observance or performance of any duties, covenants, obligations or agreements of the Borrower under this Loan Agreement or the Borrower Bond; and (iv) the Trust shall have received an opinion of Bond Counsel to the effect that such assignment will not adversely affect the security of the holders of the Trust Bonds or the exclusion of the interest on the Trust Bonds from gross income for purposes of federal income taxation under Section 103(a) of the Code.
ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

SECTION 5.01. Events of Default. If any of the following events occur, it is hereby defined as and declared to be and to constitute an “Event of Default”:

(a) failure by the Borrower to pay, or cause to be paid, any Trust Bond Loan Repayment required to be paid hereunder when due, which failure shall continue for a period of fifteen (15) days;

(b) failure by the Borrower to make, or cause to be made, any required payments of principal, redemption premium, if any, and interest on any bonds, notes or other obligations of the Borrower (other than the Loan and the Borrower Bond), after giving effect to the applicable grace period, the payments of which are secured by the Revenues of the Environmental Infrastructure System;

(c) failure by the Borrower to pay, or cause to be paid, the Administrative Fee or any late charges incurred hereunder or any portion thereof when due or to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in subsection (a) of this Section 5.01 or other than the obligations of the Borrower contained in Section 2.02(d)(ii) hereof and in Exhibit F hereto, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period, the Trustee may not unreasonably withhold its consent to an extension of such time up to 120 days from the delivery of the written notice referred to above if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Event of Default is corrected;

(d) any representation made by or on behalf of the Borrower contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan, is false or misleading in any material respect;

(e) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, and/or any proceeding with respect to such petition and/or pursuant to any such law shall occur or be pending (including, without limitation, the operation and administration of the Borrower pursuant to any plan of reorganization approved and implemented under any such law), unless in the case of any such petition filed against the Borrower or any such proceeding such petition and such proceeding shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal or the further jurisdiction of any court; or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or trustee, but not including a takeover by the Division of Local Government Services in the New Jersey Department of Community Affairs) of the Borrower or any of its property shall be appointed by
court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days;

(f) the Borrower shall generally fail to pay its debts as such debts become due; and

(g) failure of the Borrower to observe or perform such additional duties, covenants, obligations, agreements or conditions as are required by the Trust and specified in Exhibit F attached hereto and made a part hereof.

SECTION 5.02. Notice of Default. The Borrower shall give the Trustee and the Trust prompt telephonic notice of the occurrence of any Event of Default referred to in Section 5.01(e) or (f) hereof and of the occurrence of any other event or condition that constitutes an Event of Default at such time as any senior administrative or financial officer of the Borrower becomes aware of the existence thereof.

SECTION 5.03. Remedies on Default. Whenever an Event of Default referred to in Section 5.01 hereof shall have occurred and be continuing, the Borrower acknowledges the rights of the Trustee and of any Bond Insurer to direct any and all remedies in accordance with the terms of the Bond Resolution, and the Borrower also acknowledges that the Trust shall have the right to take, or to direct the Trustee to take, any action permitted or required pursuant to the Bond Resolution and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder.

In addition, if an Event of Default referred to in Section 5.01(a) hereof shall have occurred and be continuing, the Trust shall, to the extent allowed by applicable law and to the extent and in the manner set forth in the Bond Resolution, have the right to declare, or to direct the Trustee to declare, all Loan Repayments and all other amounts due hereunder (including, without limitation, payments under the Borrower Bond) together with the prepayment premium, if any, calculated pursuant to Section 3.07 hereof to be immediately due and payable, and upon notice to the Borrower the same shall become due and payable without further notice or demand.

SECTION 5.04. Attorneys’ Fees and Other Expenses. The Borrower shall on demand pay to the Trust or the Trustee the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred by either of them in the collection of Trust Bond Loan Repayments or any other sum due hereunder or in the enforcement of the observance or performance of any other duties, covenants, obligations or agreements of the Borrower upon an Event of Default.

SECTION 5.05. Application of Moneys. Any moneys collected by the Trust or the Trustee pursuant to Section 5.03 hereof shall be applied (a) first to pay any attorneys’ fees or other fees and expenses owed by the Borrower pursuant to Section 5.04 hereof, (b) second, to the extent available, to pay the Interest Portion then due and payable, (c) third, to the extent available, to pay the principal due and payable on the Loan, (d) fourth, to the extent available, to pay the Administrative Fee, any late charges incurred hereunder or any other amounts due and
payable under this Loan Agreement, and (e) \textit{fifth}, to the extent available, to pay the Interest Portion and the principal on the Loan and other amounts payable hereunder as such amounts become due and payable.

\textbf{SECTION 5.06. \ No Remedy Exclusive; Waiver; Notice.} No remedy herein conferred upon or reserved to the Trust or the Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trust or the Trustee to exercise any remedy reserved to it in this Article V, it shall not be necessary to give any notice other than such notice as may be required in this Article V.

\textbf{SECTION 5.07. \ Retention of Trust’s Rights.} Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof or of the Bond Resolution, or anything else to the contrary contained herein, the Trust shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the Borrower at law or in equity, as the Trust may, in its discretion, deem necessary to enforce the obligations of the Borrower to the Trust pursuant to Section 5.03 hereof.
ARTICLE VI

MISCELLANEOUS

SECTION 6.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Borrower at the address specified in Exhibit A-1 attached hereto and made a part hereof and to the Trust and the Trustee at the following addresses:

(a) Trust:

New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 4, Suite 216
Lawrenceville, New Jersey 08648-2201
Attention: Executive Director

(b) Trustee:

U.S. Bank National Association
21 South Street, 3rd Floor
Morristown, New Jersey 07960
Attention: Corporate Trust Department

Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent by notice in writing given to the others.

SECTION 6.02. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Trust and the Borrower and their respective successors and assigns.

SECTION 6.03. Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

SECTION 6.04. Amendments, Supplements and Modifications.

(a) Except as otherwise provided in this Section 6.04, this Loan Agreement may not be amended, supplemented or modified without the prior written consent of the Trust and the Borrower and without the satisfaction of all conditions set forth in Section 11.12 of the Bond Resolution. Notwithstanding the conditions set forth in Section 11.12 of the Bond Resolution, (i) Section 2.02(p) hereof may be amended, supplemented or modified upon the written consent of the Trust and the Borrower and without the consent of the Trustee, any Bond Insurer or any holders of the Trust Bonds, and (ii) Exhibit H hereto may be amended, supplemented or modified prior to the execution and delivery thereof as the Trust, in its sole discretion, shall determine to be necessary, desirable or convenient for the purpose of satisfying Rule 15c2-12.
and the purpose and intent thereof as Rule 15c2-12, its purpose and intent may hereafter be 
interpreted from time to time by the SEC or any court of competent jurisdiction, and such 
amendment, supplement or modification shall not require the consent of the Borrower, the 
Trustee, any Bond Insurer or any holders of the Trust Bonds.

(b) Notwithstanding any provision of the Service Agreement to the contrary, the 
Service Agreement may not be amended, supplemented or modified by the Borrower and the 
Underlying Government Unit without the prior written consent of an Authorized Officer (as 
defined in the Bond Resolution) of the Trust.

SECTION 6.05. Execution in Counterparts. This Loan Agreement may be 
executed in several counterparts, each of which shall be an original and all of which shall 
constitute but one and the same instrument.

SECTION 6.06. Applicable Law and Regulations. This Loan Agreement shall be 
governed by and construed in accordance with the laws of the State, including the Act and the 
Regulations, which Regulations are, by this reference thereto, incorporated herein as part of this 
Loan Agreement.

SECTION 6.07. Consents and Approvals. Whenever the written consent or 
approval of the Trust shall be required under the provisions of this Loan Agreement, such 
consent or approval may only be given by the Trust unless otherwise provided by law or by 
rules, regulations or resolutions of the Trust or unless expressly delegated to the Trustee and 
except as otherwise provided in Section 6.09 hereof.

SECTION 6.08. Captions. The captions or headings in this Loan Agreement are 
for convenience only and shall not in any way define, limit or describe the scope or intent of any 
provisions or sections of this Loan Agreement.

SECTION 6.09. Benefit of Loan Agreement; Compliance with Bond Resolution. 
This Loan Agreement is executed, among other reasons, to induce the purchase of the Trust 
Bonds. Accordingly, all duties, covenants, obligations and agreements of the Borrower herein 
contained are hereby declared to be for the benefit of and are enforceable by the Trust, the 
holders of the Trust Bonds and the Trustee. The Borrower covenants and agrees to observe and 
comply with, and to enable the Trust to observe and comply with, all duties, covenants, 
obligations and agreements contained in the Bond Resolution.

SECTION 6.10. Further Assurances. The Borrower shall, at the request of the 
Trust, authorize, execute, attest, acknowledge and deliver such further resolutions, conveyances, 
transfers, assurances, financing statements and other instruments as may be necessary or 
desirable for better assuring, conveying, granting, assigning and confirming the rights, security 
interests and agreements granted or intended to be granted by this Loan Agreement and the 
Borrower Bond.
IN WITNESS WHEREOF, the Trust and the Borrower have caused this Loan Agreement to be executed, sealed and delivered as of the date first above written.

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

[SEAL] By: __________________________
Warren H. Victor
Chairman

ATTEST:

David E. Zimmer
Assistant Secretary

[NAME OF BORROWER]

[SEAL] By: __________________________
Authorized Officer

ATTEST:

Authorized Officer
In addition to the terms defined in subsection (a) of Section 1.01 of this Loan Agreement, certain additional capitalized terms used in this Loan Agreement shall, unless the context clearly requires otherwise, have the meanings ascribed to such additional capitalized terms in this Schedule A.

Additional Definitions:

[“Authority Underlying Government Unit” means any Underlying Government Unit that is an authority.]

[“Authority Underlying Government Unit”: the Borrower has not entered into a service agreement with an authority underlying government unit and, therefore, the capitalized term “Authority Underlying Government Unit”, when such term is used in this Loan Agreement, shall not be applicable to the provision hereof in which such term appears and, therefore, such term shall have no effect with respect to this Loan Agreement.]

“Bond Resolution” means the “Environmental Infrastructure Trust Bond Resolution, Series 2014[____]” as adopted by the Board of Directors of the Trust on or about April __, 2014, authorizing the issuance of the Trust Bonds, and all further amendments and supplements thereto adopted in accordance with the provisions thereof.

“Borrower” means ______________, an Entity, duly created and validly existing pursuant to the laws of the State of New Jersey, including, without limitation, the Borrower Enabling Act, and any successors and assigns thereto.

“Borrower Bond Resolution” means the resolution of the Borrower entitled “[________________]”, adopted on [______], as amended and supplemented from time to time, [in particular by a supplemental resolution detailing the terms of the Borrower Bond adopted on [_____] and entitled “[___________]”]. pursuant to which the Borrower Bond has been issued.

“Borrower Enabling Act” means the [“Sewerage Authorities Law”, constituting Chapter 138 of the Pamphlet Laws of 1946 of the State (codified at N.J.S.A. 40:14A-1 et seq.), as the same may from time to time be amended and supplemented.][“Municipal and County Utilities Authorities Law”, constituting Chapter 183 of the Pamphlet Laws of 1957 of the State (codified at N.J.S.A. 40:14B-1 et seq.), as the same may from time to time be amended and supplemented.]

“Entity” means a [municipal] [county] [utilities authority] [sewerage authority], acting as a public body corporate and politic with corporate succession.

[“Indirect Underlying Government Unit”: the Borrower has not entered into a service agreement with an indirect underlying government unit and, therefore, the capitalized term “Indirect Underlying Government Unit”, when such term is used in this Loan Agreement, shall
not be applicable to the provision hereof in which such term appears and, therefore, such term shall have no effect with respect to this Loan Agreement.]

[“Indirect Underlying Government Unit” means the [____________ of ______________, in the County of ______________], New Jersey, that has entered into a service agreement with [one of] the Authority Underlying Government Unit[s].]

“Interest Payment Dates” means February 1 and August 1 of each year, commencing on __________ 1, 201__.

“Loan” means the loan made by the Trust to the Borrower to finance or refinance a portion of the Costs of the Project pursuant to this Loan Agreement. For all purposes of this Loan Agreement, the amount of the Loan at any time shall be the initial aggregate principal amount of the Borrower Bond (which amount equals the amount actually deposited in the Project Loan Account at the Loan Closing plus the Borrower’s allocable share of [(i)] certain costs of issuance and underwriter’s discount for all Trust Bonds issued to finance the Loan[,] [and (ii) capitalized interest during the Project construction period]), less any amount of such principal amount that has been repaid by the Borrower under this Loan Agreement and less any adjustment made pursuant to the provisions of the Bond Resolution, including, without limitation, Section 5.02(4) thereof, N.J.A.C. 7:22-4.26 and the appropriations act of the State Legislature authorizing the expenditure of Trust Bond proceeds to finance a portion of the Costs of the Project.

“Permitted Pledges” means (i) loan repayments required with respect to the Fund Loan, (ii) the debt service on any future bonds of the Borrower issued at parity with the Borrower Bond under the Borrower Bond Resolution, (iii) the debt service on any bonds, notes or evidences of indebtedness of the Borrower at parity with the Borrower Bond under the Borrower Bond Resolution and currently outstanding or issued on the date hereof, and (iv) the debt service on any Senior Lien Bonds.

“Principal Payment Dates” means August 1 of each year, commencing on August 1, 201__.

“Revenues” means “[ ] Revenues” as defined in the Borrower Bond Resolution.

[“Senior Lien Bonds” means existing or future bonds, notes or other debt obligations outstanding that are superior or senior to the Borrower Bond as to lien on, and source and security for payment thereof from, the Revenues.

“Senior Lien Bond Resolution” means the bond resolution of the Borrower authorizing the issuance of existing or future bonds, notes or other debt obligations outstanding that are superior or senior to the Borrower Bond as to lien on, and source and security for payment thereof from, the Revenues.]

[“Service Agreement”: the Borrower has not entered into a service agreement and, therefore, the capitalized term “Service Agreement”, when such term is used in this Loan Agreement, shall not be applicable to the provision hereof in which such term appears and, therefore, such term shall have no effect with respect to this Loan Agreement.]
[“Service Agreement” means the written contractual arrangement entered into by and between the Borrower and the Underlying Government Unit dated [    ], as amended and supplemented, a copy of which is attached hereto as Exhibit F-2.]}

[“Service Agreement” means, collectively, the written contractual arrangements entered into by and between the Borrower and each Underlying Government Unit dated [    ] and [    ], respectively, as amended and supplemented, a copy of each of which is attached hereto as Exhibit F-2.]}

[“Service Agreement” means, collectively, the written contractual arrangements entered into by and between the Borrower and each Underlying Government Unit, a list of which is attached hereto as Exhibit F-2.]}

[“Underlying Government Unit”: the Borrower has not entered into a service agreement with an underlying government unit and, therefore, the capitalized term “Underlying Government Unit”, when such term is used in this Loan Agreement, shall not be applicable to the provision hereof in which such term appears and, therefore, such term shall have no effect with respect to this Loan Agreement.]}

[“Underlying Government Unit” means the ___________ of ___________, in the County of __________, New Jersey, which has entered into the Service Agreement with the Borrower.]}

[“Underlying Government Unit” means the County of ____________, New Jersey, which has entered into the Service Agreement with the Borrower.]}

[“Underlying Government Unit” means the _______ Joint Meeting, in the County of ____________, New Jersey, which has entered into the Service Agreement with the Borrower.]}

[“Underlying Government Unit” means, collectively, the ___________ of ____________, in the County of ____________, the ___________ of _____________, in the County of ____________, and the ___________ Authority, all located in the State of New Jersey, each of which has entered into a Service Agreement with the Borrower.]}

SECTION 2.01(a)(vi):

[SERVICE AGREEMENT]

This Loan Agreement, the Service Agreement and the Borrower Bond have each been duly authorized by the Borrower and duly executed, attested and delivered by Authorized Officers of the Borrower, and the Borrower Bond has been duly sold by the Borrower to the Trust, duly authenticated by the trustee or paying agent under the Borrower Bond Resolution and duly issued by the Borrower in accordance with the terms of the Borrower Bond Resolution; and assuming that the other parties to this Loan Agreement and the Service Agreement have all the requisite power and authority to authorize, execute, attest and deliver, and have duly authorized, executed, attested and delivered, this Loan Agreement and the Service Agreement, and assuming further that this Loan Agreement and the Service Agreement are the legal, valid and binding obligations of the other parties thereto, enforceable against such other parties in accordance with their
The Borrower acknowledges that to assure the continued operation and solvency of the Trust and to further secure the Trust Bonds, the Trust may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to pay promptly to the Trust in full any Loan Repayments, an amount sufficient to satisfy such deficiency shall be paid by the New Jersey State Treasurer to the Trust from State aid otherwise payable to the Underlying Government Unit [other than an Authority Underlying Government Unit].

This Loan Agreement and the Borrower Bond have each been duly authorized by the Borrower and the Borrower Bond has been duly sold by the Borrower to the Trust, duly authenticated by the trustee or paying agent under the Borrower Bond Resolution and duly issued by the Borrower in accordance with the terms of the Borrower Bond Resolution; and assuming that the Trust has all the requisite power and authority to authorize, execute, attest and deliver, and has duly authorized, executed, attested and delivered this Loan Agreement, and assuming further that this Loan Agreement is the legal, valid and binding obligation of the Trust, enforceable against the Trust in accordance with its terms, each of this Loan Agreement and the Borrower Bond constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors' rights; and the information contained under "Description of Loan" in Exhibit A-2 attached hereto and made a part hereof is true and accurate in all respects.
SECTION 2.02(c):

[JUNIOR LIEN BONDS ONLY]

Notwithstanding anything to the contrary in Section 2.02(c) of this Loan Agreement, the Trust and the State hereby acknowledge that revenues as defined under the Senior Lien Bond Resolution have a prior lien on revenues of the System to the revenues defined under the junior lien bond resolution.

OR

Section 2.02(c) shall not include any additional provisions.

SECTION 2.02(f)(xi):

[NO RESERVE OR REPLACEMENT FUND]

The Borrower will not have a reserve or replacement fund (within the meaning of Section 148(d)(1) of the Code) allocable to the Borrower Bond evidencing the Loan.

OR

[RESERVE OR REPLACEMENT FUND]

The Borrower has a reserve or replacement fund (within the meaning of Section 148(d)(1) of the Code) that is allocable to the Borrower Bond evidencing the Loan, and such reserve or replacement fund is financed with indebtedness of the Borrower, the interest on which is excluded from gross income for purposes of federal income taxation. Accordingly, amounts held in the reserve or replacement fund allocable to the Borrower Bond evidencing the Loan shall be invested by the Borrower at a yield not in excess of the yield on the Trust Bonds throughout the term of the Loan, unless the Borrower receives prior written approval of the Trust. Amounts in the reserve or replacement fund allocable to the Borrower Bond evidencing the Loan will be held in a segregated account and invested separately from any other moneys so that such amounts will not be held in a “commingled fund” (within the meaning of Treasury Regulations §1.148-1(b)). The investment restrictions contained in this subsection shall not apply in the event the Trust receives an opinion of Bond Counsel to the effect that non-compliance with such restrictions will not affect the exclusion from gross income of the interest on the Trust Bonds.

SECTION 2.02(l)(vi):

[SERVICE AGREEMENT]

A copy of the executed Service Agreement and any service agreement entered into between an Authority Underlying Government Unit and an Indirect Underlying Government Unit certified as of the date of the Loan Closing.

OR
Section 2.02(l)(vi) is not applicable to this Loan Agreement.

**SECTION 3.03(f):**

**[SERVICE AGREEMENT]**

(i) In the event that the Borrower fails or is unable to pay promptly to the Trust in full any Loan Repayment or any other payment required under this Loan Agreement when due, the Borrower shall take all measures permitted by its Service Agreement with the Underlying Government Unit to enforce prompt payment by the Underlying Government Unit of its obligations in accordance with the terms of the Service Agreement in order to satisfy such deficiency. The amount so paid to the Trustee shall be deemed to be a credit against the obligations of the Borrower under this Section 3.03, and any such payment made to the Trustee shall fulfill the Borrower’s obligation to pay such amount under this Loan Agreement and the Borrower Bond. Each such payment so made to the Trustee shall be applied first to the Interest Portion then due and payable, second, to the extent available, to the principal of the Loan then due and payable, third, to the extent available, to the Administrative Fee, fourth, to the extent available, to the payment of any late charges incurred hereunder, and finally, to the extent available, to any other payment required under this Loan Agreement.

(ii) In the event that the Borrower fails or is unable to pay promptly to the Trust in full any Loan Repayment or any other payment required under this Loan Agreement when due and the Underlying Government Unit (other than an Authority Underlying Government Unit), which has entered into the Service Agreement with the Borrower, fails to satisfy the resulting payment deficiency when due, the Borrower hereby acknowledges that the Trust may exercise its right under and in accordance with Section 12a of the Act to satisfy such deficiency from State-aid payable to the Underlying Government Unit (other than an Authority Underlying Government Unit). The amount of State-aid so paid to the Trustee shall be deemed to be a credit against the obligations of the Borrower under this Section 3.03, and any such payment made to the Trustee shall fulfill the Borrower’s obligation to pay such amount under this Loan Agreement and the Borrower Bond. Each such payment of State-aid so made to the Trustee shall be applied first to the Interest Portion then due and payable, second, to the extent available, to the principal of the Loan then due and payable, third, to the extent available, to the Administrative Fee, fourth, to the extent available, to the payment of any late charges incurred hereunder, and finally, to the extent available, to any other payment required under this Loan Agreement.

OR

**[NO SERVICE AGREEMENT]**

Section 3.03(f) is not applicable to this Loan Agreement.
EXHIBIT A-1

Description of Project and Environmental Infrastructure System
EXHIBIT A-2

Description of Loan
EXHIBIT B

Basis for Determination of Allowable Project Costs
EXHIBIT C

Estimated Disbursement Schedule
EXHIBIT D

Specimen Borrower Bond
(Except for assignment page, to be supplied by Borrower’s bond counsel in substantially the following form)

IMPORTANT NOTE: The next three pages set forth the form of the Borrower Bond prepared by the Trust’s Bond Counsel for municipal/county Borrowers. Although the Trust recognizes that each authority Borrower has its own bond form as required pursuant to its Borrower Bond Resolution, please incorporate in the authority bond form the pertinent information from this municipal/county bond form (e.g., amounts payable under the Borrower Bond set forth in the first paragraph, assignment in the second paragraph, disbursement language in the third paragraph, unconditional obligation in the fourth paragraph, optional prepayment provisions in the fifth paragraph and the date of the Borrower Bond).
FOR VALUE RECEIVED, [the] [NAME OF BORROWER], a [municipal/county utilities authority] [sewerage authority] [political subdivision] duly created and validly existing under the Constitution and laws of the State (the “Borrower”), hereby promises to pay to the order of the New Jersey Environmental Infrastructure Trust (the “Trust”) (i) the principal amount of __________________________ Dollars ($__________), or such lesser amount as shall be determined in accordance with Section 3.01 of the Loan Agreement (as hereinafter defined), at the times and in the amounts determined as provided in the Loan Agreement, together with (ii) Interest on the Loan constituting the Interest Portion, the Administrative Fee and any late charges incurred under the Loan Agreement (as such terms are defined in the Loan Agreement) in the amount calculated as provided in the Loan Agreement, payable on the days and in the amounts and as provided in the Loan Agreement, which principal amount and Interest Portion of the Interest on the Loan shall, unless otherwise provided in the Loan Agreement, be payable on the days and in the amounts as also set forth in Exhibit A attached hereto under the column headings respectively entitled “Principal” and “Interest”, plus (iii) any other amounts due and owing under the Loan Agreement at the times and in the amounts as provided therein. The Borrower irrevocably pledges its Revenues (as defined in the Loan Agreement) for the punctual payment of the principal of and the Interest on this Borrower Bond (as defined in the Loan Agreement) and for the punctual payment of all other amounts due under this Borrower Bond and the Loan Agreement according to their respective terms.

This Borrower Bond is issued pursuant to the [“Municipal and County Utilities Authorities Law”, P.L. 1957, c. 183, (N.J.S.A. 40:14B-1 et seq.),] [the “Sewerage Authorities Law”, P.L. 1946 c. 138 (N.J.S.A. 40:14A-1 et seq.),] [“the Local Authorities Fiscal Control Law”, P.L. 1983 c. 313 (N.J.S.A. 40A:5A-1 et seq.),] [the “Borrower Enabling Act” means the “[TITLE OF ACT]”, P.L. ____ c. ____ (N.J.S.A. _______ et seq.),] other applicable law and the Loan Agreement dated as of May 1, 2014 by and between the Trust and the Borrower (the “Loan Agreement”). This Borrower Bond is issued in consideration of the loan made under the Loan Agreement (the “Loan”) to evidence the payment obligations of the Borrower set forth in the Loan Agreement. This Borrower Bond is issued to the account of the Trust pursuant to such assignment. Such assignment has been made as security for the payment of the Trust Bonds (as defined in the Loan Agreement) issued to finance or refinance the Loan and as otherwise described in the Loan Agreement. This Borrower Bond is subject to further assignment or endorsement in accordance with the terms of the Loan Agreement and the Loan Agreement are, by this reference thereto, incorporated herein as part of this Borrower Bond.

Pursuant to the Loan Agreement, disbursements shall be made by the Trustee to the Borrower, in accordance with written instructions of the Trust, upon receipt by the Trust and the
Trust’s Trustee of requisitions from the Borrower executed and delivered in accordance with the requirements set forth in Section 3.02 of the Loan Agreement.

This Borrower Bond is entitled to the benefits and is subject to the conditions of the Loan Agreement. The obligations of the Borrower to make the payments required hereunder shall be absolute and unconditional, without any defense or right of set-off, counterclaim or recoupment by reason of any default by the Trust under the Loan Agreement or under any other agreement between the Borrower and the Trust or out of any indebtedness or liability at any time owing to the Borrower by the Trust or for any other reason.

This Borrower Bond is subject to optional prepayment under the terms and conditions, and in the amounts, provided in Section 3.07 of the Loan Agreement. To the extent allowed by applicable law, this Borrower Bond may be subject to acceleration under the terms and conditions, and in the amounts, provided in Section 5.03 of the Loan Agreement.

IN WITNESS WHEREOF, the Borrower has caused this Borrower Bond to be duly executed, sealed and delivered as of May 21, 2014.

[NAME OF BORROWER]

[SEAL]

By: __________________________

ATTEST:

____________________________
New Jersey Environmental Infrastructure Trust hereby assigns the foregoing Borrower Bond to U.S. Bank National Association, as the Trust’s Trustee under the “Environmental Infrastructure Bond Resolution, Series 2014[____]”, adopted on April __, 2014, as amended and supplemented, all as of the date of this Borrower Bond, as security for the Trust Bonds issued or to be issued under the Bond Resolution to finance or refinance the Project Fund (as defined in the Bond Resolution).

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

[SEAL]

By:________________________

ATTEST:

David E. Zimmer
Assistant Secretary

____________________________
Warren H. Victor
Chairman
EXHIBIT E

Opinions of Borrower’s Bond Counsel and General Counsel

See Closing Item ______
New Jersey Environmental Infrastructure Trust  
3131 Princeton Pike  
Building 4, Suite 216  
Lawrenceville, New Jersey  08625-2201  

U.S. Bank National Association  
21 South Street, 3rd Floor  
Morristown, New Jersey  07960  
Attention: Corporate Trust Department  

Ladies and Gentlemen:  

We have acted as counsel to [the] [Name of Borrower], a [municipal/county utilities authority] [sewerage authority] [political subdivision] of the State of New Jersey (the “Borrower”), which has entered into a Loan Agreement (as hereinafter defined) with the New Jersey Environmental Infrastructure Trust (the “Trust”), and have acted as such in connection with the authorization, execution, attestation and delivery by the Borrower of its Loan Agreement and Borrower Bond (as hereinafter defined) pursuant to the [“Municipal and County Utilities Authorities Law”, P.L. 1957, c. 183, (N.J.S.A. 40:14B-1 et seq.),] [the “Sewerage Authorities Law”, P.L. 1946 c. 138 (N.J.S.A. 40:14A-1 et seq.),] [“the Local Authorities Fiscal Control Law”, P.L. 1983 c. 313 (N.J.S.A. 40A:5A-1 et seq.),] [the “Borrower Enabling Act” means the “[TITLE OF ACT]”, P.L. ____ c. ____ (N.J.S.A. ______ et seq.),] and a bond resolution of the Borrower adopted on [DATE] and entitled “[TITLE]”, as amended and supplemented, including by a supplemental resolution adopted on [DATE] and entitled “[TITLE]” (such resolutions shall be collectively referred to herein as the “Resolution”). All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.  

In so acting, we have examined the Constitution and laws of the State of New Jersey, including, without limitation, the Borrower Enabling Act and the ordinance(s) of [_________] creating the Borrower and the by-laws of the Borrower. We have also examined originals, or copies certified or otherwise identified to our satisfaction, of the following:  

(a) the Trust’s “Environmental Infrastructure Bond Resolution, Series 2014[___]” adopted by the Board of Directors of the Trust on April __, 2014;  

(b) the Loan Agreement dated as of May 1, 2014 (the “Loan Agreement”) by and between the Trust and the Borrower;  

(c) the proceedings of the governing body of the Borrower relating to the approval of the Loan Agreement and the execution, attestation and delivery thereof on behalf of the Borrower and the authorization of the undertaking and completion of the Project;
(d) the Borrower Bond dated May 21, 2014 (the “Borrower Bond”) issued by the Borrower to the Trust to evidence the Loan; [and]

(e) the proceedings (together with the proceedings referred to in clause (c) above and Section 5 below, the “Proceedings”) of the governing body of the Borrower, including, without limitation, the Resolution, relating to the authorization of the Borrower Bond and the sale, execution, attestation, authentication and delivery thereof to the Trust (the Loan Agreement and the Borrower Bond are referred to herein collectively as the “Loan Documents”)[;] [; and] [.]

[(f) the service agreement dated as of __________ (the “Service Agreement”) between the Borrower and __________ (the “Underlying Government Unit”), as amended.]

[(f) the service agreement dated as of __________ (the “Municipal Service Agreement”) between the Borrower and __________ (the “Municipal Underlying Government Unit”), as amended;]

(f) the service agreement dated as of __________ (the “Authority Service Agreement”, and together with the Municipal Service Agreement, the “Service Agreement”) between the Borrower and __________ (the “Authority Underlying Government Unit”, and together with the Municipal Underlying Government Unit, the “Underlying Government Unit”), as amended; and

(g) the service agreement dated as of __________ (the “Indirect Service Agreement”) between the Authority Underlying Government Unit and __________ (the “Indirect Underlying Government Unit”), as amended.]

[(IF JUNIOR LIEN BOND RESOLUTION) [(f)] [(g)] [(i)] the bond resolution of the Borrower (the “Senior Lien Bond Resolution”) authorizing the issuance of bonds, notes or other debt obligations outstanding that are superior or senior to the Borrower Bond as to lien on, and source and security for payment thereof from, the Revenues (the “Senior Lien Bonds”).]

We have also examined and relied upon originals, or copies certified or otherwise authenticated to our satisfaction, of such other records, documents, certificates and other instruments, and have made such investigation of law as in our judgment we have deemed necessary or appropriate, to enable us to render the opinions expressed below.

We are of the opinion that:

1. The Borrower is a [municipal/county utilities authority] [sewerage authority] [political subdivision] duly created and validly existing under and pursuant to the Constitution and statutes of the State of New Jersey, including the Borrower Enabling Act, with the legal right to carry on the business of its Environmental Infrastructure System as currently being conducted and as proposed to be conducted.

2. The Borrower has full legal right and authority to execute, attest and deliver the Loan Documents, to sell the Borrower Bond to the Trust, to cause the authentication of the
Borrower Bond, to observe and perform its duties, covenants, obligations and agreements under the Loan Documents and to undertake and complete the Project.

3. The acting officials of the Borrower who are contemporaneously herewith performing or have previously performed any action contemplated in the Loan Agreement are, and at the time any such action was performed were, the duly appointed or elected officials of the Borrower empowered by applicable New Jersey law and authorized by ordinance or resolution of the Borrower to perform such actions.

4. In accordance with the terms of the Resolution and to the extent provided therein, the Borrower has unconditionally and irrevocably pledged the Revenues of its Environmental Infrastructure System for the punctual payment of the Loan Repayments and all other amounts due under the Loan Documents according to their respective terms.

5. The proceedings of the Borrower’s governing body (i) approving the Loan Documents, (ii) authorizing their execution, attestation and delivery on behalf of the Borrower, (iii) with respect to the Borrower Bond only, authorizing its sale by the Borrower to the Trust and authorizing its authentication on behalf of the Borrower, (iv) authorizing the Borrower to consummate the transactions contemplated by the Loan Documents, (v) authorizing the Borrower to undertake and complete the Project, [(vi) authorizing the approval of the inclusion in the Official Statement of the Borrower Appendices.] and (vi) [(vii)] authorizing the execution and delivery of all other certificates, agreements, documents and instruments in connection with the execution, attestation and delivery of the Loan Documents, [including, without limitation, the designation of the Borrower Appendices portion of the Preliminary Official Statement as “deemed final” for the purposes and within the meaning of Rule 15c2-12(b)(1) of the Securities Exchange Act of 1934, as amended, as promulgated by the Securities and Exchange Commission.] have each been duly and lawfully adopted and authorized in accordance with applicable law and applicable resolutions of the Borrower, including, without limitation, the Resolution, the other Proceedings, the Borrower Enabling Act and the Local Authorities Fiscal Control Law, which Proceedings constitute all of the actions necessary to be taken by the Borrower to authorize its actions contemplated by clauses (i) through (vi) [(vii)] above and which Proceedings, including, without limitation, the Resolution, were duly adopted and published, where necessary, in accordance with applicable New Jersey law at a meeting or meetings duly called pursuant to necessary public notice and held in accordance with applicable New Jersey law and at which quorums were present and acting throughout.

6. The Loan Documents have been duly authorized, executed, attested and delivered by the Authorized Officers of the Borrower, the Borrower Bond has been duly sold by the Borrower to the Trust, and the Borrower Bond has been duly authenticated by the trustee or paying agent under the Resolution; and assuming in the case of the Loan Agreement that the Trust has the requisite power and authority to authorize, execute, attest and deliver, and has duly authorized, executed, attested and delivered, the Loan Agreement, the Loan Documents constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, subject, however, to the effect of, and to restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, moratorium,
New Jersey Environmental Infrastructure Trust
U.S. Bank National Association
May 21, 2014
Page 4-

reorganization or other similar laws affecting creditors’ rights generally. No opinion is rendered as to the availability of any particular remedy.

7. The authorization, execution, attestation and delivery of the Loan Documents by the Borrower and, in the case of the Borrower Bond only, the authentication thereof by the trustee or paying agent under the Resolution and the sale thereof to the Trust, the observation and performance by the Borrower of its duties, covenants, obligations and agreements thereunder, the consummation of the transactions contemplated therein, and the undertaking and completion of the Project do not and will not (i) result in any breach of any of the terms, conditions or provisions of, or (ii) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations is subject.

8. All approvals, consents or authorizations of, or registrations of or filings with, any governmental or public agency, authority or person required to date on the part of the Borrower in connection with the authorization, execution, attestation, delivery and performance of the Loan Documents, the sale of the Borrower Bond and the undertaking and completion of the Project have been obtained or made.

9. The Borrower and the Underlying Government Unit had and have the right and power under the Constitution and statutes of the State of New Jersey to enter into and execute the Service Agreement and to observe and perform all of their respective duties, covenants, obligations and agreements thereunder, and the Service Agreement has been duly executed and delivered by the Borrower and the Underlying Government Unit and constitutes a valid and legally binding obligation of each of them, enforceable against each of them in accordance with its terms, and obligates the Underlying Government Unit to make payment to the Borrower of Annual Charges as defined in and when due under the Service Agreement.

The Authority Underlying Government Unit and the Indirect Underlying Government Unit had and have the right and power under the Constitution and statutes of the State of New Jersey to enter into and execute the Indirect Service Agreement and to observe and perform all of
their respective duties, covenants, obligations and agreements thereunder, and the Indirect Service Agreement has been duly executed and delivered by the Authority Underlying Government Unit and the Indirect Underlying Government Unit and constitutes a valid and legally binding obligation of each of them, enforceable against each of them in accordance with its terms, and obligates the Indirect Underlying Government Unit to make payment to the Authority Underlying Government Unit of Annual Charges (the “Indirect Annual Charges”) as defined in and when due under the Indirect Service Agreement.]

[10. The Annual Charges payable by the Underlying Government Unit under the Service Agreement constitute valid, binding, direct and general obligations of the Underlying Government Unit [in accordance with the Borrower Enabling Act], and the Underlying Government Unit has the power and is obligated, if necessary, to levy ad valorem taxes upon all the taxable property located in the Underlying Government Unit for the payment of such Annual Charges as the same become due, without limitation as to rate or amount.]

[10. The Annual Charges payable by the Underlying Government Unit under the Service Agreement constitute valid, binding, direct and general obligations of the Municipal Underlying Government Unit and valid, binding and direct obligations of the Authority Underlying Government Unit, and the Municipal Underlying Government Unit has the power and is obligated, if necessary, to levy ad valorem taxes upon all the taxable property located in the Municipal Underlying Government Unit for the payment of such Annual Charges as the same become due, without limitation as to rate or amount.

The Indirect Annual Charges payable by the Indirect Underlying Government Unit under the Indirect Service Agreement constitute valid, binding, direct and general obligations of the Indirect Underlying Government Unit, and the Indirect Underlying Government Unit has the power and is obligated, if necessary, to levy ad valorem taxes upon all the taxable property located in the Indirect Underlying Government Unit for the payment of such Indirect Annual Charges as the same become due, without limitation as to rate or amount.

[11.] [9.] There is no litigation or other proceeding pending or, to our knowledge, after due inquiry, threatened in any court or other tribunal of competent jurisdiction (either state or federal) (i) questioning the creation, organization or existence of the Borrower[,] [or] [the Underlying Government Unit] [or the Indirect Underlying Government Unit], (ii) questioning the validity, legality or enforceability of the Resolution, the Loan[,] [or] the Loan Documents[,] [or] [the Service Agreement] [or the Indirect Service Agreement], (iii) questioning the undertaking or completion of the Project, (iv) otherwise challenging the Borrower’s ability to consummate the transactions contemplated by the Loan[,] [or] the Loan Documents[,] [or] [the Service Agreement] [or the Indirect Service Agreement], [(v) questioning the imposition or collection of the Annual Charges [or the Indirect Annual Charges],] or [(v)] [(vi)] that, if adversely decided, would have a materially adverse impact on the financial condition of the Borrower.

[12.] [10.] [(IF JUNIOR LIEN BONDS) Other than any Senior Lien Bonds[,] [T]he Borrower has no bonds, notes or other debt obligations outstanding that are superior or senior to the Borrower Bond as to lien on, and source and security for payment thereof from, the Revenues.
To the best of our knowledge, upon due inquiry, (i) all representations made by the Borrower contained within subsections (f) and (h) of Section 2.02 and, if applicable, Exhibit F of the Loan Agreement are true, accurate and complete, and (ii) all expectations contained therein are reasonable, and we know of no reason why the Borrower would be unable to comply on a continuing basis with the covenants contained within subsections (f) and (h) of Section 2.02 and, if applicable, Exhibit F of the Loan Agreement.

Assuming that (i) the Borrower complies on a continuing basis with the covenants contained in subsections (f) and (h) of Section 2.02 and, if applicable, Exhibit F of the Loan Agreement, (ii) interest on the Trust Bonds is otherwise excluded from gross income of the holders thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and (iii) the proceeds of the Trust Bonds loaned to the Borrower represent all of the proceeds of the Loan for their intended purposes will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Trust Bonds and no portion of the Trust Bonds will be used in a private use, within the meaning of Section 141 of the Code.

We hereby authorize McCarter & English, LLP, acting as bond counsel to the Trust, and the Attorney General of the State of New Jersey, acting as general counsel to the Trust, to rely on this opinion as if we had addressed this opinion to them in addition to you.

Very truly yours,
EXHIBIT F

Additional Covenants and Requirements

[Insert current refunding covenants, if any]

[None.]

[For Private Use Borrowers Only] [Qualified Private Activity Bonds:

(a) No portion of the proceeds of the Trust Bonds loaned to the Local Unit will be used to finance issuance costs (within the meaning of Section 147(g) of the Code).

(b) Assuming for this purpose that (i) the Trust has used two percent (2%) of the proceeds of the Trust Bonds to finance issuance costs (within the meaning of Section 147(g) of the Code), (ii) the proceeds of the Trust Bonds loaned to the Local Unit represent all of the remaining proceeds of the Trust Bonds, (iii) the Trust Bonds are issued as qualified bonds (within the meaning of Section 141(e) of the Code) that meet the requirements of Section [142(a)(4) [142(a)(5)] of the Code, and (iv) interest on the Trust Bonds is otherwise excluded from the gross income of the holders thereof for federal income tax purposes under the Code, the Local Unit shall not, directly or indirectly, use or permit the use of any proceeds of the Trust Bonds in a manner that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Trust Bonds.]
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Service Agreement
EXHIBIT G

General Administrative Requirements for the State Environmental Infrastructure Financing Program
EXHIBIT H

Form of Continuing Disclosure Agreement
LOAN AGREEMENT

BY AND BETWEEN

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

AND

[NAME OF BORROWER]

DATED AS OF MAY 1, 2014
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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into as of May 1, 2014, by and between the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession, and the Borrower (capitalized terms used in this Loan Agreement shall have, unless the context otherwise requires, the meanings ascribed thereto in Section 1.01 hereof);

WITNESSETH THAT:

WHEREAS, the Trust, in accordance with the Act, the Bond Resolution and a financial plan approved by the State Legislature in accordance with Sections 22 and 22.1 of the Act, will issue its Trust Bonds on or prior to the Loan Closing for the purpose of making the Loan to the Borrower and the Loans to the Borrowers from the proceeds of the Trust Bonds to finance a portion of the Costs of Environmental Infrastructure Facilities;

WHEREAS, the Borrower has, in accordance with the Act and the Regulations, made timely application to the Trust for a Loan to finance a portion of the Costs of the Project;

WHEREAS, the State Legislature, in accordance with Sections 20 and 20.1 of the Act, has in the form of an appropriations act approved a project priority list that includes the Project and that authorizes an expenditure of proceeds of the Trust Bonds to finance a portion of the Costs of the Project;

WHEREAS, the Trust has approved the Borrower’s application for a Loan from available proceeds of the Trust Bonds to finance a portion of the Costs of the Project;

WHEREAS, in accordance with the applicable Bond Act (as defined in the Fund Loan Agreement), and the Regulations, the Borrower has been awarded a Fund Loan for a portion of the Costs of the Project; and

WHEREAS, the Borrower, in accordance with the Act, the Regulations, the Business Corporation Law and all other applicable law, will issue a Borrower Bond to the Trust evidencing said Loan at the Loan Closing.

NOW, THEREFORE, for and in consideration of the award of the Loan by the Trust, the Borrower agrees to complete the Project and to perform under this Loan Agreement in accordance with the conditions, covenants and procedures set forth herein and attached hereto as part hereof, as follows:
ARTICLE I
DEFINITIONS

SECTION 1.01. Definitions.

(a) The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the following meanings:

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

“Administrative Fee” means that portion of Interest on the Loan or Interest on the Borrower Bond payable hereunder as an annual fee of up to four-tenths of one percent (.40%) of the initial principal amount of the Loan or such lesser amount, if any, as may be authorized by any act of the State Legislature and as the Trust may approve from time to time.

“Authorized Officer” means, in the case of the Borrower, any person or persons authorized pursuant to a resolution of the board of directors of the Borrower to perform any act or execute any document relating to the Loan, the Borrower Bond or this Loan Agreement.

“Bond Counsel” means a law firm appointed or approved by the Trust, as the case may be, having a reputation in the field of municipal law whose opinions are generally acceptable by purchasers of municipal bonds.

"Borrower" means the corporation that is a party to and is described in Schedule A to this Loan Agreement, and its successors and assigns

“Borrower Bond” means the general obligation bond, note, debenture or other evidence of indebtedness, authorized, executed, attested and delivered by the Borrower to the Trust and, if applicable, authenticated on behalf of the Borrower to evidence the Loan, a specimen of which is attached hereto as Exhibit D and made a part hereof.

“Borrowers” means any other Local Government Unit or Private Entity (as such terms are defined in the Regulations) authorized to construct, operate and maintain Environmental Infrastructure Facilities that have entered into Loan Agreements with the Trust pursuant to which the Trust will make Loans to such recipients from moneys on deposit in the Project Fund, excluding the Project Loan Account.


“Code” means the Internal Revenue Code of 1986, as the same may from time to time be amended and supplemented, including any regulations promulgated thereunder, any successor code thereto and any administrative or judicial interpretations thereof.
“Costs” means those costs that are eligible, reasonable, necessary, allocable to the 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 as set forth in Exhibit B hereto, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an authorized officer of the Trust.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund, if any, as defined in the Bond Resolution.

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

“Environmental Infrastructure Facilities” means Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, described in Exhibit A-1 attached hereto and made a part hereof for which the Borrower is borrowing the Loan under this Loan Agreement.

“Event of Default” means any occurrence or event specified in Section 5.01 hereof.

“Excess Project Funds” shall have the meaning set forth in Section 3.03A hereof.

“Fund Loan” means the loan made to the Borrower by the State, acting by and through the Department, pursuant to the Fund Loan Agreement dated as of May 1, 2014 by and between the Borrower and the State, acting by and through the Department, to finance or refinance a portion of the Costs of the Project.

“Fund Loan Agreement” means the loan agreement dated as of May 1, 2014 by and between the Borrower and the State, acting by and through the Department, regarding the terms and conditions of the Fund Loan.

“Interest on the Loan” or “Interest on the Borrower Bond” means the sum of (i) the Interest Portion, (ii) the Administrative Fee, and (iii) any late charges incurred hereunder.

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

“Loan” means the loan made by the Trust to the Borrower to finance or refinance a portion of the Costs of the Project pursuant to this Loan Agreement, as further described in Schedule A attached hereto.
“Loan Agreement” means this Loan Agreement, including Schedule A and the Exhibits attached hereto, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof and of the Bond Resolution.

“Loan Agreements” means any other loan agreements entered into by and between the Trust and one or more of the Borrowers pursuant to which the Trust will make Loans to such Borrowers from moneys on deposit in the Project Fund, excluding the Project Loan Account, financed with the proceeds of the Trust Bonds.

“Loan Closing” means the date upon which the Trust shall issue and deliver the Trust Bonds and the Borrower shall deliver its Borrower Bond, as previously authorized, executed, attested and, if applicable, authenticated, to the Trust.

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

“Loan Term” means the term of this Loan Agreement provided in Sections 3.01 and 3.03 hereof and in Exhibit A-2 attached hereto and made a part hereof.

“Loans” means the loans made by the Trust to the Borrowers under the Loan Agreements from moneys on deposit in the Project Fund, excluding the Project Loan Account.

“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 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, and the Trust, as the same may be amended and supplemented from time to time in accordance with its terms.

“Official Statement” means the Official Statement relating to the issuance of the Trust Bonds.

“Preliminary Official Statement” means the Preliminary Official Statement relating to the issuance of the Trust Bonds.

“Prime Rate” means the prevailing commercial interest rate announced by the Trustee from time to time in the State as its prime lending rate.

“Project” means the Environmental Infrastructure Facilities of the Borrower described in Exhibit A-1 attached hereto and made a part hereof, which constitutes a project for which the Trust is permitted to make a loan to the Borrower pursuant to the Act, the Regulations and the Bond Resolution, all or a portion of the Costs of which is financed or refinanced by the Trust through the making of the Loan under this Loan Agreement and which may be identified under
either the Drinking Water or Clean Water Project Lists with the Project Number specified in Exhibit A-1 attached hereto.

“Project Fund” means the Project Fund as defined in the Bond Resolution.

“Project Loan Account” means the project loan account established on behalf of the Borrower in the Project Fund in accordance with the Bond Resolution to finance all or a portion of the Costs of the Project.

“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.

“State” means the State of New Jersey.

“Trust” means the New Jersey Environmental Infrastructure Trust, a public body corporate and politic with corporate succession duly created and validly existing under and by virtue of the Act.

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

“Trust Bonds” means bonds authorized by Section 2.03 of the Bond Resolution, together with any refunding bonds authenticated, if applicable, and delivered pursuant to Section 2.04 of the Bond Resolution, in each case issued in order to finance (i) the portion of the Loan deposited in the Project Loan Account, (ii) the portion of the Loans deposited in the balance of the Project Fund, (iii) any capitalized interest related to such bonds, (iv) a portion of the costs of issuance related to such bonds, and (v) that portion of the Debt Service Reserve Fund (to the extent the Trust establishes a Debt Service Reserve Fund pursuant to the Bond Resolution), if any, allocable to the Loan or Loans, as the case may be, a portion of which includes the funding of reserve capacity, if applicable, for the Environmental Infrastructure Facilities of the Borrower or Borrowers, as the case may be, or to refinance any or all of the above.

“Trustee” means, initially, U.S. Bank National Association, the Trustee appointed by the Trust and its successors as Trustee under the Bond Resolution, as provided in Article X of the Bond Resolution.

(b) In addition to the capitalized terms defined in subsection (a) of this Section 1.01, certain additional capitalized terms used in this Loan Agreement shall, unless the context clearly requires otherwise, have the meanings ascribed to such additional capitalized terms in Schedule A attached hereto and made a part hereof.

(c) Except as otherwise defined herein or where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, agencies and districts. Words importing one gender shall include the other gender.
ARTICLE II

REPRESENTATIONS AND COVENANTS OF BORROWER

SECTION 2.01. Representations of Borrower. The Borrower represents for the benefit of the Trust, the Trustee and the holders of the Trust Bonds as follows:

(a) Organization and Authority.

(i) The Borrower is a corporation duly created and validly existing under and pursuant to the Constitution and statutes of the State, including the Business Corporation Law.

(ii) The acting officers of the Borrower who are contemporaneously herewith performing or have previously performed any action contemplated in this Loan Agreement either are or, at the time any such action was performed, were the duly appointed or elected officers of such Borrower empowered by applicable State law and, if applicable, authorized by resolution of the Borrower to perform such actions. To the extent any such action was performed by an officer no longer the duly acting officer of such Borrower, all such actions previously taken by such officer are still in full force and effect.

(iii) The Borrower has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate and maintain its Environmental Infrastructure System, to carry on its activities relating thereto, to execute, attest and deliver this Loan Agreement and the Borrower Bond, to authorize the authentication of the Borrower Bond, to sell the Borrower Bond to the Trust, to undertake and complete the Project and to carry out and consummate all transactions contemplated by this Loan Agreement.

(iv) The proceedings of the Borrower’s board of directors approving this Loan Agreement and the Borrower Bond, authorizing the execution, attestation and delivery of this Loan Agreement and the Borrower Bond, authorizing the sale of the Borrower Bond to the Trust, authorizing the authentication of the Borrower Bond on behalf of the Borrower and authorizing the Borrower to undertake and complete the Project, including, without limitation, the Borrower Bond Resolution (collectively, the “Proceedings”), have been duly and lawfully adopted in accordance with the Business Corporation Law and other applicable State law at a meeting or meetings that were duly called and held in accordance with the Borrower By-Laws and at which quorums were present and acting throughout.

(v) By official action of the Borrower taken prior to or concurrent with the execution and delivery hereof, including, without limitation, the Proceedings, the Borrower has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the execution, attestation, delivery and performance of this Loan Agreement and the transactions contemplated hereby; (B) the issuance of the Borrower Bond and the sale thereof to the Trust upon the terms set forth herein; (C) the
approval of the inclusion, if such inclusion is deemed necessary in the sole discretion of the Trust, in the Preliminary Official Statement and the Official Statement of all statements and information relating to the Borrower set forth in “APPENDIX B” thereto (the “Borrower Appendices”) and any amendment thereof or supplement thereto; and (D) the execution, delivery and due performance of any and all other certificates, agreements and instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out, give effect to and consummate the transactions contemplated by this Loan Agreement, including, without limitation, the designation of the Borrower Appendices portion of the Preliminary Official Statement, if any, as “deemed final” for the purposes and within the meaning of Rule 15c2-12 (“Rule 15c2-12”) of the Securities and Exchange Commission (“SEC”) promulgated under the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto.

(vi) This Loan Agreement and the Borrower Bond have each been duly authorized by the Borrower and duly executed, attested and delivered by Authorized Officers of the Borrower, and the Borrower Bond has been duly sold by the Borrower to the Trust, duly authenticated by the trustee or paying agent, if applicable, under the Borrower Bond Resolution and duly issued by the Borrower in accordance with the terms of the Borrower Bond Resolution; and assuming that the Trust has all the requisite power and authority to authorize, execute, attest and deliver, and has duly authorized, executed, attested and delivered, this Loan Agreement, and assuming further that this Loan Agreement is the legal, valid and binding obligation of the Trust, enforceable against the Trust in accordance with its terms, each of this Loan Agreement and the Borrower Bond constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors' rights; and the information contained under “Description of Loan” in Exhibit A-2 attached hereto and made a part hereof is true and accurate in all respects.

(b) Full Disclosure. There is no fact that the Borrower has not disclosed to the Trust in writing on the Borrower’s application for the Loan or otherwise that materially adversely affects or (so far as the Borrower can now foresee) that will materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System, or the ability of the Borrower to make all Loan Repayments and any other payments required under this Loan Agreement or otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect (i) the undertaking or completion of the Project, (ii) the properties, activities, prospects or condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System, (iii) the ability of the Borrower to make all Loan Repayments or any other payments required under this Loan Agreement, (iv) the authorization, execution, attestation or
delivery of this Loan Agreement or the Borrower Bond, (v) the issuance of the Borrower Bond and the sale thereof to the Trust, (vi) the adoption of the Borrower Bond Resolution, or (vii) the Borrower’s ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond, which proceedings have not been previously disclosed in writing to the Trust either in the Borrower’s application for the Loan or otherwise.

(d) Compliance with Existing Laws and Agreements.  (i) The authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond by the Borrower, (ii) the authentication of the Borrower Bond by the trustee or paying agent under the Borrower Bond Resolution, as the case may be, and the sale of the Borrower Bond to the Trust, (iii) the adoption of the Borrower Bond Resolution, (iv) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder and thereunder, (v) the consummation of the transactions provided for in this Loan Agreement, the Borrower Bond Resolution and the Borrower Bond, and (vi) the undertaking and completion of the Project will not (A) other than the lien, charge or encumbrance created hereby, by the Borrower Bond, by the Borrower Bond Resolution and by any other outstanding debt obligations of the Borrower that are at parity with the Borrower Bond as to lien on, and source and security for payment thereon from, the revenues of the Borrower’s Environmental Infrastructure System, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations is subject.

(e) No Defaults. No event has occurred and no condition exists that, upon the authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond, the issuance of the Borrower Bond and the sale thereof to the Trust, the adoption of the Borrower Bond Resolution or the receipt of the amount of the Loan, would constitute an Event of Default hereunder. The Borrower is not in violation of, and has not received notice of any claimed violation of, any term of any agreement or other instrument to which it is a party or by which it, its Environmental Infrastructure System or its properties may be bound, which violation would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System or the ability of the Borrower to make all Loan Repayments, to pay all other amounts due hereunder or otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond.

(f) Governmental Consent. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond, for the issuance of the Borrower Bond and the sale thereof to the Trust, for the adoption of the Borrower Bond Resolution, for the
making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond and for the undertaking or completion of the Project and the financing or refinancing thereof, including, but not limited to, if required, the approval by the New Jersey Board of Public Utilities (the “BPU”) of the issuance by the Borrower of the Borrower Bond to the Trust, as required by Section 9a of the Act, and any other approvals required therefor by the BPU; and the Borrower has complied with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond or with the undertaking or completion of the Project and the financing or refinancing thereof. No consent, approval or authorization of, or filing, registration or qualification with, any governmental body or officer that has not been obtained is required on the part of the Borrower as a condition to the authorization, execution, attestation and delivery of this Loan Agreement and the Borrower Bond, the issuance of the Borrower Bond and the sale thereof to the Trust, the undertaking or completion of the Project or the consummation of any transaction herein contemplated.

(g) **Compliance with Law.** The Borrower:

(i) is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject, the failure to comply with which would materially adversely affect (A) the ability of the Borrower to conduct its activities or to undertake or complete the Project, (B) the ability of the Borrower to make the Loan Repayments and to pay all other amounts due hereunder, or (C) the condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System; and

(ii) has obtained all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its properties or for the conduct of its activities that, if not obtained, would materially adversely affect (A) the ability of the Borrower to conduct its activities or to undertake or complete the Project, (B) the ability of the Borrower to make the Loan Repayments and to pay all other amounts due hereunder, or (C) the condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System.

(h) **Use of Proceeds.** The Borrower will apply the proceeds of the Loan from the Trust as described in Exhibit B attached hereto and made a part hereof (i) to finance or refinance a portion of the Costs of the Borrower’s Project; and (ii) where applicable, to reimburse the Borrower for a portion of the Costs of the Borrower’s Project, which portion was paid or incurred in anticipation of reimbursement by the Trust and is eligible for such reimbursement under and pursuant to the Regulations, the Code and any other applicable law. All of such costs constitute Costs for which the Trust is authorized to make Loans to the Borrower pursuant to the Act and the Regulations.

(i) **Official Statement.** The descriptions and information set forth in the Borrower Appendices, if any, contained in the Official Statement relating to the Borrower, its operations and the transactions contemplated hereby, as of the date of the Official Statement, were and, as of the date of delivery hereof, are true and correct in all material respects, and did not and do not
contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(j) Preliminary Official Statement. As of the date of the Preliminary Official Statement, the descriptions and information set forth in the Borrower Appendices, if any, contained in the Preliminary Official Statement relating to the Borrower, its operations and the transactions contemplated hereby (i) were “deemed final” by the Borrower for the purposes and within the meaning of Rule 15c2-12 and (ii) were true and correct in all material respects, and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

SECTION 2.02. Particular Covenants of Borrower.

(a) Promise to Pay. The Borrower unconditionally and irrevocably promises in accordance with the terms of and to the extent provided in the Borrower Bond Resolution, to make punctual payment of the principal and redemption premium, if any, of the Loan and the Borrower Bond, the Interest on the Loan, the Interest on the Borrower Bond and all other amounts due under this Loan Agreement and the Borrower Bond according to their respective terms.

(b) Performance Under Loan Agreement; Rates. The Borrower covenants and agrees (i) to comply with all applicable state and federal laws, rules and regulations in the performance of this Loan Agreement; (ii) to maintain its Environmental Infrastructure System in good repair and operating condition; (iii) to cooperate with the Trust in the observance and performance of the respective duties, covenants, obligations and agreements of the Borrower and the Trust under this Loan Agreement; and (iv) to establish, levy and collect rents, rates and other charges for the products and services provided by its Environmental Infrastructure System, which rents, rates and other charges shall be at least sufficient to comply with all covenants pertaining thereto contained in, and all other provisions of, any bond resolution, trust indenture or other security agreement, if any, relating to any bonds, notes or other evidences of indebtedness issued or to be issued by the Borrower, including without limitation rents, rates and other charges, together with other available moneys, sufficient to pay the principal of and Interest on the Borrower Bond, plus all other amounts due hereunder.

(c) Borrower Bond; No Prior Liens. Except for (i) the Borrower Bond, (ii) any bonds or notes at parity with the Borrower Bond and currently outstanding or issued on the date hereof, (iii) any future bonds or notes of the Borrower issued under the Borrower Bond Resolution at parity with the Borrower Bond, and (iv) any Permitted Encumbrances (as defined in the Borrower Bond Resolution), the assets of the Borrower that are subject to the Borrower Bond Resolution are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the Borrower Bond, and all corporate or other action on the part of the Borrower to that end has been and will be duly and validly taken.

(d) Completion of Project and Provision of Moneys Therefor. The Borrower covenants and agrees (i) to exercise its best efforts in accordance with prudent environmental
infrastructure utility practice to complete the Project and to accomplish such completion on or before the estimated Project completion date set forth in Exhibit G hereto and made a part hereof; (ii) to comply with the terms and provisions contained in Exhibit G hereto; and (iii) to provide from its own fiscal resources all moneys, in excess of the total amount of loan proceeds it receives under the Loan and Fund Loan, required to complete the Project.

(e) See Section 2.02(e) as set forth in Schedule A attached hereto, made a part hereof and incorporated in this Section 2.02(e) by reference as if set forth in full herein.

(f) Exclusion of Interest from Federal Gross Income and Compliance with Code.

(i) The Borrower covenants and agrees that it shall not take any action or omit to take any action that would result in the loss of the exclusion of the interest on any Trust Bonds now or hereafter issued from gross income for purposes of federal income taxation as that status is governed by Section 103(a) of the Code.

(ii) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the Trust Bonds (or amounts replaced with such proceeds) or any other funds or take any action or omit to take any action that would cause the Trust Bonds (assuming solely for this purpose that the proceeds of the Trust Bonds loaned to the Borrower represent all of the proceeds of the Trust Bonds) to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

(iii) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the Trust Bonds to pay the principal of or the interest or redemption premium on or any other amount in connection with the retirement or redemption of any issue of state or local governmental obligations (“refinancing of indebtedness”), unless the Borrower shall (A) establish to the satisfaction of the Trust, prior to the issuance of the Trust Bonds, that such refinancing of indebtedness will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Trust Bonds, and (B) provide to the Trust an opinion of Bond Counsel to that effect in form and substance satisfactory to the Trust.

(iv) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the Trust Bonds to reimburse the Borrower for an expenditure with respect to Costs of the Borrower’s Project paid by the Borrower prior to the issuance of the Trust Bonds, unless (A) the allocation by the Borrower of the proceeds of the Trust Bonds to reimburse such expenditure complies with the requirements of Treasury Regulations §1.150-2 necessary to enable the reimbursement allocation to be treated as an expenditure of the proceeds of the Trust Bonds for purposes of applying Sections 103 and 141-150, inclusive, of the Code, or (B) such proceeds of the Trust Bonds will be used for refinancing of indebtedness that was used to pay Costs of the Borrower’s Project or to reimburse the Borrower for expenditures with respect to Costs of the Borrower’s Project paid by the Borrower prior to the issuance of such indebtedness in accordance with a reimbursement allocation for such expenditures that complies with the requirements of Treasury Regulations §1.150-2.
(v) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the Trust Bonds to pay any costs which are not Costs of the Borrower’s Project that constitute a “capital expenditure” within the meaning of Treasury Regulations §1.150-1.

(vi) The Borrower shall not use the proceeds of the Trust Bonds (assuming solely for this purpose that the proceeds of the Trust Bonds loaned to the Borrower represent all of the proceeds of the Trust Bonds) in any manner that would cause the Trust Bonds to be considered “federally guaranteed” within the meaning of Section 149(b) of the Code or “hedge bonds” within the meaning of Section 149(g) of the Code.

(vii) The Borrower shall not issue any debt obligations that (A) are sold at substantially the same time as the Trust Bonds and finance or refinance the Loan made to the Borrower, (B) are sold pursuant to the same plan of financing as the Trust Bonds and finance or refinance the Loan made to the Borrower, and (C) are reasonably expected to be paid out of substantially the same source of funds as the Trust Bonds and finance or refinance the Loan made to the Borrower.

(viii) Neither the Borrower nor any “related party” (within the meaning of Treasury Regulations §1.150-1) shall purchase Trust Bonds in an amount related to the amount of the Loan.

(ix) The Borrower will not issue or permit to be issued obligations that will constitute an “advance refunding” of the Borrower Bond within the meaning of Section 149(d)(5) of the Code without the express written consent of the Trust, which consent may only be delivered by the Trust after the Trust has received notice from the Borrower of such contemplated action no later than sixty (60) days prior to any such contemplated action, and which consent is in the sole discretion of the Trust.

(x) See Section 2.02(f)(xi) as set forth in Schedule A attached hereto, made a part hereof and incorporated in this Section 2.02(f)(xi) by reference as if set forth in full herein.

(xi) No “gross proceeds” of the Trust Bonds held by the Borrower (other than amounts in a “bona fide debt service fund”) will be held in a “commingled fund” (as such terms are defined in Treasury Regulations §1.148-1(b)).

(xii) Based upon all of the objective facts and circumstances in existence on the date of issuance of the Trust Bonds used to finance the Project, (A) within six months of the date of issuance of the Trust Bonds used to finance the Project, the Borrower will incur a substantial binding obligation to a third party to expend on the Project at least five percent (5%) of the “net sale proceeds” (within the meaning of Treasury Regulations §1.148-1) of the Loan used to finance the Project (treating an obligation as not being binding if it is subject to contingencies within the control of the Borrower, the Trust or a “related party” (within the meaning of Treasury Regulations §1.150-1)), (B) completion of the Project and the allocation to expenditures of the “net sale proceeds” of the Loan used to finance the Project will proceed with due diligence, and (C) all of the proceeds of
the Loan used to finance the Project (other than amounts deposited into the Debt Service Reserve Fund (to the extent the Trust establishes a Debt Service Reserve Fund pursuant to the Bond Resolution) allocable to that portion of the Loan used to finance reserve capacity, if any) and investment earnings thereon will be spent prior to the period ending three (3) years subsequent to the date of issuance of the Trust Bonds used to finance the Project. Accordingly, the proceeds of the Loan deposited in the Project Loan Account used to finance the Project will be eligible for the 3-year arbitrage temporary period since the expenditure test, time test and due diligence test, as set forth in Treasury Regulations §1.148-2(e)(2), will be satisfied.

(xiii) The weighted average maturity of the Loan does not exceed 120% of the average reasonably expected economic life of the Project financed or refinanced with the Loan, determined in the same manner as under Section 147(b) of the Code. Accordingly, the term of the Loan will not be longer than is reasonably necessary for the governmental purposes of the Loan within the meaning of Treasury Regulations §1.148-1(c)(4).

(xiv) The Borrower shall, within 30 days of date the Borrower concludes that no additional proceeds of the Loan will be required to pay costs of the Project, provide to the Trust a certificate of the Borrower evidencing such conclusion.

For purposes of this subsection and subsection (h) of this Section 2.02, quoted terms shall have the meanings given thereto by Section 148 of the Code, including, particularly, Treasury Regulations §§1.148-1 through 1.148-11, inclusive, as supplemented or amended, to the extent applicable to the Trust Bonds, and any successor Treasury Regulations applicable to the Trust Bonds.

(g) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall, in accordance with prudent environmental infrastructure utility practice, (i) at all times operate the properties of its Environmental Infrastructure System and any business in connection therewith in an efficient manner, (ii) maintain its Environmental Infrastructure System in good repair, working order and operating condition, and (iii) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to its Environmental Infrastructure System so that at all times the business carried on in connection therewith shall be properly and advantageously conducted.

(h) Records and Accounts.

(i) The Borrower shall keep accurate records and accounts for its Environmental Infrastructure System (the “System Records”) separate and distinct from its other records and accounts (the “General Records”). Such System Records shall be audited annually by an independent certified public accountant, which may be part of the annual audit of the General Records of the Borrower. Such System Records and General Records shall be made available for inspection by the Trust at any reasonable time upon prior written notice, and a copy of such annual audit(s) therefor, including all written comments and recommendations of such accountant, shall be furnished to the Trust.
within 150 days of the close of the fiscal year being so audited or, with the consent of the Trust, such additional period as may be provided by law.

(ii) Within 30 days following receipt of any Loan proceeds, including without limitation the “Allowance for Administrative Costs” or the “Allowance for Planning and Design” set forth in Exhibit B hereto, the Borrower shall allocate such proceeds to an expenditures in a manner that satisfies the requirements of Treasury Regulation §1.148-6(d) and transmit a copy of each such allocation to the Trust. No portion of the Allowance for Administrative Costs will be allocated to a cost other than a cost described in N.J.A.C. 7:22-5.11(a) 3, 4 or 6. No portion of the Allowance for Planning and Design will be allocated to a cost other than a cost described N.J.A.C. 7:22-5.12, or other costs of the Borrower’s Environmental Infrastructure System which are “capital expenditures,” within the meaning of Treasury Regulations §1.150-1. The Borrower shall retain records of such allocations for at least until the date that is three years after the scheduled maturity date of the Trust Bonds. The Borrower shall make such records available to the Trust within 15 days of any request by the Trust.

(iii) Unless otherwise advised in writing by the Trust, in furtherance of the covenant of the Borrower contained in subsection (f) of this Section 2.02 not to cause the Trust Bonds to be arbitrage bonds, the Borrower shall keep, or cause to be kept, accurate records of each investment it makes in any “nonpurpose investment” acquired with, or otherwise allocated to, “gross proceeds” of the Trust Bonds not held by the Trustee and each “expenditure” it makes allocated to “gross proceeds” of the Trust Bonds. Such records shall include the purchase price, including any constructive “payments” (or in the case of a “payment” constituting a deemed acquisition of a “nonpurpose investment” (e.g., a “nonpurpose investment” first allocated to “gross proceeds” of the Trust Bonds after it is actually acquired because it is deposited in a sinking fund for the Trust Bonds)), the “fair market value” of the “nonpurpose investment” on the date first allocated to the “gross proceeds” of the Trust Bonds, nominal interest rate, dated date, maturity date, type of property, frequency of periodic payments, period of compounding, yield to maturity, amount actually or constructively received on disposition (or in the case of a “receipt” constituting a deemed disposition of a “nonpurpose investment” (e.g., a “nonpurpose investment” that ceases to be allocated to the “gross proceeds” of the Trust Bonds because it is removed from a sinking fund for the Trust Bonds)), the “fair market value” of the “nonpurpose investment” on the date it ceases to be allocated to the “gross proceeds” of the Trust Bonds, the purchase date and disposition date of the “nonpurpose investment” and evidence of the “fair market value” of such property on the purchase date and disposition date (or deemed purchase or disposition date) for each such “nonpurpose investment”. The purchase date, disposition date and the date of determination of “fair market value” shall be the date on which a contract to purchase or sell the “nonpurpose investment” becomes binding, i.e., the trade date rather than the settlement date. For purposes of the calculation of purchase price and disposition price, brokerage or selling commissions, administrative expenses or similar expenses shall not increase the purchase price of an item and shall not reduce the amount actually or constructively received upon disposition of an item, except to the extent such costs constitute “qualified administrative costs”.

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(iv) Within thirty (30) days of the last day of the fifth and each succeeding fifth “bond year” (which, unless otherwise advised by the Trust, shall be the five-year period ending on the date five years subsequent to the date immediately preceding the date of issuance of the Trust Bonds and each succeeding fifth “bond year”) and within thirty (30) days of the date the last bond that is part of the Trust Bonds is discharged (or on any other periodic basis requested in writing by the Trust), the Borrower shall (A) calculate, or cause to be calculated, the “rebate amount” as of the “computation date” or “final computation date” attributable to any “nonpurpose investment” made by the Borrower and (B) remit the following to the Trust: (1) an amount of money that when added to the “future value” as of the “computation date” of any previous payments made to the Trust on account of rebate equals the “rebate amount”, (2) the calculations supporting the “rebate amount” attributable to any “nonpurpose investment” made by the Borrower allocated to “gross proceeds” of the Trust Bonds, and (3) any other information requested by the Trust relating to compliance with Section 148 of the Code (e.g., information related to any “nonpurpose investment” of the Borrower for purposes of application of the “universal cap”).

(v) The Borrower covenants and agrees that it will account for “gross proceeds” of the Trust Bonds, investments allocable to the Trust Bonds and expenditures of “gross proceeds” of the Trust Bonds in accordance with Treasury Regulations §1.148-6. All allocations of “gross proceeds” of the Trust Bonds to expenditures will be recorded on the books of the Borrower kept in connection with the Trust Bonds no later than 18 months after the later of the date the particular Costs of the Borrower’s Project is paid or the date the portion of the project financed by the Trust Bonds is placed in service. All allocations of proceeds of the Trust Bonds to expenditures will be made no later than the date that is 60 days after the fifth anniversary of the date the Trust Bonds are issued or the date 60 days after the retirement of the Trust Bonds, if earlier. Such records and accounts will include the particular Costs paid, the date of the payment and the party to whom the payment was made.

(vi) From time to time as directed by the Trust, the Borrower shall provide to the Trust a written report demonstrating compliance by the Borrower with the provisions of Section 2.02(f) of this Loan Agreement, each such written report to be submitted by the Borrower to the Trust in the form of a full and complete written response to a questionnaire provided by the Trust to the Borrower. Each such questionnaire shall be provided by the Trust to the Borrower not less than fourteen (14) days prior to the date established by the Trust for receipt from the Borrower of the full and complete written response to the questionnaire.

(i) Inspections; Information. The Borrower shall permit the Trust and the Trustee and any party designated by any of such parties, at any and all reasonable times during construction of the Project and thereafter upon prior written notice, to examine, visit and inspect the property, if any, constituting the Project and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, and shall supply such reports and information as the Trust and the Trustee may reasonably require in connection therewith.
(j) **Insurance.** The Borrower shall maintain or cause to be maintained, in force, insurance policies with responsible insurers or self-insurance programs providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System at least to the extent that similar insurance is usually carried by utilities constructing, operating and maintaining Environmental Infrastructure Facilities of the nature of the Borrower’s Environmental Infrastructure System, including liability coverage, all to the extent available at reasonable cost but in no case less than will satisfy all applicable regulatory requirements.

(k) **Costs of Project.** The Borrower certifies that the building cost of the Project, as listed in Exhibit B hereto and made a part hereof, is a reasonable and accurate estimation thereof, and it will supply to the Trust a certificate from a licensed professional engineer authorized to practice in the State stating that such building cost is a reasonable and accurate estimation and that the useful life of the Project exceeds the maturity date of the Borrower Bond.

(l) **Delivery of Documents.** Concurrently with the delivery of this Loan Agreement (as previously authorized, executed and attested) at the Loan Closing, the Borrower will cause to be delivered to the Trust and the Trustee each of the following items:

(i) an opinion of the Borrower’s bond counsel substantially in the form of Exhibit E hereto; provided, however, that the Trust may permit portions of such opinion to be rendered by general counsel to the Borrower and may permit variances in such opinion from the form set forth in Exhibit E if, in the opinion of the Trust, such variances are not to the material detriment of the interests of the holders of the Trust Bonds;

(ii) counterparts of this Loan Agreement as previously executed and attested by the parties hereto;

(iii) copies of those resolutions finally adopted by the board of directors of the Borrower and requested by the Trust, including, without limitation, (A) the resolution of the Borrower authorizing the execution, attestation and delivery of this Loan Agreement, (B) the Borrower Bond Resolution, as amended and supplemented as of the date of the Loan Closing, authorizing the execution, attestation, authentication, sale and delivery of the Borrower Bond to the Trust, (C) the resolution of the Borrower, if any, confirming the details of the sale of the Borrower Bond to the Trust, (D) the resolution of the Borrower, if any, declaring its official intent to reimburse expenditures for the Costs of the Project from the proceeds of the Trust Bonds, each of said resolutions of the Borrower being certified by an Authorized Officer of the Borrower as of the date of the Loan Closing, (E) the resolution of the BPU approving the issuance by the Borrower of the Borrower Bond to the Trust and setting forth any other approvals required therefor by the BPU, if applicable, and (F) any other Proceedings;

(iv) if the Loan is being made to reimburse the Borrower for all or a portion of the Costs of the Borrower’s Project or to refinance indebtedness or reimburse the Borrower for the repayment of indebtedness previously incurred by the Borrower to finance all or a portion of the Costs of the Borrower’s Project, an opinion of Bond Counsel, 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 the interest on the Trust Bonds; and

(v) the certificates of insurance coverage as required pursuant to the terms of Section 3.06(d) hereof and such other certificates, documents, opinions and information as the Trust may require in Exhibit F hereto, if any.

(m) **Execution and Delivery of Borrower Bond.** Concurrently with the delivery of this Loan Agreement at the Loan Closing, the Borrower shall also deliver to the Trust the Borrower Bond, as previously executed, attested and, if applicable, authenticated, upon the receipt of a written certification of the Trust that a portion of the net proceeds of the Trust Bonds shall be deposited in the Project Loan Account simultaneously with the delivery of the Borrower Bond.

(n) **Notice of Material Adverse Change.** The Borrower shall promptly notify the Trust of any material adverse change in the properties, activities, prospects or condition (financial or otherwise) of the Borrower or its Environmental Infrastructure System, or in the ability of the Borrower to make all Loan Repayments and otherwise to observe and perform its duties, covenants, obligations and agreements under this Loan Agreement and the Borrower Bond.

(o) **Continuing Representations.** The representations of the Borrower contained herein shall be true at the time of the execution of this Loan Agreement and at all times during the term of this Loan Agreement.

(p) **Continuing Disclosure Covenant.** To the extent that the Trust, in its sole discretion, determines, at any time prior to the termination of the Loan Term, that the Borrower is a material “obligated person”, as the term “obligated person” is defined in Rule 15c2-12, with materiality being determined by the Trust pursuant to criteria established, from time to time, by the Trust in its sole discretion and set forth in a bond resolution or official statement of the Trust, the Borrower hereby covenants that it will authorize and provide to the Trust, for inclusion in any preliminary official statement or official statement of the Trust, all statements and information relating to the Borrower deemed material by the Trust for the purpose of satisfying Rule 15c2-12 as well as Rule 10b-5 promulgated pursuant to the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto (“Rule 10b-5”), including certificates and written representations of the Borrower evidencing its compliance with Rule 15c2-12 and Rule 10b-5; and the Borrower hereby further covenants that the Borrower shall execute and deliver the Continuing Disclosure Agreement, in substantially the form attached hereto as Exhibit H, with such revisions thereto prior to execution and delivery thereof as the Trust shall determine to be necessary, desirable or convenient, in its sole discretion, for the purpose of satisfying Rule 15c2-12 and the purposes and intent thereof, as Rule 15c2-12, its purposes and intent may hereafter be interpreted from time to time by the SEC or any court of competent jurisdiction; and pursuant to the terms and provisions of the Continuing Disclosure Agreement, the Borrower shall thereafter provide on-going disclosure with respect to all statements and information relating to the Borrower in satisfaction of the requirements set forth in Rule 15c2-12 and Rule 10b-5, including, without limitation, the provision of certificates and written representations of the Borrower evidencing its compliance with Rule 15c2-12 and Rule 10b-5.
(q) **Additional Covenants and Requirements.** (i) No later than the Loan Closing and, if necessary, in connection with the Trust’s issuance of the Trust Bonds or the making of the Loan, additional covenants and requirements have been included in Exhibit F hereto and made a part hereof. Such covenants and requirements may include, but need not be limited to the maintenance of specified levels of Environmental Infrastructure System rates, the issuance of additional debt of the Borrower, the use by or on behalf of the Borrower of certain proceeds of the Trust Bonds as such use relates to the exclusion from gross income for federal income tax purposes of the interest on any Trust Bonds, the transfer of revenues and receipts from the Borrower’s Environmental Infrastructure System, compliance with Rule 15c2-12, Rule 10b-5 and any other applicable federal or state securities laws, and matters in connection with the appointment of the Trustee under the Bond Resolution and any successors thereto. The Borrower hereby agrees to observe and comply with each such additional covenant and requirement, if any, included in Exhibit F hereto as if the same were set forth herein in its entirety. (ii) Additional defined terms, covenants, representations and requirements have been included in Schedule A attached hereto and made a part hereof. Such additional defined terms, covenants, representations and requirements are incorporated in this Loan Agreement by reference thereto as if set forth in full herein and the Borrower hereby agrees to observe and comply with each such additional term, covenant, representation and requirement included in Schedule A as if the same were set forth in its entirety where reference thereto is made in this Loan Agreement.
ARTICLE III

LOAN TO BORROWER; AMOUNTS PAYABLE; GENERAL AGREEMENTS

SECTION 3.01. Loan; Loan Term. The Trust hereby agrees to make the Loan as described in Exhibit A-2 hereof and to disburse proceeds of the Loan to the Borrower in accordance with Section 3.02 and Exhibit C hereof, and the Borrower hereby agrees to borrow and accept the Loan from the Trust upon the terms set forth in Exhibit A-2 attached hereto and made a part hereof; provided, however, that the Trust shall be under no obligation to make the Loan if (a) at the Loan Closing, the Borrower does not deliver to the Trust a Borrower Bond and such other documents required under Section 2.02(l) hereof, or (b) an Event of Default has occurred and is continuing under the Bond Resolution or this Loan Agreement. Although the Trust intends to disburse proceeds of the Loan to the Borrower at the times and up to the amounts set forth in Exhibit C to pay a portion of the Costs of the Project, due to unforeseen circumstances there may not be a sufficient amount on deposit in the Project Fund on any date to make the disbursement in such amount. Nevertheless, the Borrower agrees that the amount actually deposited in the Project Loan Account at the Loan Closing plus the Borrower’s allocable share of (i) certain costs of issuance and underwriter’s discount for all Trust Bonds issued to finance the Loan; (ii) capitalized interest during the Project construction period, if applicable; and (iii) that portion of the Debt Service Reserve Fund (to the extent the Trust establishes a Debt Service Reserve Fund pursuant to the Bond Resolution) attributable to the cost of funding reserve capacity for the Project, if applicable, shall constitute the initial principal amount of the Loan (as the same may be adjusted downward in accordance with the definition thereof), and neither the Trust nor the Trustee shall have any obligation thereafter to loan any additional amounts to the Borrower.

The Borrower shall use the proceeds of the Loan strictly in accordance with Section 2.01(h) hereof.

The payment obligations created under this Loan Agreement and the obligations to pay the principal of the Borrower Bond, Interest on the Borrower Bond and other amounts due under the Borrower Bond are direct, general irrevocable and unconditional obligations of the Borrower payable from any source legally available to the Borrower in accordance with the terms of and to the extent provided in the Borrower Bond Resolution.

SECTION 3.02. Disbursement of Loan Proceeds.

(a) The Trustee, as the agent of the Trust, shall disburse the amounts on deposit in the Project Loan Account to the Borrower upon receipt of a requisition executed by an Authorized Officer of the Borrower, and approved by the Trust, in a form meeting the requirements of Section 5.02(3) of the Bond Resolution.

(b) The Trust and Trustee shall not be required to disburse any Loan proceeds to the Borrower under this Loan Agreement, unless:

(i) the proceeds of the Trust Bonds shall be available for disbursement, as determined solely by the Trust;
(ii) in accordance with the Bond Act, and the Regulations, the Borrower shall have timely applied for, shall have been awarded and, prior to or simultaneously with the Loan Closing, shall have closed a Fund Loan for a portion of the Allowable Costs (as defined in such Regulations) of the Project in an amount not in excess of the amount of Allowable Costs of the Project financed by the Loan from the Trust;

(iii) the Borrower shall have on hand moneys to pay for the greater of (A) that portion of the total Costs of the Project that is not eligible to be funded from the Fund Loan or the Loan, or (B) that portion of the total Costs of the Project that exceeds the actual amounts of the loan commitments made by the State and the Trust, respectively, for the Fund Loan and the Loan; and

(iv) no Event of Default nor any event that, with the passage of time or service of notice or both, would constitute an Event of Default shall have occurred and be continuing hereunder.

SECTION 3.03. Amounts Payable.

(a) The Borrower shall repay the Loan in installments payable to the Trustee as follows:

(i) the principal of the Loan shall be repaid annually on the Principal Payment Dates, in accordance with the schedule set forth in Exhibit A-2 attached hereto and made a part hereof, as the same may be amended or modified by any credits applicable to the Borrower as set forth in the Bond Resolution;

(ii) the Interest Portion described in clause (i) of the definition thereof shall be paid semiannually on the Interest Payment Dates, in accordance with the schedule set forth in Exhibit A-2 attached hereto and made a part hereof, as the same may be amended or modified by any credits applicable to the Borrower as set forth in the Bond Resolution; and

(iii) the Interest Portion described in clause (ii) of the definition thereof shall be paid upon the date of optional redemption or acceleration, as the case may be, of the Trust Bonds allocable to any prepaid or accelerated Trust Bond Loan Repayment.

The obligations of the Borrower under the Borrower Bond shall be deemed to be amounts payable under this Section 3.03. Each Loan Repayment, whether satisfied through a direct payment by the Borrower to the Trustee or (with respect to the Interest Portion) through the use of Trust Bond proceeds and income thereon on deposit in the Interest Account (as defined in the Bond Resolution) to pay interest on the Trust Bonds, shall be deemed to be a credit against the corresponding obligation of the Borrower under this Section 3.03 and shall fulfill the Borrower’s obligation to pay such amount hereunder and under the Borrower Bond. Each payment made to the Trustee pursuant to this Section 3.03 shall be applied first to the Interest Portion then due and payable, second to the principal of the Loan then due and payable, third to the payment of the Administrative Fee, and finally to the payment of any late charges hereunder.
(b) The Interest on the Loan described in clause (iii) of the definition thereof shall (i) consist of a late charge for any Trust Bond Loan Repayment that is received by the Trustee later than the tenth (10th) day following its due date and (ii) be payable immediately thereafter in an amount equal to the greater of twelve percent (12%) per annum or the Prime Rate plus one half of one percent per annum on such late payment from its due date to the date it is actually paid; provided, however, that the rate of Interest on the Loan, including, without limitation, any late payment charges incurred hereunder, shall not exceed the maximum interest rate permitted by law.

(c) The Borrower shall receive, as a credit against its semiannual payment obligations of the Interest Portion, the amounts certified by the Trust pursuant to Section 5.10 of the Bond Resolution. Such amounts shall represent the Borrower’s allocable share of the interest earnings on certain funds and accounts established under the Bond Resolution, calculated in accordance with Section 5.10 of the Bond Resolution.

(d) In accordance with the provisions of the Bond Resolution, the Borrower shall receive, as a credit against its Trust Bond Loan Repayments, the amounts set forth in the certificate of the Trust filed with the Trustee pursuant to Section 5.02(4) of the Bond Resolution.

(e) The Interest on the Loan described in clause (ii) of the definition thereof shall be paid by the Borrower in the amount of one-half of the Administrative Fee, if any, to the Trustee semiannually on each February 1 and August 1, commencing August 1, 2014.

(f) The Borrower hereby agrees to pay to the Trust at the Loan Closing a “Security Review Fee” in the amount necessary to reimburse the Trust for all of its costs and expenses incurred in connection with reviewing the additional security securing the Trust Loan as set forth in Exhibit F hereto, if any, including without limitation the fees and expenses of any professional advisers hired by the Trust in connection therewith.

(g) Upon thirty (30) days prior written notice to the Borrower, an Authorized Officer of the Trust may, in the sole discretion of such Authorized Officer, prescribe the particular method by which payments pursuant to, and in satisfaction of, this Section 3.03 shall be made by the Borrower. Such method as prescribed by an Authorized Officer of the Trust may include, without limitation, the automatic debit by the Trust or the Trustee of the respective amounts of such payments, as required by this Section 3.03, from an account that shall be identified by the Borrower in writing and recorded on file with the Trust and the Trustee. In the absence of any such written notice to the Borrower by an Authorized Officer of the Trust pursuant to this subsection (g), the Borrower shall implement the payments required pursuant to, and in satisfaction of, this Section 3.03 either via electronic transfer of immediately available funds or via check.

SECTION 3.03A. Amounts on Deposit in Project Loan Account After Completion of Project Draws.

(a) If, on the date which is thirty (30) days following the final date for which a disbursement of Loan proceeds is scheduled to be made pursuant to Exhibit C hereto, any amounts remain on deposit in the Borrower’s Project Loan Account, the Borrower must provide
to the Trust and the Department a certificate of an Authorized Officer of the Borrower (i) stating that the Borrower has not yet completed the Project, (ii) stating that the Borrower intends to complete the Project, (iii) setting forth the amount of remaining Loan Proceeds required to complete the Project, and (iv) providing a revised draw schedule, in a form similar to Exhibit C hereto and approved by the Department.

(b) If, on the date which is thirty (30) days following the final date for which a disbursement of Loan proceeds is scheduled to be made pursuant to a revised draw schedule certified to the Trust and the Department in accordance with Section 3.03A(a) hereof, any amounts remain on deposit in the Borrower’s Project Loan Account, the Borrower must provide to the Trust and the Department a certificate of an Authorized Officer of the Borrower (i) stating that the Borrower has not yet completed the Project, (ii) stating that the Borrower intends to complete the Project, (iii) setting forth the amount of remaining Loan Proceeds required to complete the Project, and (iv) providing a revised draw schedule, in a form similar to Exhibit C hereto and approved by the Department.

(c) If, on the date which the Borrower has completed the Project, any amounts remain on deposit in the Borrower’s Project Loan Account, the Borrower must within thirty (30) days following such date provide to the Trust and the Department a certificate (i) stating that the Project is complete and (ii) setting forth the remaining costs, if any, of the Project for which a disbursement of Loan will be required.

(d) If the Borrower fails to provide the certificate described in paragraphs (a), (b) or (c) of this Section 3.03A, when due, or if such certificate states that the Borrower does not require all or any portion of the amount on deposit in the Project Loan Account to complete the Project, such amounts on deposit in the Project Loan Account which are not certified by an Authorized Officer of the Borrower as being required to complete the Project (“Excess Project Funds”) shall be applied as follows:

(i) If Trust Bonds can be redeemed within sixty (60) days of the date the Borrower is required to provide the certificate described in paragraphs (a), (b) or (c) of this Section 3.03A, the Excess Project Funds shall be used by the Trust within such sixty (60) day period to redeem Trust Bonds, including payment of any pre-payment premium. The Trust Bonds shall be redeemed in inverse order of their maturity. The amount of any maturity redeemed shall not exceed the same proportion as the Loan bears to all Loans made from proceeds of the Trust Bonds rounded down to whole denominations or any integral multiple. The aggregate amount of Trust Bonds so redeemed shall not be less than the amount of nonqualified bonds allocable to the Borrower under Treasury Regulations §1.142-12. The Excess Project Funds used to redeem Trust Bonds shall be applied by the Trust as a prepayment of the Borrower’s Loan Repayments with respect to the redeemed bonds. Any excess shall be held by Trust invested at a yield which does not exceed the yield on the Trust Bonds.

(ii) If Trust Bonds can not be redeemed within sixty (60) days of the date the Borrower is required to provide the certificate described in paragraphs (a), (b) or (c) of this Section 3.03A, the Trust shall, within such sixty (60) day period, (A) deposit all of the Excess Project Funds in a defeasance escrow established to defease Trust Bonds in
inverse order of their maturity, in the same proportion as the Loan bears to all Loans made from proceeds of the Trust Bonds, (B) provide the notice to the Internal Revenue Service required pursuant to Treasury Regulations §1.142-2(c)(2), or any successor income tax regulations, and (C) apply the Excess Project Funds as a prepayment of the Borrower’s Loan Repayments for the defeased Trust Bonds. The aggregate amount of Trust Bonds so defeased shall not be less than the amount of nonqualified bonds allocable to the Borrower under Treasury Regulations §1.142-12

SECTION 3.04. Unconditional Obligations. The obligation of the Borrower to make the Loan Repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever while any Trust Bonds remain outstanding or any Loan Repayments remain unpaid, for any reason, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Project, this Loan Agreement or the Bond Resolution, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might otherwise have against the Trust, the Trustee or any other party or parties; provided, however, that payments hereunder shall not constitute a waiver of any such rights. The Borrower shall not be obligated to make any payments required to be made by any other Borrowers under separate Loan Agreements or the Bond Resolution.

The Borrower acknowledges that payment of the Trust Bonds by the Trust, including payment from moneys drawn by the Trustee from the Debt Service Reserve Fund (to the extent the Trust establishes a Debt Service Reserve Fund pursuant to the Bond Resolution), does not constitute payment of the amounts due under this Loan Agreement and the Borrower Bond. If at any time the amount in the Debt Service Reserve Fund shall be less than the Debt Service Reserve Requirement as the result of any transfer of moneys from the Debt Service Reserve Fund to the Debt Service Fund (as all such terms are defined in the Bond Resolution) as the result of a failure by the Borrower to make any Trust Bond Loan Repayments required hereunder, the Borrower agrees to replenish (i) such moneys so transferred and (ii) any deficiency arising from losses incurred in making such transfer as the result of the liquidation by the Trust of Investment Securities (as defined in the Bond Resolution) acquired as an investment of moneys in the Debt Service Reserve Fund, by making payments to the Trust in equal monthly installments for the lesser of six (6) months or the remaining term of the Loan at an interest rate to be determined by the Trust necessary to make up any loss caused by such deficiency.

The Borrower acknowledges that payment of the Trust Bonds from moneys that were originally received by the Trustee from repayments by the Borrowers of loans made to the Borrowers by the State, acting by and through the Department, pursuant to loan agreements dated as of May 1, 2014 by and between the Borrowers and the State, acting by and through the
Department, to finance or refinance a portion of the Costs of the Environmental Infrastructure Facilities of the Borrowers, and which moneys were upon such receipt by the Trustee deposited in the Trust Bonds Security Account (as defined in the Bond Resolution) does not constitute payment of the amounts due under this Loan Agreement and the Borrower Bond.

SECTION 3.05. Loan Agreement to Survive Bond Resolution and Trust Bonds.
The Borrower acknowledges that its duties, covenants, obligations and agreements hereunder shall survive the discharge of the Bond Resolution applicable to the Trust Bonds and shall survive the payment of the principal and redemption premium, if any, of and the interest on the Trust Bonds until the Borrower can take no action or fail to take any action that could adversely affect the exclusion from gross income of the interest on the Trust Bonds for purposes of federal income taxation, at which time such duties, covenants, obligations and agreements hereunder shall, except for those set forth in Sections 3.06(a) and (b) hereof, terminate.

SECTION 3.06. Disclaimer of Warranties and Indemnification.

(a) The Borrower acknowledges and agrees that (i) neither the Trust nor the Trustee makes any warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for any use of the Environmental Infrastructure System or the Project or any portions thereof or any other warranty or representation with respect thereto; (ii) in no event shall the Trust or the Trustee or their respective agents be liable or responsible for any incidental, indirect, special or consequential damages in connection with or arising out of this Loan Agreement or the Project or the existence, furnishing, functioning or use of the Environmental Infrastructure System or the Project or any item or products or services provided for in this Loan Agreement; and (iii) to the fullest extent permitted by law, the Borrower shall indemnify and hold the Trust and the Trustee harmless against, and the Borrower shall pay any and all, liability, loss, cost, damage, claim, judgment or expense of any and all kinds or nature and however arising and imposed by law, which the Trust and the Trustee may sustain, be subject to or be caused to incur by reason of any claim, suit or action based upon personal injury, death or damage to property, whether real, personal or mixed, or upon or arising out of contracts entered into by the Borrower, the Borrower’s ownership of the Environmental Infrastructure System or the Project, or the acquisition, construction or installation of the Project.

(b) It is mutually agreed by the Borrower, the Trust and the Trustee that the Trust and its officers, agents, servants or employees shall not be liable for, and shall be indemnified and saved harmless by the Borrower in any event from, any action performed under this Loan Agreement and any claim or suit of whatsoever nature, except in the event of loss or damage resulting from their own negligence or willful misconduct. It is further agreed that the Trustee and its directors, officers, agents, servants or employees shall not be liable for, and shall be indemnified and saved harmless by the Borrower in any event from, any action performed pursuant to this Loan Agreement, except in the event of loss or damage resulting from their own negligence or willful misconduct.

(c) The Borrower and the Trust agree that all claims shall be subject to and governed by the provisions of the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 et seq. (except
for N.J.S.A. 59:13-9 thereof), although such Act by its express terms does not apply to claims arising under contract with the Trust.

(d) In connection with its obligation to provide the insurance required under Section 2.02(j) hereof: (i) the Borrower shall include, or cause to be included, the Trust and its directors, employees and officers as additional “named insureds” on (A) any certificate of liability insurance procured by the Borrower (or other similar document evidencing the liability insurance coverage procured by the Borrower) and (B) any certificate of liability insurance procured by any contractor or subcontractor for the Project, and from the later of the date of the Loan Closing or the date of the initiation of construction of the Project until the date the Borrower receives the written certificate of Project completion from the Trust, the Borrower shall maintain said liability insurance covering the Trust and said directors, employees and officers in good standing; and (ii) the Borrower shall include the Trust as an additional “named insured” on any certificate of insurance providing against risk of direct physical loss, damage or destruction of the Environmental Infrastructure System, and during the Loan Term the Borrower shall maintain said insurance covering the Trust in good standing.

The Borrower shall provide the Trust with a copy of each of any such original, supplemental, amendatory or reissued certificates of insurance (or other similar documents evidencing the insurance coverage) required pursuant to this Section 3.06(d).

SECTION 3.07. Option to Prepay Loan Repayments. The Borrower may prepay the Trust Bond Loan Repayments, in whole or in part (but if in part, in the amount of $100,000 or any integral multiple thereof), upon prior written notice to the Trust and the Trustee not less than ninety (90) days in addition to the number of days’ advance notice to the Trustee required for any optional redemption of the Trust Bonds, and upon payment by the Borrower to the Trustee of amounts that, together with investment earnings thereon, will be sufficient to pay the principal amount of the Trust Bond Loan Repayments to be prepaid plus the Interest Portion described in clause (ii) of the definition thereof on any such date of redemption; provided, however, that, with respect to any prepayment other than those required by Section 3.03A hereof, any such full or partial prepayment may only be made (i) if the Borrower is not then in arrears on its Fund Loan, (ii) if the Borrower is contemporaneously making a full or partial prepayment of the Fund Loan such that, after the prepayment of the Loan and the Fund Loan, the Trust, in its sole discretion, determines that the interests of the owners of the Trust Bonds are not adversely affected by such prepayments, and (iii) upon the prior written approval of the Trust. In addition, if at the time of such prepayment the Trust Bonds may only be redeemed at the option of the Trust upon payment of a premium, the Borrower shall add to its prepayment of Trust Bond Loan Repayments an amount, as determined by the Trust, equal to such premium allocable to the Trust Bonds to be redeemed as a result of the Borrower’s prepayment. Prepayments shall be applied first to the Interest Portion that accrues on the portion of the Loan to be prepaid until such prepayment date as described in clause (ii) of the definition thereof and then to principal payments (including premium, if any) on the Loan in inverse order of their maturity.

SECTION 3.08. Priority of Loan and Fund Loan.

(a) The Borrower hereby acknowledges that, to the extent allowed by law or the Borrower Bond Resolution, any Loan Repayments then due and payable on the Loan shall be
satisfied by the Trustee before any loan repayments on the Borrower’s Fund Loan shall be satisfied by the Trustee. The Borrower agrees not to interfere with any such action by the Trustee.

(b) The Borrower hereby acknowledges that in the event the Borrower fails or is unable to pay promptly to the Trust in full any Trust Bond Loan Repayments under this Loan Agreement when due, then any (i) Administrative Fee paid hereunder, (ii) late charges paid hereunder, and (iii) loan repayments paid by the Borrower on its Fund Loan under the related loan agreement therefor, any of which payments shall be received by the Trustee during the time of any such Trust Bond Loan Repayment deficiency, shall be applied by the Trustee first to satisfy such Trust Bond Loan Repayment deficiency as a credit against the obligations of the Borrower to make payments of the Interest Portion under the Loan and the Borrower Bond, second, to the extent available, to make Trust Bond Loan Repayments of principal hereunder and payments of principal under the Borrower Bond, third, to the extent available, to pay the Administrative Fee, fourth, to the extent available, to pay any late charges hereunder, fifth, to the extent available, to satisfy the repayment of the Borrower’s Fund Loan under its related loan agreement therefor, and finally, to the extent available, to satisfy the repayment of the administrative fee under any such related loan agreement.

(c) The Borrower hereby further acknowledges that any loan repayments paid by the Borrower on its Fund Loan under the related loan agreement therefor shall be applied according to the provisions of the Master Program Trust Agreement.

SECTION 3.09. Approval of the New Jersey State Treasurer. The Borrower and the Trust hereby acknowledge that prior to or simultaneously with the Loan Closing the New Jersey State Treasurer, in satisfaction of the requirements of Section 9a of the Act, issued the “Certificate of the New Jersey State Treasurer Regarding the Approval of the Trust Loan and the Fund Loan” (the “Treasurer’s Certificate”). Pursuant to the terms of the Treasurer’s Certificate, the New Jersey State Treasurer approved the Loan and the terms and conditions thereof as established by the provisions of this Loan Agreement.
ARTICLE IV
ASSIGNMENT OF LOAN AGREEMENT AND BORROWER BOND

SECTION 4.01. Assignment and Transfer by Trust.

(a) The Borrower hereby expressly acknowledges that, other than the provisions of Section 2.02(d)(ii) hereof, the Trust’s right, title and interest in, to and under this Loan Agreement and the Borrower Bond have been assigned to the Trustee as security for the Trust Bonds as provided in the Bond Resolution, and that if any Event of Default shall occur, the Trustee or any Bond Insurer (as such term may be defined in the Bond Resolution), if applicable, pursuant to the Bond Resolution, shall be entitled to act hereunder in the place and stead of the Trust. The Borrower hereby acknowledges the requirements of the Bond Resolution applicable to the Trust Bonds and consents to such assignment and appointment. This Loan Agreement and the Borrower Bond, including, without limitation, the right to receive payments required to be made by the Borrower hereunder and to compel or otherwise enforce observance and performance by the Borrower of its other duties, covenants, obligations and agreements hereunder, may be further transferred, assigned and reassigned in whole or in part to one or more assignees or subassignees by the Trustee at any time subsequent to their execution without the necessity of obtaining the consent of, but after giving prior written notice to, the Borrower.

The Trust shall retain the right to compel or otherwise enforce observance and performance by the Borrower of its duties, covenants, obligations and agreements under Section 2.02(d)(ii) hereof; provided, however, that in no event shall the Trust have the right to accelerate the Borrower Bond in connection with the enforcement of Section 2.02(d)(ii) hereof.

(b) The Borrower hereby approves and consents to any assignment or transfer of this Loan Agreement and the Borrower Bond that the Trust deems to be necessary in connection with any refunding of the Trust Bonds or the issuance of additional bonds under the Bond Resolution or otherwise, all in connection with the pooled loan program of the Trust.

SECTION 4.02. Assignment by Borrower. Neither this Loan Agreement nor the Borrower Bond may be assigned by the Borrower for any reason, unless the following conditions shall be satisfied: (i) the Trust and the Trustee shall have approved said assignment in writing; (ii) the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Borrower’s duties, covenants, obligations and agreements under this Loan Agreement and, to the extent permitted under applicable law, the Borrower Bond; (iii) immediately after such assignment, the assignee shall not be in default in the observance or performance of any duties, covenants, obligations or agreements of the Borrower under this Loan Agreement or the Borrower Bond; and (iv) the Trust shall have received an opinion of Bond Counsel to the effect that such assignment will not adversely affect the security of the holders of the Trust Bonds or the exclusion of the interest on the Trust Bonds from gross income for purposes of federal income taxation under Section 103(a) of the Code.
ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

SECTION 5.01. Events of Default. If any of the following events occur, it is hereby defined as and declared to be and to constitute an “Event of Default”:

(a) failure by the Borrower to pay, or cause to be paid, any Trust Bond Loan Repayment required to be paid hereunder when due, which failure shall continue for a period of fifteen (15) days;

(b) failure by the Borrower to make, or cause to be made, any required payments of principal, redemption premium, if any, and interest on any bonds, notes or other obligations of the Borrower issued under the Borrower Bond Resolution (other than the Loan and the Borrower Bond) or otherwise secured by all or a portion of the property pledged under the Borrower Bond Resolution, after giving effect to the applicable grace period;

(c) failure by the Borrower to pay, or cause to be paid, the Administrative Fee or any late charges incurred hereunder or any portion thereof when due or to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in subsection (a) of this Section 5.01 or other than the obligations of the Borrower contained in Section 2.02(d)(ii) hereof and in Exhibit F hereto, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period, the Trustee may not unreasonably withhold its consent to an extension of such time up to 120 days from the delivery of the written notice referred to above if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the Event of Default is corrected;

(d) any representation made by or on behalf of the Borrower contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan, is false or misleading in any material respect;

(e) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, and/or any proceeding with respect to such petition and/or pursuant to any such law shall occur or be pending (including, without limitation, the operation and administration of the Borrower pursuant to any plan of reorganization approved and implemented under any such law), unless in the case of any such petition filed against the Borrower or any such proceeding such petition and such proceeding shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal or the further jurisdiction of any court; or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors; or a custodian (including, without limitation, a receiver, liquidator or trustee of the Borrower or any of its property) shall be appointed by court order or take possession of the...
Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days;

(f) the Borrower shall generally fail to pay its debts as such debts become due; and

(g) failure of the Borrower to observe or perform such additional duties, covenants, obligations, agreements or conditions as are required by the Trust and specified in Exhibit F attached hereto and made a part hereof.

SECTION 5.02. Notice of Default. The Borrower shall give the Trustee and the Trust prompt telephonic notice of the occurrence of any Event of Default referred to in Section 5.01(d) or (e) hereof and of the occurrence of any other event or condition that constitutes an Event of Default at such time as any senior administrative or financial officer of the Borrower becomes aware of the existence thereof.

SECTION 5.03. Remedies on Default. Whenever an Event of Default referred to in Section 5.01 hereof shall have occurred and be continuing, the Borrower acknowledges the rights of the Trustee and of any Bond Insurer to direct any and all remedies in accordance with the terms of the Bond Resolution, and the Borrower also acknowledges that the Trust shall have the right to take, or to direct the Trustee to take, any action permitted or required pursuant to the Bond Resolution and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder.

In addition, if an Event of Default referred to in Section 5.01(a) hereof shall have occurred and be continuing, the Trust shall, to the extent allowed by applicable law and to the extent and in the manner set forth in the Bond Resolution, have the right to declare, or to direct the Trustee to declare, all Loan Repayments and all other amounts due hereunder (including, without limitation, payments under the Borrower Bond) together with the prepayment premium, if any, calculated pursuant to Section 3.07 hereof to be immediately due and payable, and upon notice to the Borrower the same shall become due and payable without further notice or demand.

SECTION 5.04. Attorneys’ Fees and Other Expenses. The Borrower shall on demand pay to the Trust or the Trustee the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred by either of them in the collection of Trust Bond Loan Repayments or any other sum due hereunder or in the enforcement of the observation or performance of any other duties, covenants, obligations or agreements of the Borrower upon an Event of Default.

SECTION 5.05. Application of Moneys. Any moneys collected by the Trust or the Trustee pursuant to Section 5.03 hereof shall be applied (a) first to pay any attorneys’ fees or other fees and expenses owed by the Borrower pursuant to Section 5.04 hereof, (b) second, to the extent available, to pay the Interest Portion then due and payable, (c) third, to the extent available, to pay the principal due and payable on the Loan, (d) fourth, to the extent available, to pay the Administrative Fee, any late charges incurred hereunder or any other amounts due and
payable under this Loan Agreement, and (e) *fifth*, to the extent available, to pay the Interest Portion and the principal on the Loan and other amounts payable hereunder as such amounts become due and payable.

**SECTION 5.06. No Remedy Exclusive; Waiver; Notice.** No remedy herein conferred upon or reserved to the Trust or the Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trust or the Trustee to exercise any remedy reserved to it in this Article V, it shall not be necessary to give any notice other than such notice as may be required in this Article V.

**SECTION 5.07. Retention of Trust’s Rights.** Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof or of the Bond Resolution, or anything else to the contrary contained herein, the Trust shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the Borrower at law or in equity, as the Trust may, in its discretion, deem necessary to enforce the obligations of the Borrower to the Trust pursuant to Section 5.03 hereof.
ARTICLE VI

MISCELLANEOUS

SECTION 6.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Borrower at the address specified in Exhibit A-1 attached hereto and made a part hereof and to the Trust and the Trustee at the following addresses:

(a) Trust:

New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 4, Suite 216
Lawrenceville, New Jersey 08648-2201
Attention: Executive Director

(b) Trustee:

U.S. Bank National Association
21 South Street, 3rd Floor
Morristown, New Jersey 07960
Attention: Corporate Trust Department

Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent by notice in writing given to the others.

SECTION 6.02. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Trust and the Borrower and their respective successors and assigns.

SECTION 6.03. Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

SECTION 6.04. Amendments, Supplements and Modifications.

(a) Except as otherwise provided in this Section 6.04, this Loan Agreement may not be amended, supplemented or modified without the prior written consent of the Trust and the Borrower and without the satisfaction of all conditions set forth in Section 11.12 of the Bond Resolution. Notwithstanding the conditions set forth in Section 11.12 of the Bond Resolution, (i) Section 2.02(p) hereof may be amended, supplemented or modified upon the written consent of the Trust and the Borrower and without the consent of the Trustee, any Bond Insurer or any holders of the Trust Bonds, and (ii) Exhibit H hereto may be amended, supplemented or modified prior to the execution and delivery thereof as the Trust, in its sole discretion, shall determine to be necessary, desirable or convenient for the purpose of satisfying Rule 15c2-12.
and the purpose and intent thereof as Rule 15c2-12, its purpose and intent may hereafter be interpreted from time to time by the SEC or any court of competent jurisdiction, and such amendment, supplement or modification shall not require the consent of the Borrower, the Trustee, any Bond Insurer or any holders of the Trust Bonds.

SECTION 6.05. Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 6.06. Applicable Law and Regulations. This Loan Agreement shall be governed by and construed in accordance with the laws of the State, including the Act and the Regulations, which Regulations are, by this reference thereto, incorporated herein as part of this Loan Agreement.

SECTION 6.07. Consents and Approvals. Whenever the written consent or approval of the Trust shall be required under the provisions of this Loan Agreement, such consent or approval may only be given by the Trust unless otherwise provided by law or by rules, regulations or resolutions of the Trust or unless expressly delegated to the Trustee and except as otherwise provided in Section 6.09 hereof.

SECTION 6.08. Captions. The captions or headings in this Loan Agreement are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

SECTION 6.09. Benefit of Loan Agreement; Compliance with Bond Resolution. This Loan Agreement is executed, among other reasons, to induce the purchase of the Trust Bonds. Accordingly, all duties, covenants, obligations and agreements of the Borrower herein contained are hereby declared to be for the benefit of and are enforceable by the Trust, the holders of the Trust Bonds and the Trustee. The Borrower covenants and agrees to observe and comply with, and to enable the Trust to observe and comply with, all duties, covenants, obligations and agreements contained in the Bond Resolution.

SECTION 6.10. Further Assurances. The Borrower shall, at the request of the Trust, authorize, execute, attest, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Loan Agreement and the Borrower Bond.
IN WITNESS WHEREOF, the Trust and the Borrower have caused this Loan Agreement to be executed, sealed and delivered as of the date first above written.

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

[SEAL]

By: __________________________
    Warren H. Victor
    Chairman

ATTEST:

David E. Zimmer
Assistant Secretary

[NAME OF BORROWER]

[SEAL]

By: __________________________
    Authorized Officer

ATTEST:

Authorized Officer
In addition to the terms defined in subsection (a) of Section 1.01 of this Loan Agreement, certain additional capitalized terms used in this Loan Agreement shall, unless the context clearly requires otherwise, have the meanings ascribed to such additional capitalized terms in this Schedule A.

Additional Definitions:

“Borrower” means _________________, a corporation duly created and validly existing under the laws of the State of New Jersey.

“Bond Resolution” means the “Environmental Infrastructure Trust Bond Resolution, Series 2014[____]”, as adopted by the Board of Directors of the Trust on or about April __, 2014, authorizing the issuance of the Trust Bonds, and all further amendments and supplements thereto adopted in accordance with the provisions thereof.

“Borrower Bond Resolution” means the [resolution] [indenture] of the Borrower entitled “[________________]”, [adopted by the Borrower on] [dated] [_______], as amended and supplemented from time to time, in particular by a supplemental [resolution] [indenture] detailing the terms of the Borrower Bond [adopted by the Borrower on] [dated] [_______] and entitled “[________________]”, pursuant to which the Borrower Bond has been issued.

“Interest Payment Dates” means February 1 and August 1 of each year, commencing on ________ 1, 201_.

“Loan” means the loan made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project pursuant to this Loan Agreement. For all purposes of this Loan Agreement, the amount of the Loan at any time shall be the initial aggregate principal amount of the Borrower Bond (which amount equals the amount actually deposited in the Project Loan Account at the Loan Closing plus the Borrower's allocable share of [(i)] certain costs of issuance, and underwriter's discount for all Trust Bonds issued to finance the Loan[,] [and (ii) capitalized interest during the Project construction period]), less any amount of such principal amount that has been repaid by the Borrower under this Loan Agreement and less any adjustment made pursuant to the provisions of the Bond Resolution, including, without limitation, Section 5.02(4) thereof, N.J.A.C. 7:22-4.26 and the appropriations act of the State Legislature authorizing the expenditure of Trust Bond proceeds to finance a portion of the Costs of the Project.

“Principal Payment Dates” means August 1 of each year, commencing on August 1, 201_.

SECTION 2.02(e)

Disposition of Environmental Infrastructure System. The Borrower shall not permit the disposition of all or substantially all of its Environmental Infrastructure System, directly or
indirectly, including, without limitation, by means of sale, lease, abandonment, sale of stock, statutory merger or otherwise (collectively, a “Disposition”), except on ninety (90) days’ prior written notice to the Trust, and, in any event, shall not permit a Disposition unless the following conditions are met: (i) the Borrower shall, in accordance with Section 4.02 hereof, assign this Loan Agreement and the Borrower Bond and its rights and interests hereunder and thereunder to the purchaser or lessee of the Environmental Infrastructure System, and such purchaser or lessee shall assume all duties, covenants, obligations and agreements of the Borrower under this Loan Agreement and the Borrower Bond; and (ii) the Trust shall by appropriate action determine, in its sole discretion, that such sale, lease, abandonment or other disposition will not adversely affect (A) the Trust's ability to meet its duties, covenants, obligations and agreements under the Bond Resolution, (B) the value of this Loan Agreement or the Borrower Bond as security for the payment of Trust Bonds and the interest thereon, or (C) the excludability from gross income for federal income tax purposes of the interest on Trust Bonds then outstanding or that could be issued in the future.

SECTION 2.02(f)(x)

[NO RESERVE OR REPLACEMENT FUND]

The Borrower will not have a reserve or replacement fund (within the meaning of Section 148(d)(1) of the Code) allocable to the Borrower Bond evidencing the Loan.

OR

[RESERVE OR REPLACEMENT FUND FUNDED BY BONDS OF THE BORROWER]

The Borrower has a reserve or replacement fund (within the meaning of Section 148(d)(1) of the Code) that is allocable to the Borrower Bond evidencing the Loan, and such reserve or replacement fund is financed with indebtedness of the Borrower the interest on which is excluded from gross income for purposes of federal income taxation. Accordingly, amounts held in the reserve or replacement fund allocable to the Borrower Bond evidencing the Loan shall be invested by the Borrower at a yield not in excess of the yield on the Trust Bonds throughout the term of the Loan, unless the Borrower receives prior written approval of the Trust. Amounts in the reserve or replacement fund allocable to the Borrower Bond evidencing the Loan will be held in a segregated account and invested separately from any other moneys so that such amounts will not be held in a “commingled fund” (within the meaning of Treasury Regulations §1.148-1(b)). The investment restrictions contained in this subsection shall not apply in the event the Trust receives an opinion of Bond Counsel to the effect that non-compliance with such restrictions will not affect the exclusion from gross income of the interest on the Trust Bonds.

OR

[RESERVE OR REPLACEMENT FUND NOT FUNDED BY BONDS OF THE BORROWER]

The Borrower has a reserve or replacement fund (within the meaning of Section 148(d)(1) of the Code) that is allocable to the Borrower Bond evidencing the Loan, and such reserve or replacement fund is not financed with indebtedness of the Borrower the interest on which is
excluded from gross income for purposes of federal income taxation. Accordingly, amounts held in the reserve or replacement fund allocable to the Borrower Bond evidencing the Loan shall be invested by the Borrower at a yield not in excess of the yield on the Trust Bonds throughout the term of the Loan, unless the Borrower receives prior written approval of the Trust. Amounts in the reserve or replacement fund allocable to the Borrower Bond evidencing the Loan will be held in a segregated account and invested separately from any other moneys so that such amounts will not be held in a “commingled fund” (within the meaning of Treasury Regulations §1.148-1(b)). The investment restrictions contained in this subsection shall not apply in the event the Trust receives an opinion of Bond Counsel to the effect that non-compliance with such restrictions will not affect the exclusion from gross income of the interest on the Trust Bonds.
EXHIBIT A-1

Description of Project and Environmental Infrastructure System
EXHIBIT A-2

Description of Loan
EXHIBIT B

Basis for Determination of Allowable Project Costs
EXHIBIT C

Estimated Disbursement Schedule
EXHIBIT D

Specimen Borrower Bond
IMPORTANT NOTE: The next three pages set forth the form of the Borrower Bond prepared by the Trust’s Bond Counsel for municipal/county Borrowers. Although the Trust recognizes that each corporate Borrower has its own bond form as required pursuant to its Borrower Bond Resolution, please incorporate in the bond form the pertinent information from this municipal/county bond form (e.g., amounts payable under the Borrower Bond set forth in the first paragraph, assignment in the second paragraph, disbursement language in the third paragraph, unconditional obligation in the fourth paragraph, optional prepayment provisions in the fifth paragraph and the date of the Borrower Bond). To the extent that you do not have an existing Bond Resolution, the pledge under your Bond Resolution should be drafted to constitute a general obligation pledge of (i) all the gross revenues of the company and (ii) any specific property (e.g. mortgage) or other security pledged for this transaction (e.g. letter of credit).
FOR VALUE RECEIVED, [the] [NAME OF BORROWER], a corporation duly created and validly existing under the Constitution and laws of the State (the “Borrower”), hereby promises to pay to the order of the New Jersey Environmental Infrastructure Trust (the “Trust”) (i) the principal amount of __________________________ Dollars ($__________), or such lesser amount as shall be determined in accordance with Section 3.01 of the Loan Agreement (as hereinafter defined), at the times and in the amounts determined as provided in the Loan Agreement, together with (ii) Interest on the Loan constituting the Interest Portion, the Administrative Fee and any late charges incurred under the Loan Agreement (as such terms are defined in the Loan Agreement) in the amount calculated as provided in the Loan Agreement, payable on the days and in the amounts and as provided in the Loan Agreement, which principal amount and Interest Portion of the Interest on the Loan shall, unless otherwise provided in the Loan Agreement, be payable on the days and in the amounts as also set forth in Exhibit A attached hereto under the column headings respectively entitled “Principal” and “Interest”, plus (iii) any other amounts due and owing under the Loan Agreement at the times and in the amounts as provided therein. The Borrower unconditionally and irrevocably promises, in accordance with the terms of and to the extent provided in the Borrower Bond Resolution (as defined in the Loan Agreement) to pay in full and when due the principal of and the Interest on this Borrower Bond (as defined in the Loan Agreement) and all other amounts due under this Borrower Bond and the Loan Agreement according to their respective terms.

This Borrower Bond is issued pursuant to the Loan Agreement dated as of May 1, 2014 by and between the Trust and the Borrower (the “Loan Agreement”). This Borrower Bond is issued in consideration of the loan made under the Loan Agreement (the “Loan”) to evidence the payment obligations of the Borrower set forth in the Loan Agreement. This Borrower Bond has been assigned to U.S. Bank National Association, as trustee (the “Trust’s Trustee”) under the “Environmental Infrastructure Bond Resolution, Series 2014[____]”, adopted by the Trust on April __, 2014, as the same may be amended and supplemented in accordance with the terms thereof (the “Bond Resolution”), and payments hereunder shall, except as otherwise provided in the Loan Agreement, be made directly to the Trust’s Trustee for the account of the Trust pursuant to such assignment. Such assignment has been made as security for the payment of the Trust Bonds (as defined in the Loan Agreement) issued to finance or refinance the Loan and as otherwise described in the Loan Agreement. This Borrower Bond is subject to further assignment or endorsement in accordance with the terms of the Bond Resolution and the Loan Agreement. All of the terms, conditions and provisions of the Loan Agreement are, by this reference thereto, incorporated herein as part of this Borrower Bond.

Pursuant to the Loan Agreement, disbursements shall be made by the Trustee to the Borrower, in accordance with written instructions of the Trust, upon receipt by the Trust and the Trust’s Trustee of requisitions from the Borrower executed and delivered in accordance with the requirements set forth in Section 3.02 of the Loan Agreement.

This Borrower Bond is entitled to the benefits and is subject to the conditions of the Loan Agreement. The obligations of the Borrower to make the payments required hereunder shall be absolute and unconditional, without any defense or right of set-off, counterclaim or recoupment
by reason of any default by the Trust under the Loan Agreement or under any other agreement between the Borrower and the Trust or out of any indebtedness or liability at any time owing to the Borrower by the Trust or for any other reason.

This Borrower Bond is subject to optional prepayment under the terms and conditions, and in the amounts, provided in Section 3.07 of the Loan Agreement. To the extent allowed by applicable law, this Borrower Bond may be subject to acceleration under the terms and conditions, and in the amounts, provided in Section 5.03 of the Loan Agreement.

IN WITNESS WHEREOF, the Borrower has caused this Borrower Bond to be duly executed, sealed and delivered as of May 21, 2014.

[SEAL]

ATTEST:

By: _________________________

[NAME OF BORROWER]
New Jersey Environmental Infrastructure Trust hereby assigns the foregoing Borrower Bond to U.S. Bank National Association, as the Trust’s Trustee under the “Environmental Infrastructure Bond Resolution, Series 2014[___]”, adopted on April __, 2014, as amended and supplemented, all as of the date of this Borrower Bond, as security for the Trust Bonds issued or to be issued under the Bond Resolution to finance or refinance the Project Fund (as defined in the Bond Resolution).

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

[SEAL]

ATTEST:

____________________________
David E. Zimmer
Assistant Secretary

____________________________
Warren H. Victor
Chairman
EXHIBIT E

Opinions of Borrower’s Bond Counsel and General Counsel

See Closing Item ____
May 21, 2014

New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 4, Suite 216
Lawrenceville, New Jersey 08648-2201

U.S. Bank National Association
21 South Street, 3rd Floor
Morristown, New Jersey 07960
Attention: Corporate Trust Department

Ladies and Gentlemen:

We have acted as counsel to [the] [Name of Borrower], a corporation duly organized and validly existing under the laws of the State of New Jersey (the “Borrower”), which has entered into a Loan Agreement (as hereinafter defined) with the New Jersey Environmental Infrastructure Trust (the “Trust”), and have acted as such in connection with the authorization, execution, attestation and delivery by the Borrower of its Loan Agreement and Borrower Bond (as hereinafter defined) pursuant to the New Jersey Business Corporation Act, P.L. 1968, c. 263, as amended (the “Business Corporation Law”), and a [bond resolution] [indenture] of the Borrower [adopted on] [dated] [DATE] and entitled “[TITLE]” as amended and supplemented, including by a supplemental [resolution] [indenture] [adopted on] [dated] [DATE] and entitled “[TITLE]” such [resolutions] [indentures] shall be collectively referred to herein as the “Resolution”). All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

In so acting, we have examined the Constitution and laws of the State of New Jersey, including, without limitation, the Business Corporation Law, and the certificate of incorporation and by-laws of the Borrower. We have also examined originals, or copies certified or otherwise identified to our satisfaction, of the following:

(a) the Trust’s “Environmental Infrastructure Bond Resolution, Series 2014[___]” adopted by the Board of Directors of the Trust on April __, 2014;

(b) the Loan Agreement dated as of May 1, 2014 (the “Loan Agreement”) by and between the Trust and the Borrower;

(c) the proceedings of the board of directors of the Borrower relating to the approval of the Loan Agreement and the execution, attestation and delivery thereof on behalf of the Borrower and the authorization of the undertaking and completion of the Project;

(d) the Borrower Bond dated May 21, 2014 (the “Borrower Bond”) issued by the Borrower to the Trust to evidence the Loan; and
(e) the proceedings (together with the proceedings referred to in clause (c) above and Section 5 below, the “Proceedings”) of the board of directors of the Borrower, including, without limitation, the Resolution, relating to the authorization of the Borrower Bond and the sale, execution, attestation, authentication and delivery thereof to the Trust (the Loan Agreement and the Borrower Bond are referred to herein collectively as the “Loan Documents”).

We have also examined and relied upon originals, or copies certified or otherwise authenticated to our satisfaction, of such other records, documents, certificates and other instruments, and have made such investigation of law as in our judgment we have deemed necessary or appropriate, to enable us to render the opinions expressed below.

We are of the opinion that:

1. The Borrower is a corporation duly created and validly existing under and pursuant to the Constitution and statutes of the State of New Jersey, including the Borrower Enabling Act, with the legal right to carry on the Business Corporation Law, with the legal right to carry on the business of its Environmental Infrastructure System as currently being conducted and as proposed to be conducted.

2. The Borrower has full legal right and authority to execute, attest and deliver the Loan Documents, to sell the Borrower Bond to the Trust, to cause the authentication of the Borrower Bond, to observe and perform its duties, covenants, obligations and agreements under the Loan Documents and to undertake and complete the Project.

3. The acting officers of the Borrower who are contemporaneously herewith performing or have previously performed any action contemplated in the Loan Agreement are, and at the time any such action was performed were, the duly appointed or elected officers of the Borrower empowered by applicable New Jersey law and authorized by resolution of the Borrower to perform such actions.

4. In accordance with the terms of the Resolution and to the extent provided in the Resolution, the Borrower has unconditionally and irreversibly promised to make the Loan Repayments and pay all other amounts due under the Loan Documents.

5. The proceedings of the Borrower’s board of directors (i) approving the Loan Documents, (ii) authorizing their execution, attestation and delivery on behalf of the Borrower, (iii) with respect to the Borrower Bond only, authorizing its sale by the Borrower to the Trust and authorizing its authentication on behalf of the Borrower, (iv) authorizing the Borrower to consummate the transactions contemplated by the Loan Documents, (v) authorizing the Borrower to undertake and complete the Project, [(vi) authorizing the approval of the inclusion in the Official Statement of the Borrower Appendices,] and [(vi)] [(vii)] authorizing the execution and delivery of all other certificates, agreements, documents and instruments in connection with the execution, attestation and delivery of the Loan Documents, [including, without limitation, the designation of the Borrower Appendices portion of the Preliminary Official Statement as “deemed final” for the purposes and within the meaning of Rule 15c2-12(b)(1) of the Securities
Exchange Act of 1934, as amended, as promulgated by the Securities and Exchange Commission,] have each been duly and lawfully adopted and authorized in accordance with applicable law and applicable resolutions of the Borrower, including, without limitation, the Resolution, the other Proceedings, and the Business Corporation Law, which Proceedings constitute all of the actions necessary to be taken by the Borrower to authorize its actions contemplated by clauses (i) through (vi) [(vii)] above and which Proceedings, including, without limitation, the Resolution, were duly adopted in accordance with applicable New Jersey law at a meeting or meetings duly called and held in accordance with applicable New Jersey law and at which quorums were present and acting throughout.

6. The Loan Documents have been duly authorized, executed, attested and delivered by the Authorized Officers of the Borrower, the Borrower Bond has been duly sold by the Borrower to the Trust, and the Borrower Bond has been duly authenticated by the trustee or paying agent under the Resolution, if applicable; and assuming in the case of the Loan Agreement that the Trust has the requisite power and authority to authorize, execute, attest and deliver, and has duly authorized, executed, attested and delivered, the Loan Agreement, the Loan Documents constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, subject, however, to the effect of, and to restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors’ rights generally. No opinion is rendered as to the availability of any particular remedy.

7. The authorization, execution, attestation and delivery of the Loan Documents by the Borrower and, in the case of the Borrower Bond only, the authentication thereof by the trustee or paying agent under the Resolution and the sale thereof to the Trust, the observation and performance by the Borrower of its duties, covenants, obligations and agreements thereunder, the consummation of the transactions contemplated therein, and the undertaking and completion of the Project do not and will not (i) result in any breach of any of the terms, conditions or provisions of, or (ii) constitute a default under, any existing resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations is subject.

8. All approvals, consents or authorizations of, or registrations of or filings with, any governmental or public agency, authority or person required to date on the part of the Borrower in connection with the authorization, execution, attestation, delivery and performance of the Loan Documents, the sale of the Borrower Bond and the undertaking and completion of the Project have been obtained or made.
9. There is no litigation or other proceeding pending or, to our knowledge, after due inquiry, threatened in any court or other tribunal of competent jurisdiction (either state or federal) (i) questioning the creation, organization or existence of the Borrower, (ii) questioning the validity, legality or enforceability of the Resolution, the Loan or the Loan Documents, (iii) questioning the undertaking or completion of the Project, (iv) otherwise challenging the Borrower's ability to consummate the transactions contemplated by the Loan or the Loan Documents, or (v) that, if adversely decided, would have a materially adverse impact on the financial condition of the Borrower.

10. The Borrower has no bonds, notes or other debt obligations outstanding that are superior or senior to the Borrower Bond as to lien on, and source and security for payment thereof from, the revenues of the Borrower.

11. To the best of our knowledge, upon due inquiry, (i) all representations made by the Borrower contained within subsections (f) and (h) of Section 2.02 and, if applicable, Exhibit F of the Loan Agreement are true, accurate and complete, and (ii) all expectations contained therein are reasonable, and we know of no reason why the Borrower would be unable to comply on a continuing basis with the covenants contained within subsections (f) and (h) of Section 2.02 and, if applicable, Exhibit F of the Loan Agreement.

12. Assuming that (i) the Borrower complies on a continuing basis with the covenants contained in subsections (f) and (h) of Section 2.02 and, if applicable, Exhibit F of the Loan Agreement, (ii) interest on the Trust Bonds is otherwise excluded from gross income of the holders thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and (iii) the proceeds of the Trust Bonds loaned to the Borrower represent all of the proceeds of the Loan for their intended purposes will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Trust Bonds.

We hereby authorize McCarter & English, LLP, acting as bond counsel to the Trust, and the Attorney General of the State of New Jersey, acting as general counsel to the Trust, to rely on this opinion as if we had addressed this opinion to them in addition to you.

Very truly yours,
EXHIBIT F

Additional Covenants and Requirements

[Insert current refunding covenants, if any.]

[None.]

[For Private Use Borrowers Only] [Qualified Private Activity Bonds:

(a) No portion of the proceeds of the Trust Bonds loaned to the Local Unit will be used to finance issuance costs (within the meaning of Section 147(g) of the Code).

(b) Assuming for this purpose that (i) the Trust has used two percent (2%) of the proceeds of the Trust Bonds to finance issuance costs (within the meaning of Section 147(g) of the Code), (ii) the proceeds of the Trust Bonds loaned to the Local Unit represent all of the remaining proceeds of the Trust Bonds, (iii) the Trust Bonds are issued as qualified bonds (within the meaning of Section 141(e) of the Code) that meet the requirements of Section [142(a)(4) [142(a)(5)] of the Code, and (iv) interest on the Trust Bonds is otherwise excluded from the gross income of the holders thereof for federal income tax purposes under the Code, the Local Unit shall not, directly or indirectly, use or permit the use of any proceeds of the Trust Bonds in a manner that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Trust Bonds.]
EXHIBIT G

General Administrative Requirements for the
State Environmental Infrastructure Financing Program
EXHIBIT H

Form of Continuing Disclosure Agreement
RESOLUTION NO. 13 - 68

RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST AUTHORIZING THE INTERIM FINANCING STATE FISCAL YEAR 2015 TRUST LOAN PROGRAM

WHEREAS, the New Jersey Environmental Infrastructure Trust (the “Trust”), pursuant to and in accordance with (i) the “New Jersey Environmental Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State (codified at N.J.S.A. 58:11B-1 et seq.), as the same has been, and in the future may from time to time be, amended and supplemented (the “Act”), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 et seq.), as the same have been, and in the future may from time to time be, amended and supplemented (the “Regulations”), is authorized, pursuant to an interim financing program (the “Interim Financing Program”), to make loans (each, an “Interim Loan”) to eligible project sponsors (each, a “Borrower”) for the purpose of financing the allowable costs of environmental infrastructure projects, provided that each such Interim Loan made by the Trust satisfies the requirements of the Regulations, including, without limitation, N.J.A.C. 7:22-4.47; and

WHEREAS, pursuant to the provisions of N.J.A.C. 7:22-4.47, a proposed project sponsor is eligible to be a Borrower for an Interim Loan for purposes of financing the allowable costs of the environmental infrastructure project of such Borrower pursuant to the Interim Financing Program, provided each of the following conditions is satisfied in full: (i) the project is listed on the project priority list developed in accordance with N.J.A.C. 7:22-4.8(a) for funding in the forthcoming State Fiscal Year; (ii) the proposed project sponsor has submitted a complete application for the project in accordance with N.J.A.C. 7:22-4.11; (iii) the project has been certified for funding by the Trust in accordance with N.J.A.C. 7:22-4.13; (iv) the project is in the fundable range in the forthcoming funding cycle given the project’s rank and the anticipated availability of Department of Environmental Protection and Trust monies; and (v) the proposed project sponsor has not previously received an Interim Loan through the Interim Financing Program for the same project scope; and

WHEREAS, it is the desire of the Trust, subject to the terms and provisions of the Act, the Regulations and this Resolution, to authorize the implementation of the Interim Financing Program for the State Fiscal Year 2015 (“SFY 2015”) Environmental Infrastructure Financing Program of the Trust (the “Interim Financing SFY 2015 Trust Loan Program”); and

WHEREAS, in order to provide a source of funding for the implementation of the Interim Financing SFY 2015 Trust Loan Program, the New Jersey State Legislature and the Governor of the State of New Jersey have enacted into law an appropriation act (the “Appropriation”) that has appropriated to the Trust, from repayments of loans deposited in any account, including the Clean Water State Revolving Fund Accounts contained within the “Wastewater Treatment Fund”, the “1992 Wastewater Treatment Fund”, the “Water Supply Fund”, the “Stormwater Management and Combined Sewer Overflow Abatement Fund”, or the Drinking Water State Revolving Fund, as appropriate, and from any net earnings received from the investment and reinvestment of such deposits, the sum of $200,000,000, such sum having been deposited, or to be deposited, in the segregated fund created by the Trust for the purpose of funding the Interim Financing Program; and
WHEREAS, in addition to the funds made available to the Trust pursuant to the Appropriation for purposes of the Interim Financing SFY 2015 Trust Loan Program, it is the desire of the Trust to provide, as additional sources of funding for the Interim Financing SFY 2015 Trust Loan Program, (i) net earnings with respect to funds held by the Trust and (ii) operating funds of the Trust that are not required for, or committed to, the operations of the Trust for fiscal years 2014 and 2015 (collectively, the “Available Trust Revenues”; the Appropriation and the Available Trust Revenues shall be referred to collectively herein as the “Available Funds”), which Available Trust Revenues may be made available by the Trust to (i) Borrowers participating in the Interim Financing SFY 2015 Trust Loan Program that do not qualify for funding from the Appropriation, as well as (ii) at the election of the Trust, any other Borrowers participating in the Interim Financing SFY 2015 Trust Loan Program; and

WHEREAS, with respect to the Interim Financing SFY 2015 Trust Loan Program of the Trust and other future Interim Financing Programs of the Trust (collectively, the “Current and Future Interim Financing Trust Loan Programs”), it is the desire of the Trust to explore, as an additional source of funding for the Current and Future Interim Financing Trust Loan Programs, the procurement of a line of credit or other similar financial instrument procured by the Trust from a commercial bank (the “Credit Instrument”), and in furtherance of such exploration, the Trust desires to prepare and distribute a Request for Proposals seeking proposals from qualified providers of a Credit Instrument.

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

Section 1. The Board of Directors of the Trust hereby authorizes the establishment of the Interim Financing SFY 2015 Trust Loan Program, provided (i) such Interim Financing SFY 2015 Trust Loan Program shall be funded solely from the Available Funds and (ii) such Interim Financing SFY 2015 Trust Loan Program shall comply fully with the provisions of the Act and the Regulations applicable thereto and the terms of this Resolution.

Section 2. Any Interim Loan made by the Trust as part of the Interim Financing SFY 2015 Trust Loan Program shall be evidenced by (i) a note or other appropriate obligation of the Borrower to be issued to the Trust, all in satisfaction of the requirements of Section 9 of the Act (the “Obligation”), and (ii) any other documentation as shall be deemed necessary and appropriate by the Executive Director of the Trust, or any other person or persons designated by the Board of Directors of the Trust by resolution to act on behalf 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 (collectively, the “Loan Instruments”). Each Obligation shall be in substantially the applicable form attached hereto as Exhibit A, with such revisions and modifications thereto as shall be approved by an Authorized Officer after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State. The Loan Instruments shall include such terms and provisions relating to the Interim Financing SFY 2015 Trust Loan Program as shall be determined by an Authorized Officer, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, as being necessary in connection with (i) the satisfaction of the requirements of the Act and the Regulations and (ii) the implementation of the terms of this Resolution. Any Interim Loan
made by the Trust to a Borrower as part of the Interim Financing SFY 2015 Trust Loan Program (i) shall bear interest at a rate determined in accordance with the Interest Rate Calculation (as hereinafter defined), (ii) shall not exceed $10,000,000 in principal amount; (iii) shall have a maturity date to be determined by an Authorized Officer, in consultation with Bond Counsel to the Trust and the Attorney General of the State, which shall be no later than the last day of the third succeeding State Fiscal Year following the closing date with respect to such Interim Loan; and (iv) shall not be subject to the imposition of an administrative fee.

Section 3. The rate of interest to be paid by a Borrower to the Trust with respect to the repayment of a SFY 2015 interim 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 this Resolution and the market as of the date on which the Interim Loan is made by the Trust:

(a) with respect to an Interim Loan made to a local government unit (as such term is defined in the Act), other than an Interim Loan made from amounts made available to the Trust pursuant to a Credit Instrument, the product of (A) the interest rate as defined by the Thompson Financial TM3 “AAA” Municipal Market Data General Obligation Index (Tax Exempt) for the number of years that corresponds to the term of the Interim Loan, and (B) 0.25;

(b) with respect to an Interim Loan made to a made to a public water utility (as such term is defined in the Act), a small water company (as such term is defined in the Act), any other private person, or a local government unit on behalf of any private person, other than an Interim Loan made from amounts made available to the Trust pursuant to a Credit Instrument, the product of (A) the interest rate as defined by the Thompson Financial TM3 “AAA” Municipal Market Data General Obligation Index (AMT) for the number of years that corresponds to the term of the Interim Loan, and (B) 0.25; and

(c) with respect any portion of an Interim Loan made from amounts made available to the Trust pursuant to a Credit Instrument, a rate to be determined by the Trust in connection with its approval of any such Credit Instrument as required by Section 9 hereof, which rate shall be commensurate with the cost to the Trust of obtaining funds pursuant to such Credit Instrument for the purpose of making such Interim Loan or portion thereof.

For purposes of determining the term of an Interim Loan in order to perform the Interest Rate Calculation as set forth above, the Authorized Officers shall calculate from the date such Interim Loan is made to the maturity date of such Interim Loan, rounding to the nearest year.

Section 4. The Authorized Officers are each hereby severally authorized and directed, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, to approve the participation of a Borrower in the Interim Financing SFY 2015 Trust Loan Program, provided that such Borrower qualifies for such participation pursuant to the provisions of the Act and the Regulations and the terms of this Resolution.
Section 5. Prior to the making of an Interim Loan pursuant to the Interim Financing SFY 2015 Trust Loan Program with respect to any Project, an Authorized Officer shall certify the Project for funding thorough the Interim Financing SFY 2015 Trust Loan Program in accordance with the provisions of N.J.A.C. 7:22-4.13, provided, however, that (i) the proposed Project previously has been certified for funding by the Commissioner of the New Jersey Department of Environmental Protection pursuant to the provisions of N.J.A.C. 7:22-3.13, and (ii) such Project shall otherwise qualify for funding through the Interim Financing SFY 2015 Trust Loan Program pursuant to the terms and provisions of the Act and the Regulations and the terms and provisions of this Resolution.

Section 6. Each Authorized Officer is hereby severally authorized and directed to execute (i) any Loan Instrument to which the Trust is a party (the “Trust Loan Instruments”) and (ii) any certificates, instruments or documents contemplated therein or otherwise related to the participation of any Borrower in the Interim Financing SFY 2015 Trust Loan Program.

Section 7. Upon execution of the Trust Loan Instruments 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.

Section 8. At the meeting of the Board of Directors of the Trust immediately following the execution and delivery of any Loan Instruments relating to any Interim Loan made to any Borrower pursuant to the Interim Financing SFY 2015 Trust Loan Program, the Executive Director of the Trust shall provide a report to the Board of Directors of the Trust concerning the details of such transaction.

Section 9. Each Authorized Officer is hereby severally authorized to prepare and distribute, in consultation with Bond Counsel to the Trust, the Office of the Attorney General of the State and the Financial Advisor to the Trust (collectively, the “Professional Advisors”), a Request for Proposals (the “RFP”), to banking corporations having membership in the federal depository insurance corporation, for a Credit Instrument for the purpose of funding all or a portion of one or more of the Current and Future Interim Financing Trust Loan Program, in such amount as is determined by such authorized Officer to be necessary and appropriate for such purpose. Such RFP shall be prepared and distributed pursuant to and in compliance with Trust Policy and Procedure No. 4.00, entitled “Procurement of Goods and Services”. The award of any contract to a banking corporation that has submitted to the Trust a response to RFP for the provision of a Credit Instrument for the purpose of funding all or a portion of one or more of the Current and Future Interim Financing Trust Loan Programs shall be made only upon authorization by official action of the Board of Directors of the Trust at a future meeting thereof. The Authorized Officers are each hereby severally authorized and directed to take such other actions as any Authorized Officer, in his respective sole discretion, after consultation with the Professional Advisors, deems necessary, convenient or desirable in order to prepare and distribute the RFP and to receive proposals for the provision of a Credit Instrument, in a manner consistent herewith.

Section 10. 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.

Adopted Date: December 12, 2013

Motion Made By: Mr. Chebra

Motion Seconded By: Ms. Campbell

Ayes: 6

Nays: 0

Abstentions: 0
EXHIBIT A

FORMS OF OBLIGATION
RESOLUTION NO. 13-68
ATTACHMENT (1 of 3)

[NAME OF MUNICIPALITY]
NOTE
RELATING TO:
THE INTERIM FINANCING TRUST LOAN PROGRAM - STATE FISCAL YEAR 2015
OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

$__________________     ____________________, 201_
IFP-15-__

FOR VALUE RECEIVED, _______________________________________, a municipal corporation duly created and validly existing pursuant to the laws of the State (as hereinafter defined), and its successors and assigns (the “Borrower”), hereby promises to pay to the order of the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the “Trust”), the Principal (as hereinafter defined), together with all unpaid accrued Interest (as hereinafter defined), fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this “Note”).

SECTION 1. Definitions. As used in this Note, unless the context requires otherwise, the following terms shall have the following meanings:

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

“Administrative Fee” means a fee of up to four-tenths of one percent (.40%) of that portion of the Principal identified in clause (i) of the definition thereof (as set forth in this Section 1), or such lesser amount, if any, as the Trust may determine from time to time.

“Anticipated Financing Program” means the financing program of the Trust, pursuant to which the Trust will issue its Trust Bonds for the purpose of financing, on a long term basis, the Project and other projects of certain qualifying borrowers.

“Anticipated Long Term Loan” means the long term loan made by the Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

“Authorized Officer” means any person authorized by the Borrower or the Trust, as the case may be, to perform any act or execute any document relating to the Loan or this Note.

“Code” means the Internal Revenue Code of 1986, as the same may from time to time be amended and supplemented, including any regulations promulgated thereunder, any successor code thereto and any administrative or judicial interpretations thereof.
“Cost” means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Regulations, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, for which the Borrower is receiving the Loan.

“Event of Default” means any occurrence or event specified in Section 6 hereof.

“Interest” means the interest charged on the Loan at a rate of ____% and payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Loan” means the loan of the Principal, made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project, as evidenced by this Note.

“Loan Disbursement Requisition” means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the New Jersey Department of Environmental Protection, in a form to be determined by the Trust and the New Jersey Department of Environmental Protection.

“Maturity Date” means ________ __, 201_, or such other date to which the repayment of the Loan shall be extended by the Trust in its sole discretion, which extension by the Trust shall be in connection with a delay in the closeout for the Anticipated Financing Program.

“Principal” means the principal amount of the Loan, at any time being the lesser of (i) __________________________________ Dollars ($_________________), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Project” means the Environmental Infrastructure Facilities of the Borrower which constitutes a project for which the Trust is making the Loan to the Borrower.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated pursuant to 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.
“State” means the State of New Jersey.

“Trust Bonds” means the revenue bonds of the Trust to be issued, as part of the Anticipated Financing Program.

SECTION 2. Representations of the Borrower. The Borrower represents and warrants to the Trust:

(a) Organization. The Borrower: (i) is a municipal corporation duly created and validly existing under and pursuant to the Constitution and laws of the State; (ii) has full legal right and authority to execute, attest and deliver this Note, to sell this Note to the Trust, and to perform its obligations hereunder, and (iii) has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the issuance of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder and (B) the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) Authority. This Note has been duly authorized by the Borrower and duly executed, attested and delivered by Authorized Officers of the Borrower. This Note has been duly sold by the Borrower to the Trust and duly issued by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors’ rights.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the ability of the Borrower to satisfy all of its Loan repayment obligations hereunder, (iii) the authorization, execution, attestation or delivery of this Note, (iv) the issuance of this Note and the sale thereof to the Trust, and (v) the Borrower’s ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Note.

(d) Compliance with Existing Laws and Agreements; Governmental Consent. (i) The due authorization, execution, attestation and delivery of this Note by the Borrower and the sale of this Note to the Trust, (ii) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder, including, without limitation, the repayment of the Loan and all other amount due hereunder, and (iii) the undertaking and completion of the Project, will not (A) other than the lien, charge or encumbrance created by this Note and by any other outstanding debt obligations of the Borrower that are at parity with this Note as to lien on, and source and security for payment thereon from, the general tax revenues of the Borrower, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental
Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations are subject. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation and delivery of this Note, for the sale of this Note to the Trust, for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Note, and for the undertaking and completion of the Project.

(e) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the representations of the Borrower set forth in this Section 2.

SECTION 3. Covenants of the Borrower.

(a) Participation in the Anticipated Financing Program. The Borrower covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Borrower in the Anticipated Financing Program and (ii) the qualification by the Borrower for receipt of the Anticipated Long Term Loan.

(b) Full Faith and Credit Pledge. To secure the repayment obligation of the Borrower with respect to this Note, and all other amounts due under this Note, the Borrower unconditionally and irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the punctual payment of any and all obligations and amounts due under this Note. The Borrower acknowledges that, to assure the continued operation and solvency of the Trust, the Trust may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to pay promptly to the Trust in full any Loan repayments, any Interest or any other amounts due pursuant to this Note, an amount sufficient to satisfy such deficiency shall be paid by the State Treasurer to the Trust from State-aid otherwise payable to the Borrower.

(c) Disposition of Environmental Infrastructure System. The Borrower covenants and agrees that it shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System without the express written consent of the Trust, which consent may or may not be granted by the Trust in its sole discretion.

(d) Financing With Tax Exempt Bonds. The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of Trust Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code ("tax exempt bonds"). In furtherance of such long term financing with tax exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the Trust, the Borrower will not take any action or permit any action to be taken which would result in any of
the proceeds of the Loan being used (directly or indirectly) (i) in any “private business use” within the meaning of Section 151(b)(6) of the Code, (ii) to make or finance loans to persons other than the Borrower, or (iii) to acquire any “nongovernmental output property” within the meaning of Section 151(d)(2) of the Code. In addition, the Borrower covenants and agrees that no portion of the Project will be investment property, within the meaning of Section 158(b) of the Code. The Borrower covenants and agrees that any Costs of the Borrower’s Project to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.158-6(d) and Treasury Regulations §1.150-2.

(e) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.

(f) Records and Accounts; Inspections. The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System (the “System Records”), separate and distinct from its other records and accounts (the “General Records”), which shall be audited annually by an independent registered municipal accountant and shall be made available for inspection by the Trust upon prior written notice. The Borrower shall permit the Trust to inspect the Environmental Infrastructure System.

(g) Insurance. The Borrower covenants and agrees that it shall maintain insurance policies providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System, in an amount that will satisfy all applicable regulatory requirements. The Borrower covenants and agrees that it shall include, or cause to be included, the Trust as an additional “named insured” on any certificate of liability insurance procured by the Borrower and by any contractor or subcontractor for the Project.

(h) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the covenants of the Borrower set forth in this Section 3.

SECTION 4. Disbursement of the Loan Proceeds; Amounts Payable; Prepayment; and Late Fee. The Trust shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Trust of a Loan Disbursement Requisition, each such disbursement and the date thereof to be recorded by an Authorized Officer of the Trust on the table attached as Exhibit A hereto. The latest date upon which the Borrower may submit to the Trust a Loan Disbursement Requisition is ________, 201__. On the Maturity Date, the Borrower shall repay the Loan to the Trust in an amount equal to: (i) the Principal; (ii) the Interest; (iii) the Administrative Fee, if any; and (iv) any other amounts due and owing pursuant to the provisions of this Note. The Borrower may prepay the Loan the Loan obligations hereunder, in whole or in part, upon receipt of the prior written consent of an Authorized Officer of the Trust. Each payment made to the Trust shall be applied to the payment of, first, the Interest then due and payable, second, the Principal, third, the Administrative Fee, if obligations hereunder, in whole or in part, upon receipt of the prior written consent of an any, fourth, any late charges, and, finally, any other amount due pursuant to the provisions of this
Note. In the event that the repayment obligation set forth in this Note is received by the Trust later than the Maturity Date, a late fee shall be payable to the Trust in an amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the *Wall Street Journal* on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law.

**SECTION 5. Unconditional Obligations.** The direct, general obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Trust or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

**SECTION 6. Events of Default.** The following events shall constitute an “Event of Default” hereunder: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations hereunder, and any other payment obligations due hereunder; (ii) failure by the Borrower to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed pursuant to the terms of this Note; (iii) any representation made by the Borrower contained in this Note or in any instrument furnished in compliance with or with reference to this Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Note or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

**SECTION 7. Remedies upon Event of Default.** Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the Trust to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and
agrees that the Trust shall have the right to declare all Loan repayments and all other amounts due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive, and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the Trust to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby agrees that upon demand it shall pay to the Trust the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observation or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys collected by the Trust pursuant to this Section 7 shall be applied first to pay any attorneys’ fees or other fees and expenses owed by the Borrower.

SECTION 8. Certain Miscellaneous Provisions. The Borrower hereby acknowledges and agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: [Name and Address of Borrower, Attention: Name of Authorized Officer]; and to the Trust at the following address: New Jersey Environmental Infrastructure Trust, P.O. Box 440, Trenton, New Jersey 08625, Attention: Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the Trust shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Trust; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the Trust, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Note; and (h) whenever the Borrower is required to obtain the determination, approval or consent of the Trust pursuant to the terms hereof, such determination, approval or consent may be either granted or withheld by the Trust in its sole and absolute discretion.

[The remainder of this page has been left blank intentionally.]
IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, sealed and delivered on the date first above written.

[NAME OF BORROWER]

[SEAL]

ATTEST:

By: __________________________
   Mayor

__________________________
   Clerk

By: __________________________
   Chief Financial Officer
EXHIBIT A
Loan Disbursements

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FOR VALUE RECEIVED, ________________________________, a [municipal][county] [utilities][sewerage] authority, acting as a public body corporate and politic with corporate succession duly created and validly existing pursuant to the laws of the State (as hereinafter defined), including, without limitation, the Borrower Enabling Act (as hereinafter defined), and its successors and assigns (the “Borrower”), hereby promises to pay to the order of the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the “Trust”), the Principal (as hereinafter defined), together with all unpaid accrued Interest (as hereinafter defined), fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this “Note”).

SECTION 1. Definitions. As used in this Note, unless the context requires otherwise, the following terms shall have the following meanings:

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

“Administrative Fee” means a fee of up to four-tenths of one percent (.40%) of that portion of the Principal identified in clause (i) of the definition thereof (as set forth in this Section 1), or such lesser amount, if any, as the Trust may determine from time to time.

“Anticipated Financing Program” means the financing program of the Trust, pursuant to which the Trust will issue its Trust Bonds for the purpose of financing, on a long term basis, the Project and other projects of certain qualifying borrowers.

“Anticipated Long Term Loan” means the long term loan made by the Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

“Authorized Officer” means any person authorized by the Borrower or the Trust, as the case may be, to perform any act or execute any document relating to the Loan or this Note.
“Borrower Note Resolution” means the [resolution][indenture] of the Borrower entitled “[___________________]”, adopted on [___________________], as amended and supplemented from time to time, pursuant to which this Note has been issued.

“Borrower Enabling Act” means the [“Sewerage Authorities Law”, constituting Chapter 138 of the Pamphlet Laws of 1946 of the State (codified at N.J.S.A. 40:15A-1 et seq.), as the same may from time to time be amended and supplemented,][the “Municipal and County Utilities Authority Law”, constituting Chapter 183 of the Pamphlet Laws of 1957 of the State (codified at N.J.S.A. 40:15B-1 et seq., as the same may from time to time be amended and supplemented).]

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

“Cost” means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Regulations, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, for which the Borrower is receiving the Loan.

“Event of Default” means any occurrence or event specified in Section 6 hereof.

“Interest” means the interest charged on the Loan at a rate of ___% and payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Loan” means the loan of the Principal, made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project, as evidenced by this Note.

“Loan Disbursement Requisition” means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the New Jersey Department of Environmental Protection, in a form to be determined by the Trust and the New Jersey Department of Environmental Protection.

“Local Authority Fiscal Control Law” means the “Local Authorities Fiscal Control Law”, constituting Chapter 313 of the Pamphlet Laws of 1983 of the State (codified at N.J.S.A. 40A:5A-1 et seq.), as the same may from time to time be amended and supplemented.
“Maturity Date” means _____ __, 201_, or such other date to which the repayment of the Loan shall be extended by the Trust in its sole discretion, which extension by the Trust shall be in connection with a delay in the closing for the Anticipated Financing Program.

“Principal” means the principal amount of the Loan, at any time being the lesser of (i) __________ Dollars ($_____________), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Project” means the Environmental Infrastructure Facilities of the Borrower which constitutes a project for which the Trust is making the Loan to the Borrower.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated pursuant to 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.

“Revenues” means “[_________] Revenues” as defined in the Borrower Note Resolution.

“State” means the State of New Jersey.

“Trust Bonds” means the revenue bonds of the Trust to be issued, as part of the Anticipated Financing Program.

SECTION 2. Representations of the Borrower. The Borrower represents and warrants to the Trust:

(a) Organization. The Borrower: (i) is a [municipal][county] [utilities][sewerage] authority, acting as a public body corporate and politic with corporate succession, duly created and validly existing under and pursuant to the Constitution and laws of the State, including, without limitation, the Borrower Enabling Act, and is subject to the Local Authorities Fiscal Control Law; (ii) has full legal right and authority to execute, attest and deliver this Note, to authorize the authentication of this Note, to sell this Note to the Trust, and to perform its obligations hereunder, and (iii) has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the issuance of this Note, the authentication of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder and (B) the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) Authority. This Note has been duly authorized by the Borrower, duly executed, attested and delivered by Authorized Officers of the Borrower, and duly authenticated by the trustee or the paying agent pursuant to the Borrower Note Resolution. This Note has been duly
sold by the Borrower to the Trust and duly issued by the Borrower and constitutes a legal, valid
and binding obligation of the Borrower, enforceable against the Borrower in accordance with its
terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other
laws or the application by a court of legal or equitable principles affecting creditors’ rights.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the
Borrower, threatened against or affecting the Borrower that, if adversely determined, would
adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the adoption of the
Borrower Note Resolution, (iii) the ability of the Borrower to satisfy all of its Loan repayment
obligations hereunder, (iv) the authorization, execution, attestation, authentication or delivery of
this Note, (v) the issuance of this Note and the sale thereof to the Trust, and (vi) the Borrower’s
ability otherwise to observe and perform its duties, covenants, obligations and agreements under
this Note.

(d) Compliance with Existing Laws and Agreements; Governmental Consent. (i) The
authorization, execution, attestation and delivery of this Note by the Borrower, (ii) the
authentication of this Note by the trustee or paying pursuant to the Borrower Note Resolution,
(iii) the adoption of the Borrower Note Resolution, (iv) the sale of this Note to the Trust, (v) the
observation and performance by the Borrower of its duties, covenants, obligations and
agreements hereunder, including, without limitation, the repayment of the Loan and all other
amounts due hereunder, and (vi) the undertaking and completion of the Project, will not (A)
other than the lien, charge or encumbrance created by this Note and by any other outstanding
debt obligations of the Borrower that are at parity with this Note as to lien on, and source and
security for payment thereon from, the Revenues of the Borrower’s Environmental Infrastructure
System, result in the creation or imposition of any lien, charge or encumbrance upon any
properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms,
conditions or provisions of, or (C) constitute a default under, any existing ordinance or
resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of
trust, loan agreement or other instrument to which the Borrower is a party or by which the
Borrower, its Environmental Infrastructure System or any of its properties or assets may be
bound, nor will such action result in any violation of the provisions of the charter or other
document pursuant to which the Borrower was established or any laws, ordinances, injunctions,
judgments, decrees, rules, regulations or existing orders of any court or governmental or
administrative agency, authority or person to which the Borrower, its Environmental
Infrastructure System or its properties or operations are subject. The Borrower has obtained all
permits and approvals required to date by any governmental body or officer for the authorization,
execution, attestation, authentication and delivery of this Note, for the sale of this Note to the
Trust, for the making, observance and performance by the Borrower of its duties, covenants,
obligations and agreements under this Note, and for the undertaking and completion of the
Project.

(e) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan
to the Borrower pursuant to the terms hereof in reliance upon each of the representations of the
Borrower set forth in this Section 2.
SECTION 3. Covenants of the Borrower.

(a) Participation in the Anticipated Financing Program. The Borrower covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Borrower in the Anticipated Financing Program and (ii) the qualification by the Borrower for receipt of the Anticipated Long Term Loan.

(b) Full Faith and Credit Pledge. The Borrower irrevocably pledges the Revenues in accordance with the terms of, and to the extent provided in, the Borrower Note Resolution, for the punctual payment of any and all obligations and amounts due under this Note. The Borrower acknowledges that, to assure the continued operation and solvency of the Trust, the Trust may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to pay promptly to the Trust in full any Loan repayments, any Interest or any other amounts due pursuant to this Note, an amount sufficient to satisfy such deficiency shall be paid by the State Treasurer to the Trust from State-aid otherwise payable to any municipality or county to which the Borrower provides services pursuant to a contractual arrangement.

(c) Disposition of Environmental Infrastructure System. The Borrower covenants and agrees that it shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System without the express written consent of the Trust, which consent may or may not be granted by the Trust in its sole discretion.

(d) Financing With Tax-Exempt Bonds. The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of Trust Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code (“tax-exempt bonds”). In furtherance of such long term financing with tax-exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the Trust, the Borrower will not take any action or permit any action to be taken which would result in any of the proceeds of the Loan being used (directly or indirectly) (i) in any “private business use” within the meaning of Section 151(b)(6) of the Code, (ii) to make or finance loans to persons other than the Borrower, or (iii) to acquire any “nongovernmental output property” within the meaning of Section 151(d)(2) of the Code. In addition, the Borrower covenants and agrees that no portion of the Project will be investment property, within the meaning of Section 158(b) of the Code. The Borrower covenants and agrees that any Costs of the Borrower’s Project to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.158-6(d) and Treasury Regulations §1.150-2.

(e) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.
(f) Records and Accounts; Inspections. The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System, separate and distinct from its other records and accounts, which shall be audited annually by an independent registered municipal accountant and shall be made available for inspection by the Trust upon prior written notice. The Borrower shall permit the Trust to inspect the Environmental Infrastructure System.

(g) Insurance. The Borrower covenants and agrees that it shall maintain insurance policies providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System, in an amount that will satisfy all applicable regulatory requirements. The Borrower covenants and agrees that it shall include, or cause to be included, the Trust as an additional “named insured” on any certificate of liability insurance procured by the Borrower and by any contractor or subcontractor for the Project.

(h) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the covenants of the Borrower set forth in this Section 3.

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SECTION 5. Unconditional Obligations. The obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction,
the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Trust or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

SECTION 6. Events of Default. The following events shall constitute an “Event of Default” hereunder: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations hereunder, and any other payment obligations due hereunder; (ii) failure by the Borrower to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed pursuant to the terms of this Note; (iii) any representation made by the Borrower contained in this Note or in any instrument furnished in compliance with or with reference to this Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Note or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

SECTION 7. Remedies upon Event of Default. Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the Trust to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and agrees that the Trust shall have the right to declare all Loan repayments and all other amounts due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive, and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the Trust to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby agrees that upon demand it shall pay to the Trust the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observation or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys collected by the Trust pursuant to this Section 7 shall be applied first to pay any attorneys’ fees or other fees and expenses owed by the Borrower.
SECTION 8. **Certain Miscellaneous Provisions.** The Borrower hereby agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: [Name and Address of Borrower, Attention: Name of Authorized Officer]; and to the Trust at the following address: New Jersey Environmental Infrastructure Trust, P.O. Box 440, Trenton, New Jersey 08625, Attention: Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the Trust shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Trust; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the Trust, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Note; and (h) whenever the Borrower is required to obtain the determination, approval or consent of the Trust pursuant to the terms hereof, such determination, approval or consent may be either granted or withheld by the Trust in its sole and absolute discretion.

[The remainder of this page has been left blank intentionally.]
IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, sealed and delivered on the date first above written.

[NAME OF BORROWER]

[SEAL]

ATTEST: ____________________________

Authorized Officer

By: ____________________________

Authorized Officer
TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Note is delivered pursuant to the within-mentioned Borrower Note Resolution.

__________________________________
as Trustee

By:____________________________________
   Authorized Signatory
EXHIBIT A

Loan Disbursements

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FOR VALUE RECEIVED, ____________________________________________, a corporation duly created and validly existing pursuant to the laws of the State (as hereinafter defined), and its successors and assigns (the “Borrower”), hereby promises to pay to the order of the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the “Trust”), the Principal (as hereinafter defined), together with all unpaid accrued Interest (as hereinafter defined), fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this “Note”).

SECTION 1. Definitions. As used in this Note, unless the context requires otherwise, the following terms shall have the following meanings:

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

“Administrative Fee” means a fee of up to four-tenths of one percent (.40%) of that portion of the Principal identified in clause (i) of the definition thereof (as set forth in this Section 1), or such lesser amount, if any, as the Trust may determine from time to time.

“Anticipated Financing Program” means the financing program of the Trust, pursuant to which the Trust will issue its Trust Bonds for the purpose of financing, on a long term basis, the Project and other projects of certain qualifying borrowers.

“Anticipated Long Term Loan” means the long term loan made by the Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

“Authorized Officer” means any person authorized by the Borrower or the Trust, as the case may be, to perform any act or execute any document relating to the Loan or this Note.

“Borrower Note Resolution” means the [resolution][indenture] of the Borrower entitled “[__________________]”, [adopted on][dated] [____________________], as amended and supplemented from time to time, pursuant to which this Note has been issued.

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

“Cost” means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Regulations, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, for which the Borrower is receiving the Loan.

“Event of Default” means any occurrence or event specified in Section 6 hereof.

“Interest” means the interest charged on the Loan at a rate of ___ percent (___%) per annum and payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Loan” means the loan of the Principal, made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project, as evidenced by this Note.

“Loan Disbursement Requisition” means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the New Jersey Department of Environmental Protection, in a form to be determined by the Trust and the New Jersey Department of Environmental Protection.

“Maturity Date” means _______ __, 201_, or such other date to which the repayment of the Loan shall be extended by the Trust in its sole discretion, which extension by the Trust shall be in connection with a delay in the closing for the Anticipated Financing Program.

“Principal” means the principal amount of the Loan, at any time being the lesser of (i) __________ Dollars ($_________________), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.
“Project” means the Environmental Infrastructure Facilities of the Borrower which constitutes a project for which the Trust is making the Loan to the Borrower.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated pursuant to 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.

“Revenues” means “[_________] Revenues” as defined in the Borrower Note Resolution.

“State” means the State of New Jersey.

“Trust Bonds” means the revenue bonds of the Trust to be issued, as part of the Anticipated Financing Program.

SECTION 2. Representations of the Borrower. The Borrower represents and warrants to the Trust:

(a) Organization. The Borrower: (i) is a corporation duly created and validly existing under and pursuant to the Constitution and laws of the State, including the Business Corporation Law; (ii) has full legal right and authority to execute, attest and deliver this Note, to authorize the authentication of this Note, to sell this Note to the Trust, and to perform its obligations hereunder, and (iii) has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the issuance of this Note, the authentication of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder and (B) the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) Authority. This Note has been duly authorized by the Borrower, duly executed, attested and delivered by Authorized Officers of the Borrower, and duly authenticated by the trustee or the paying agent pursuant to the Borrower Note Resolution. This Note has been duly sold by the Borrower to the Trust and duly issued by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors’ rights.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the adoption of the Borrower Note Resolution, (iii) the ability of the Borrower to satisfy all of its Loan repayment obligations hereunder, (iv) the authorization, execution, attestation, authentication or delivery of this Note, (v) the issuance of this Note and the sale thereof to the Trust, and (vi) the Borrower’s ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Note.
(d) **Compliance with Existing Laws and Agreements; Governmental Consent.** (i) The authorization, execution, attestation and delivery of this Note by the Borrower, (ii) the authentication of this Note by the trustee or paying pursuant to the Borrower Note Resolution, (iii) the adoption of the Borrower Note Resolution, (iv) the sale of this Note to the Trust, (v) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder, including, without limitation, the repayment of the Loan and all other amounts due hereunder, and (vi) the undertaking and completion of the Project, will not (A) other than the lien, charge or encumbrance created by this Note and by any other outstanding debt obligations of the Borrower that are at parity with this Note as to lien on, and source and security for payment thereon from, the Revenues of the Borrower’s Environmental Infrastructure System, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations are subject. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation, authentication and delivery of this Note, for the sale of this Note to the Trust, for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Note, and for the undertaking and completion of the Project.

(e) **Reliance.** The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the representations of the Borrower set forth in this Section 2.

**SECTION 3. Covenants of the Borrower.**

(a) **Participation in the Anticipated Financing Program.** The Borrower covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Borrower in the Anticipated Financing Program and (ii) the qualification by the Borrower for receipt of the Anticipated Long Term Loan.

(b) **Pledge.** The Borrower irrevocably pledges the Revenues in accordance with the terms of, and to the extent provided in, the Borrower Note Resolution, for the punctual payment of any and all obligations and amounts due under this Note.

(c) **Disposition of Environmental Infrastructure System.** The Borrower covenants and agrees that it shall not sell, lease, abandon or otherwise dispose of all or substantially all of
its Environmental Infrastructure System without the express written consent of the Trust, which consent may or may not be granted by the Trust in its sole discretion.

(d) Financing With Tax Exempt Bonds. The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of Trust Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code (“tax-exempt bonds”). In furtherance of such long term financing with tax-exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the Trust, the Borrower will not take any action or permit any action to be taken which would result in any of the proceeds of the Loan being used (directly or indirectly) to make or finance loans to persons other than the Borrower. In addition, the Borrower covenants and agrees that (i) all of the proceeds of the Loan will be used to pay costs of an exempt facility, within the meaning of Section 142 of the Code, which were paid and incurred by the Borrower no more than 60 days before the date on which the Trust adopted a declaration of intent with respect to the Project, and (ii) no portion of the Project will be investment property, within the meaning of Section 148(b) of the Code. The Borrower covenants and agrees that any Costs of the Borrower’s Project to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.148-6(d) and Treasury Regulations §1.150-2.

(e) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.

(f) Records and Accounts; Inspections. The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System, separate and distinct from its other records and accounts, which shall be audited annually by an independent registered certified public accountant and shall be made available for inspection by the Trust upon prior written notice. The Borrower shall permit the Trust to inspect the Environmental Infrastructure System.

(g) Insurance. The Borrower covenants and agrees that it shall maintain insurance policies providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System, in an amount that will satisfy all applicable regulatory requirements. The Borrower covenants and agrees that it shall include, or cause to be included, the Trust as an additional “named insured” on any certificate of liability insurance procured by the Borrower and by any contractor or subcontractor for the Project.

(h) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the covenants of the Borrower set forth in this Section 3.

SECTION 4. Disbursement of the Loan Proceeds; Amounts Payable; Prepayment; and Late Fee. The Trust shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Trust of a Loan Disbursement
Requisition, each such disbursement and the date thereof to be recorded by an Authorized Officer of the Trust on the table attached as Exhibit A hereto. The latest date upon which the Borrower may submit to the Trust a Loan Disbursement Requisition is ________ , 201_. On the Maturity Date, the Borrower shall repay the Loan to the Trust in an amount equal to: (i) the Principal; (ii) the Interest; (iii) the Administrative Fee, if any; and (iv) any other amounts due and owing pursuant to the provisions of this Note. The Borrower may prepay the Loan obligations hereunder, in whole or in part, upon receipt of the prior written consent of an Authorized Officer of the Trust. Each payment made to the Trust shall be applied to the payment of, first, the Interest then due and payable, second, the Principal, third, the Administrative Fee, if any., fourth, any late charges, and finally, any other amount due pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the Trust later than the Maturity Date, a late fee shall be payable to the Trust in an amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the Wall Street Journal on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law.

SECTION 5. Unconditional Obligations. The obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Trust or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

SECTION 6. Events of Default. The following events shall constitute an “Event of Default” hereunder: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations hereunder, and any other payment obligations due hereunder; (ii) failure by the Borrower to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed pursuant to the terms of this Note; (iii) any representation made by the Borrower contained in this Note or in any instrument furnished in compliance with or with reference to this Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Note or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian
of the Borrower or any of its property shall be appointed by court order or take possession of the
Borrower or its property or assets if such order remains in effect or such possession continues for
more than thirty (30) days.

SECTION 7. Remedies upon Event of Default. Whenever an Event of Default shall
have occurred and be continuing pursuant to the terms hereof, the Borrower hereby
acknowledges and agrees to the rights of the Trust to take any action permitted or required at law
or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce
the observance and performance of any duty, covenant, obligation or agreement of the Borrower
hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and
agrees that the Trust shall have the right to declare all Loan repayments and all other amounts
due hereunder to be due and payable immediately without further notice or demand. The
Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive,
and every remedy shall be cumulative and in addition to every other remedy given under this
Note or now or hereafter existing at law or in equity. The Borrower hereby further
acknowledges and agrees that no delay or omission by the Trust to exercise any remedy or right
accruing upon any Event of Default shall impair any such remedy or right or shall be construed
to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed
expedient. The Borrower hereby agrees that upon demand it shall pay to the Trust the reasonable
fees and expenses of attorneys and other reasonable expenses (including, without limitation, the
reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan
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of any obligations or agreements of the Borrower upon an Event of Default. Any moneys
collected by the Trust pursuant to this Section 7 shall be applied first to pay any attorneys’ fees
or other fees and expenses owed by the Borrower.

SECTION 8. Certain Miscellaneous Provisions. The Borrower hereby agrees as
follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by
registered or certified mail, postage prepaid, to the Borrower at the following address: [Name
and Address of Borrower, Attention: Name of Authorized Officer]; and to the Trust at the
following address: New Jersey Environmental Infrastructure Trust, P.O. Box 440, Trenton, New
Jersey 08625, Attention: Executive Director; (b) this Note shall be binding upon the Borrower
and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid
or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render
unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower
pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless
the Trust shall have approved said assignment in writing; (e) this Note may not be amended,
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governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at
the request of the Trust, execute and deliver such further instruments as may be necessary or
desirable for better assuring, conveying, granting, assigning and confirming the rights, security
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Borrower is required to obtain the determination, approval or consent of the Trust pursuant to the
terms hereof, such determination, approval or consent may be either granted or withheld by the
Trust in its sole and absolute discretion.
[The remainder of this page has been left blank intentionally.]
IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, sealed and delivered on the date first above written.

[NAME OF BORROWER]

[SEAL]

ATTEST:

__________________________________
Authorized Officer

__________________________________
Authorized Officer
TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Note is delivered pursuant to the within-mentioned Borrower Note Resolution.

______________________________,
as Trustee

By:______________________________
    Authorized Signatory
EXHIBIT A

Loan Disbursements

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[NAME OF MUNICIPALITY]

NOTE

RELATING TO:

THE SUPPLEMENTAL FINANCING PROGRAM

OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

$__________________     ____________________, 20__

FOR VALUE RECEIVED, ____________________________, a municipal corporation duly created and validly existing pursuant to the laws of the State (as hereinafter defined), and its successors and assigns (the “Borrower”), hereby promises to pay to the order of the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the “Trust”), the Principal (as hereinafter defined), together with all unpaid accrued Interest (as hereinafter defined), fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this “Note”).

SECTION 1. Definitions. As used in this Note, unless the context requires otherwise, the following terms shall have the following meanings:

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

“Administrative Fee” means a fee of up to four-tenths of one percent (.40%) of that portion of the Principal identified in clause (i) of the definition thereof (as set forth in this Section 1), or such lesser amount, if any, as the Trust may determine from time to time.

“Anticipated Financing Program” means the financing program of the Trust, pursuant to which the Trust will issue, not later than June 30, ____, its Trust Bonds for the purpose of financing, on a long term basis, the Project and other projects of certain qualifying borrowers.

“Anticipated Long Term Loan” means the long term loan made by the Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

“Authorized Officer” means any person authorized by the Borrower or the Trust, as the case may be, to perform any act or execute any document relating to the Loan or this Note.

“Code” means the Internal Revenue Code of 1986, as the same may from time to time be amended and supplemented, including any regulations promulgated thereunder, any successor code thereto and any administrative or judicial interpretations thereof.
“Cost” means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Regulations, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, for which the Borrower is receiving the Loan.

“Event of Default” means any occurrence or event specified in Section 6 hereof.

“Interest” means the interest charged on the Loan at a rate of ___% per annum and payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Loan” means the loan of the Principal, made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project, as evidenced by this Note.

“Loan Disbursement Requisition” means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the New Jersey Department of Environmental Protection, in a form to be determined by the Trust and the New Jersey Department of Environmental Protection.

“Maturity Date” means the earlier of (i) ____________, 201_, and (ii) the date of closing for the Anticipated Financing Program.

“Principal” means the principal amount of the Loan, at any time being the lesser of (i) ___________________________________ Dollars ($_________________), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Project” means the Environmental Infrastructure Facilities of the Borrower which constitutes a project for which the Trust is making the Loan to the Borrower.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated pursuant to 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.

“State” means the State of New Jersey.
“Trust Bonds” means the revenue bonds of the Trust to be issued, as part of the Anticipated Financing Program.

SECTION 2. Representations of the Borrower. The Borrower represents and warrants to the Trust:

(a) Organization. The Borrower: (i) is a municipal corporation duly created and validly existing under and pursuant to the Constitution and laws of the State; (ii) has full legal right and authority to execute, attest and deliver this Note, to sell this Note to the Trust, and to perform its obligations hereunder, and (iii) has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the issuance of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder and (B) the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) Authority. This Note has been duly authorized by the Borrower and duly executed, attested and delivered by Authorized Officers of the Borrower. This Note has been duly sold by the Borrower to the Trust and duly issued by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors’ rights.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the ability of the Borrower to satisfy all of its Loan repayment obligations hereunder, (iii) the authorization, execution, attestation or delivery of this Note, (iv) the issuance of this Note and the sale thereof to the Trust, and (v) the Borrower’s ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Note.

(d) Compliance with Existing Laws and Agreements; Governmental Consent. (i) The due authorization, execution, attestation and delivery of this Note by the Borrower and the sale of this Note to the Trust, (ii) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder, including, without limitation, the repayment of the Loan and all other amount due hereunder, and (iii) the undertaking and completion of the Project, will not (A) other than the lien, charge or encumbrance created by this Note and by any other outstanding debt obligations of the Borrower that are at parity with this Note as to lien on, and source and security for payment thereon from, the general tax revenues of the Borrower, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result
in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations are subject. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation and delivery of this Note, for the sale of this Note to the Trust, for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Note, and for the undertaking and completion of the Project.

(e) **Reliance.** The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the representations of the Borrower set forth in this Section 2.

**SECTION 3. Covenants of the Borrower.**

(a) **Participation in the Anticipated Financing Program.** The Borrower covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Borrower in the Anticipated Financing Program and (ii) the qualification by the Borrower for receipt of the Anticipated Long Term Loan.

(b) **Full Faith and Credit Pledge.** To secure the repayment obligation of the Borrower with respect to this Note, and all other amounts due under this Note, the Borrower unconditionally and irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the punctual payment of any and all obligations and amounts due under this Note. The Borrower acknowledges that, to assure the continued operation and solvency of the Trust, the Trust may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to pay promptly to the Trust in full any Loan repayments, any Interest or any other amounts due pursuant to this Note, an amount sufficient to satisfy such deficiency shall be paid by the State Treasurer to the Trust from State-aid otherwise payable to the Borrower.

(c) **Disposition of Environmental Infrastructure System.** The Borrower covenants and agrees that it shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System without the express written consent of the Trust, which consent may or may not be granted by the Trust in its sole discretion.

(d) **Financing With Tax Exempt Bonds.** The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of Trust Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code (“tax exempt bonds”). In furtherance of such long term financing with tax exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the Trust, the Borrower will not take any action or permit any action to be taken which would result in any of the proceeds of the Loan being used (directly or indirectly) (i) in any “private business use”
within the meaning of Section 141(b)(6) of the Code, (ii) to make or finance loans to persons other than the Borrower, or (iii) to acquire any “nongovernmental output property” within the meaning of Section 141(d)(2) of the Code. In addition, the Borrower covenants and agrees that no portion of the Project will be investment property, within the meaning of Section 148(b) of the Code. The Borrower covenants and agrees that any Costs of the Borrower’s Project to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.148-6(d) and Treasury Regulations §1.150-2.

(e) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.

(f) Records and Accounts; Inspections. The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System (the “System Records”), separate and distinct from its other records and accounts (the “General Records”), which shall be audited annually by an independent registered municipal accountant and shall be made available for inspection by the Trust upon prior written notice. The Borrower shall permit the Trust to inspect the Environmental Infrastructure System.

(g) Insurance. The Borrower covenants and agrees that it shall maintain insurance policies providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System, in an amount that will satisfy all applicable regulatory requirements. The Borrower covenants and agrees that it shall include, or cause to be included, the Trust as an additional “named insured” on any certificate of liability insurance procured by the Borrower and by any contractor or subcontractor for the Project.

(h) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the covenants of the Borrower set forth in this Section 3.

SECTION 4. Disbursement of the Loan Proceeds; Amounts Payable; Prepayment; and Late Fee. The Trust shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Trust of a Loan Disbursement Requisition, each such disbursement and the date thereof to be recorded by an Authorized Officer of the Trust on the table attached as Exhibit A hereto. The latest date upon which the Borrower may submit to the Trust a Loan Disbursement Requisition is 30 days prior to the Maturity Date. On the Maturity Date, the Borrower shall repay the Loan to the Trust in an amount equal to: (i) the Principal; (ii) the Interest; (iii) the Administrative Fee, if any; and (iv) any other amounts due and owing pursuant to the provisions of this Note. The Borrower may prepay the Loan Authorized Officer of the Trust. Each payment made to the Trust shall be applied to the payment of, first, the Interest then due and payable, second, the Principal, third, the Administrative Fee, if obligations hereunder, in whole or in part, upon receipt of the prior written consent of any, fourth, any late charges, and, finally, any other amount due pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the Trust later than the Maturity Date, a late fee shall be payable to the Trust in an
amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the *Wall Street Journal* on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law.

**SECTION 5. Unconditional Obligations.** The direct, general obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Trust or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

**SECTION 6. Events of Default.** The following events shall constitute an “Event of Default” hereunder: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations hereunder, and any other payment obligations due hereunder; (ii) failure by the Borrower to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed pursuant to the terms of this Note; (iii) any representation made by the Borrower contained in this Note or in any instrument furnished in compliance with or with reference to this Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Note or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

**SECTION 7. Remedies upon Event of Default.** Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the Trust to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and agrees that the Trust shall have the right to declare all Loan repayments and all other amounts
due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive, and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the Trust to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby agrees that upon demand it shall pay to the Trust the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observation or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys collected by the Trust pursuant to this Section 7 shall be applied first to pay any attorneys’ fees or other fees and expenses owed by the Borrower.

SECTION 8. Certain Miscellaneous Provisions. The Borrower hereby acknowledges and agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: [Name and Address of Borrower, Attention: Name of Authorized Officer]; and to the Trust at the following address: New Jersey Environmental Infrastructure Trust, 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey 08648, Attention: Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the Trust shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Trust; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the Trust, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Note; and (h) whenever the Borrower is required to obtain the determination, approval or consent of the Trust pursuant to the terms hereof, such determination, approval or consent may be either granted or withheld by the Trust in its sole and absolute discretion.

[The remainder of this page has been left blank intentionally.]
IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, sealed and delivered on the date first above written.

[NAME OF BORROWER]

[SEAL]

ATTEST:

By:_______________________

Mayor

_______________________

Clerk

By:_______________________

Chief Financial Officer
EXHIBIT A

Loan Disbursements

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RESOLUTION NO. 13-69  
ATTACHMENT   (2 of 3)  

[NAME OF AUTHORITY]  
NOTE  
RELATING TO: 
THE SUPPLEMENTAL FINANCING PROGRAM  
OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST  

$__________________     ____________________, 20__  
SFP-__-___  

FOR VALUE RECEIVED, ___________________________________________, a [municipal][county] [utilities][sewerage] authority, acting as a public body corporate and politic with corporate succession duly created and validly existing pursuant to the laws of the State (as hereinafter defined), including, without limitation, the Borrower Enabling Act (as hereinafter defined), and its successors and assigns (the “Borrower”), hereby promises to pay to the order of the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the “Trust”), the Principal (as hereinafter defined) (the “Trust”), the Principal (as hereinafter defined), together with all unpaid accrued Interest (as hereinafter defined), fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this “Note”).

SECTION 1. Definitions.  As used in this Note, unless the context requires otherwise, the following terms shall have the following meanings:

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

“Administrative Fee” means a fee of up to four-tenths of one percent (.40%) of that portion of the Principal identified in clause (i) of the definition thereof (as set forth in this Section 1), or such lesser amount, if any, as the Trust may determine from time to time.

“Anticipated Financing Program” means the financing program of the Trust, pursuant to which the Trust will issue, not later than June 30, ____, its Trust Bonds for the purpose of financing, on a long term basis, the Project and other projects of certain qualifying borrowers.

“Anticipated Long Term Loan” means the long term loan made by the Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

“Authorized Officer” means any person authorized by the Borrower or the Trust, as the case may be, to perform any act or execute any document relating to the Loan or this Note.
“Borrower Note Resolution” means the [resolution][indenture] of the Borrower entitled “[___________________]”, adopted on [___________________], as amended and supplemented from time to time, pursuant to which this Note has been issued.

“Borrower Enabling Act” means the [“Sewerage Authorities Law”, constituting Chapter 138 of the Pamphlet Laws of 1946 of the State (codified at N.J.S.A. 40:14A-1 et seq.), as the same may from time to time be amended and supplemented.][the “Municipal and County Utilities Authority Law”, constituting Chapter 183 of the Pamphlet Laws of 1957 of the State (codified at N.J.S.A. 40:14B-1 et seq., as the same may from time to time be amended and supplemented.).]

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

“Cost” means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Regulations, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, for which the Borrower is receiving the Loan.

“Event of Default” means any occurrence or event specified in Section 6 hereof.

“Interest” means the interest charged on the Loan at a rate of ___% per annum and payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Loan” means the loan of the Principal, made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project, as evidenced by this Note.

“Loan Disbursement Requisition” means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the New Jersey Department of Environmental Protection, in a form to be determined by the Trust and the New Jersey Department of Environmental Protection.

“Local Authority Fiscal Control Law” means the “Local Authorities Fiscal Control Law”, constituting Chapter 313 of the Pamphlet Laws of 1983 of the State (codified at N.J.S.A. 40A:5A-1 et seq.), as the same may from time to time be amended and supplemented.
“Maturity Date” means the earlier of (i) ____________, 201_, and (ii) the date of closing for the Anticipated Financing Program.

“Principal” means the principal amount of the Loan, at any time being the lesser of (i) ________________________ Dollars ($_________________), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Project” means the Environmental Infrastructure Facilities of the Borrower which constitutes a project for which the Trust is making the Loan to the Borrower.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated pursuant to 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.

“Revenues” means “[_________] Revenues” as defined in the Borrower Note Resolution.

“State” means the State of New Jersey.

“Trust Bonds” means the revenue bonds of the Trust to be issued, as part of the Anticipated Financing Program.

SECTION 2. Representations of the Borrower. The Borrower represents and warrants to the Trust:

(a) Organization. The Borrower: (i) is a [municipal][county] [utilities][sewerage] authority, acting as a public body corporate and politic with corporate succession, duly created and validly existing under and pursuant to the Constitution and laws of the State, including, without limitation, the Borrower Enabling Act, and is subject to the Local Authorities Fiscal Control Law; (ii) has full legal right and authority to execute, attest and deliver this Note, to authorize the authentication of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder, and (iii) has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the issuance of this Note, the authentication of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder and (B) the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) Authority. This Note has been duly authorized by the Borrower, duly executed, attested and delivered by Authorized Officers of the Borrower, and duly authenticated by the trustee or the paying agent pursuant to the Borrower Note Resolution. This Note has been duly sold by the Borrower to the Trust and duly issued by the Borrower and constitutes a legal, valid
(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the adoption of the Borrower Note Resolution, (iii) the ability of the Borrower to satisfy all of its Loan repayment obligations hereunder, (iv) the authorization, execution, attestation, authentication or delivery of this Note, (v) the issuance of this Note and the sale thereof to the Trust, and (vi) the Borrower’s ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Note.

(d) Compliance with Existing Laws and Agreements; Governmental Consent. (i) The authorization, execution, attestation and delivery of this Note by the Borrower, (ii) the authentication of this Note by the trustee or paying pursuant to the Borrower Note Resolution, (iii) the adoption of the Borrower Note Resolution, (iv) the sale of this Note to the Trust, (v) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder, including, without limitation, the repayment of the Loan and all other amounts due hereunder, and (vi) the undertaking and completion of the Project, will not (A) other than the lien, charge or encumbrance created by this Note and by any other outstanding debt obligations of the Borrower that are at parity with this Note as to lien on, and source and security for payment thereon from, the Revenues of the Borrower’s Environmental Infrastructure System, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations are subject. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation, authentication and delivery of this Note, for the sale of this Note to the Trust, for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Note, and for the undertaking and completion of the Project.

(e) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the representations of the Borrower set forth in this Section 2.
SECTION 3. Covenants of the Borrower.

(a) Participation in the Anticipated Financing Program. The Borrower covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Borrower in the Anticipated Financing Program and (ii) the qualification by the Borrower for receipt of the Anticipated Long Term Loan.

(b) Full Faith and Credit Pledge. The Borrower irrevocably pledges the Revenues in accordance with the terms of, and to the extent provided in, the Borrower Note Resolution, for the punctual payment of any and all obligations and amounts due under this Note. The Borrower acknowledges that, to assure the continued operation and solvency of the Trust, the Trust may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to pay promptly to the Trust in full any Loan repayments, any Interest or any other amounts due pursuant to this Note, an amount sufficient to satisfy such deficiency shall be paid by the State Treasurer to the Trust from State-aid otherwise payable to any municipality or county to which the Borrower provides services pursuant to a contractual arrangement.

(c) Disposition of Environmental Infrastructure System. The Borrower covenants and agrees that it shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System without the express written consent of the Trust, which consent may or may not be granted by the Trust in its sole discretion.

(d) Financing With Tax-Exempt Bonds. The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of Trust Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code (“tax-exempt bonds”). In furtherance of such long term financing with tax-exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the Trust, the Borrower will not take any action or permit any action to be taken which would result in any of the proceeds of the Loan being used (directly or indirectly) (i) in any “private business use” within the meaning of Section 141(b)(6) of the Code, (ii) to make or finance loans to persons other than the Borrower, or (iii) to acquire any “nongovernmental output property” within the meaning of Section 141(d)(2) of the Code. In addition, the Borrower covenants and agrees that no portion of the Project will be investment property, within the meaning of Section 148(b) of the Code. The Borrower covenants and agrees that any Costs of the Borrower’s Project to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.148-6(d) and Treasury Regulations §1.150-2.

(e) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.
Records and Accounts; Inspections. The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System, separate and distinct from its other records and accounts, which shall be audited annually by an independent registered municipal accountant and shall be made available for inspection by the Trust upon prior written notice. The Borrower shall permit the Trust to inspect the Environmental Infrastructure System.

Insurance. The Borrower covenants and agrees that it shall maintain insurance policies providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System, in an amount that will satisfy all applicable regulatory requirements. The Borrower covenants and agrees that it shall include, or cause to be included, the Trust as an additional “named insured” on any certificate of liability insurance procured by the Borrower and by any contractor or subcontractor for the Project.

Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the covenants of the Borrower set forth in this Section 3.

SECTION 4. Disbursement of the Loan Proceeds; Amounts Payable; Prepayment; and Late Fee. The Trust shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Trust of a Loan Disbursement Requisition, each such disbursement and the date thereof to be recorded by an Authorized Officer of the Trust on the table attached as Exhibit A hereto. The latest date upon which the Borrower may submit to the Trust a Loan Disbursement Requisition is 30 days prior to the Maturity Date. On the Maturity Date, the Borrower shall repay the Loan to the Trust in an amount equal to: (i) the Principal; (ii) the Interest; (iii) the Administrative Fee, if any; and (iv) any other amounts due and owing pursuant to the provisions of this Note. The Borrower may prepay the Loan obligations hereunder, in whole or in part, upon receipt of the prior written consent of an Authorized Officer of the Trust. Each payment made to the Trust shall be applied to the payment of, first, the Interest then due and payable, second, the Principal, third, the Administrative Fee, if any, fourth, any late charges, and finally, any other amount due pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the Trust later than the Maturity Date, a late fee shall be payable to the Trust in an amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the Wall Street Journal on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law.

SECTION 5. Unconditional Obligations. The obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts
or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Trust or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

SECTION 6. Events of Default. The following events shall constitute an “Event of Default” hereunder: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations hereunder, and any other payment obligations due hereunder; (ii) failure by the Borrower to observe and perform any other duty, covenant, obligation or agreement on its part to be observed or performed pursuant to the terms of this Note; (iii) any representation made by the Borrower contained in this Note or in any instrument furnished in compliance with or with reference to this Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Note or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

SECTION 7. Remedies upon Event of Default. Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the Trust to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and agrees that the Trust shall have the right to declare all Loan repayments and all other amounts due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive, and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the Trust to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby agrees that upon demand it shall pay to the Trust the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observation or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys
collected by the Trust pursuant to this Section 7 shall be applied first to pay any attorneys’ fees or other fees and expenses owed by the Borrower.

SECTION 8.  Certain Miscellaneous Provisions.  The Borrower hereby agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address:  [Name and Address of Borrower, Attention:  Name of Authorized Officer]; and to the Trust at the following address:  New Jersey Environmental Infrastructure Trust, 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey 08648, Attention:  Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the Trust shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Trust; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the Trust, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Note; and (h) whenever the Borrower is required to obtain the determination, approval or consent of the Trust pursuant to the terms hereof, such determination, approval or consent may be either granted or withheld by the Trust in its sole and absolute discretion.

[The remainder of this page has been left blank intentionally.]
IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, sealed and delivered on the date first above written.

[NAME OF BORROWER]

[SEAL]

ATTEST: By:_____________________

Authorized Officer

Authorized Officer
TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Note is delivered pursuant to the within-mentioned Borrower Note Resolution.

__________________________________,

as Trustee

By: __________________________________________

Authorized Signatory
EXHIBIT A

Loan Disbursements

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RESOLUTION NO. 13-69
ATTACHMENT (3 of 3)

[NAME OF PRIVATE BORROWER]
NOTE
RELATING TO:
THE SUPPLEMENTAL FINANCING PROGRAM
OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

$__________________     ____________________, 20__
SFP-__-___

FOR VALUE RECEIVED, ____________________________________________, a corporation duly created and validly existing pursuant to the laws of the State (as hereinafter defined), and its successors and assigns (the “Borrower”), hereby promises to pay to the order of the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the “Trust”), the Principal (as hereinafter defined), together with all unpaid accrued Interest (as hereinafter defined), fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this “Note”).

SECTION 1. Definitions. As used in this Note, unless the context requires otherwise, the following terms shall have the following meanings:

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

“Administrative Fee” means a fee of up to four-tenths of one percent (.40%) of that portion of the Principal identified in clause (i) of the definition thereof (as set forth in this Section 1), or such lesser amount, if any, as the Trust may determine from time to time.

“Anticipated Financing Program” means the financing program of the Trust, pursuant to which the Trust will issue, not later than June 30, ____, its Trust Bonds for the purpose of financing, on a long term basis, the Project and other projects of certain qualifying borrowers.

“Anticipated Long Term Loan” means the long term loan made by the Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

“Authorized Officer” means any person authorized by the Borrower or the Trust, as the case may be, to perform any act or execute any document relating to the Loan or this Note.

“Borrower Note Resolution” means the [resolution][indenture] of the Borrower entitled “[____________________]”, [adopted on][dated] [____________________], as amended and supplemented from time to time, pursuant to which this Note has been issued.

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

“Cost” means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Regulations, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, for which the Borrower is receiving the Loan.

“Event of Default” means any occurrence or event specified in Section 6 hereof.

“Interest” means the interest charged on the Loan at a rate of ____% per annum and payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Loan” means the loan of the Principal, made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project, as evidenced by this Note.

“Loan Disbursement Requisition” means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the New Jersey Department of Environmental Protection, in a form to be determined by the Trust and the New Jersey Department of Environmental Protection.

“Maturity Date” means the earlier of (i) ____________, 201_, and (ii) the date of closing for the Anticipated Financing Program.

“Principal” means the principal amount of the Loan, at any time being the lesser of (i) $_________________, or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.
“Project” means the Environmental Infrastructure Facilities of the Borrower which constitutes a project for which the Trust is making the Loan to the Borrower.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated pursuant to 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.

“Revenues” means “[_________] Revenues” as defined in the Borrower Note Resolution.

“State” means the State of New Jersey.

“Trust Bonds” means the revenue bonds of the Trust to be issued, as part of the Anticipated Financing Program.

SECTION 2. Representations of the Borrower. The Borrower represents and warrants to the Trust:

(a)  Organization. The Borrower: (i) is a corporation duly created and validly existing under and pursuant to the Constitution and laws of the State, including the Business Corporation Law; (ii) has full legal right and authority to execute, attest and deliver this Note, to authorize the authentication of this Note, to sell this Note to the Trust, and to perform its obligations hereunder, and (iii) has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the issuance of this Note, the authentication of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder and (B) the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) Authority. This Note has been duly authorized by the Borrower, duly executed, attested and delivered by Authorized Officers of the Borrower, and duly authenticated by the trustee or the paying agent pursuant to the Borrower Note Resolution. This Note has been duly sold by the Borrower to the Trust and duly issued by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors’ rights.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the adoption of the Borrower Note Resolution, (iii) the ability of the Borrower to satisfy all of its Loan repayment obligations hereunder, (iv) the authorization, execution, attestation, authentication or delivery of this Note, (v) the issuance of this Note and the sale thereof to the Trust, and (vi) the Borrower’s ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Note.
(d) **Compliance with Existing Laws and Agreements; Governmental Consent.** (i) The authorization, execution, attestation and delivery of this Note by the Borrower, (ii) the authentication of this Note by the trustee or paying pursuant to the Borrower Note Resolution, (iii) the adoption of the Borrower Note Resolution, (iv) the sale of this Note to the Trust, (v) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder, including, without limitation, the repayment of the Loan and all other amounts due hereunder, and (vi) the undertaking and completion of the Project, will not (A) other than the lien, charge or encumbrance created by this Note and by any other outstanding debt obligations of the Borrower that are at parity with this Note as to lien on, and source and security for payment thereon from, the Revenues of the Borrower’s Environmental Infrastructure System, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations are subject. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation, authentication and delivery of this Note, for the sale of this Note to the Trust, for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Note, and for the undertaking and completion of the Project.

(e) **Reliance.** The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the representations of the Borrower set forth in this Section 2.

**SECTION 3. Covenants of the Borrower.**

(a) **Participation in the Anticipated Financing Program.** The Borrower covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Borrower in the Anticipated Financing Program and (ii) the qualification by the Borrower for receipt of the Anticipated Long Term Loan.

(b) **Pledge.** The Borrower irrevocably pledges the Revenues in accordance with the terms of, and to the extent provided in, the Borrower Note Resolution, for the punctual payment of any and all obligations and amounts due under this Note.

(c) **Disposition of Environmental Infrastructure System.** The Borrower covenants and agrees that it shall not sell, lease, abandon or otherwise dispose of all or substantially all of
its Environmental Infrastructure System without the express written consent of the Trust, which consent may or may not be granted by the Trust in its sole discretion.

(d) **Financing With Tax Exempt Bonds.** The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of Trust Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code (“tax-exempt bonds”). In furtherance of such long term financing with tax-exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the Trust, the Borrower will not take any action or permit any action to be taken which would result in any of the proceeds of the Loan being used (directly or indirectly) to make or finance loans to persons other than the Borrower. In addition, the Borrower covenants and agrees that (i) all of the proceeds of the Loan will be used to pay costs of an exempt facility, within the meaning of Section 142 of the Code, which were paid and incurred by the Borrower no more than 60 days before the date on which the Trust adopted a declaration of intent with respect to the Project, and (ii) no portion of the Project will be investment property, within the meaning of Section 148(b) of the Code. The Borrower covenants and agrees that any Costs of the Borrower’s Project to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.148-6(d) and Treasury Regulations §1.150-2.

(e) **Operation and Maintenance of Environmental Infrastructure System.** The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.

(f) **Records and Accounts; Inspections.** The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System, separate and distinct from its other records and accounts, which shall be audited annually by an independent registered certified public accountant and shall be made available for inspection by the Trust upon prior written notice. The Borrower shall permit the Trust to inspect the Environmental Infrastructure System.

(g) **Insurance.** The Borrower covenants and agrees that it shall maintain insurance policies providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System, in an amount that will satisfy all applicable regulatory requirements. The Borrower covenants and agrees that it shall include, or cause to be included, the Trust as an additional “named insured” on any certificate of liability insurance procured by the Borrower and by any contractor or subcontractor for the Project.

(h) **Reliance.** The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the covenants of the Borrower set forth in this Section 3.

**SECTION 4. Disbursement of the Loan Proceeds; Amounts Payable; Prepayment; and Late Fee.** The Trust shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Trust of a Loan Disbursement
Requisition, each such disbursement and the date thereof to be recorded by an Authorized Officer of the Trust on the table attached as Exhibit A hereto. The latest date upon which the Borrower may submit to the Trust a Loan Disbursement Requisition is 30 days prior to the Maturity Date. On the Maturity Date, the Borrower shall repay the Loan to the Trust in an amount equal to: (i) the Principal; (ii) the Interest; (iii) the Administrative Fee, if any; and (iv) any other amounts due and owing pursuant to the provisions of this Note. The Borrower may prepay the Loan obligations hereunder, in whole or in part, upon receipt of the prior written consent of an Authorized Officer of the Trust. Each payment made to the Trust shall be applied to the payment of, first, the Interest then due and payable, second, the Principal, third, the Administrative Fee, if any, fourth, any late charges, and finally, any other amount due pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the Trust later than the Maturity Date, a late fee shall be payable to the Trust in an amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the Wall Street Journal on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law.

SECTION 5. Unconditional Obligations. The obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Trust or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

SECTION 6. Events of Default. The following events shall constitute an “Event of Default” hereunder: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations hereunder, and any other payment obligations due hereunder; (ii) failure by the Borrower to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed pursuant to the terms of this Note; (iii) any representation made by the Borrower contained in this Note or in any instrument furnished in compliance with or with reference to this Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Note or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become
insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

SECTION 7. Remedies upon Event of Default. Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the Trust to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and agrees that the Trust shall have the right to declare all Loan repayments and all other amounts due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive, and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the Trust to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby agrees that upon demand it shall pay to the Trust the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observance or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys collected by the Trust pursuant to this Section 7 shall be applied first to pay any attorneys’ fees or other fees and expenses owed by the Borrower.

SECTION 8. Certain Miscellaneous Provisions. The Borrower hereby agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: [Name and Address of Borrower, Attention: Name of Authorized Officer]; and to the Trust at the following address: New Jersey Environmental Infrastructure Trust, 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey 08648, Attention: Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the Trust shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Trust; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the Trust, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Note; and (h) whenever the Borrower is required to obtain the determination, approval or consent of the Trust pursuant to the terms hereof, such determination,
approval or consent may be either granted or withheld by the Trust in its sole and absolute discretion.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, sealed and delivered on the date first above written.

[NAME OF BORROWER]

[SEAL]

ATTEST:  

By: ____________________________  
Authorized Officer

Authorized Officer
TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Note is delivered pursuant to the within-mentioned Borrower Note Resolution.

__________________________________,
      as Trustee

By:____________________________________
      Authorized Signatory
## EXHIBIT A

Loan Disbursements

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RESOLUTION NO. 13 - 69

RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST AUTHORIZING
THE STATE FISCAL YEAR 2015 SUPPLEMENTAL FINANCING PROGRAM

WHEREAS, the New Jersey Environmental Infrastructure Trust (the “Trust”), pursuant to and in accordance with (i) the “New Jersey Environmental Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the “State”) (codified at N.J.S.A. 58:11B-1 et seq.), as the same has been, and in the future may from time to time be, amended and supplemented (the “Act”), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 et seq.), as the same have been, and in the future may from time to time be, amended and supplemented (the “Regulations”), is authorized, pursuant to a supplemental financing program (the “Supplemental Financing Program”), to make short-term or temporary loans (each, a “Supplemental Loan”) to eligible project sponsors (each, a “Borrower”) for the purpose of financing, with respect to a project (each, an “Existing Project”) for which a loan previously has been made to such Borrower by the Trust pursuant to N.J.S.A. 58:11B-9(a) (each, an “Existing Loan”), to pay for additional eligible costs of such Existing Project (the “Additional Costs”), that have been incurred by such Borrower in connection with the completion of such Existing Project and in excess of (i) the principal amount of the Existing Loan, plus (ii) the principal amount of the companion loan made to the Borrower by the State, acting by and through the New Jersey Department of Environmental Protection (the “NJDEP”), provided that each such Supplemental Loan made by the Trust to a Borrower satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9.4, and any applicable Regulations; and

WHEREAS, the Act, specifically N.J.S.A. 58:11B-9.4, provides for the making of Supplemental Loans to Borrowers with respect to Existing Projects that are not included on the project priority lists, for the ensuing fiscal year, that have been submitted to the State Legislature pursuant to N.J.S.A. 58:11B-20 and/or N.J.S.A. 58:11B-20.1 (collectively, the “Priority List”); and

WHEREAS, pursuant to the Act, the source of funding for the Supplemental Financing Program authorized hereby shall be amounts on deposit in the Supplemental Loan Fund created by N.J.S.A. 58:11B-9.4(a) (the “Available Funds”); and

WHEREAS, it is the desire of the Trust, subject to the terms and provisions of the Act, the Regulations and this Resolution, to authorize the implementation of the Supplemental Financing Program for State Fiscal Year 2015 (the “SFY 2015 Supplemental Financing Program”), pursuant to the parameters set forth herein, including, without limitation, the following conditions precedent that must be satisfied in full in connection with any Supplemental Loan made by the Trust to a qualifying Borrower for the Additional Costs of its Existing Project: (i) the Borrower has submitted to the Trust and the NJDEP a complete Supplemental Financing Program application with respect to the Additional Costs of the Existing Project; (ii) the proposed scope of the Additional Costs of the Existing Project have been certified for funding by the Trust through the Supplemental Financing Program in accordance with N.J.A.C. 7:22-4.13; (iii) there exists sufficient Available Funds for the
making of the Supplemental Loan to the Borrower for the Additional Costs of the Existing Project; and (iv) the Borrower has not previously received financing from the Trust or the NJDEP, through the Supplemental Financing Program or otherwise, for the Additional Costs of the Existing Project proposed to be financed through the SFY 2015 Supplemental Financing Program (items (i) through (iv) hereof shall be referred to collectively herein as the “Supplemental Financing Program Conditions Precedent”); and

WHEREAS, it is the desire of the Trust to establish certain terms for each Supplemental Loan made by the Trust as part of the SFY 2015 Supplemental Financing Program authorized hereby.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Trust (the “Board”), as follows:

Section 1. The Board hereby authorizes the establishment of the SFY 2015 Supplemental Financing Program, provided (i) such SFY 2015 Supplemental Financing Program shall be funded solely from the Available Funds, (ii) aggregate, outstanding Supplemental Loans shall not exceed $2,000,000 at any time, (iii) the availability to qualifying applicants of Supplemental Loans shall be prioritized based upon the chronological order of the certification of proposed Additional Costs of Existing Projects for funding through the SFY 2015 Supplemental Financing Program by the Trust in accordance with N.J.A.C. 7:22-4.13, (iv) Supplemental Loans shall fully comply with the provisions of the Act, the Regulations applicable thereto and the terms of this Resolution, including, without limitation, the Supplemental Financing Program Conditions Precedent.

Section 2. Any Supplemental Loan made by the Trust as part of the SFY 2015 Supplemental Financing Program shall be evidenced by (i) a note or other appropriate obligation of the Borrower to be issued to the Trust (the “Obligation”), and (ii) any other documentation as shall be deemed necessary and appropriate by the Chairman, Vice Chairman or 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 (collectively, the “Loan Instruments”). Each Obligation shall be in substantially the applicable form attached hereto as Exhibit A, with such revisions and modifications thereto as shall be approved by an Authorized Officer after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State. The Loan Instruments shall include such terms and provisions relating to the SFY 2015 Supplemental Financing Program as shall be determined by the Authorized Officer, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, as being necessary in connection with (i) the satisfaction of the requirements of the Act and the Regulations and (ii) the implementation of the terms of this Resolution. Any Supplemental Loan made by the Trust to a Borrower as part of the SFY 2015 Supplemental Financing Program:

(i) shall be funded solely from the Available Funds;

(ii) shall bear interest at a rate of (a) with respect to a Supplemental Loan made to (1) a local government unit (as such term is defined in the Act) or (2) a public water utility (as such term is defined in the Act) or small water company (as such term is defined in the
Act), in each case, serving fewer than 10,000 residents, 0%, and (b) with respect to a Supplemental Loan made to (1) a public water utility or small water company, in each case, serving greater than 10,000 residents, (2) any other private person, or (3) a local government unit on behalf of any private person, 2%;

(iii) shall not exceed $300,000 in principal amount;

(iv) shall have a maturity date (the “Maturity Date”) not later than the date of closing with respect to the applicable long-term financing within the State Fiscal Year 2016 New Jersey Environmental Infrastructure Financing Program as administered by the Trust and the NJDEP (the “Financing Program”), which shall be no later than June 30, 2016;

(v) shall be repaid by the Borrower from the participation by the Borrower in the Financing Program prior to the Maturity Date, or, in the event of the failure on the part of the Borrower to qualify for and participate in the Financing Program prior to the Maturity Date for any reason, a source of funds, other than the Financing Program, that is available to the Borrower for such purpose, including, without limitation, the proceeds of short-term or long-term debt that may be incurred by the Borrower; and

(vi) shall not be subject to the imposition by the Trust of an administrative fee.

Section 3. No Supplemental Loan shall be made by the Trust to a Borrower with respect to the Additional Costs of its Existing Project without the prior approval of the Board in the form of a resolution duly adopted pursuant to and in satisfaction of the requirements of the Act (the “Authorizing Resolution”), provided that such Borrower and such Additional Costs of such Existing Project each shall qualify for funding through the SFY 2015 Supplemental Financing Program pursuant to the terms and provisions of the Act and the Regulations and the terms and provisions of this Resolution, including, without limitation, the Supplemental Financing Program Conditions Precedent. The Authorizing Resolution shall include, without limitation, the certification for funding of the proposed scope of the Additional Costs of the Existing Project in accordance with the provisions of N.J.A.C. 7:22-4.13, provided, however, that prior to the closing with respect to such Supplemental Loan, the proposed scope of the Additional Costs of the Existing Project shall have been certified for funding by the Commissioner of the NJDEP pursuant to and in satisfaction of the provisions of N.J.A.C. 7:22-3.13.

Section 4. The Authorized Officers are hereby severally authorized and directed to execute (i) any Loan Instrument to which the Trust is a party (the “Trust Loan Instruments”) and (ii) any certificates, instruments or documents contemplated therein or otherwise related to the participation of any Borrower in the SFY 2015 Supplemental Financing Program.

Section 5. Upon execution of the Trust Loan Instruments 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.

Section 6. This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date: December 12, 2013
Motion Made By: Mr. Requa
Motion Seconded By: Mr. Chebra

Ayes: 6
Nays: 0
Abstentions: 0
EXHIBIT A

FORMS OF OBLIGATION
FOR VALUE RECEIVED, ___________________________________________________________________________, a municipal corporation duly created and validly existing pursuant to the laws of the State (as hereinafter defined), and its successors and assigns (the “Borrower”), hereby promises to pay to the order of the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the “Trust”), the Principal (as hereinafter defined), together with all unpaid accrued Interest (as hereinafter defined), fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this “Note”).

SECTION 1. Definitions. As used in this Note, unless the context requires otherwise, the following terms shall have the following meanings:

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

“Administrative Fee” means a fee of up to four-tenths of one percent (.40%) of that portion of the Principal identified in clause (i) of the definition thereof (as set forth in this Section 1), or such lesser amount, if any, as the Trust may determine from time to time.

“Anticipated Financing Program” means the financing program of the Trust, pursuant to which the Trust will issue, not later than June 30, ____, its Trust Bonds for the purpose of financing, on a long term basis, the Project and other projects of certain qualifying borrowers.

“Anticipated Long Term Loan” means the long term loan made by the Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

“Authorized Officer” means any person authorized by the Borrower or the Trust, as the case may be, to perform any act or execute any document relating to the Loan or this Note.

“Code” means the Internal Revenue Code of 1986, as the same may from time to time be amended and supplemented, including any regulations promulgated thereunder, any successor code thereto and any administrative or judicial interpretations thereof.
“Cost” means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Regulations, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, for which the Borrower is receiving the Loan.

“Event of Default” means any occurrence or event specified in Section 6 hereof.

“Interest” means the interest charged on the Loan at a rate of ___% per annum and payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Loan” means the loan of the Principal, made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project, as evidenced by this Note.

“Loan Disbursement Requisition” means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the New Jersey Department of Environmental Protection, in a form to be determined by the Trust and the New Jersey Department of Environmental Protection.

“Maturity Date” means the earlier of (i) ____________, 201_, and (ii) the date of closing for the Anticipated Financing Program.

“Principal” means the principal amount of the Loan, at any time being the lesser of (i) __________________ Dollars ($_____________), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Project” means the Environmental Infrastructure Facilities of the Borrower which constitutes a project for which the Trust is making the Loan to the Borrower.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated pursuant to 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.

“State” means the State of New Jersey.
“Trust Bonds” means the revenue bonds of the Trust to be issued, as part of the Anticipated Financing Program.

SECTION 2. Representations of the Borrower. The Borrower represents and warrants to the Trust:

(a) Organization. The Borrower: (i) is a municipal corporation duly created and validly existing under and pursuant to the Constitution and laws of the State; (ii) has full legal right and authority to execute, attest and deliver this Note, to sell this Note to the Trust, and to perform its obligations hereunder, and (iii) has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the issuance of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder and (B) the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) Authority. This Note has been duly authorized by the Borrower and duly executed, attested and delivered by Authorized Officers of the Borrower. This Note has been duly sold by the Borrower to the Trust and duly issued by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors’ rights.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the ability of the Borrower to satisfy all of its Loan repayment obligations hereunder, (iii) the authorization, execution, attestation or delivery of this Note, (iv) the issuance of this Note and the sale thereof to the Trust, and (v) the Borrower’s ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Note.

(d) Compliance with Existing Laws and Agreements; Governmental Consent. (i) The due authorization, execution, attestation and delivery of this Note by the Borrower and the sale of this Note to the Trust, (ii) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder, including, without limitation, the repayment of the Loan and all other amount due hereunder, and (iii) the undertaking and completion of the Project, will not (A) other than the lien, charge or encumbrance created by this Note and by any other outstanding debt obligations of the Borrower that are at parity with this Note as to lien on, and source and security for payment thereon from, the general tax revenues of the Borrower, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result
in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations are subject. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation and delivery of this Note, for the sale of this Note to the Trust, for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Note, and for the undertaking and completion of the Project.

(e) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the representations of the Borrower set forth in this Section 2.

SECTION 3. Covenants of the Borrower.

(a) Participation in the Anticipated Financing Program. The Borrower covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Borrower in the Anticipated Financing Program and (ii) the qualification by the Borrower for receipt of the Anticipated Long Term Loan.

(b) Full Faith and Credit Pledge. To secure the repayment obligation of the Borrower with respect to this Note, and all other amounts due under this Note, the Borrower unconditionally and irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the punctual payment of any and all obligations and amounts due under this Note. The Borrower acknowledges that, to assure the continued operation and solvency of the Trust, the Trust may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to pay promptly to the Trust in full any Loan repayments, any Interest or any other amounts due pursuant to this Note, an amount sufficient to satisfy such deficiency shall be paid by the State Treasurer to the Trust from State-aid otherwise payable to the Borrower.

(c) Disposition of Environmental Infrastructure System. The Borrower covenants and agrees that it shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System without the express written consent of the Trust, which consent may or may not be granted by the Trust in its sole discretion.

(d) Financing With Tax Exempt Bonds. The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of Trust Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code (“tax exempt bonds”). In furtherance of such long term financing with tax exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the Trust, the Borrower will not take any action or permit any action to be taken which would result in any of the proceeds of the Loan being used (directly or indirectly) (i) in any “private business use”
within the meaning of Section 141(b)(6) of the Code, (ii) to make or finance loans to persons other than the Borrower, or (iii) to acquire any “nongovernmental output property” within the meaning of Section 141(d)(2) of the Code. In addition, the Borrower covenants and agrees that no portion of the Project will be investment property, within the meaning of Section 148(b) of the Code. The Borrower covenants and agrees that any Costs of the Borrower’s Project to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.148-6(d) and Treasury Regulations §1.150-2.

(e) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.

(f) Records and Accounts; Inspections. The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System (the “System Records”), separate and distinct from its other records and accounts (the “General Records”), which shall be audited annually by an independent registered municipal accountant and shall be made available for inspection by the Trust upon prior written notice. The Borrower shall permit the Trust to inspect the Environmental Infrastructure System.

(g) Insurance. The Borrower covenants and agrees that it shall maintain insurance policies providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System, in an amount that will satisfy all applicable regulatory requirements. The Borrower covenants and agrees that it shall include, or cause to be included, the Trust as an additional “named insured” on any certificate of liability insurance procured by the Borrower and by any contractor or subcontractor for the Project.

(h) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the covenants of the Borrower set forth in this Section 3.

SECTION 4. Disbursement of the Loan Proceeds; Amounts Payable; Prepayment; and Late Fee. The Trust shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Trust of a Loan Disbursement Requisition, each such disbursement and the date thereof to be recorded by an Authorized Officer of the Trust on the table attached as Exhibit A hereto. The latest date upon which the Borrower may submit to the Trust a Loan Disbursement Requisition is 30 days prior to the Maturity Date. On the Maturity Date, the Borrower shall repay the Loan to the Trust in an amount equal to: (i) the Principal; (ii) the Interest; (iii) the Administrative Fee, if any; and (iv) any other amounts due and owing pursuant to the provisions of this Note. The Borrower may prepay the Loan Authorized Officer of the Trust. Each payment made to the Trust shall be applied to the payment of, first, the Interest then due and payable, second, the Principal, third, the Administrative Fee, if obligations hereunder, in whole or in part, upon receipt of the prior written consent of any, fourth, any late charges, and, finally, any other amount due pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the Trust later than the Maturity Date, a late fee shall be payable to the Trust in an
amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the *Wall Street Journal* on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law.

**SECTION 5. Unconditional Obligations.** The direct, general obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Trust or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

**SECTION 6. Events of Default.** The following events shall constitute an “Event of Default” hereunder: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations hereunder, and any other payment obligations due hereunder; (ii) failure by the Borrower to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed pursuant to the terms of this Note; (iii) any representation made by the Borrower contained in this Note or in any instrument furnished in compliance with or with reference to this Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Note or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

**SECTION 7. Remedies upon Event of Default.** Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the Trust to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and agrees that the Trust shall have the right to declare all Loan repayments and all other amounts
due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive, and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the Trust to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby agrees that upon demand it shall pay to the Trust the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observation or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys collected by the Trust pursuant to this Section 7 shall be applied first to pay any attorneys’ fees or other fees and expenses owed by the Borrower.

SECTION 8. Certain Miscellaneous Provisions. The Borrower hereby acknowledges and agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: [Name and Address of Borrower, Attention: Name of Authorized Officer]; and to the Trust at the following address: New Jersey Environmental Infrastructure Trust, 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey 08648, Attention: Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the Trust shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Trust; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the Trust, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Note; and (h) whenever the Borrower is required to obtain the determination, approval or consent of the Trust pursuant to the terms hereof, such determination, approval or consent may be either granted or withheld by the Trust in its sole and absolute discretion.

[The remainder of this page has been left blank intentionally.]
IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, sealed and delivered on the date first above written.

[NAME OF BORROWER]

[SEAL]

ATTEST: __________________________

By: __________________________

Mayor

By: __________________________

Chief Financial Officer

____________________
Clerk
EXHIBIT A

Loan Disbursements

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FOR VALUE RECEIVED, the undersigned, a [municipal][county][utilities][sewerage] authority, acting as a public body corporate and politic with corporate succession duly created and validly existing pursuant to the laws of the State (as hereinafter defined), including, without limitation, the Borrower Enabling Act (as hereinafter defined), and its successors and assigns (the “Borrower”), hereby promises to pay to the order of the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the “Trust”), the Principal (as hereinafter defined) (the “Trust”), the Principal (as hereinafter defined), together with all unpaid accrued Interest (as hereinafter defined), fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this “Note”).

SECTION 1. Definitions. As used in this Note, unless the context requires otherwise, the following terms shall have the following meanings:

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

“Administrative Fee” means a fee of up to four-tenths of one percent (.40%) of that portion of the Principal identified in clause (i) of the definition thereof (as set forth in this Section 1), or such lesser amount, if any, as the Trust may determine from time to time.

“Anticipated Financing Program” means the financing program of the Trust, pursuant to which the Trust will issue, not later than June 30,____, its Trust Bonds for the purpose of financing, on a long term basis, the Project and other projects of certain qualifying borrowers.

“Anticipated Long Term Loan” means the long term loan made by the Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

“Authorized Officer” means any person authorized by the Borrower or the Trust, as the case may be, to perform any act or execute any document relating to the Loan or this Note.
“Borrower Note Resolution” means the [resolution][indenture] of the Borrower entitled “[___________________]”, adopted on [___________________], as amended and supplemented from time to time, pursuant to which this Note has been issued.

“Borrower Enabling Act” means the [“Sewerage Authorities Law”, constituting Chapter 138 of the Pamphlet Laws of 1946 of the State (codified at N.J.S.A. 40:14A-1 et seq.), as the same may from time to time be amended and supplemented.][the “Municipal and County Utilities Authority Law”, constituting Chapter 183 of the Pamphlet Laws of 1957 of the State (codified at N.J.S.A. 40:14B-1 et seq., as the same may from time to time be amended and supplemented).]

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

“Cost” means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Regulations, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, for which the Borrower is receiving the Loan.

“Event of Default” means any occurrence or event specified in Section 6 hereof.

“Interest” means the interest charged on the Loan at a rate of ___% per annum and payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Loan” means the loan of the Principal, made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project, as evidenced by this Note.

“Loan Disbursement Requisition” means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the New Jersey Department of Environmental Protection, in a form to be determined by the Trust and the New Jersey Department of Environmental Protection.

“Local Authority Fiscal Control Law” means the “Local Authorities Fiscal Control Law”, constituting Chapter 313 of the Pamphlet Laws of 1983 of the State (codified at N.J.S.A. 40A:5A-1 et seq.), as the same may from time to time be amended and supplemented.
“Maturity Date” means the earlier of (i) ____________, 201_, and (ii) the date of closing for the Anticipated Financing Program.

“Principal” means the principal amount of the Loan, at any time being the lesser of (i) ___________________________ Dollars ($_________________), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Project” means the Environmental Infrastructure Facilities of the Borrower which constitutes a project for which the Trust is making the Loan to the Borrower.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated pursuant to 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.

“Revenues” means “[_________] Revenues” as defined in the Borrower Note Resolution.

“State” means the State of New Jersey.

“Trust Bonds” means the revenue bonds of the Trust to be issued, as part of the Anticipated Financing Program.

SECTION 2. Representations of the Borrower. The Borrower represents and warrants to the Trust:

(a) Organization. The Borrower: (i) is a [municipal][county] [utilities][sewerage] authority, acting as a public body corporate and politic with corporate succession, duly created and validly existing under and pursuant to the Constitution and laws of the State, including, without limitation, the Borrower Enabling Act, and is subject to the Local Authorities Fiscal Control Law; (ii) has full legal right and authority to execute, attest and deliver this Note, to authorize the authentication of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder, and (iii) has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the issuance of this Note, the authentication of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder and (B) the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) Authority. This Note has been duly authorized by the Borrower, duly executed, attested and delivered by Authorized Officers of the Borrower, and duly authenticated by the trustee or the paying agent pursuant to the Borrower Note Resolution. This Note has been duly sold by the Borrower to the Trust and duly issued by the Borrower and constitutes a legal, valid
and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors’ rights.

(c) **Pending Litigation.** There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the adoption of the Borrower Note Resolution, (iii) the ability of the Borrower to satisfy all of its Loan repayment obligations hereunder, (iv) the authorization, execution, attestation, authentication or delivery of this Note, (v) the issuance of this Note and the sale thereof to the Trust, and (vi) the Borrower’s ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Note.

(d) **Compliance with Existing Laws and Agreements; Governmental Consent.** (i) The authorization, execution, attestation and delivery of this Note by the Borrower, (ii) the authentication of this Note by the trustee or paying pursuant to the Borrower Note Resolution, (iii) the adoption of the Borrower Note Resolution, (iv) the sale of this Note to the Trust, (v) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder, including, without limitation, the repayment of the Loan and all other amounts due hereunder, and (vi) the undertaking and completion of the Project, will not (A) other than the lien, charge or encumbrance created by this Note and by any other outstanding debt obligations of the Borrower that are at parity with this Note as to lien on, and source and security for payment thereon from, the Revenues of the Borrower’s Environmental Infrastructure System, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations are subject. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation, authentication and delivery of this Note, for the sale of this Note to the Trust, for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Note, and for the undertaking and completion of the Project.

(e) **Reliance.** The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the representations of the Borrower set forth in this Section 2.
SECTION 3. Covenants of the Borrower.

(a) Participation in the Anticipated Financing Program. The Borrower covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Borrower in the Anticipated Financing Program and (ii) the qualification by the Borrower for receipt of the Anticipated Long Term Loan.

(b) Full Faith and Credit Pledge. The Borrower irrevocably pledges the Revenues in accordance with the terms of, and to the extent provided in, the Borrower Note Resolution, for the punctual payment of any and all obligations and amounts due under this Note. The Borrower acknowledges that, to assure the continued operation and solvency of the Trust, the Trust may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to pay promptly to the Trust in full any Loan repayments, any Interest or any other amounts due pursuant to this Note, an amount sufficient to satisfy such deficiency shall be paid by the State Treasurer to the Trust from State-aid otherwise payable to any municipality or county to which the Borrower provides services pursuant to a contractual arrangement.

(c) Disposition of Environmental Infrastructure System. The Borrower covenants and agrees that it shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System without the express written consent of the Trust, which consent may or may not be granted by the Trust in its sole discretion.

(d) Financing With Tax-Exempt Bonds. The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of Trust Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code (“tax-exempt bonds”). In furtherance of such long term financing with tax-exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the Trust, the Borrower will not take any action or permit any action to be taken which would result in any of the proceeds of the Loan being used (directly or indirectly) (i) in any “private business use” within the meaning of Section 141(b)(6) of the Code, (ii) to make or finance loans to persons other than the Borrower, or (iii) to acquire any “nongovernmental output property” within the meaning of Section 141(d)(2) of the Code. In addition, the Borrower covenants and agrees that no portion of the Project will be investment property, within the meaning of Section 148(b) of the Code. The Borrower covenants and agrees that any Costs of the Borrower’s Project to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.148-6(d) and Treasury Regulations §1.150-2.

(e) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.
(f) Records and Accounts; Inspections. The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System, separate and distinct from its other records and accounts, which shall be audited annually by an independent registered municipal accountant and shall be made available for inspection by the Trust upon prior written notice. The Borrower shall permit the Trust to inspect the Environmental Infrastructure System.

(g) Insurance. The Borrower covenants and agrees that it shall maintain insurance policies providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System, in an amount that will satisfy all applicable regulatory requirements. The Borrower covenants and agrees that it shall include, or cause to be included, the Trust as an additional “named insured” on any certificate of liability insurance procured by the Borrower and by any contractor or subcontractor for the Project.

(h) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the covenants of the Borrower set forth in this Section 3.

SECTION 4. Disbursement of the Loan Proceeds; Amounts Payable; Prepayment; and Late Fee. The Trust shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Trust of a Loan Disbursement Requisition, each such disbursement and the date thereof to be recorded by an Authorized Officer of the Trust on the table attached as Exhibit A hereto. The latest date upon which the Borrower may submit to the Trust a Loan Disbursement Requisition is 30 days prior to the Maturity Date. On the Maturity Date, the Borrower shall repay the Loan to the Trust in an amount equal to: (i) the Principal; (ii) the Interest; (iii) the Administrative Fee, if any; and (iv) any other amounts due and owing pursuant to the provisions of this Note. The Borrower may prepay the Loan obligations hereunder, in whole or in part, upon receipt of the prior written consent of an Authorized Officer of the Trust. Each payment made to the Trust shall be applied to the payment of, first, the Interest then due and payable, second, the Principal, third, the Administrative Fee, if any, fourth, any late charges, and finally, any other amount due pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the Trust later than the Maturity Date, a late fee shall be payable to the Trust in an amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the Wall Street Journal on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law.

SECTION 5. Unconditional Obligations. The obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts...
or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Trust or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

SECTION 6. Events of Default. The following events shall constitute an “Event of Default” hereunder: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations hereunder, and any other payment obligations due hereunder; (ii) failure by the Borrower to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed pursuant to the terms of this Note; (iii) any representation made by the Borrower contained in this Note or in any instrument furnished in compliance with or with reference to this Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Note or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

SECTION 7. Remedies upon Event of Default. Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the Trust to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and agrees that the Trust shall have the right to declare all Loan repayments and all other amounts due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive, and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the Trust to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby agrees that upon demand it shall pay to the Trust the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observation or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys
collected by the Trust pursuant to this Section 7 shall be applied first to pay any attorneys’ fees or other fees and expenses owed by the Borrower.

SECTION 8. Certain Miscellaneous Provisions. The Borrower hereby agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: [Name and Address of Borrower, Attention: Name of Authorized Officer]; and to the Trust at the following address: New Jersey Environmental Infrastructure Trust, 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey 08648, Attention: Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the Trust shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Trust; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the Trust, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Note; and (h) whenever the Borrower is required to obtain the determination, approval or consent of the Trust pursuant to the terms hereof, such determination, approval or consent may be either granted or withheld by the Trust in its sole and absolute discretion.

[The remainder of this page has been left blank intentionally.]
IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, sealed and delivered on the date first above written.

[NAME OF BORROWER]

[SEAL]

ATTEST:

By:_______________________

Authorized Officer

Authorized Officer
TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Note is delivered pursuant to the within-mentioned Borrower Note Resolution.

__________________________________,
as Trustee

By:______________________________________
    Authorized Signatory
## EXHIBIT A

Loan Disbursements

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FOR VALUE RECEIVED, ________________________________________, a corporation duly created and validly existing pursuant to the laws of the State (as hereinafter defined), and its successors and assigns (the “Borrower”), hereby promises to pay to the order of the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the “Trust”), the Principal (as hereinafter defined), together with all unpaid accrued Interest (as hereinafter defined), fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this “Note”).

SECTION 1. Definitions. As used in this Note, unless the context requires otherwise, the following terms shall have the following meanings:

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

“Administrative Fee” means a fee of up to four-tenths of one percent (.40%) of that portion of the Principal identified in clause (i) of the definition thereof (as set forth in this Section 1), or such lesser amount, if any, as the Trust may determine from time to time.

“Anticipated Financing Program” means the financing program of the Trust, pursuant to which the Trust will issue, not later than June 30, ____, its Trust Bonds for the purpose of financing, on a long term basis, the Project and other projects of certain qualifying borrowers.

“Anticipated Long Term Loan” means the long term loan made by the Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

“Authorized Officer” means any person authorized by the Borrower or the Trust, as the case may be, to perform any act or execute any document relating to the Loan or this Note.
“Borrower Note Resolution” means the [resolution][indenture] of the Borrower entitled “[__________________]”, [adopted on][dated] [___________________], as amended and supplemented from time to time, pursuant to which this Note has been issued.


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

“Cost” means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Regulations, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, for which the Borrower is receiving the Loan.

“Event of Default” means any occurrence or event specified in Section 6 hereof.

“Interest” means the interest charged on the Loan at a rate of ____% per annum and payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Loan” means the loan of the Principal, made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project, as evidenced by this Note.

“Loan Disbursement Requisition” means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the New Jersey Department of Environmental Protection, in a form to be determined by the Trust and the New Jersey Department of Environmental Protection.

“Maturity Date” means the earlier of (i) ____________, 201_, and (ii) the date of closing for the Anticipated Financing Program.

“Principal” means the principal amount of the Loan, at any time being the lesser of (i) __________________ Dollars ($_________________), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the
Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Project” means the Environmental Infrastructure Facilities of the Borrower which constitutes a project for which the Trust is making the Loan to the Borrower.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated pursuant to 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.

“Revenues” means “[_________] Revenues” as defined in the Borrower Note Resolution.

“State” means the State of New Jersey.

“Trust Bonds” means the revenue bonds of the Trust to be issued, as part of the Anticipated Financing Program.

SECTION 2. Representations of the Borrower. The Borrower represents and warrants to the Trust:

(a) Organization. The Borrower: (i) is a corporation duly created and validly existing under and pursuant to the Constitution and laws of the State, including the Business Corporation Law; (ii) has full legal right and authority to execute, attest and deliver this Note, to authorize the authentication of this Note, to sell this Note to the Trust, and to perform its obligations hereunder, and (iii) has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the issuance of this Note, the authentication of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder and (B) the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) Authority. This Note has been duly authorized by the Borrower, duly executed, attested and delivered by Authorized Officers of the Borrower, and duly authenticated by the trustee or the paying agent pursuant to the Borrower Note Resolution. This Note has been duly sold by the Borrower to the Trust and duly issued by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors’ rights.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the adoption of the Borrower Note Resolution, (iii) the ability of the Borrower to satisfy all of its Loan repayment obligations hereunder, (iv) the authorization, execution, attestation, authentication or delivery of
this Note, (v) the issuance of this Note and the sale thereof to the Trust, and (vi) the Borrower’s ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Note.

(d) **Compliance with Existing Laws and Agreements; Governmental Consent.** (i) The authorization, execution, attestation and delivery of this Note by the Borrower, (ii) the authentication of this Note by the trustee or paying pursuant to the Borrower Note Resolution, (iii) the adoption of the Borrower Note Resolution, (iv) the sale of this Note to the Trust, (v) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder, including, without limitation, the repayment of the Loan and all other amounts due hereunder, and (vi) the undertaking and completion of the Project, will not (A) other than the lien, charge or encumbrance created by this Note and by any other outstanding debt obligations of the Borrower that are at parity with this Note as to lien on, and source and security for payment thereon from, the Revenues of the Borrower’s Environmental Infrastructure System, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations are subject. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation, authentication and delivery of this Note, for the sale of this Note to the Trust, for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Note, and for the undertaking and completion of the Project.

(e) **Reliance.** The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the representations of the Borrower set forth in this Section 2.

**SECTION 3. Covenants of the Borrower.**

(a) **Participation in the Anticipated Financing Program.** The Borrower covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Borrower in the Anticipated Financing Program and (ii) the qualification by the Borrower for receipt of the Anticipated Long Term Loan.

(b) **Pledge.** The Borrower irrevocably pledges the Revenues in accordance with the terms of, and to the extent provided in, the Borrower Note Resolution, for the punctual payment of any and all obligations and amounts due under this Note.
(c) **Disposition of Environmental Infrastructure System.** The Borrower covenants and agrees that it shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System without the express written consent of the Trust, which consent may or may not be granted by the Trust in its sole discretion.

(d) **Financing With Tax Exempt Bonds.** The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of Trust Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code ("tax-exempt bonds"). In furtherance of such long term financing with tax-exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the Trust, the Borrower will not take any action or permit any action to be taken which would result in any of the proceeds of the Loan being used (directly or indirectly) to make or finance loans to persons other than the Borrower. In addition, the Borrower covenants and agrees that (i) all of the proceeds of the Loan will be used to pay costs of an exempt facility, within the meaning of Section 142 of the Code, which were paid and incurred by the Borrower no more than 60 days before the date on which the Trust adopted a declaration of intent with respect to the Project, and (ii) no portion of the Project will be investment property, within the meaning of Section 148(b) of the Code. The Borrower covenants and agrees that any Costs of the Borrower’s Project to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.148-6(d) and Treasury Regulations §1.150-2.

(e) **Operation and Maintenance of Environmental Infrastructure System.** The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.

(f) **Records and Accounts; Inspections.** The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System, separate and distinct from its other records and accounts, which shall be audited annually by an independent registered certified public accountant and shall be made available for inspection by the Trust upon prior written notice. The Borrower shall permit the Trust to inspect the Environmental Infrastructure System.

(g) **Insurance.** The Borrower covenants and agrees that it shall maintain insurance policies providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System, in an amount that will satisfy all applicable regulatory requirements. The Borrower covenants and agrees that it shall include, or cause to be included, the Trust as an additional “named insured” on any certificate of liability insurance procured by the Borrower and by any contractor or subcontractor for the Project.

(h) **Reliance.** The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the covenants of the Borrower set forth in this Section 3.
SECTION 4. Disbursement of the Loan Proceeds; Amounts Payable; Prepayment; and Late Fee. The Trust shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Trust of a Loan Disbursement Requisition, each such disbursement and the date thereof to be recorded by an Authorized Officer of the Trust on the table attached as Exhibit A hereto. The latest date upon which the Borrower may submit to the Trust a Loan Disbursement Requisition is 30 days prior to the Maturity Date. On the Maturity Date, the Borrower shall repay the Loan to the Trust in an amount equal to: (i) the Principal; (ii) the Interest; (iii) the Administrative Fee, if any; and (iv) any other amounts due and owing pursuant to the provisions of this Note. The Borrower may prepay the Loan obligations hereunder, in whole or in part, upon receipt of the prior written consent of an Authorized Officer of the Trust. Each payment made to the Trust shall be applied to the payment of, first, the Interest then due and payable, second, the Principal, third, the Administrative Fee, if any, fourth, any late charges, and finally, any other amount due pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the Trust later than the Maturity Date, a late fee shall be payable to the Trust in an amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the Wall Street Journal on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law.

SECTION 5. Unconditional Obligations. The obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Trust or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

SECTION 6. Events of Default. The following events shall constitute an “Event of Default” hereunder: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations hereunder, and any other payment obligations due hereunder; (ii) failure by the Borrower to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed pursuant to the terms of this Note; (iii) any representation made by the Borrower contained in this Note or in any instrument furnished in compliance with or with reference to this Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar
law in effect on the date of this Note or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

SECTION 7. Remedies upon Event of Default. Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the Trust to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and agrees that the Trust shall have the right to declare all Loan repayments and all other amounts due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive, and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the Trust to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby agrees that upon demand it shall pay to the Trust the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observation or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys collected by the Trust pursuant to this Section 7 shall be applied first to pay any attorneys’ fees or other fees and expenses owed by the Borrower.

SECTION 8. Certain Miscellaneous Provisions. The Borrower hereby agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: [Name and Address of Borrower, Attention: Name of Authorized Officer]; and to the Trust at the following address: New Jersey Environmental Infrastructure Trust, 3131 Princeton Pike, Building 6, Suite 201, Lawrenceville, New Jersey 08648, Attention: Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the Trust shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Trust; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the Trust, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or
intended to be granted by this Note; and (h) whenever the Borrower is required to obtain the
determination, approval or consent of the Trust pursuant to the terms hereof, such determination,
approval or consent may be either granted or withheld by the Trust in its sole and absolute
discretion.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed,
sealed and delivered on the date first above written.

(NAME OF BORROWER)

(SEAL)

ATTEST:

By: _____________________________

Authorized Officer
TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Note is delivered pursuant to the within-mentioned Borrower Note Resolution.

__________________________________,

as Trustee

By:______________________________________

Authorized Signatory
## EXHIBIT A

Loan Disbursements

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RESOLUTION NO. 13 - 70

RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST AUTHORIZING
THE STATE FISCAL YEAR 2015 PLANNING
AND DESIGN FINANCING PROGRAM

WHEREAS, the New Jersey Environmental Infrastructure Trust (the “Trust”), pursuant to and in accordance with (i) the “New Jersey Environmental Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the “State”) (codified at N.J.S.A. 58:11B-1 et seq.), as the same has been, and in the future may from time to time be, amended and supplemented (the “Act”), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 et seq.), as the same have been, and in the future may from time to time be, amended and supplemented (the “Regulations”), is authorized, pursuant to a planning and design financing program (the “Planning and Design Financing Program”), to make loans (each, a “Planning Loan”) to eligible project sponsors (each, a “Borrower”) for the purpose of financing the allowable environmental planning and engineering design costs of environmental infrastructure projects (each, a “Project”), provided that each such Planning Loan made by the Trust to a Borrower for a Project satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9.2, and any applicable Regulations; and

WHEREAS, the Act, specifically N.J.S.A. 58:11B-9.2, provides for the making of Planning Loans to Borrowers with respect to Projects that are included on the project priority lists for the ensuing fiscal year that has been submitted to the State Legislature pursuant to N.J.S.A. 58:11B-20 or N.J.S.A. 58:11B-20.1 (collectively, the “Priority List”), as well as Projects that are not included on the Priority List; and

WHEREAS, pursuant to the Act, the sources of funding for the Planning and Design Financing Program authorized hereby shall be (i) the Planning and Design Fund created by N.J.S.A. 58:11B-9.2(a) and (ii) the Interim Financing Program Fund created by N.J.S.A. 58:11B-9(d) (collectively, the “Available Funds”), provided that a Planning Loan made from moneys on deposit in the Interim Financing Program Fund may be made only with respect to a Project that is included on the Priority List; and

WHEREAS, it is the desire of the Trust, subject to the terms and provisions of the Act, the Regulations and this Resolution, to authorize the implementation of the Planning and Design Financing Program for State Fiscal Year 2015 (the “SFY 2015 Planning and Design Financing Program”), pursuant to the parameters set forth herein, including, without limitation, the following conditions precedent that must be satisfied in full in connection with any Planning Loan made by the Trust to a qualifying Borrower for its Project: (i) the Borrower has submitted to the Trust and the New Jersey Department of Environmental Protection (the “NJDEP”) a complete Planning and Design Financing Program application with respect to the Project; (ii) the proposed scope of the Project has been certified for funding by the Trust through the Planning and Design Financing Program in accordance with N.J.A.C. 7:22-4.13; (iii) there exists sufficient Available Funds for the
making of the Planning Loan; (iv) if the Project is on the Priority List for State Fiscal Year 2015 (the “SFY 2015 Priority List”), the Project is in the fundable range in the forthcoming funding cycle given the Project’s rank and the anticipated availability of NJDEP and Trust monies; and (v) the proposed Borrower has not previously received financing from the Trust or the NJDEP, through the Planning and Design Financing Program or otherwise, for the same project scope (items (i) through (v) hereof shall be referred to collectively herein as the “Planning and Design Financing Program Conditions Precedent”); and

WHEREAS, it is the desire of the Trust to establish certain terms for each Planning Loan made by the Trust as part of the SFY 2015 Planning and Design Financing Program authorized hereby.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Trust (the “Board”), as follows:

Section 1. The Board hereby authorizes the establishment of the SFY 2015 Planning and Design Financing Program, provided (i) such SFY 2015 Planning and Design Financing Program shall be funded solely from the Available Funds, (ii) aggregate, outstanding Planning Loans shall not exceed $2 million at any time, (iii) the availability to qualifying applicants of Planning Loans shall be prioritized based upon the chronological order of the certification of proposed Projects for funding through the SFY 2015 Planning and Design Financing Program by the Trust in accordance with N.J.A.C. 7:22-4.13, (iv) Planning Loans shall fully comply with the provisions of the Act, the Regulations applicable thereto and the terms of this Resolution, including, without limitation, the Planning and Design Financing Program Conditions Precedent.

Section 2. Any Planning Loan made by the Trust as part of the SFY 2015 Planning and Design Financing Program shall be evidenced by (i) a note or other appropriate obligation of the Borrower to be issued to the Trust (the “Obligation”), and (ii) any other documentation as shall be deemed necessary and appropriate by the Executive Director of the Trust, or any other person or persons designated by the Board by resolution to act on behalf 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 (collectively, the “Loan Instruments”). Each Obligation shall be in substantially the applicable form attached hereto as Exhibit A, with such revisions and modifications thereto as shall be approved by an Authorized Officer after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State. The Loan Instruments shall include such terms and provisions relating to the SFY 2015 Planning and Design Financing Program as shall be determined by the Authorized Officer, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, as being necessary in connection with (i) the satisfaction of the requirements of the Act and the Regulations and (ii) the implementation of the terms of this Resolution. Any Planning Loan made by the Trust to a Borrower as part of the SFY 2015 Planning and Design Financing Program:

(i) shall be funded solely from the Available Funds; provided that any Planning Loan made with respect to a Project that is not on the SFY 2015 Priority List shall be funded
solely from Available Funds other than amounts on deposit in the Interim Financing Program Fund established pursuant to N.J.S.A. 58:11B-9(d);

(ii) shall bear interest at a rate of (a) with respect to a Planning Loan made to (1) a local government unit (as such term is defined in the Act) or (2) a public water utility (as such term is defined in the Act) or small water company (as such term is defined in the Act), in each case, serving fewer than 10,000 residents, 0%, and (b) with respect to a Planning Loan made to (1) a public water utility or small water company, in each case, serving greater than 10,000 residents, (2) any other private person, or (3) a local government unit on behalf of any private person, 2%;

(iii) shall not exceed $500,000 in principal amount;

(iv) shall have a maturity date (the “Maturity Date”) not later than (a) with respect to a Project included on the SFY 2015 Priority List, the date of closing with respect to the State Fiscal Year 2016 New Jersey Environmental Infrastructure Financing Program as administered by the Trust and the NJDEP (the “Financing Program”), which shall be no later than June 30, 2016, and (b) with respect to a Project not included on the SFY 2015 Priority List, the date of closing with respect to the applicable long-term financing within the State Fiscal Year 2017 Financing Program, which shall be no later than June 30, 2017;

(v) shall be repaid by the Borrower from the participation by the Borrower in the Financing Program prior to the Maturity Date, or, in the event of the failure on the part of the Borrower to qualify for and participate in the Financing Program prior to the Maturity Date for any reason, a source of funds, other than the Financing Program, that is available to the Borrower for such purpose, including, without limitation, the proceeds of short-term or long-term debt that may be incurred by the Borrower; and

(vi) shall not be subject to the imposition by the Trust of an administrative fee.

Section 3. Prior to the making of a Planning Loan with respect to a Project that is included on the SFY 2015 Priority List, the Authorized Officer shall certify the proposed scope of such Project for funding thorough the SFY 2015 Planning and Design Financing Program in accordance with the provisions of N.J.A.C. 7:22-4.13, provided, however, that (i) the proposed scope of such Borrower’s Project previously has been certified for funding by the Commissioner of the NJDEP pursuant to the provisions of N.J.A.C. 7:22-3.13, and (ii) such Project shall qualify for funding through the SFY 2015 Planning and Design Financing Program pursuant to the terms and provisions of the Act and the Regulations and the terms and provisions of this Resolution, including, without limitation, the Planning and Design Financing Program Conditions Precedent.

Section 4. No Planning Loan shall be made by the Trust to a Borrower with respect to a Project not included on the SFY 2015 Priority List pursuant to the SFY 2015 Planning and Design Financing Program without the prior approval of the Board in the form of a resolution duly adopted pursuant to and in satisfaction of the requirements of the Act (the “Authorizing Resolution”),
provided that such Borrower and such Project each shall qualify for funding through the SFY 2015 Planning and Design Financing Program pursuant to the terms and provisions of the Act and the Regulations and the terms and provisions of this Resolution, including, without limitation, the Planning and Design Financing Program Conditions Precedent. The Authorizing Resolution shall include, without limitation, the certification of the proposed scope of such Borrower’s Project for funding in accordance with the provisions of N.J.A.C. 7:22-4.13, provided, however, that the proposed scope of such Borrower’s Project previously has been certified for funding by the Commissioner of the NJDEP pursuant to the provisions of N.J.A.C. 7:22-3.13.

**Section 5.** The Authorized Officer is hereby authorized and directed to execute (i) any Loan Instrument to which the Trust is a party (the “Trust Loan Instruments”) and (ii) any certificates, instruments or documents contemplated therein or otherwise related to the participation of any Borrower in the SFY 2015 Planning and Design Financing Program.

**Section 6.** Upon execution of the Trust Loan Instruments 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.

**Section 7.** At the meeting of the Board immediately following the execution and delivery of any Loan Instruments by the Trust relating to any Planning Loan made by the Trust to any Borrower pursuant to the SFY 2015 Planning and Design Financing Program, the Executive Director of the Trust shall provide a report to the Board concerning the details of such transaction.

**Section 8.** This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

**Adopted Date:** December 12, 2013

**Motion Made By:** Mr. Briant

**Motion Seconded By:** Mr. Chebra

**Ayes:** 6

**Nays:** 0

**Abstentions:** 0
EXHIBIT A

FORMS OF OBLIGATION
RESOLUTION NO. 13 - 71

RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST RELATING TO CERTAIN ACTION TO BE TAKEN BY THE TRUST IN ORDER TO AUTHORIZE THE DISSOLUTION OF THE ATLANTIC HIGHLANDS-HIGHLANDS REGIONAL SEWERAGE AUTHORITY AND THE ASSUMPTION OF THE DUTIES AND OBLIGATIONS THEREOF BY THE BOROUGH OF HIGHLANDS AND THE BOROUGH OF ATLANTIC HIGHLANDS, RESPECTIVELY

WHEREAS, the New Jersey Environmental Infrastructure Trust (the “Trust”), a public body corporate and politic under the laws of the State of New Jersey (the “State”), is organized and existing pursuant to the New Jersey Environmental Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State (codified at N.J.S.A. 58:11B-1 et seq.), as the same has been, and in the future may be, amended and supplemented from time to time (the “Act”); and

WHEREAS, pursuant to Sections 5(m) and 9(a) of the Act, the Trust is authorized (i) to make and contract to make loans (the “Trust Loans”) to certain borrowers (the “Borrowers”) to finance a portion of the cost of environmental infrastructure projects (the “Projects”) and (ii) to acquire and contract to acquire notes, bonds or other obligations issued or to be issued by the Borrowers to evidence and secure the Trust Loans, all in accordance with the provisions of the Act; and

WHEREAS, prior to the date hereof, the Trust entered into that certain Loan Agreement, dated as of March 1, 2010 (the “Authority Trust Loan Agreement”), by and between the Trust and the Atlantic Highlands-Highlands Regional Sewerage Authority (the “Authority”); and

WHEREAS, pursuant to Section 6(a) of the Act, the Trust may from time to time issue bonds, notes or other obligations in any principal amount as in the judgment of the Trust shall be necessary to provide sufficient funds for any of its corporate purposes, all in accordance with the provisions of the Act; and

WHEREAS, pursuant to Section 6(c) of the Act, bonds, notes or other obligations of the Trust shall be authorized by a resolution of the Trust; and

WHEREAS, the Trust adopted its “Environmental Infrastructure Bond Resolution, Series 2010A” on January 28, 2010 (the “Bond Resolution”), authorizing the issuance of its $127,595,000 original aggregate principal amount of “Environmental Infrastructure Bonds, Series 2010A” (the “Series 2010A Bonds”), for the purpose of funding certain Trust Loans to those Borrowers set forth in Schedule I attached to the Bond Resolution, including, without limitation, a Trust Loan to the Authority, made, pursuant to the terms of the Authority Trust Loan Agreement, in the original aggregate principal amount of $225,000 (the “Authority Trust Loan”), for the purpose of financing a portion of the cost of the Authority’s Project (the “Authority Project”), as more fully described in the Authority Trust Loan Agreement; and
WHEREAS, on August 22, 2013, pursuant to Section 9(d) of the Act and a Resolution adopted by the Trust on December 13, 2012 and entitled “Resolution of the New Jersey Environmental Infrastructure Trust Authorizing the Interim Financing State Fiscal Year 2014 Trust Loan Program” (the “IFP Resolution”), the Trust made an interim loan to the Authority in the principal amount of $2,833,082 (the “Authority Interim Loan”), which Authority Interim Loan is evidenced and secured by a Note issued to the Trust by the Authority in the principal amount of $2,833,082 (the “Authority Note”); and

WHEREAS, the Borough of Atlantic Highlands (“Atlantic Highlands”) and the Borough of Highlands (“Highlands”; Atlantic Highlands and Highlands shall be referred to collectively herein as the “Municipalities”) jointly have determined, pursuant to the provisions of Section 20 of the Local Authorities Fiscal Control Law, constituting Chapter 313 of the Pamphlet Laws of 1983 of the State (codified at N.J.S.A. 40A:5A-1 et seq.), and the acts amendatory thereof and supplemental thereto, to dissolve the Authority; and

WHEREAS, each of the Municipalities, as part of the dissolution of the Authority, has determined by ordinance to assume responsibility for (i) the payment of fifty percent (50%), or such other percentage as may be approved by the LFB (as hereinafter defined), of the amounts due to all creditors and obligees of the Authority, (ii) all services provided by the Authority to such Municipality and deemed necessary for the health, safety and welfare of the recipients of such services located in such Municipality, and (iii) the payment of fifty percent (50%), or such other percentage as may be approved by the LFB, of the debt service with respect to the bonds or notes of the Authority previously issued and outstanding, including, without limitation, (a) the Borrower Bond (as defined in the Authority Trust Loan Agreement) issued by the Authority to evidence and secure the repayment obligations of the Authority to the Trust in connection with the Authority Trust Loan (the “Authority Bond”) and (b) the Authority Note (the Authority Bond and the Authority Note shall be referred to collectively herein as the “Authority Obligations”); and

WHEREAS, pursuant to Section 4.02 of the Authority Trust Loan Agreement, neither the Authority Trust Loan Agreement nor the Authority Bond may be assigned or assumed by the Authority for any reason, unless (i) the Trust and U.S. Bank National Association, Morristown, New Jersey (the “Trustee”), shall have approved said assignment or assumption in writing, (ii) the Municipalities, as assignees, shall have expressly assumed in writing the full and faithful observance and performance of the Authority’s duties, covenants, agreements and obligations under the Authority Trust Loan Agreement and, to the extent permitted under applicable law, the Authority Bond, (iii) immediately after such assignment or assumption, each Municipality, as assignee, shall not be in default in the performance or observance of any duties, covenants, obligations or agreements of the Authority under the Authority Trust Loan Agreement or the Authority Bond, and (iv) the Trust shall have received an opinion of Bond Counsel (as defined in the Bond Resolution) to the effect that such assignment or assumption will not adversely affect the exclusion of interest on the Series 2010A Bonds from gross income for the purpose of Federal income taxation pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the “Code”); and
WHEREAS, pursuant to Section 2.02(e) of the Authority Trust Loan Agreement, the Authority shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System except on ninety (90) days’ prior written notice to the Trust and, in any event, shall not so sell, lease, abandon or otherwise dispose of the same unless (i) in accordance with Section 4.02 of the Authority Trust Loan Agreement, the acquirer or lessee of the Environmental Infrastructure System shall assume the covenants, obligations and agreements of the Authority under the Authority Trust Loan Agreement and the Authority Bond, and (ii) the Trust shall by appropriate action determine, in the reasonable exercise of its sole discretion, that such sale, lease, abandonment or other disposition will not adversely affect the Trust’s ability to meet its duties, covenants, obligations and agreements under the Bond Resolution, and will not adversely affect the value of the Authority Trust Loan Agreement or the Authority Bond as security for the payment of the Series 2010A Bonds and interest thereon or adversely affect the excludability from gross income for Federal income tax purposes of interest on the Series 2010A Bonds then outstanding or which could be issued in the future; and

WHEREAS, pursuant to Sections 3(c) and 3(h) of the Authority Note, the dissolution of the Authority may not take effect, and the Authority shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System, without the express written consent of the Trust; and

WHEREAS, it is the desire of the Trust to approve and consent to the dissolution of the Authority and the assumption by the Municipalities of the obligations of the Authority to the Trust pursuant to the Authority Trust Loan Agreement and the Authority Obligations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST (the “Board”), as follows:

Section 1. Pursuant to the requirements of Section 4.02(i) of the Authority Trust Loan Agreement and Sections 3(c) and 3(h) of the Authority Note, the Board hereby consents to, and approves of, (i) the assumption of the duties and obligations of the Authority, pursuant to the Authority Trust Loan Agreement and the Authority Note, by the Municipalities, in such manner as is further described in the Application, dated October 23, 2013 (the “LFB Application”), submitted by the Municipalities to the Local Finance Board of the Division of Local Government Services within the New Jersey Department of Community Affairs (the “LFB”), and (ii) the assumption by each of the Municipalities of fifty percent (50%), or such other percentage as may be approved by the LFB, of the obligations of the Authority pursuant to the Authority Obligations, all pursuant to the “Assumption Agreement among the New Jersey Environmental Infrastructure Trust, the Borough of Atlantic Highlands, and the Borough of Highlands” (the “Assumption Agreement”), in substantially the form attached hereto as Exhibit A and made a part hereof, and the Board hereby authorizes and directs the execution and delivery of the Assumption Agreement by the Chairman, the Vice Chairman or the Executive Director of the Trust, acting as an authorized officer on behalf of the Trust (each an “Authorized Officer”), and the attestation thereof by the Secretary of the Trust or the Assistant Secretary of the Trust (the “Secretary”), who also shall apply the seal of the Trust thereto, the consents and approvals set forth in this
Resolution shall be conditioned upon (a) the approval of the Dissolution (as hereinafter defined) by the LFB, and (b) the final adoption by each of the Municipalities of all ordinances and resolutions necessary to effect the Dissolution.

Section 2. Pursuant to the requirements of Section 4.02(i) of the Authority Trust Loan Agreement, the Board hereby authorizes and directs the Authorized Officer to seek from the Trustee written approval of the assumption by the Municipalities of the obligations of the Authority pursuant to the Authority Trust Loan Agreement and the Authority Bond, all pursuant to the Assumption Agreement.

Section 3. Pursuant to the requirements of Section 4.02(iv) of the Authority Trust Loan Agreement, the Board hereby authorizes and directs the Authorized Officer to obtain the written opinion of Bond Counsel, which opinion shall state that the assumption, pursuant to the Assumption Agreement, described in Section 1 hereof will not adversely affect the exclusion of interest on the Series 2010A Bonds from gross income for the purpose of Federal income taxation pursuant to Section 103(a) of the Code.

Section 4. Pursuant to the requirements of Section 2.02(e) of the Authority Trust Loan Agreement, the Board hereby acknowledges receipt of written evidence of the desire and intent of the Municipalities to assume the ownership and operation of the Environmental Infrastructure System in such manner as is set forth in the LFB Application.

Section 5. Upon receipt and in reliance thereon of the opinion described in Section 3 hereof, the Authorized Officer is authorized and directed, after consultation with Bond Counsel, the office of the Attorney General of the State, acting as general counsel to the Trust (the “General Counsel”), and, if necessary, Public Financial Management, Inc., acting as financial advisor to the Trust (the “Financial Advisor”; Bond Counsel, General Counsel and the Financial Advisor shall be referred to collectively herein as the “Consultants”), to execute a certificate pursuant to the requirements of Section 2.02(e)(ii) of the Authority Trust Loan Agreement stating that the Trust, in the reasonable exercise of its sole discretion, has determined that the assumption of the Environmental Infrastructure System by the Municipalities will not adversely affect the Trust’s ability to meet its duties, covenants, obligations and agreements under the Bond Resolution, and will not adversely affect the value of the Authority Trust Loan Agreement or the Authority Bond as security for the payment of the Series 2010A Bonds and interest thereon, or adversely affect the exclusion of interest on the Series 2010A Bonds then outstanding, or that could be issued in the future, from gross income for the purpose of Federal income taxation pursuant to Section 103(a) of the Code.

Section 6. The Authorized Officer is hereby authorized and directed to take all actions deemed necessary or desirable by the Authorized Officer in consultation with the Consultants to complete the dissolution of the Authority and the assumption of the duties and obligations thereof, pursuant to the Authority Trust Loan Agreement and the Authority Obligations, by the Municipalities, in such manner as is set forth in the LFB Application (collectively, the “Dissolution”), including, without limitation, the execution of any certificates in furtherance thereof. The Authorized Officer is further authorized and directed to obtain from Bond Counsel
and General Counsel those letters of opinion that the Authorized Officer, in consultation with the Consultants, deems necessary and desirable in order to complete the Dissolution.

Section 7. The Authorized Officer is hereby authorized and directed to make such changes to the form of the Assumption Agreement as the Authorized Officer, after consultation with the Consultants, deems in his sole discretion to be necessary or desirable for the execution thereof and to consummate the transactions contemplated and authorized hereby, which execution thereof shall conclusively evidence the Authorized Officer’s approval of the final form thereof.

Section 8. The Authorized Officer is hereby authorized and directed to take all actions deemed necessary or desirable thereby, in consultation with the Consultants, to complete the Dissolution, including, without limitation, the execution of any certificates in furtherance thereof.

Section 9. This resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date: December 12, 2013
Motion Made By: Mr. Barrack
Motion Seconded By: Mr. Requa
Ayes: 6
Nays: 0
Abstentions: 0
EXHIBIT A

Form of Assumption Agreement
Summary Report:
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12/9/2013 11:53:22 AM

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RESOLUTION NO. 13-71
ATTACHMENT

ASSUMPTION AGREEMENT
(with respect to the obligations of the Atlantic Highlands-Highlands Regional Sewerage Authority)

by and among

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST,

THE BOROUGH OF ATLANTIC HIGHLANDS

and

THE BOROUGH OF HIGHLANDS

Dated as of [December 31], 2013
THIS ASSIGNMENT AND ASSUMPTION AGREEMENT, dated as of [December 31], 2013, by and among the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST, a public body corporate and politic with corporate succession, the BOROUGH OF ATLANTIC HIGHLANDS (“Atlantic Highlands”), a municipal corporation duly created and validly existing under the laws of the State of New Jersey (the “State”), and the BOROUGH OF HIGHLANDS (“Highlands”), a municipal corporation duly created and validly existing under the laws of the State.

WITNESSETH:

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

WHEREAS, pursuant to Sections 5(m) and 9(a) of the Act, the Trust is authorized (i) to make and contract to make loans (the “Loans”) to certain borrowers (the “Borrowers”) to finance a portion of the cost of Environmental Infrastructure System projects and (ii) to acquire and contract to acquire notes, bonds or other obligations issued or to be issued by the Borrowers to evidence and secure the Loans, all in accordance with the provisions of the Act; and

WHEREAS, in accordance with the Act and the terms of that certain “Loan Agreement” dated as of March 1, 2010 (the “Authority Trust Loan Agreement”) by and between the Trust and the Atlantic Highlands-Highlands Regional Sewerage Authority (the “Authority”), the Trust made a loan in the original aggregate principal amount of $225,000 to the Authority (the “Authority Trust Loan”) from a portion of the proceeds of the Trust’s $127,595,000 original aggregate principal amount of “Environmental Infrastructure Bonds, Series 2010A” (the “Bonds”) to finance a portion of the cost of the “Project” as defined in the Authority Trust Loan Agreement (the “2010 Project”); and

WHEREAS, the Authority Trust Loan was evidenced and secured by the Authority’s revenue bond, dated March 10, 2010 (the “Authority Bond”), originally issued to the Trust and contemporaneously assigned to U.S. Bank National Association, as trustee for the Series 2010A Bonds (the “Trustee”), for the benefit of the owners of the Bonds; and

WHEREAS, the Bonds were issued in accordance with the Act and the terms of the Trust’s “Environmental Bond Resolution, Series 2010A”, adopted on January 28, 2013, as amended and supplemented (the “Bond Resolution”); and

WHEREAS, on August 22, 2013, pursuant to Section 9(d) of the Act and a Resolution adopted by the Trust on December 13, 2012 and entitled “Resolution of the New Jersey Environmental Infrastructure Trust Authorizing the Interim Financing State Fiscal Year 2014 Trust Loan Program”, the Trust made an interim loan to the Authority in the principal amount of $2,833,082 (the “Authority Interim Loan”), which Authority Interim Loan is evidenced and secured by a Note issued to the Trust by the Authority in the principal amount of $2,833,082 (the “Authority Note”), and which Authority Interim Loan was made by the Trust to the Authority for the purpose of financing a portion of the costs of the “Project” as defined in the Authority Note
WHEREAS, Atlantic Highlands and Highlands (collectively, the “Municipalities”) jointly have determined, pursuant to the provisions of Section 20 of the Local Authorities Fiscal Control Law, constituting Chapter 313 of the Pamphlet Laws of 1983 of the State (codified at N.J.S.A. 40A:5A-1 et seq.), and the acts amendatory thereof and supplemental thereto, to dissolve the Authority (the “Dissolution”); and

WHEREAS, each of the Municipalities, as part of the dissolution of the Authority, has determined by ordinance to assume responsibility for (i) the payment of fifty percent (50%) of the amounts due to all creditors and obligees of the Authority, (ii) all services provided by the Authority to such Municipality and deemed necessary for the health, safety and welfare of the recipients of such services located in such Municipality, and (iii) the payment of fifty percent (50%) of the debt service with respect to the bonds or notes of the Authority previously issued and outstanding, including, without limitation, (a) the Authority Bond and (b) the Authority Note (the Authority Bond and the Authority Note shall be referred to collectively herein as the “Authority Obligations”); and

WHEREAS, each of the Authority Trust Loan Agreement and the Authority Note allow for the assignment or assumption of the Authority’s duties and obligations under the terms and conditions respectively set forth therein, the express satisfaction of which constitutes the basis upon which the Trust has rendered its consent to such assumption as detailed herein.

NOW, THEREFORE, in consideration of the premises and certain other consideration, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Definitions. (a) All of the terms defined in the preambles hereof shall have the respective meanings set forth therein for all purposes of this Assumption Agreement.

(b) The following additional terms shall have the meanings specified below:

“Assumption” shall mean the assignment to and assumption by the Municipalities of the Authority’s duties and obligations under the Authority Trust Loan Agreement, the Authority Bond and the Authority Note as set forth in Section 2 hereof.

“Assumption Agreement” shall mean this Assumption Agreement, dated as of December [31], 2013, by and among the Trust, Highlands and Atlantic Highlands, as the same may be further amended or supplemented from time to time in accordance with the terms hereof.

“Conveyance” shall mean the conveyance of the Environmental Infrastructure System by the Authority to the Municipalities by operation of law as set forth in Section 3 hereof.

“Department” shall mean the New Jersey Department of Environmental Protection and any successor entity thereto.

“Environmental Infrastructure System” shall have the meaning ascribed to such term in the Trust Loan Agreement.
“LFB” shall mean the Local Finance Board of the Division of Local Government Services within the New Jersey Department of Community Affairs.

“LFB Application” the Application, dated October 23, 2013, submitted by the Municipalities to the LFB in connection with the Dissolution, and attached hereto as Exhibit C.

Section 2. Assumption. (a) Pursuant to the Dissolution, each Municipality hereby accepts the Assumption of, to the extent allocated to such Municipality pursuant to the LFB Application and the Proceedings the rights, interests, duties, covenants, agreements and obligations of the Authority in and to the Authority Trust Loan Agreement, the Authority Bond and the Authority Note, including without limitation the covenant to exercise its best efforts in accordance with prudent environmental infrastructure utility practice to complete the Project and to accomplish such completion on or before the estimated Project completion date.

(b) Each Municipality hereby agrees that it shall NOT raise the following as a defense under any claim, request, action or other proceeding, judicial, administrative or otherwise, against such Municipality arising under the Trust Loan Agreement, the Authority Bond or the Authority Note, made by the Trust, the Trustee, the owner or beneficiary of any Bond or any other party:

(i) any potential liability of the Municipality arising out of its duties and obligations under the Authority Trust Loan Agreement, the Authority Bond or the Authority Note are not primary duties and obligations enforceable in the first instance against the Municipality; or

(ii) satisfaction of any such claim, request, action or proceeding must be sought first from the Authority or any successor entity thereto or any party responsible for the affairs thereof (other than the Municipalities).

(c) Upon and immediately after the Assumption, each Municipality hereby states that it is not, and covenants that it will not be, in default in the performance or observance of any duties, covenants, obligations or agreements under the Authority Trust Loan Agreement, the Authority Bond or the Authority Note.

(d) The Trust’s consent to the Assumption required by Section 4.02(i) of the Authority Trust Loan Agreement and by Sections 3(c) and 3(h) of the Authority Note, is set forth in Section 8 hereof. The Trustee’s consent thereto is attached as Exhibit A hereto and made a part hereof as if fully set forth herein. The requirements of Sections 4.02(ii) and (iii) of the Authority Trust Loan Agreement, as amended, have been satisfied in Sections 2(a) and (c) hereof, respectively. The opinion of bond counsel to the Trust required pursuant to Section 4.02(iv) of the Authority Trust Loan Agreement, as amended, is attached as Exhibit B hereto. Accordingly, all of the conditions precedent to the Assumption set forth in the Authority Trust Loan Agreement have been satisfied, and the Assumption shall be effective upon the effective date of this Assumption Agreement.

(e) In connection with the Assumption, (i) Atlantic Highlands will assume the obligations to pay fifty percent (50%) of the debt service due on the Authority Bond, in such amounts and on such dates as set forth in Exhibit D-1 hereto, (ii) Highlands will assume the
obligations to pay fifty percent (50%) of the debt service due on the Authority Bond, in such amounts and on such dates as set forth in Exhibit D-2 hereto, (iii) Atlantic Highlands will assume the obligations to pay fifty percent (50%) of the principal amount of the Authority Note on the stated maturity date thereof, and (iv) Highlands will assume the obligations to pay fifty percent (50%) of the principal amount of the Authority Note on the stated maturity date thereof.

(f) The Municipalities hereby agree that any requisition for payment of moneys due and owing to the Authority under the terms of the Authority Trust Loan Agreement or the Authority Note that has been submitted by the Authority to the Trust but has not been paid as of the date of the Dissolution may be paid by the Trust (i) in an amount equal to fifty percent (50%) of such amount, to Atlantic Highlands, and (ii) in an amount equal to fifty percent (50%) of such amount, to Highlands.

Section 3. Conveyance of Project. Upon the Dissolution, the Authority, by operation of law, will convey all of its right, title and interest in and to the Project to the Municipalities in such manner as further set forth in the LFB Application and the Proceedings. By copy of the LFB Application, the Trust has received written notification of the intent of the Authority and the Municipalities to make the Conveyance as part of the Dissolution. By the Trust’s execution and delivery of this Assumption Agreement by an authorized officer thereof, the Trust hereby waives the requirement that it be notified of the Assumption at least ninety (90) days prior to the effective date of this Assumption Agreement. The requirements of Section 2.02(e)(i) of the Authority Trust Loan Agreement, as amended, have been satisfied in Section 2 hereof. The Trust’s consent to the Conveyance required by Section 2.02(e)(ii) of the Authority Trust Loan Agreement and Sections 3(c) and 3(h) of the Authority Note is set forth in Section 8 hereof. Accordingly, all of the conditions precedent to the Conveyance set forth in the Authority Trust Loan Agreement have been satisfied. Each Municipality hereby represents to the Trust that all other conditions to the Conveyance set forth in documents other than the Authority Trust Loan Agreement and the Authority Note have been satisfied. Therefore, the Conveyance shall be effective upon the effective date of the Dissolution, which Dissolution shall be effective on the effective date of this Assumption Agreement.

Section 4. Continued Operation of Environmental Infrastructure System. Each Municipality hereby covenants that substantially all of the personnel operating the Environmental Infrastructure System on behalf of the Authority will continue to operate the Environmental Infrastructure System upon its ownership by the Municipalities, to the respective extents set forth in the LFB Application, during the transition phase of the Conveyance. Each Municipality further covenants that such personnel will continue to operate the Environmental Infrastructure System for a period that will enable such Municipality to operate its portion of the Environmental Infrastructure System in an efficient manner, to maintain it in good repair and operation and to otherwise comply with Article II and Exhibit G of the Authority Trust Loan Agreement. This Section 4 is not intended in any way to limit the requirements of Article II or Exhibit G of the Authority Trust Loan Agreement.

Section 5. Reserved.

Section 6. Reserved.
Section 7. Reserved.

Section 8. Trust’s Consent to Assignment, Assumption and Conveyance. (a) Simultaneously herewith, the Trust has received original or certified copies of each of Exhibits A through D hereof. In addition, the Trust simultaneously herewith has received each of the items set forth in subclauses (i) through (v) below, of which (i) through (iv) shall be attached as Exhibits F through K hereto and made a part hereof:

(i) A letter from an authorized officer of each Municipality or its consulting engineer, certifying that such Municipality has received all Department permits necessary to operate its portion of the Environmental Infrastructure System;

(ii) A letter from any governmental entity that had previously issued to the Authority, or had received an application submitted by or on behalf of the Authority for, a permit, license or approval with respect to the Project to the effect that any such permit, license or approval has been issued to one or both of the Municipalities;

(iii) All official proceedings relating to the authorization for the Dissolution, including, without limitation, the resolution of the LFB and the resolutions and dissolution and bond ordinances of each Municipality (collectively, the “Proceedings”);

(iv) An opinion letter of counsel to each Municipality to the effect, among other things, that (1) the construction of the Project has been completed pursuant to the terms of the Trust Loan Agreement and the Authority Note, (2) the Project is operating as part of the Environmental Infrastructure System, (3) the terms of this Assumption Agreement, the Authority Obligations and the Authority Trust Loan Agreement are valid, binding and enforceable against such Municipality to the extent applicable there to, in accordance with their respective terms, (4) the Conveyance of the applicable portion of the Environmental Infrastructure System and the Authority’s fee interest therein to the Municipality shall be completed by operation of law upon dissolution of the Authority, and (5) all permits required pursuant to applicable statutes and regulations necessary for the operation and maintenance of the applicable portion of the Environmental Infrastructure System have been obtained by the Municipality, provided that in rendering the opinions set forth in clauses (1), (2) and (5) of this paragraph (v), such counsel may rely upon certifications of the Municipality’s consulting engineer; and

(v) Payment by the Municipalities for all of the costs of the Trust and the Trustee and any of their administrative staff, counsel, financial advisors or other professional advisors incurred in connection with the Assumption and the Conveyance, which payment shall occur not later than thirty (30) days after the receipt of an invoice therefor.

(b) Based upon receipt of the foregoing and the representations, covenants and warranties of the Municipalities set forth therein and herein, the Trust hereby gives its consent to the Assumption and the Conveyance. In providing the Trust’s consent to the Assumption and the Conveyance, the Trust has determined that the Conveyance and the execution and delivery of this Assumption Agreement will not adversely affect (i) the Trust’s ability to meet its duties, covenants, obligations and agreements as set forth under the Bond Resolution, (ii) the value originally provided by the Authority Trust Loan Agreement or the Authority Borrower Bond as
security for the payment of the principal of and interest on the Bonds, or (iii) the excludability from gross income for federal income tax purposes of interest on the Bonds or any additional bonds that could be issued pursuant to the Bond Resolution in the future. In making this determination, the Trust has particularly relied upon the opinion of bond counsel to the Trust and the official proceedings of the Municipalities set forth in Exhibits H and I hereto.

Section 9. Severability. In the event any provision of this Assumption Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 10. Amendments, Supplements and Modifications. This Assumption Agreement may not be amended, supplemented or modified without the prior written consent of the Trust and each Municipality.

Section 11. Execution in Counterparts. This Assumption Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12. Applicable Law and Regulations. This Assumption Agreement shall be governed by and construed in accordance with the laws of the State, including the Act.

Section 13. Captions. The captions or headings in this Assumption Agreement are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Assumption Agreement.

Section 14. Further Assurances. The Municipalities shall, at the request of the Trust, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better conveying, assuring, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Assumption Agreement.

Section 15. Effective Date. This Assumption Agreement shall become effective as of [December 31], 2013.
IN WITNESS WHEREOF, the Trust, Atlantic Highlands and Highlands have caused this Assumption Agreement to be executed, sealed and delivered as of the date first above written.

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

[SEAL]

By: __________________________
Warren H. Victor
Chairman

ATTEST:

David E. Zimmer
Assistant Secretary

BOROUGH OF ATLANTIC HIGHLANDS

[SEAL]

By: __________________________
Authorized Officer

ATTEST:

Authorized Officer

BOROUGH OF HIGHLANDS

[SEAL]

By: __________________________
Authorized Officer

ATTEST:

Authorized Officer

[Signature Page]
EXHIBIT A

CONSENT OF TRUSTEE
EXHIBIT B

OPINION OF BOND COUNSEL TO THE TRUST
EXHIBIT D-1

DEBT SERVICE SCHEDULE – ATLANTIC HIGHLANDS
EXHIBIT D-2

DEBT SERVICE SCHEDULE – HIGHLANDS
EXHIBIT E

RESERVED
EXHIBIT F

LETTERS FROM AUTHORIZED OFFICER OF EACH MUNICIPALITY PURSUANT TO SECTION 8(i) HEREOF
EXHIBIT G

LETTER(S) FROM GOVERNMENTAL ENTITY PURSUANT TO SECTION 8(ii) HEREOF
EXHIBIT H

OFFICIAL PROCEEDINGS OF ATLANTIC HIGHLANDS
EXHIBIT I

OFFICIAL PROCEEDINGS OF HIGHLANDS
EXHIBIT J

OPINION OF COUNSEL TO ATLANTIC HIGHLANDS
EXHIBIT K

OPINIONS OF COUNSEL TO HIGHLANDS
RESOLUTION No. 13 - 72

RESOLUTION APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN
THE NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION AND
THE NJ ENVIRONMENTAL INFRASTRUCTURE TRUST FOR
H2LOANS TECHNOLOGY STAFFING ASSISTANCE AND ADDITIONAL PROCUREMENTS

WHEREAS, the New Jersey Environmental Infrastructure Trust (Trust) was established pursuant to N.J.S.A. 58:11B-1 et seq. (Trust Act)) as an independent authority, in but not of the New Jersey Department of Environmental Protection (Department) authorized to provide essential governmental services for the purpose of making loans to both publicly and privately owned community and nonprofit, non-community water systems (project sponsors); and

WHEREAS, Section 5(m) of the Trust Act authorizes the Trust to issue loans to local government units and water systems for the acquisition, construction, improvement, repair or reconstruction of all or part of any structure, facility or equipment, or real or personal property necessary for or ancillary to any (1) wastewater treatment system project, including any stormwater management or combined sewer overflow abatement projects; or (2) water supply project, as authorized pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), including any water resources project, as authorized pursuant to P.L.2003, c.162 (hereafter “environmental infrastructure project”); and

WHEREAS, Section 5(e) of the Trust Act authorizes the Trust to accept the cooperation of any State Agency, for the purpose of the Trust Act and do anything necessary in order to avail itself of that aid and cooperation; and

WHEREAS, each year the Department receives Clean Water Act, State Revolving Fund Capitalization Grant (33 U.S.C. Section 1381, et seq.), and Safe Drinking Water Act Capitalization Grants (42 U.S.C. 300)–12, Section 1452 and 65 FR 48299, Section 35.3500 for the purpose of making loans and grants to local government units and water systems for environmental infrastructure projects; and

WHEREAS, since 1987, the Trust and Department have jointly issued loans in excess of $6 billion for environmental infrastructure projects through a combination of Trust market rate loans and State zero interest loans (hereafter “H2LOANs”); and

WHEREAS, in administering the H2LOANS, more than

• One hundred and twenty five (125) loan applications are reviewed annually by the Trust and Department independently for financial eligibility and project eligibility;
• One-hundred and sixty (160) H2LOANS loan agreements are executed annually consisting of substantially similar Trust loan agreements and Department loan agreements;
• Three hundred (300) payment requisitions are reviewed and disbursed annually requiring substantially similar reviews by the Department and the Trust; and
• One thousand (1,000) loan repayments are received and processed separately by the Trust and Department pursuant to their respective loan agreements semi-annually; and
WHEREAS, the daily operations of the H2LOANS requires significant communication, cooperation and coordination between and among more than 150 staff and professional advisors; and

WHEREAS, in recognition of the necessity to effectuate program improvements, it is the desire of the Department for the Trust to execute a Memorandum of Understanding (MOU) to address the Department’s agreement to assign additional staff and the Trust’s agreement to procure certain information technology equipment and software for the purpose of supporting H2LOans program activities.

NOW THEREFORE BE IT RESOLVED, the Trust authorizes the Executive Director to execute a MOU with the NJDEP having the following terms and conditions:

1. The Department agrees to provide, at its own expense, two temporary contractors via the New Jersey IT Staff Augmentation Contract (M-0817) to serve under the supervision of the NJEIT, for a combined seventy hours per week for a period of twenty five weeks, said contractors having computer programming experience to assist in maintaining H2LOans pertaining to environmental planning reviews for SuperStorm Sandy recovery projects; and

2. The Trust agrees to procure information technology equipment and software on behalf of the Department integral to H2LOans, for use by Department staff, in the amount not to exceed $760,260, as follows:

   i. Geographic Information System (GIS) Software and Licensing and Services in the amount not to exceed $319,320;

   ii. Infrastructure and Hardware in the amount not to exceed $371,255; and

   iii. Business Intelligence Software Licensing in the amount not to exceed $69,685.

3. Such other terms and conditions necessary to further delineate and ensure the successful implementation of the actions set forth herein.

BE IT FURTHER RESOLVED, the Executive Director is authorized to solicit proposals for the above equipment and services pursuant to Environmental Trust Policy and Procedure number 4.00, “Purchase of Goods and Services” and secure Board authorization prior to any contract award.

Adopted Date: December 12, 2013

Motion Made By: Mr. Chebra

Motion Seconded By: Mr. Barrack

Ayes: 6

Nays: 0

Abstentions: 0
RESOLUTION NO. 13-72 ATTACHMENT

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION

AND

THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

FOR

H2LOANS TECHNOLOGY STAFFING ASSISTANCE AND ADDITIONAL PROCUREMENTS

WHEREAS, the New Jersey Environmental Infrastructure Trust (Trust) was established pursuant to N.J.S.A. 58:11B-1 et seq. (Trust Act) as an independent authority, in but not of the New Jersey Department of Environmental Protection (Department) authorized to provide essential governmental services for the purpose of making loans to both publicly and privately owned community and nonprofit, non-community water systems (project sponsors); and

WHEREAS, Section 5(m) of the Trust Act authorizes the Trust to issue loans to local government units and water systems for the acquisition, construction, improvement, repair or reconstruction of all or part of any structure, facility or equipment, or real or personal property necessary for or ancillary to any (1) wastewater treatment system project, including any stormwater management or combined sewer overflow abatement projects; or (2) water supply project, as authorized pursuant to P.L.1985, c.334 (C.58:11B-1 et seq.) or P.L.1997, c.224 (C.58:11B-10.1 et al.), including any water resources project, as authorized pursuant to P.L.2003, c.162 (hereafter “environmental infrastructure project”); and

WHEREAS, Section 5(e) of the Trust Act authorizes the Trust to accept the cooperation of any State Agency, for the purpose of the Trust Act and do anything necessary in order to avail itself of that aid and cooperation; and

WHEREAS, each year the Department receives Clean Water Act, State Revolving Fund Capitalization Grant (33 U.S.C. Section 1381, et seq.), and Safe Drinking Water Act Capitalization Grants (42 U.S.C. 300j–12, Section 1452 and 65 FR 48299, Section 35.3500) for the purpose of making loans and grants to local government units and water systems for environmental infrastructure projects; and

WHEREAS, since 1987, the Trust and Department (together, the “Parties) have jointly issued loans in excess of $6 billion for environmental infrastructure projects through a combination of Trust market rate loans and State zero interest loans (hereafter “H2LOans”); and

WHEREAS, in administering H2LOans, more than
- One hundred and twenty five (125) loan applications are reviewed annually by the Trust and Department independently for financial eligibility and project eligibility;
• One-hundred and sixty (160) H2LOANS loan agreements are executed annually consisting of substantially similar Trust loan agreements and Department loan agreements;
• Three hundred (300) payment requisitions are reviewed and disbursed annually requiring substantially similar reviews by the Department and the Trust; and
• One thousand (1,000) loan repayments are received and processed separately by the Trust and Department pursuant to their respective loan agreements semi-annually; and

WHEREAS, the daily operations of H2LOans requires significant communication, cooperation and coordination between the Department and Trust; and

WHEREAS, in recognition of the necessity to effectuate program improvements, it is the desire of the Department to assign staff to technical development of H2LOans and for the Trust to procure certain information technology equipment and software to be used by Department staff for the purpose of supporting H2LOans program activities.

THEREFORE, the Trust and Department enter into this Memorandum of Understanding (“MOU”) as follows:

1. The Department agrees to provide, at its own expense, two temporary contractors via the New Jersey IT Staff Augmentation Contract (M-0817) to serve under the supervision of the NJEIT, for a combined seventy hours per week for a period of twenty five weeks, said contractors having computer programming experience to assist in maintaining H2LOans pertaining to environmental planning reviews for SuperStorm Sandy recovery projects; and

2. The Trust agrees to procure information technology equipment and software on behalf of the Department integral to H2LOans, for use by Department staff, in the amount not to exceed $760,260, as follows:
   i. Geographic Information System (GIS) Software and Licensing and Services in the amount not to exceed $319,320;
   ii. Infrastructure and Hardware in the amount not to exceed $371,255;
   iii. Business Intelligence Software Licensing in the amount not to exceed $69,685; and

3. The Trust and Department jointly agree that the equipment and software referenced in Item #2 above will occur in Fiscal Year 2014, and are limited to the items described in Item #2, above; and

4. The Department agrees to provide specifications to the Trust for the equipment and software referenced in Item #2 above; and

5. The Department agrees that future licensing/maintenance costs associated with the equipment and software referenced in Item #2 above will be the sole responsibility of the Department; and
6. The responsibilities outlined above shall take effect upon the execution of this agreement and any changes in the facts upon which this agreement is based or any deviations from the terms and conditions of this MOU may render this MOU null and void; and

7. In the event any provision of this MOU is rendered invalid or unenforceable by any valid act of Congress or is found to be in violation of State statutes and/or regulations, said provision(s) hereof will be immediately void and may be re-negotiated for the sole purpose of rectifying the non-compliance. The remainder of the provisions of this MOU not in question shall remain in full force and effect; and

8. This MOU shall be construed and interpreted according to the laws of the State of New Jersey; and

9. This MOU constitutes the entire understanding among the Parties and may only be modified by a written amendment signed by the Parties; and

10. This MOU is being entered into for the sole purpose of evidencing the mutual understanding and intention of the Parties. It may be amended, modified, and supplemented at any time by mutual consent and in writing signed by the undersigned or their designees. There are no third party beneficiaries of this MOU; and

11. This MOU may be executed in counterpart on separate signature pages and each fully signed MOU shall be enforceable.

IN WITNESS WHEREOF, the Parties hereto have caused this MOU to be signed on the dates set forth below:

DEPARTMENT OF ENVIRONMENTAL PROTECTION

____________________________________                 _________, 2013
Bob Martin, Commissioner                                     Date

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

____________________________________                 _________, 2013
David E. Zimmer, Executive Director                         Date
Reviewed and approved as to form

On __________, 2013

Jeffrey S. Chiesa,
Attorney General of New Jersey

By: _________________________
RESOLUTION NO. 13 - 73
SECOND AMENDED AND RESTATED RESOLUTION OF
THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
AUTHORIZING THE DISASTER RELIEF EMERGENCY FINANCING PROGRAM

WHEREAS, the New Jersey Environmental Infrastructure Trust (the “Trust”), pursuant to and in accordance with the “New Jersey Environmental Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the “State”) (codified at N.J.S.A. 58:11B-1 et seq.), as the same has been, and in the future may from time to time be, amended and supplemented (the “Act”), is authorized, pursuant to a Disaster Relief Emergency Financing Program, also known as the “Statewide Assistance Infrastructure Loan Program” or “SAIL”, to make loans (each, a “Relief Loan”) to eligible project sponsors (each, a “Borrower”) for the purpose of financing the allowable costs of eligible environmental infrastructure projects, provided that each such Relief Loan made by the Trust satisfies the requirements of the Act; and

WHEREAS, pursuant to the provisions of the Act, a proposed project sponsor is eligible to be a Borrower for a Relief Loan for purposes of financing the allowable costs of the eligible environmental infrastructure project (the “Project”) of such Borrower pursuant to SAIL, provided each of the following conditions (collectively, the “Relief Funding Eligibility Conditions”) is satisfied in full: (i) the Commissioner of the New Jersey Department of Environmental Protection (the “NJDEP”) has determined and certified in writing that the Project is necessary and appropriate to (a) repair damage to a wastewater treatment system or water supply facility directly arising from an act of terrorism, seismic activity or weather conditions that occurred within the prior three State Fiscal Years and that gave rise to a declaration by the Governor of the State (the “Governor”) of a state of emergency, provided that such wastewater treatment system or water supply facility is located in a county included in the Governor’s state of emergency declaration, or (b) mitigate the risk of future damage to a wastewater treatment system or water supply facility from an act of terrorism, seismic activity or weather conditions comparable in scope and severity to an act of terrorism, seismic activity or weather conditions that occurred within the prior three State Fiscal Years and that gave rise to a declaration by the Governor of a state of emergency, provided that such wastewater treatment system or water supply facility is located in a county included in the Governor’s state of emergency declaration; (ii) the Project is listed on the Disaster Relief Emergency Financing Program Eligibility List for funding in the forthcoming State Fiscal Year submitted to the Legislature in a form provided by the Commissioner of the NJDEP; (iii) the proposed Borrower has submitted a complete application for the Project to the Trust; (iv) the Board of Directors of the Trust has certified the Project; and (v) the proposed Borrower has not previously received a Relief Loan through SAIL for the same project scope; and

WHEREAS, it is the desire of the Trust, subject to the terms and provisions of the Act and this Resolution, to authorize the implementation of SAIL; and

WHEREAS, in order to provide a source of funding for the implementation of SAIL, there has been appropriated to the Trust (the “Appropriation”), subject to the approval of the Commissioner
of the NJDEP, (a) funds pursuant to the Disaster Relief Appropriations Act of 2013 (Public Law 113-2), (b) repayments of loans deposited in any account, including, without limitation, the Clean Water State Revolving Fund Accounts contained within the “Wastewater Treatment Fund”, the “1992 Wastewater Treatment Fund”, the “Water Supply Fund”, and the “Stormwater Management and Combined Sewer Overflow Abatement Fund”, the Drinking Water State Revolving Fund, and (c) net earnings received from the investment and reinvestment of such deposits; and such sums shall be deposited, upon the approval of the Commissioner of the NJDEP, in the segregated fund created by the Trust pursuant to the Act for the purpose of funding SAIL; and

WHEREAS, in addition to the funds made available to the Trust pursuant to the Appropriation for purposes of SAIL, it is the desire of the Trust to provide, as additional sources of funding for SAIL, (i)(a) net earnings with respect to funds held by the Trust, which available Trust revenues may be made available by the Trust to Borrowers participating in SAIL at the election of an Authorized Officer (as hereinafter defined), and (b) operating funds of the Trust that are not required for, or committed to, the operations of the Trust for State Fiscal Years 2014 and 2015 (collectively, the “Available Trust Revenues”); and (ii) amounts drawn upon a line of credit or similar financial instrument procured by the Trust from a commercial bank or such other similar lending institution, pursuant to the terms of this Resolution (the “Line of Credit”; the Appropriation, the Available Trust Revenues and the Line of Credit shall be referred to collectively herein as the “Available Funds”); and

WHEREAS, the Board of Directors of the Trust, on June 13, 2013, adopted that certain “Resolution of the New Jersey Environmental Infrastructure Trust Authorizing the Disaster Relief Emergency Financing Program” (Resolution No. 13-33) (the “Initial Resolution”); and

WHEREAS, the Board of Directors of the Trust, on August 8, 2013, adopted that certain “Amended and Restated Resolution of the New Jersey Environmental Infrastructure Trust Authorizing the Disaster Relief Emergency Financing Program” (Resolution No. 13-47) (the “First Amended Resolution”), which amended and restated in its entirety the Initial Resolution; and

WHEREAS, the Board of Directors of the Trust now desires to amend and restate in its entirety the First Amended Resolution for the purpose of amending certain provisions of the First Amended Resolution in connection with the further development and implementation of SAIL.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the New Jersey Environmental Infrastructure Trust, as follows:

Section 1. The Board of Directors of the Trust hereby amends and restates the First Amended Resolution in its entirety pursuant to the terms and provisions hereof; and

Section 2. The Board of Directors of the Trust authorizes the establishment of SAIL, provided (i) SAIL shall be funded solely from the Available Funds, (ii) SAIL shall comply fully with the provisions of the Act applicable thereto and the terms of this Resolution, and (iii) Relief Loans shall not exceed $5,000,000,000 in aggregate outstanding principal amount. Notwithstanding the
provisions hereof to the contrary, the Available Trust Revenues shall be made available to SAIL for the following funding purposes only: (a) the funding of Small System Relief Loans (as hereinafter defined), provided that the outstanding aggregate principal amount of such Small System Relief Loans shall not exceed $5,000,000, (b) the Trust Contribution (as hereinafter defined), and (c) such other Relief Loans as shall be necessary or appropriate to advance the purposes of the Act or this Resolution.

Section 3. In furtherance of the implementation of SAIL, the Board of Directors of the Trust hereby authorizes the expenditure by the Trust of Available Trust Revenues of up to $2 million per State Fiscal Year in the current State Fiscal Year and in each of the three succeeding State Fiscal Years in order to fund all or a portion of the (i) underwriting fees and costs of issuance incurred by the Trust in connection with the implementation and administration of SAIL and (ii) Relief Loan interest costs of Borrowers by up to 50% of the market rate (the allocations of Available Trust Revenues as described in clauses (i) and (ii) hereof shall be referred to herein as the “Trust Contribution”), the commitment and allocation of such $2,000,000 as between the purposes described in clauses (i) and (ii), above, and as among various Borrowers pursuant to clause (ii) above, being subject to the discretion of the Chairman or Vice Chairman of the Trust or the approval of the Board of Directors of the Trust at the request of the Chairman or Vice Chairman of the Trust.

Section 4. The Board of Directors of the Trust hereby authorizes the establishment of a Debt Service Reserve Fund (the “DSRF”) for the purpose of securing the repayment by each Borrower of its Relief Loan on time and in full. The DSRF shall be funded in an amount and from sources (including, without limitation, (i) bond act funds appropriated to the Trust for the purposes of reserves and/or guarantees and/or (ii) Available Trust Revenues as shall be determined by the Chairman, the Vice Chairman or the Executive Director of the Trust (each, an “Authorized Officer”).

Section 5. Any Relief Loan made by the Trust as part of SAIL shall be evidenced by (i) a note or other appropriate obligation of the Borrower to be issued to the Trust, all in satisfaction of the requirements of the Act (the “Obligation”), and (ii) any other documentation (including, without limitation, an escrow agreement, an assignment agreement, and/or a loan agreement) as shall be deemed necessary and appropriate by an Authorized Officer in furtherance of the making and securing of a Relief Loan pursuant to the provisions of this Resolution, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State (collectively, the “Loan Instruments”). Each Obligation and any Loan Instrument shall be in substantially such form as shall be approved by an Authorized Officer after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State. The Loan Instruments shall include such terms and provisions relating to SAIL as shall be determined by an Authorized Officer, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, as being necessary in connection with (i) the satisfaction of the requirements of the Act and applicable Regulations and (ii) the implementation of the terms of this Resolution.

Section 6. Each Relief Loan made by the Trust to a Borrower for a Project pursuant to SAIL:
shall be made only if the Borrower and the Project have satisfied in full the Relief Funding Eligibility Conditions;

(ii) shall, to the extent any portion of such Relief Loan is financed with monies received by the Trust pursuant to the Appropriation (which shall not exceed 95% of the principal amount of such Relief Loan) (an “Appropriation Loan”), be approved by the Commissioner of the NJDEP;

(iii) shall, to the extent any portion of such Relief Loan is financed with monies received by the Trust pursuant to the Line of Credit (a “Line of Credit Loan”), be subject to the periodic solicitation by the Trust in consultation with its Professional Advisors (as hereinafter defined) through a competitive selection process based upon low bids with interest rates utilized as the selection criteria from among a pool of prequalified financial institutions, for the following Line of Credit terms: up to 12 months, 24 months, 36 months, and 47 months; and the authority to identify the terms and to conduct such competitive selection process pursuant to the terms hereof is hereby granted to the Authorized Officer;

(iv) shall be made pursuant to the following interest rates: (a) with respect to Appropriation Loans, 0%; (b) with respect to Line of Credit Loans, the awarded low bid interest rates realized pursuant to the competitive solicitation process established pursuant to clause (iii) above; and (c) with respect to Relief Loans or portions thereof financed with Available Trust Revenues, the interest rate as defined by the Thompson Financial TM3 “AAA” Municipal Market Data General Obligation Index (Tax Exempt) or (AMT) as applicable, or its successors for the number of years that corresponds to the term of the Relief Loan, provided that, for purposes of determining the term of a Relief Loan in order to calculate the interest rate as set forth in this clause (c), an Authorized Officer shall calculate the time period from the date such Relief Loan is made to the maturity date of such Relief Loan, rounding to the nearest year.

(v) shall not exceed such principal amount as determined by the Commissioner of the NJDEP;

(vi) may, at the sole discretion of the Commissioner of the NJDEP, to the extent any such Relief Loan is an Appropriation Loan, be subject to principal forgiveness in an amount as shall be determined by the Commissioner of the NJDEP;

(vii) shall have a maturity date of the date of closing with respect to the applicable long-term financing program of the Trust and the NJDEP, occurring no later than the last day of the third succeeding State Fiscal Year following the closing date on which such Relief Loan is made; provided, however, that each Relief Loan may be subject to pre-payment, in whole or in part, prior to the maturity date;
(viii) shall not be subject to the imposition of an administrative fee; and

(ix) shall otherwise qualify for funding through SAIL pursuant to the terms and provisions of the Act and provisions of this Resolution.

Section 7. The Board of Directors of the Trust hereby further authorizes the making of a Relief Loan from Available Trust Revenues only, pursuant to the provisions of the Act and this Resolution, (a “Small System Relief Loan”) to an otherwise qualified Borrower that is a private drinking water utility or a privately owned drinking water system (including, without limitation, private water supply companies, nonprofit corporations and homeowners associations) that (i) does not possess an investment grade rating from one of the three national rating agencies and (ii) serves a customer population of less than 10,000, provided that no single such Small System Relief Loan exceeds $1 million in principal amount, and satisfies the credit worthiness standards as set forth in the Trust’s Credit Policy, and all such Small System Relief Loans, in the aggregate, shall not exceed $5,000,000 in principal amount.

Section 8. Each Authorized Officer is hereby severally authorized and directed to execute (i) any Loan Instrument to which the Trust is a party (the “Trust Loan Instruments”) and (ii) any certificates, instruments or documents contemplated therein or otherwise related to the participation of any Borrower in SAIL.

Section 9. Upon execution of the Trust Loan Instruments 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.

Section 10. At the meeting of the Board of Directors of the Trust immediately following the execution and delivery of any Trust Loan Instruments relating to any Relief Loan made to any Borrower pursuant to SAIL, the Executive Director of the Trust shall provide a report to the Board of Directors of the Trust concerning the details of SAIL.

Section 11. Each Authorized Officer is hereby severally authorized and directed to prepare and distribute, in consultation with Bond Counsel to the Trust, the Office of the Attorney General of the State and the Financial Advisor to the Trust (collectively, the “Professional Advisors”), a Request for Qualifications (the “RFQ”), to banking corporations or other similar lending institutions, to submit qualifications for consideration by the Trust in establishing a pool of firms (hereafter the “Underwriter Pool”) eligible to participate in the Trust’s Line of Credit Contract procurement as defined below. Such RFQ shall be prepared and distributed pursuant to and in compliance with Trust Policy and Procedure No. 4.00, entitled “Procurement of Goods and Services.” The Underwriter Pool shall be awarded upon authorization by official action of the Board of Directors of the Trust at a future meeting thereof.

Section 12. The Authorized Officers are each hereby severally authorized and directed to solicit bids from the Underwriter Pool, at times established by the Executive Director in consultation
with the NJDEP, for interest rates for Line of Credit Loans applicable to up to 12, 24, 36, and 47 month terms for SAIL participants in an aggregate amount not to exceed $5,000,000,000 outstanding at any given time (“Line of Credit Contract”). The Line of Credit Contract shall be awarded by the Executive Director to the bidder submitting the lowest interest rate cost bid. The Authorized Officers are each hereby severally authorized and directed to take such other actions as any Authorized Officer, in his respective sole discretion, after consultation with the Professional Advisors, deems necessary, convenient or desirable in order to award a Line of Credit Contract to one or more firms from the Underwriter Pool for the Line of Credit, in a manner consistent herewith.

Section 13. Subject to the prior receipt by the Trust of the certification thereof by the Commissioner of the NJDEP, the Board of Directors of the Trust hereby certifies Project Nos. S340377-03 and S340377-04, to be undertaken by the South Monmouth Regional Sewerage Authority, for financing pursuant to SAIL in accordance with the provisions of the Act and this Resolution.

Section 14. 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 the Professional Advisors, deems necessary, convenient or desirable to effect the transactions contemplated hereby.

Section 15. The Resolution shall take effect immediately, subject to the provisions of the Act.

Adopted Date: December 12, 2013
Motion Made By: Mr. Briant
Motion Seconded By: Mr. Barrack
Ayes: 6
Nays: 0
Abstentions: 0
RESOLUTION NO. 13 – 74

EXECUTIVE SESSION

BE IT HEREBY RESOLVED, That pursuant to N.J.S.A. 10:4-12 and N.J.S.A. 10:4-13, the members of the New Jersey Environmental Infrastructure Trust (the "Trust") hold an executive session regarding contract negotiations, personnel matters and advice from counsel.

BE IT FURTHER RESOLVED, That it is expected that discussions undertaken at this executive session will be made public once a final position is adopted by the Trust regarding such actions.

Adopted Date: December 12, 2013

Motion Made By: Mr. Chebra

Motion Seconded By: Mr. Briant

Ayes: 6
Nays: 0
Abstentions: 0
RESOLUTION AUTHORIZING APPROVAL OF THE
DECEMBER 2013 TREASURER’S REPORT

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") has reviewed the Treasurer’s Report for December 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 December 2013 and requests that the same be entered into the record.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:
RESOLUTION NO. 14 -

RESOLUTION OF THE TRUST APPOINTING ROTHSTEIN KASS PA
FOR INTERNAL CONTROLS AUDITING SERVICES

WHEREAS, the Trust is authorized to procure Internal Controls Auditing Services pursuant to N.J.S.A. 58:118-5L; and

WHEREAS, in Trust resolution No. 13-52, the Board authorized the Executive Director to solicit proposals for Internal Controls Auditing Services; and

WHEREAS, the Trust competitively procured proposals through formal advertisement and distribution of a October 17, 2013 Request for Proposals (RFP) to a list of twelve (12) firms; and

WHEREAS, the Trust received six (6) proposals in response to the notice of solicitation; and

WHEREAS, the Trust established a Selection Committee whose members independently ranked the proposals based on the criteria and weights set forth in the notice of solicitation; and

WHEREAS, the Committee tabulated the member’s rankings wherein Rothstein Kass PA (Rothstein) received the highest total aggregate score; and

WHEREAS, the Committee recommends awarding an Internal Controls Auditing Services contract to Rothstein for professional internal controls auditing services of the Trust’s primary business and accounting processes based on its November 21, 2013 proposal.

NOW THEREFORE BE IT RESOLVED THAT the Executive Director send a letter of intent to make the appointment to Rothstein for Internal Controls Auditing Services substantially in the form of the agreement attached to the Request for Proposals for Internal Controls Auditing Services; and

BE IT FURTHER RESOLVED THAT the Chairman or Vice Chairman of the Trust is hereby authorized to execute an agreement with Rothstein substantially in the form of the agreement attached to the Request for Proposals. The terms and conditions of the agreement shall include but not be limited to:

a. the provision of services as outlined in the Trust’s RFP and the proposal submitted by Rothstein dated November 21, 2013 (Proposal); and
b. the payment of all fees for all services as detailed in Rothstein’s Proposal as augmented in its Best and Final Offer dated, December 31, 2013; and
c. the term of the contract shall be for a period of one year subject to a one year extension in the sole discretion of the Trust upon prior Board authorization; and
d. 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 $147,000 absent separate board authorization.

Adopted Date:
Motion Made By:
Motion Seconded By:
Ayes:
Nays:
Abstentions:
RESOLUTION NO. 14-__

EXECUTIVE SESSION

BE IT HEREBY RESOLVED, That pursuant to N.J.S.A. 10:4-12 and N.J.S.A. 10:4-13, the members of the New Jersey Environmental Infrastructure Trust (the "Trust") hold an executive session regarding contract negotiations, personnel matters and advice from counsel.

BE IT FURTHER RESOLVED, That it is expected that discussions undertaken at this executive session will be made public once a final position is adopted by the Trust regarding such actions.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions: