Public notice is hereby given that the New Jersey Environmental Infrastructure Trust ("Trust") Board of Directors will hold a public meeting on Thursday, October 8, 2015 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 – Vice Chairman
2. Open Public Meeting Act Statement
3. Roll Call
4.* Approval of the Minutes of the September 10, 2015 Meeting
5. Announcements
6. Public Comment
7. Unfinished Business:
   A. Discussion of the Construction Status Report (hand-out) (G. Chebra)
   B. Discussion and Status of SFY2016 Financing Program Projects (hand-out) (G. Chebra)
   C. Update on Outstanding Trust Requests for Proposals (D. Zimmer)
   D. Update on Construction Loan Program (D. Zimmer)
8. New Business
   A.* Discussion and Acceptance of the August 2015 Treasurer’s Report (J. Hansbury)
   B.* Discussion and Approval of a Resolution Certifying SFY2016 Financing Program Projects (D. Zimmer)
   C.* Discussion and Approval of Environmental Infrastructure Bond Resolution Series 2015A-2 (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.
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 September 10, 2015 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,

Mark Longo  
Secretary

Enclosure  
Cc: Honorable Stephen Sweeney, President of the Senate  
Honorable Vincent Prieto, Speaker of the General Assembly
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

OPEN PUBLIC MEETING

MINUTES – September 10, 2015

1. **CALL TO ORDER:**

   A meeting of the New Jersey Environmental Infrastructure Trust was convened on Thursday, September 10, 2015 in the conference room of 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey. Treasurer Ellis called the meeting to order at 10:05 a.m.

2. **OPEN PUBLIC MEETING ACT STATEMENT:**

   Executive Director Zimmer read the Open Public Meeting Act Statement into the record. Mr. Zimmer reported that he had received a letter from Assistant Commissioner Kennedy appointing Mr. Eugene Chebra as the DEP Commissioner for today’s Board meeting.

3. **ROLL CALL:**

   Ms. Melissa Pierce conducted roll call to which Mr. Longo, Mr. Ellis, Mr. Requa, Mr. Chebra and Ms. Campbell all responded affirmatively.

**DIRECTORS**

Mark Longo, Secretary
Roger Ellis, Treasurer
Eugene Chebra *
(for DEP Commissioner Martin/Kennedy)
Christine Campbell
(for Acting State Treasurer Romano)
James Requa
(for DCA Commissioner Richman)

**OTHERS**

David E. Zimmer, Executive Director
Frank Scangarella, Assistant Director
Lauren Seidman Kaltman, Chief Financial Officer
John Hansbury, Chief Budget Officer
Christopher Howard, Governor’s Authorities Unit
Clifford T. Rones, Deputy Attorney General
Richard Nolan, McCarter & English LLP
Geoffrey Stewart, Public Financial Management
Gautam Patel, Municipal Finance & Construction

(*) Participated via teleconference
4. **APPROVAL OF THE MINUTES:**

Treasurer Ellis opened discussion of the minutes of the Thursday, August 20, 2015 Trust Board meeting.

There were no comments or questions. Treasurer Ellis requested a motion for approval.

Mr. Requa moved for the approval of the minutes. Ms. Campbell seconded the motion. Ms. Pierce conducted a roll call vote to which all five (5) members responded in the affirmative with no abstentions.

5. **ANNOUNCEMENTS:**

Executive Director Zimmer summarized a number of the substantive events that occurred and the correspondence which was issued since the last Trust Board meeting:

- On August 27, 2015, Executive Director Zimmer joined DEP Commissioner Bob Martin and Assistant Commissioner, Dan Kennedy, along with staff members from both sides of the Financing Program at the Middlesex County Utility Authority for a press event celebrating the signing of the Financing Program’s annual legislation by Governor Christie earlier that week.
- On August 24, 2015, Assistant Director Frank Scangarella, and I.T. Manager Victor Tsai, along with Julio Collazo and Mike Matsko of DEP's I.T. staff, presented to Executive Director Zimmer, DEP Assistant Commissioner Dan Kennedy, and DEP I.T. Director, Peter Tenebruso, a live demonstration of the Financing Program’s latest version of the H2LOans computer system. This most recent version includes expanded capability for DEP technical review functions as staff continues to advance the Program’s technical capabilities and efficiency.
- The next Board meeting is scheduled for October 8, 2015 at 10:00 a.m. at the Trust’s offices and immediately after the October 8, 2015 Board meeting, Margaret Cotoia from the State Ethics Commission will hold a training at the Trust for Board members only.

There were no comments or questions.

6. **PUBLIC COMMENTS:**

Treasurer Ellis invited comments from the public. There were no comments.

7. **UNFINISHED BUSINESS:**

A. Mr. Patel, of the NJDEP’s Municipal Finance and Construction Element, reported that there are 226 active projects totaling $1,049,467,710 and 1,038 closed projects with loans outstanding totaling $5,005,795,802 for a grand total of 1,264 projects at $6,055,263,512.

B. Mr. Patel discussed the SFY2016 Combined Financing Loan Programs:

**SFY2016 Clean Water Financing Program:**
| Traditional and Supplemental Program: | 135 Projects Totaling | $1,428,775,041 |
| Supplemental Program: | 4 Projects Totaling | $6,556,000 |
| Track II Projects: | 13 Projects Totaling | $20,910,639 |
| Barnegat Bay Projects: | 7 Projects Totaling | $23,813,916 |
| **Total Clean Water Projects** | **159 Projects Totaling** | **$1,480,055,596** |

**SFY2016 Drinking Water Financing Program:**

| Traditional and Supplemental Program: | 112 Projects Totaling | $450,293,299 |
| Supplemental Program: | 1 Projects Totaling | $1,425,498 |
| Track II Projects: | 7 Projects Totaling | $15,912,278 |
| **Total Drinking Water Projects** | **120 Projects Totaling** | **$467,631,075** |

**SFY2016 Grand Totals:**

| Clean & Drinking Water Program Totals: | **279 Projects** | **$1,947,686,670** |

There were no comments or questions.

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

Trustee/Escrow Agent Services
A recommendation for an award for contract will be presented to the Board under item 8D later in the agenda.

D. Executive Director Zimmer next reported on the status of NJEIT Construction Loans:

- The Trust received 1 new request for a short-term Construction Loan from the previous month from Plumsted Twp for construction of a new wastewater treatment and collection system. The Trust currently has a total of 26 request for Construction Loans totaling $81.5 MM.

- 1 Construction Loan closed since the last Board meeting; the Borough of Brielle for $1.5 MM. The Trust has closed 22 Construction Loans totaling $77.6 MM.

- 8 projects have received IFP loan disbursements from the Trust to-date totaling $8.2MM.

The Construction Loan report was provided to the Board of Directors of the Trust in satisfaction of the requirements of Section 6 of the authorizing Resolution No. 15-03 adopted on January 15, 2015.

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. 15-39 accepting the July 2015 Treasurer’s Reports.

Revenues earned in July, 2015: $495,599  
Total Revenues Earned YTD: $495,599  
Total Revenues Budgeted YTD: $496,254  
Diff: ($654)

Expenses incurred in July, 2015: $382,356  
Total Expenses Incurred YTD: $382,356  
Total Expenses Budgeted YTD: $476,693  
Diff: $94,337

Difference YTD less Unencumbered Contingencies Budgeted YTD: $93,682

Mr. Hansbury asked if there were any comments or questions. Hearing none, Treasurer Ellis requested a motion for acceptance.

The resolution was moved for adoption by Mr. Longo and seconded by Ms. Campbell. Ms. Pierce conducted a roll call vote to which all five (5) members responded in the affirmative with no abstentions.

B. Executive Director Zimmer requested the Trust’s Assistant Director, Frank Scangarella, to proceed with the Public Hearing in compliance with TEFRA requirements for the issuance of the 2015B-R2 Bonds. Mr. Scangarella conducted the Public TEFRA Hearing.

This regular meeting of the New Jersey Environmental Infrastructure Trust constitutes a public hearing of the Trust with respect to the proposed issuance by the Trust of its Environmental Infrastructure Refunding Bonds, Series 2015B-R2 (AMT) in an aggregate principal amount not in excess of $14,900,000. The proceeds of the Series 2015B-R2 Refunding Bonds will be used to refinance all or a portion of the remaining outstanding Environmental Infrastructure Bonds, Series 2006B. This public hearing is being held pursuant to the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

I hereby enter into the records of the Trust a copy of the Affidavits of Publication relating to the notice to the public with respect to this hearing. Such public notice was published in compliance with the Code in the following newspapers on August 26, 2015: (1) The Times; (2) the Star-Ledger; and (3) the Home News Tribune.

The public notice that has been published sets forth the following information: (1) the identity of the Financing Program Participants with respect to the Series 2006B Bonds; (2) a description of the project of each such Financing Program Participant; and (3) the specific location of each such project. The Series 2006B Financing Program Participants are the Carteret Redevelopment Agency and Middlesex Water Company.
Interested individuals are now invited to express their views, either verbally or in writing, and in person or by attorney, with respect to the proposed issuance of the Series 2015B-R2 Refunding Bonds, the projects to be financed with the proceeds thereof, and the location and nature of each such project.

Are there any members of the public who wish to be heard? There were no comments from the public.

Let the record show that no members of the public offered verbal or written comments, either in person or by attorney, at this public hearing of the New Jersey Environmental Infrastructure Trust this 10th day of September, 2015.

C. Executive Director Zimmer introduced Resolution No. 15-40 authorizing various actions and forms of documents necessary to the making of State Fiscal Year 2016 New Jersey Environmental Infrastructure Financing Program Loans. The actions authorized by this Resolution will include (i) the execution and delivery of an Escrow Agreement with each Borrower and the consummation of an Escrow Closing with each Borrower in accordance with the Escrow Agreement, (ii) the execution and delivery in escrow of a Trust Loan Agreement with respect to each Borrower, (iii) the conduct by the Trust of a TEFRA hearing with respect to any Borrower, in accordance with the requirements of the Internal Revenue Code, and (iv) the submission to the Director of the Division of Investment in the New Jersey Department of the Treasury for approval of the investment by the Trust of proceeds of Trust Bonds pursuant to a repurchase agreement.

Executive Director Zimmer asked if there were any comments or questions. Hearing none, Treasurer Ellis requested a motion for approval.

The resolution was moved for adoption by Mr. Requa and seconded by Mr. Longo. Ms. Pierce conducted a roll call vote to which all five (5) members responded in the affirmative with no abstentions.

D. Executive Director Zimmer requested the Trust’s Chief Financial Officer, Lauren Kaltman, introduce Resolution No. 15-41 awarding U.S. Bank as Trustee/Escrow Agent for the SFY2016 & SFY2017 Financing Programs. The committee recommended U.S. Bank for the SFY2016 & SFY2017 Financing Programs at a fee of $10,000 plus expenses during the first year of the respective Financing Bond Series and, thereafter, $5,000 plus expenses annually for the remaining life of the Bond Series. The cost for a refunding is established at a one-time fee of $4,000.

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

The resolution was moved for adoption by Ms. Campbell and seconded by Mr. Longo. Ms. Pierce conducted a roll call vote to which all five (5) members responded in the affirmative with no abstentions.
9. **EXECUTIVE SESSION:**

Treasurer Ellis asked if there was a need for an Executive Session. Executive Director Zimmer responded there was not.

Treasurer Ellis asked Executive Director Zimmer if there was any future action required by the Board. Mr. Zimmer answered there was not.

Mr. Ellis adjourned the meeting at 10:26am.
RESOLUTION NO. 15 - 39

RESOLUTION AUTHORIZING APPROVAL OF THE
JULY 2015 TREASURER’S REPORTS

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust") has reviewed the Treasurer’s Reports for July 2015; 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 July 2015 and requests that the same be entered into the record.

Adopted Date: September 10, 2015
Motion Made By: Mark Longo
Motion Seconded By: Christine Campbell
Ayes: 5
Nays: 0
Abstentions: 0
RESOLUTION NO. 15-40

RESOLUTION AUTHORIZING VARIOUS ACTIONS AND FORMS OF DOCUMENTS NECESSARY FOR THE MAKING OF STATE FISCAL YEAR 2016 NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM LOANS

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 meeting to be held on or about October 8, 2015, 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 2016 Environmental Infrastructure Financing Program of the Trust (the “Program”), which Trust Bonds are expected to be issued by the Trust prior to December 31, 2015; 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 October 8, 2015, 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 October 8, 2015, 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, if determined to be necessary by an Authorized Officer, 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, if determined to be necessary by an 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: September 10, 2015

Motion Made By: James Requa

Motion Seconded By: Mark Longo

Ayes: 5

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

[NAME OF ESCROW AGENT],
as Escrow Agent

DATED: OCTOBER __, 2015
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<td>G-1</td>
</tr>
<tr>
<td>EXHIBIT G-2</td>
<td>Certificate Regarding No Reimbursements</td>
<td>G-2</td>
</tr>
</tbody>
</table>
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) and _________________________, [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 2016 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 ______________________, 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 November 1, 2015 (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 and placed on the Fund Loan Bond by a representative of the Borrower 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 November 1, 2015, (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.

In addition to the foregoing, the Borrower shall complete, execute and deliver to the Escrow Agent on the date hereof (1) a “Federal Funds Accountability and Transparency Act Form”, and (2) a “Clean Water Benefits Reporting Form” or “DWSRF Project and Benefits Reporting Form”, as applicable, each in the form included in Exhibit G to each of the trust Loan Agreement and the Fund Loan Agreement.

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 November __, 2015 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 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 2016 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 2016 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.] [Subject to revision upon the appointment of and discussion with the Escrow Agent.]

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 [October 26], 2015, the initial publication of its Notice of Sale for the Trust Bonds on or about [October 26], 2015, and the sale of the Trust Bonds on or about [November 4], 2015; (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 __________, 2015 and the Trust’s Resolution ___ adopted on __________, 2015 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:
[Name]
[Address]
[Address]
Attention:

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 above written.

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

[SEAL]

ATTEST:

Name
Title

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

[SEAL]

By: ________________________________
   Name
   Title

ATTEST:

Daniel Kennedy
Assistant Commissioner
Water Resource Management
Department of Environmental Protection

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

[SEAL]

[BORROWER]

ATTEST:

Authorized Officer

By: ________________________________
   Authorized Officer

ATTEST:

[ESCROW AGENT],
Escrow Agent

By: ________________________________
   Name
   Title
SCHEDULE A

CERTAIN ADDITIONAL ESCROW AGREEMENT PROVISIONS
EXHIBIT A

COMMITMENT LETTERS OF BORROWER’S
BOND COUNSEL AND GENERAL COUNSEL
New Jersey Environmental Infrastructure Trust  
Lawrenceville, New Jersey  08648-2201

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 2016 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 November __, 2015 (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.
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.
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 November 1, 2015 (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 November __, 2015.

[NAME OF BORROWER]

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

[RESERVED]
EXHIBIT C-2

[RESERVED]
EXHIBIT C-3

[RESERVED]
EXHIBIT D

LETTER OF CONSULTING ENGINEER
Re: New Jersey Environmental Infrastructure Trust  
State Fiscal Year 2016 Financing Program  
Project No. [__________]

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

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 November __, 2015 (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 F

[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 2015[__] (the “Trust Bonds”), in accordance with the Loan Agreement dated as of November 1, 2015 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 November __, 2015.

[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 2015[__], in accordance with the Loan Agreement dated as of November 1, 2015 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 November __, 2015.

[NAME OF BORROWER]

By: _______________________
Name: _____________________
Title: _______________________
LOAN AGREEMENT

BY AND BETWEEN

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

AND

[NAME OF BORROWER]

DATED AS OF NOVEMBER 1, 2015
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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into as of November 1, 2015, 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 November 1, 2015 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 November 1, 2015 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, ______________________, 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, 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
constructively received upon disposition of an item, except to the extent such costs constitute “qualified administrative costs”.

(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(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 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;

(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 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, if any, 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, as calculated and determined 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, if any, 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, 2016.

(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 on which a disbursement of Loan proceeds is scheduled to be made pursuant to the original draw schedule contained in Exhibit C hereto, any amounts remain on deposit in the Borrower’s Project Loan Account, the Borrower shall 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) 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 hereeto and approved by the Department.

(b) If, on the date which is one hundred eighty (180) days following the final date on which a disbursement of Loan proceeds is scheduled to be made pursuant to the 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 shall 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 further revised draw schedule, in a form similar to Exhibit C hereeto and approved by the Department.

(c) If (i) the Borrower fails to provide the certificate described in paragraphs (a) or (b) of this Section 3.03A, when due, or (ii) a certificate provided pursuant to paragraphs (a) or (b) of this Section 3.03A states that the Borrower does not require all or any portion of the amount on deposit in the Project Loan Account for completion of the Project, or (iii) on the date which is one hundred eighty (180) days following the final date on which a disbursement of Loan proceeds is scheduled to be made pursuant to a further revised draw schedule certified to the Trust and the Department in accordance with Section 3.03A(b) hereof, any amounts remain on deposit in the Borrower’s Project Loan Account, or (iv) 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 for completion of the Project, then such amounts on deposit in the Project Loan Account, which are amounts that have not been certified by an Authorized Officer of the Borrower as being required to complete the Project (“Excess Project Funds”), shall be applied as follows:

(A) If the Excess Project Funds are less than or equal to the greater of (1) $250,000 or (2) 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

(B) If the Excess Project Funds are greater than the greater of (1) $250,000 or (2) 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 the premium, if any, associated with any optional or mandatory redemption of Trust Bonds) 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 November 1, 2015 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, (iii) upon the prior written approval of the Trust, and (iv) provided that the Borrower shall agree to pay all costs and expenses of the Trust in connection with such prepayment, including, without limitation, the fees of Bond Counsel to the Trust and any other professional advisors to 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 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:

   [Name]
   [Address]
   [Address]
   Attention:

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: ________________________________
    Name
    Title

ATTEST:

[NAME OF BORROWER]

[SEAL]

By: ________________________________
    Authorized Officer

ATTEST:

Authorized Officer
SCHEDULE A

Certain Additional Loan Agreement Provisions
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 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 November 1, 2015 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 ____________________, as trustee (the “Trust’s Trustee”) under the “Environmental Infrastructure Bond Resolution, Series 2015[[_]]”, adopted by the Trust on October 8, 2015, 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 November __, 2015.

[NAME OF BORROWER]

[SEAL]

By: ______________________

ATTEST:

_______________________
New Jersey Environmental Infrastructure Trust hereby assigns the foregoing Borrower Bond to _________________, as the Trust’s Trustee under the “Environmental Infrastructure Bond Resolution, Series 2015[___]”, adopted on October 8, 2015, 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:

By: ________________________

Name
Title

_____________________________________

Name
Title
EXHIBIT E

Opinions of Borrower’s Bond Counsel and General Counsel

See Closing Item ___
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 2015[]” adopted by the Board of Directors of the Trust on October 8, 2015;

(b) the Loan Agreement dated as of November 1, 2015 (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;
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,
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.]

[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.
[13.] 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.

[14.] 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-2

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 NOVEMBER 1, 2015
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NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into as of November 1, 2015, 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 November 1, 2015 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 November 1, 2015 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, ______________________, 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 a 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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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”).

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.

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.

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, if any, 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, as calculated and determined 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, if any, 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, 2016.

(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 on which a disbursement of Loan proceeds is scheduled to be made pursuant to the original draw schedule contained in Exhibit C hereto, any amounts remain on deposit in the Borrower’s Project Loan
Account, the Borrower shall 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 on which a disbursement of Loan proceeds is scheduled to be made pursuant to the 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 shall 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 further 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 (i) the Borrower fails to provide the certificate described in paragraphs (a), (b) or (c) of this Section 3.03A, when due, or (ii) a certificate provided pursuant to paragraphs (a), (b) or (c) of this Section 3.03A states that the Borrower does not require all or any portion of the amount on deposit in the Project Loan Account for completion of the Project, or (iii) on the date which is thirty (30) days following the final date on which a disbursement of Loan proceeds is scheduled to be made pursuant to a further revised draw schedule certified to the Trust and the Department in accordance with Section 3.03A(b) hereof, any amounts remain on deposit in the Borrower’s Project Loan Account, then such amounts on deposit in the Project Loan Account, which are amounts that have not been certified by an Authorized Officer of the Borrower as being required to complete the Project (“Excess Project Funds”), shall be applied as follows:

1. 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 the premium, if any, associated with such redemption. 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.
2. If Trust Bonds cannot 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 (including the premium, if any, associated with any optional or mandatory redemption of Trust Bonds) 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 November 1, 2015 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, (iii) upon the prior written approval of the Trust, and (iv) provided that the Borrower shall agree to pay all costs and expenses of the Trust in connection with such prepayment, including, without limitation, the fees of Bond Counsel to the Trust and any other professional advisors to 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:

[Name]
[Address]
[Address]
Attention:

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: __________________________
    Name
    Title

ATTEST:

____________________________
Name
Title

[NAME OF BORROWER]

[SEAL]

By: __________________________
    Authorized Officer

ATTEST:

____________________________
Authorized Officer
SCHEDULE A

Certain Additional Loan Agreement Provisions
EXHIBIT A-2

Description of Loan
EXHIBIT B

Basis for Determination of Allowable Project Costs
EXHIBIT C

Estimated Disbursement Schedule
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 extend 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 November 1, 2015 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 ____________________, as trustee (the “Trust’s Trustee”) under the “Environmental Infrastructure Bond Resolution, Series 2015[__]”, adopted by the Trust on October 8, 2015, 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 November __, 2015.

[NAME OF BORROWER]

[SEAL]

ATTEST:

By:________________________
New Jersey Environmental Infrastructure Trust hereby assigns the foregoing Borrower Bond to __________________________, as the Trust’s Trustee under the “Environmental Infrastructure Bond Resolution, Series 2015[___]”, adopted on October 8, 2015, 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:

____________________________
Name
Title

____________________________
Name
Title
EXHIBIT E

Opinions of Borrower’s Bond Counsel and General Counsel

See Closing Item ____
November __, 2015

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

[Trust's Trustee]
[Address]
[Address]
Attention:

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 2015[___]” adopted by the Board of Directors of the Trust on October 8, 2015;

(b) the Loan Agreement dated as of November 1, 2015 (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 November __, 2015 (the “Borrower Bond”) issued by the Borrower to the Trust to evidence the Loan; and
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 irrevocably 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
EXHIBIT G

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

Form of Continuing Disclosure Agreement
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

(NAME OF ESCROW AGENT],
as Escrow Agent

DATED: OCTOBER __, 2015
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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) and ________________________, [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 2016 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 ______________________, 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 November 1, 2015 (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 and placed on the Fund Loan Bond by a representative of the Borrower 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 November 1, 2015, (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.

In addition to the foregoing, the Borrower shall complete, execute and deliver to the Escrow Agent on the date hereof (1) a “Federal Funds Accountability and Transparency Act Form”, and (2) a “Clean Water Benefits Reporting Form” or “DWSRF Project and Benefits Reporting Form”, as applicable, each in the form included in Exhibit G to each of the Trust Loan Agreement and the Fund Loan Agreement.

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 November __, 2015 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 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 counsel s 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 2016 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 2016 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.] [Subject to revision upon the appointment of and discussion with the Escrow Agent.]

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 [October 26], 2015, the initial publication of its Notice of Sale for the Trust Bonds on or about [October 26], 2015, and the sale of the Trust Bonds on or about [November 4], 2015; (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 ________, 2015 and the Trust’s Resolution __-__ adopted on __________, 2015 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:

[Name]  
[Address]  
[Address]  
Attention:

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 above written.

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

[SEAL]

By: 

Name 
Title 

ATTEST: 

Name 
Title 

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

[SEAL]

By: Daniel Kennedy 
Assistant Commissioner 
Water Resource Management 
Department of Environmental Protection 

ATTEST: 

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

[SEAL]

[BORROWER]

ATTEST: 

Authorized Officer 

By: Authorized Officer 

[ESCROW AGENT], Escrow Agent 

ATTEST: 

Name 
Title 

By: Name 
Title 

[signature page]
SCHEDULE A

CERTAIN ADDITIONAL ESCROW AGREEMENT PROVISIONS
EXHIBIT A

COMMITMENT LETTERS OF BORROWER’S
BOND COUNSEL AND GENERAL COUNSEL
New Jersey Environmental Infrastructure Trust  
Lawrenceville, New Jersey  08648-2201

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 2016 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 November __, 2015 (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.
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 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 November 1, 2015 (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 November __, 2015.

[NAME OF BORROWER]

By: _________________________
Name: _______________________
Title: _______________________

B-1
EXHIBIT C-1

[RESERVED]
EXHIBIT C-2

[RESERVED]
EXHIBIT C-3

[RESERVED]
EXHIBIT D

LETTER OF CONSULTING ENGINEER
Re: New Jersey Environmental Infrastructure Trust  
State Fiscal Year 2016 Financing Program  
Project No. [__________]

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

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 November __, 2015 (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 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 2015[__] (the “Trust Bonds”), in accordance with the Loan Agreement dated as of November 1, 2015 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 November __, 2015.

[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 2015[__], in accordance with the Loan Agreement dated as of November 1, 2015 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 November __, 2015.

[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),

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

and

(NAME OF ESCROW AGENT),
    as Escrow Agent

DATED: OCTOBER __, 2015
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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 ______________________, [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 2016 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 _________________________, 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 November 1, 2015 (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 November 1, 2015 (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.

In addition to the foregoing, the Borrower shall complete, execute and deliver to the Escrow Agent on the date hereof (1) a “Federal Funds Accountability and Transparency Act Form”, and (2) a “Clean Water Benefits Reporting Form” or “DWSRF Project and Benefits Reporting Form”, as applicable, each in the form included in Exhibit G to each of the Trust Loan Agreement and the Fund Loan Agreement.

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 November __, 2015 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 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 2016 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 2016 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 hereunder 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.] [Subject to revision upon the appointment of and discussion with the
Escrow Agent.]

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 [October 26], 2015, the initial
publication of its Notice of Sale for the Trust Bonds on or about [October 26], 2015, and the sale
of the Trust Bonds on or about [November 4], 2015; (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 __________, 2015 and the Trust’s Resolution __-__ adopted on __________, 2015 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:

[Name]  
[Address]  
[Address]  
Attention:

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.
18. **Certain Additional Provisions**

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 above written.

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

By: __________________________
    Name
    Title

ATTEST:

___________________________
Name
Title

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

By: Daniel Kennedy
    Assistant Commissioner
    Water Resource Management
    Department of Environmental Protection

ATTEST:

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

ATTEST:

___________________________
Authorized Officer

[BOSSROWER]

By: __________________________
    Authorized Officer

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

By: __________________________
    Name
    Title

ATTEST:

___________________________
[ESCROW AGENT], as Escrow Agent

By: __________________________
    Name
    Title
SCHEDULE A

CERTAIN ADDITIONAL ESCROW AGREEMENT PROVISIONS
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 2016 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 November __, 2015 (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 November 1, 2015 (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 November __, 2015.

[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 2016 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 November __, 2015 (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 2015[___] (the “Trust Bonds”), in accordance with the Loan Agreement dated as of November 1, 2015 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 November __, 2015.

[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 2015[___], in accordance with the Loan Agreement dated as of November 1, 2015 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 November __, 2015.

[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),

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

and

(NAME OF ESCROW AGENT),
as Escrow Agent

DATED: OCTOBER __, 2015
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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 __________________________, [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 2016 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 _________________, 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 November 1, 2015 (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 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, if applicable, 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 and with respect to the Trust Loan by and between the Trust and the Borrower, which will be dated as of November 1, 2015 (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.

In addition to the foregoing, the Borrower shall complete, execute and deliver to the Escrow Agent on the date hereof (1) a “Federal Funds Accountability and Transparency Act Form”, and (2) a “Clean Water Benefits Reporting Form” or “DWSRF Project and Benefits Reporting Form”, as applicable, each in the form included in Exhibit G to each of the trust Loan Agreement and the Fund Loan Agreement.

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 November __, 2015 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 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 counsel 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;
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 2016 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 2016 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.] [Subject to revision upon the appointment of and discussion with the Escrow Agent.]

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 hereeto (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 [October 26], 2015, the initial publication of its Notice of Sale for the Trust Bonds on or about [October 26], 2015, and the sale of the Trust Bonds on or about [November 4], 2015; (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 ________, 2015 and the Trust’s Resolution _-__ adopted on __________, 2015 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:

[Name]  
[Address]  
[Address]  
Attention:

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]

ATTEST:

Name
Title

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

By:

__________________________
Daniel Kennedy
Assistant Commissioner
Water Resource Management
Department of Environmental Protection

ATTEST:

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

[BORROWER]

[SEAL]

ATTEST:

Authorized Officer

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

[SEAL]

ATTEST:

Name
Title

[ESCROW AGENT],
as Escrow Agent

By:

__________________________
Name
Title

[signature page]
SCHEDULE A

CERTAIN ADDITIONAL ESCROW AGREEMENT PROVISIONS
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 2016 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 November __, 2015 (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 November 1, 2015 (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 November __, 2015.

[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 2016 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 November __, 2015 (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 F

[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 2015[___] (the “Trust Bonds”), in accordance with the Loan Agreement dated as of November 1, 2015 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 November __, 2015.

[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”), 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 2015[__], in accordance with the Loan Agreement dated as of November 1, 2015 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 November __, 2015.

[NAME OF BORROWER]

By:________________________
Name:_____________________
Title:______________________
RESOLUTION NO. 15-41


WHEREAS, there is a need for the New Jersey Environmental Infrastructure Trust (Trust) to appoint a Trustee/Escrow Agent for the Environmental Infrastructure Financing Program; and

WHEREAS, pursuant to Section 5(1) of the New Jersey Environmental Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (codified at N.J.S.A. 58:11B-1 et seq.), the Trust is authorized to engage the services of advisors; and

WHEREAS, the Trust distributed a Request for Proposal for the appointment of a Trustee/Escrow Agent for the State Fiscal Year 2016 & 2017 Financing Programs in accordance with the provisions of Executive Order No. 26, and the procedure of the Trust; and

WHEREAS, the Trust appointed an Evaluation Committee to individually rank the proposals; and

WHEREAS, the Trust received one proposal from U.S. Bank and the Committee recommends that U.S. Bank be appointed as the Trustee/Escrow Agent for the State Fiscal Year 2016 & 2017 Financing Programs at a fee of $10,000 plus expenses during the first year of the respective Financing Program and thereafter, $5,000 plus expenses annually for the remaining life of the bonds.

NOW THEREFORE BE IT RESOLVED THAT based on the Committee’s recommendation, U.S. Bank is hereby appointed to serve as Trustee/Escrow Agent for the New Jersey Environmental Infrastructure Trust’s State Fiscal Year 2016 & 2017 Financing Programs; and

BE IT FURTHER RESOLVED THAT the Executive Director is hereby authorized to send a letter confirming the appointment of U.S. Bank, which letter will also state that the appointment is subject to the terms and conditions set forth in the Trust’s Request for Proposals and U.S. Bank’s response thereto, dated August 21, 2015 and is contingent upon the subsequent adoption and execution by the appropriate parties of the related bond resolutions and the escrow agreements.

Adopted Date: September 10, 2015

Motion Made By: Christine Campbell

Motion Seconded By: Mark Longo

Ayes: 5

Nays: 0

Abstentions: 0
SUMMARY OF ANNOUNCEMENTS:

Executive Director Zimmer summarized the substantive events and correspondence issued since the last Trust Board meeting.

- On **August 27, 2015**, Executive Director Zimmer joined DEP Commissioner Bob Martin and Assistant Commissioner, Dan Kennedy, along with staff members from both sides of the Financing Program at the Middlesex County Utility Authority for a press event celebrating the signing of the Financing Program’s annual legislation by Governor Christie earlier that week.
- On **August 26, 2015**, Assistant Director Frank Scangarella, held a meeting with Trenton Biogas for potential NJEIFP projects for renewal energy and a wastewater treatment plant.
- On **August 24, 2015**, Assistant Director Frank Scangarella, and I.T. Manager Victor Tsai, along with Julio Collazo and Mike Matsko of DEP’s I.T. staff, presented to Executive Director Zimmer, DEP Assist. Comm. Dan Kennedy, and DEP I.T. Director, Peter Tenebruso, a live demonstration of the Financing Program’s latest version of the H2LOans computer system. This most recent version includes expanded capability for DEP technical review functions as staff continues to advance the Program’s technical capabilities and efficiency.
- DEP Assistant Commissioner and fellow Board member, Dan Kennedy, and Executive Director Zimmer continued to hold meetings to facilitate the development of the Program’s Asset Management initiative. These meetings currently involve a number of senior managers at both agencies as this initiative is broad-based and comprehensive.
- Cohn Reznick continues to conduct on-site meetings with staff regarding the Trust’s Internal Control Audit review.
- H2LOans computer system meetings continue between the Trust and DEP technology and process staffs.
- The next Board meeting is scheduled for **October 8, 2015** at 10:00 a.m. at the Trust’s offices.
- After the **October 8, 2015** Board meeting, Margaret Cotoia from the State Ethics Commission will hold a training at the Trust for Board members only.

SUMMARY OF CORRESPONDENCE:

During the past month, the Trust received or sent the following noteworthy correspondence. Pursuant to the Trust’s Green Initiative, the agenda package does not include copies of the following correspondence. Board members should contact the Trust Secretary if they wish to receive hard copies.

A copy of the Announcements & Correspondence is available for each Board meeting on the last page of the minutes for that Board meeting. Board minutes can be found on the Trust’s webpage under the “Recent Board Meeting Documents” tab at: [http://www.njeit.org](http://www.njeit.org).
RESOLUTION NO. 15 -

RESOLUTION AUTHORIZING APPROVAL OF THE AUGUST 2015 TREASURER’S REPORTS

WHEREAS, the New Jersey Environmental Infrastructure Trust (the “Trust”) has reviewed the Treasurer’s Reports for August 2015; 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 August 2015 and requests that the same be entered into the record.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:
RESOLUTION NO. 15-___

RESOLUTION CERTIFYING PROJECTS FOR THE STATE FISCAL YEAR 2016
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM

WHEREAS, pursuant to Sections 5(m) and 9(a) of the New Jersey Environmental Infrastructure Trust Act (N.J.S.A. 58:11B-1 et seq.) (the "Act"), the New Jersey Environmental Infrastructure Trust (the "Trust") is authorized to make and contract to make loans to local government units or public water facilities (the "Borrowers") to finance a portion of the cost of environmental infrastructure projects which they may lawfully undertake or acquire and for which they are authorized by law to borrow funds; and

WHEREAS, the Borrowers having projects listed in P.L. 2015, c.107 and in the Trust's Financial Plan submitted to the Legislature in May of 2015 pursuant to N.J.S.A. 58:11B-21 submitted applications to the Trust for Trust loans under the State Fiscal Year (SFY) 2016 Environmental Infrastructure Financing Program (as described in the Trust's Financial Plan) to finance a portion of the allowable costs of their environmental infrastructure projects; and

WHEREAS, the Legislature has authorized in P.L. 2015, c.107 the expenditure of Trust funds to finance a portion of the allowable costs of the projects of certain Borrowers designated in Sections 2 and 4 of this legislation (constituting the "SFY2016 Project Priority List"); and

WHEREAS, representatives of the Department of Environmental Protection (DEP) and the staff of the Trust have reviewed and evaluated these applications in accordance with the provisions of N.J.A.C. 7:22-4.13 and 4.46, advised the Trust which of these applications may be deemed complete, made recommendations to the Trust which applications may be approved or conditionally approved for Trust Loans, and determined the amounts presently constituting the allowable costs which may be financed with Trust loans; and

WHEREAS, the Trust has received DEP certifications that certain projects are in conformity with P.L. 1985, c.329 the Wastewater Treatment Bond Act of 1985; P.L. 1992, c.88, N.J.S.A. 58:12A-1 et seq. the Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992; P.L. 2003, c.162 the Dam, Lake, Stream, Flood Control, Water Resources, and Wastewater Treatment Project Bond Act of 2003; N.J.S.A. 58:12A-2 Et. Seq., and/or P.L. 1981, c.261 the Water Supply Bond Act of 1981 and any rules and regulations adopted pursuant thereto; and with respect to certain other projects, certification conditioned upon such projects satisfying certain contingencies required by the DEP pursuant to its regulations.

NOW THEREFORE BE IT RESOLVED, the Trust Board of Directors hereby approves the project applications set forth in Appendix A for Trust loans under the SFY2016 Environmental Infrastructure Financing Program, subject to certification of the corresponding projects by the Chairman or Vice Chairman of the Trust pursuant to the provisions of P.L. 2015, c.107, Section 6 as being in conformity with the provisions of the Act and rules and regulations adopted pursuant thereto.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

ENVIRONMENTAL INFRASTRUCTURE BOND RESOLUTION, SERIES 2015A-2

Adopted October 8, 2015
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BE IT RESOLVED by the Board of Directors of the New Jersey Environmental Infrastructure Trust (the “Trust”) as follows:

ARTICLE I

DEFINITIONS AND RULES OF INTERPRETATION

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

“Account” means any account designated and established hereunder.

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

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

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

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

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

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

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

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

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

“Bond” or “Bonds” means one or more, as the case may be, of the Series 2015A-2 Bonds or Refunding Bonds, and all bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Sections 4.07 or 11.10 hereof.

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

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

“Bond Resolution” means this “Environmental Infrastructure Bond Resolution, Series 2015A-2”, as adopted by the Board on October 8, 2015, and all amendments and supplements thereto adopted in accordance with the provisions hereof.
“Bond Year” means a period of 12 consecutive months beginning on September 1 of any calendar year and ending on August 31 of the immediately succeeding calendar year, except that the first bond year shall be a period commencing on the date of issuance of the initial Series of Bonds hereunder and ending on the next succeeding August 31.

“Borrower” means any Local Government Unit or Private Entity (as such terms are defined in the Regulations) authorized to construct, operate and maintain environmental infrastructure facilities that has entered into a Loan Agreement with the Trust pursuant to which such Borrower will borrow money from the Project Fund financed through the issuance of the Series 2015A-2 Bonds. Borrowers shall include municipal and county Borrowers and authority Borrowers. The municipal Borrowers consist of: Brielle Borough (1308001-002, 1308001-003), Caldwell Borough (S340523-04-1), Califon Borough (S340431-01), East Orange City (0705001-011), Gloucester City (S340958-06), Hillsborough Township (S340099-02), Hoboken City (S340635-04, S340635-07, 0905001-001), Perth Amboy City (S340435-12, 1216001-007), Rahway City (2013001-007, 2013001-008), Roosevelt Borough (1341001-004), Saddle Brook Township (0257001-002), Sea Girt Borough (S340468-01), Tuckerton Borough (S340034-02, 1532002-003, 1532002-005) and Ventnor City (S340667-02). The authority Borrowers consist of: Berkeley Township Municipal Utilities Authority (1505004-007), Camden County Municipal Utilities Authority (S340640-06-2, S340640-09-2, S340640-11-2, S340640-14-1), Cape May County Municipal Utilities Authority (S342017-04), Egg Harbor Township Municipal Utilities Authority (S340753-04), Jersey City Municipal Utilities Authority (S340928-13, 0906001-011), North Hudson Sewerage Authority (S340952-19), Pompton Lakes Borough Municipal Utilities Authority (S340636-08), Raritan Township Municipal Utilities Authority (S340855-09), Wanaque Valley Regional Sewerage Authority (S340780-04) and Warren Township Sewerage Authority (S340964-01, S340964-02). All of the Borrowers are SRF Borrowers.

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

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

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

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

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

“Code” means the Internal Revenue Code of 1986, as the same may from time to time be amended or supplemented, including any regulations promulgated thereunder and any administrative or judicial interpretations thereof.
“Cost” means those costs that are eligible, reasonable, necessary, allocable to a Borrower’s Project and permitted by generally accepted accounting principles, including Allowances and Building Costs (as defined in the Regulations), as shall be determined on a project-specific basis in accordance with the Regulations.

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

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

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

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

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

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

“Debt Service Reserve Requirement” means, as of any date of calculation, (1) an amount equal to, or (2) a Debt Service Reserve Fund Credit Facility in an aggregate principal amount equal to, the lesser of (i) the greatest amount required in the then current Bond Year or in any future Bond Year to pay the sum of (a) interest on the Outstanding Series 2015A-2 Bonds and Outstanding Refunding Bonds and (b) principal or Sinking Fund Installments, as the case may be, of the Outstanding Series 2015A-2 Bonds and Outstanding Refunding Bonds; (ii) 125% of a fraction, the numerator of which is the sum of the interest, principal and Sinking Fund Installments on the Outstanding Series 2015A-2 Bonds and Outstanding Refunding Bonds payable beginning in such Bond Year and each succeeding Bond Year thereafter until the maturity of the Outstanding Series 2015A-2 Bonds and Outstanding Refunding Bonds, and the denominator of which is the number of years or portion thereof until the maturity of the Outstanding Series 2015A-2 Bonds and Outstanding Refunding Bonds; or (iii) the sum of 10% of the “proceeds” of the Series 2015A-2 Bonds, but only if such Series 2015A-2 Bonds are Outstanding, and if any Refunding Bonds are Outstanding, 10% of the “proceeds” of such Refunding Bonds, within the meaning of Section 148(d) of the Code. Notwithstanding the provisions of this definition to the contrary, if each Rating Agency that has been requested by the Trust to publish a rating for the Series 2015A-2 Bonds or any Refunding Bonds, as the case may be, determines that such Rating Agency shall assign to the Series 2015A-2 Bonds or any Refunding Bonds, as the case may be, upon the issuance thereof, the then highest rating assigned to any such debt instruments by such Rating Agency notwithstanding the fact that the Debt Service Reserve Requirement is equal to $0.00, then, given such factual circumstances, the Debt Service Reserve Requirement pursuant to the terms of this Resolution shall be equal to $0.00 during
the entire period during which the Series 2015A-2 Bonds or any Refunding Bonds, as the case may be, remain Outstanding.

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

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


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

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

“Fund” means any Fund designated and established hereunder.

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

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

“Interest Payment Date” means each March 1 and September 1 until final maturity of the Bonds, commencing September 1, 2016.

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

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

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

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

(vi) United States Department of Housing & Urban Development – Local authority bonds;
(vii) Washington Metropolitan Area Transit Authority – Guaranteed transit bonds;
(viii) State and Local Government Series; and
(ix) Veterans Administration – Guaranteed REMIC; Pass-through Certificates.

(b) Federal Housing Administration Debentures.

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

(i) Federal Home Loan Mortgage Corp. (FHLMC) – Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts); Senior debt obligations;

(ii) Farm Credit System (Formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperative) – Consolidated systemwide bonds and notes;

(iii) Federal Home Loan Banks (FHL Banks) – Consolidated debt obligations;

(iv) Federal National Mortgage Association (FNMA) – Senior debt obligations; Mortgage-backed securities (Excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(v) Student Loan Marketing Association (SLMA) – Senior debt obligations (Excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date); LOC-backed issues;

(vi) Financing Corp. (FICO) – Debt obligations; and

(vii) Resolution Funding Corp. (REFCORP) – Debt obligations.

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

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

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

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

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

(i) Any of the following stripped securities:

(i) United States Treasury STRIPS;

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

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

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

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

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

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

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

(A) Federal Farm Credit Banks Consolidated Systemwide Bonds;

(B) Federal Financing Bank;

(C) Federal Home Loan Banks; and

(D) Federal Land Banks;

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

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

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

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

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

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

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

“Master Program Trust Account” means the account and all subaccounts therein created pursuant to Section 3 of the Master Program Trust Agreement to be held by the Master Program Trustee in trust as additional security for the Holders of the Series 2015A-2 Bonds and all other Coverage Receiving Trust Bonds as defined in the Master Program Trust Agreement.

“Master Program Trust Agreement” means that certain Master Program Trust Agreement, dated as of November 1, 1995, by and among the Trust, the State, United States Trust Company of New York, as Master Program Trustee thereunder, The Bank of New York (NJ), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to U.S. Bank National Association), in several capacities thereunder, as amended and supplemented by (i) that certain Agreement of Resignation of Outgoing Master Program Trustee, Appointment of Successor Master Program Trustee and Acceptance Agreement, dated as of November 1, 2001, by and among United States Trust Company of New York, as Outgoing Master Program Trustee, Street Bank and Trust Company, N.A. (predecessor to U.S. Bank Trust National Association), as Successor Master Program Trustee, and the Trust, and (ii) that certain First General Amendment to Master Program Trust Agreement, dated as of September 1, 2006, by and among, the Trust, the State, the Master Program Trustee, The Bank of New York, in several capacities thereunder, U.S. Bank National Association, in several capacities thereunder, and Commerce Bank, National Association, as Loan Servicer, as the same may be amended and supplemented from time to time in accordance with its terms.
“Master Program Trustee” means U.S. Bank Trust National Association (as successor to State Street Bank and Trust Company, N.A.), appointed pursuant to Section 2 of the Master Program Trust Agreement, and its successors as may be appointed pursuant to the provisions thereof.

“Net Earnings” means, with respect to any Fund, Account or Subaccount, or any portion thereof, all interest, profits and other income earned and received by the Trustee and the Trust, as appropriate, in respect of such Fund, Account, Subaccount or portion thereof, net of (i) any losses suffered, (ii) any fees due to the Trustee, the provider of an Investment Security, or at the written direction of an Authorized Officer of the Trust, the financial advisor or investment advisor to the Trust in respect of an Investment Security held in such Fund, Account or Subaccount, and (iii) any amounts required to be set aside for rebate or to satisfy a yield restriction requirement to the Internal Revenue Service pursuant to any letter of instructions or certificate as to arbitrage.

“Notice of Sale” means the Notice of Sale of the Trust relating to the sale of the Series 2015A-2 Bonds to be dated on or about October 30, 2015, substantially in the form attached hereto as Exhibit D.

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

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

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

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

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

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

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

“Rating Agency” shall mean individually or collectively, as the case may be, the nationally recognized rating agencies that have published ratings for the Series 2015A-2 Bonds.

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

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

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

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

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

“Reserve Capacity Debt Service Reserve Requirement” means that portion of the Debt Service Reserve Requirement financed with a portion of the proceeds of the Series 2015A-2 Bonds and attributable to the cost of funding reserve capacity for the Reserve Capacity Borrowers.

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

“Revenues” means all (i) Loan Repayments and State Loan Repayments that are held by the Trustee, (ii) payments made to the Trustee by the Master Program Trustee from amounts on deposit in the Master Program Trust Account (and all Subaccounts as defined therein) in accordance with the terms of the Master Program Trust Agreement, and (iii) proceeds derived from the foregoing, including, without limitation, investment income received by the Trust under such Loan Repayments and State Loan Repayments; provided, however, that Revenues shall not include payments of the Administrative Fee payable to the Trust under Section 3.03 of the Loan Agreements nor any State Administrative Fees included as part of any State Loan Repayment, to the extent any such amounts are credited as Administrative Fees or State Administrative Fees pursuant to Section 5.04(2) hereof.

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

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

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

“Series” means all of the Bonds authenticated and delivered on original issuance and identified pursuant to this Bond Resolution or the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Sections 4.07 or 11.10, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.
“Series 2015A-2 Bonds” means the $________ aggregate principal amount of the Trust’s “Environmental Infrastructure Bonds, Series 2015A-2” authorized pursuant to Section 2.03 hereof.

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

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

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

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

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

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

“Subaccount” means any subaccount designated and established hereunder.

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

“Tax Certificate”, with respect to the Series 2015A-2 Bonds, means the “Tax Certificate as to Arbitrage and Instructions as to Compliance with the Provisions of Section 103(a) of the Internal Revenue Code of 1986, as Amended,” executed and delivered by an Authorized Officer of the Trust on the date of issuance of the Series 2015A-2 Bonds, as the same may be supplemented and amended from time to time.

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

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

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

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

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

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

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

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

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

SECTION 1.03. Authority for Bond Resolution and Delegation. This “Environmental Infrastructure Bond Resolution, Series 2015A-2” is adopted pursuant to the provisions of the Act and constitutes a resolution authorizing bonds pursuant to the Act.

Certain information to be set forth herein will not be available and/or has not been finalized at the time of the adoption hereof and will only be known upon the sale of the Series 2015A-2 Bonds. All information relating to the sale and award of the Series 2015A-2 Bonds in accordance with the terms of the Notice of Sale (including, without limitation, all information, if any, relating to the designation of the Series 2015A-2 Bonds as “Green Bonds”) and the final identification, categorization and related dates of certain Borrowers (including, without limitation, the elimination of one or more thereof), including, without limitation, the amounts and interest rates in the chart set forth in Section 2.03(2) hereof (provided that the aggregate cost of the Borrower Projects to be financed with proceeds of the Series 2015A-2 Bonds, exclusive of Trust costs of issuance, bond insurance, underwriter’s discount, original issue discount, reserve capacity, capitalized interest and any other related cost shall not exceed $40,000,000 (the “Aggregate Borrower Preliminary Project Cost Amount”)), the optional redemption provisions in Section 2.03(5) hereof, the Sinking Fund Installments in Section 2.03(6) hereof, if any, the amounts set forth in Section 2.03(7)(a), (b) and (c) hereof, including, without limitation, the “Amount to be Applied as Payment of Interest” chart set forth in Section 2.03(7)(a) hereof, the information set forth in Section 2.03(8) hereof, the information set forth in Exhibit F, Schedules I-A and I-B and Schedules II-A and II-B attached hereto, and the allocation of Revenues pursuant to the provisions of Section 5.04 hereof, shall be revised or inserted (as the case may be) subsequent to the time of adoption hereof and shall be deemed to be a part hereof, as if fully set forth herein at the time of adoption thereof. The Authorized Officers of the Trust, in consultation with Bond Counsel, general counsel and other appropriate advisors to the Trust, shall be and hereby are severally authorized and directed to revise or insert (as the case may be) such information subsequent to the time of adoption hereof. Notwithstanding the above, such information must be revised or inserted (as the case may be) in this Bond Resolution no later than the Loan Closing.
In addition, the interest cost, principal amount, purchase price, bidding parameters and other financial parameters set forth in the Notice of Sale in the form attached hereto may be amended, modified, supplemented or deleted by the Authorized Officers of the Trust, after consultation with Bond Counsel, general counsel and other appropriate advisors to the Trust, at any time prior to the sale of the Series 2015A-2 Bonds. Notwithstanding the foregoing, any such changes to be made pursuant to this paragraph shall be subject to the following limitations: (i) the true interest cost of the Series 2015A-2 Bonds shall be as low as practicable given the structuring requirements therefor, but in any event shall not exceed [6.00]% per annum for the Series 2015A-2 Bonds, and (ii) the proceeds of the Series 2015A-2 Bonds shall produce sufficient moneys to fund, together with Net Earnings thereon, the Aggregate Borrower Preliminary Project Cost Amount, plus all additional items set forth above.

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

The additional security to be afforded the Holders of the Series 2015A-2 Bonds through the pledge by the Master Program Trustee of the moneys and securities in the Master Program Trust Account has caused the Rating Agencies to review the financing program pursuant to which the Series 2015A-2 Bonds are to be issued. [Subsequent to the initial adoption hereof but prior to the Loan Closing, the Rating Agencies may require or suggest certain changes to be made to the provisions hereof], including, without limitation, those provisions relating to the Debt Service Reserve Fund. The Authorized Officers of the Trust are hereby severally authorized and directed, in consultation with Bond Counsel, general counsel to the Trust, other appropriate advisors to the Trust, and after notification to any officials whose approval is a condition precedent to the adoption of this Bond Resolution, to insert such changes subsequent to the time of adoption hereof as shall be deemed necessary, desirable or convenient to satisfy any reasonable and customary concerns of the Rating Agencies. Notwithstanding the above, any such changes must be inserted in this Bond Resolution no later than the Loan Closing.

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

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

AUTHORIZATION AND ISSUANCE OF BONDS

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

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

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

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

SECTION 2.02. General Provisions for Issuance of Bonds.

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

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

   (b) In the case of each Series of Refunding Bonds, a copy of the Supplemental Resolution authorizing such Refunding Bonds, certified by an Authorized Officer of the Trust, which shall, among other provisions, specify: (i) the authorized principal amount, designation and Series of such Refunding Bonds; (ii) the purposes for which such Series of Bonds is being issued, which shall be the refunding of Bonds as provided in Section 2.04; (iii) the date, and the maturity date or dates, of the Refunding Bonds of such Series, provided that each maturity date shall fall upon September 1; (iv) the interest rate or rates of the Refunding Bonds of such Series and the initial Interest Payment Date thereof, provided that the interest rate shall be identical for all such Refunding Bonds of like maturity; (v) the denominations of, and the manner of dating, numbering and lettering, the Refunding Bonds of such Series, provided that such Refunding Bonds shall be in denominations of $5,000 or any integral multiple thereof as authorized by such Supplemental Resolution; (vi) the Paying Agent or Paying Agents and the place or places of payment of the principal and Redemption Price, if any, of, and interest on, the Refunding Bonds of such Series; (vii) the Redemption Price or Prices, if any, and, subject to Article IV, the redemption terms for the Refunding Bonds of such Series; (viii) the amount and due date of each Sinking Fund Installment, if any, for Refunding Bonds of like maturity of such Series, provided that each Sinking Fund Installment due date shall fall upon a September 1; (ix) the form of the Refunding Bonds of such Series and of the Trustee’s certificate of authentication, which shall be substantially in the form set forth in Section 14.01 for the Series 2015A-2 Bonds with such variations, insertions or omissions as are
appropriate and not inconsistent therewith; and (x) the provisions for the application of proceeds of such Series of Refunding Bonds;

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

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

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

(f) With respect to the Series 2015A-2 Bonds only, a Certificate of the Authorized Officer of the Trust stating that the information contemplated by Section 1.03 hereof has been inserted in this Bond Resolution in accordance with the terms and provisions of Section 1.03 hereof;

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

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

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

SECTION 2.03. Series 2015A-2 Bonds.

1. A Series of Bonds entitled to the benefit, protection and security of this Bond Resolution is hereby authorized in the aggregate principal amount of $46,580,000 for the purpose of funding the Loans to be made pursuant to the Loan Agreements. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Environmental Infrastructure Bonds, Series 2015A-2”; provided, however, that, in the event that an Authorized Officer determines, after consultation with Bond Counsel and the Office of the Attorney General of the State, that it is in the best interests of the
Trust to designate such Series of Bonds as “Green Bonds”, such Series of Bonds shall be designated by the title, “Environmental Infrastructure Bonds, Series 2015A-2 (Green Bonds)”.

2. The Series 2015A-2 Bonds shall be dated and shall bear interest from November 26, 2015 until their final maturity thereof, except as otherwise provided in Section 3.01 of this Bond Resolution. The Series 2015A-2 Bonds shall mature on the dates and in the principal amounts, and shall bear interest payable semiannually on March 1 and September 1 in each year, commencing September 1, 2016, until final maturity (stated or otherwise) thereof, at the respective rates per annum calculated on the basis of twelve 30-day months, shown below:

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3. Individual purchases of the Series 2015A-2 Bonds may be made in the principal amount of $5,000 or any whole multiples of $5,000. The Series 2015A-2 Bonds shall be initially issued in one certificate for each aggregate principal amount of the stated maturity thereof. Unless the Trust shall otherwise direct, the Series 2015A-2 Bonds shall be lettered and numbered from one upward in order of maturities preceded by the letter “R” and such other letter as determined by the Trustee prefixed to the number. Subject to the provisions of this Bond Resolution, the form of the Series 2015A-2 Bonds and the Trustee’s certificate of authentication shall be substantially in the form set forth in Section 14.01.

4. The principal or Redemption Price of the Series 2015A-2 Bonds shall be payable to the Holders thereof upon presentation and surrender thereof at the Principal Office of U.S. Bank National Association, as Trustee, or its successors and assigns. The principal or Redemption Price of all Series 2015A-2 Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Trustee or Trustees as permitted by this Bond Resolution. Interest on the Series 2015A-2 Bonds shall be payable by check or draft of the Trustee, mailed or transmitted, respectively, to the Holders thereof as the same appear as of the Record Date on the books of the Trust maintained by the Trustee. However, so long as the Series 2015A-2 Bonds are held in book-entry-only form pursuant to Section 2.05 hereof, the provisions of Section 2.05 shall govern the payment of principal or Redemption Price, if any, of, and interest on, the Series 2015A-2 Bonds.

5. The Series 2015A-2 Bonds maturing on or before September 1, 2025 shall not be subject to redemption prior to their respective stated maturity dates. The Series 2015A-2 Bonds maturing on or after September 1, 2026 shall be subject to redemption prior to their respective stated maturity dates, on or after [March 1, 2026] [September 1, 2025], at the option of the Trust, upon the terms set forth in this subsection and upon notice as provided in Article IV hereof, either in whole on any date, or in part, by lot within any maturity or maturities determined by the Trust, on any Interest Payment Date, upon the payment of 100% of the principal amount thereof and accrued interest thereon to the date fixed for redemption.
6. [Reserved.][The Series 2015A-2 Bonds due September 1, 20__ are subject to mandatory sinking fund redemption prior to their stated maturity, upon the surrender thereof and through selection by lot by the Trustee and upon the giving of notice as provided in Article IV hereof, by payment of the following “Sinking Fund Installments”, on September 1, in each year set forth below, at a Redemption Price which is equal to 100% of the principal amount thereof plus interest accrued to the redemption date, in the following aggregate principal amounts in the following years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>* Final maturity.</td>
</tr>
</tbody>
</table>

7. The proceeds of the Series 2015A-2 Bonds of $__________ (par amount of the Series 2015A-2 Bonds of $__________ (which includes the good faith deposit of the successful bidder for the Series 2015A-2 Bonds in the amount of $__________ in accordance with Section 1.03 hereof), plus accrued interest of $0.00, plus net original issue premium of $__________, less underwriter’s discount of $__________ ) shall be received by the Trustee and applied simultaneously with the delivery of such Bonds as follows:

(a) There shall be deposited (i) in the SRF Subaccount of the Interest Account in the Debt Service Fund, $0.00, (ii) in the non-SRF Subaccount of the Interest Account in the Debt Service Fund, $0.00, (iii) in the SRF Subaccount of the Capitalized Interest Account in the Debt Service Fund, $__________, which includes accrued interest of $0.00, attributable to SRF Borrowers that are capitalizing interest, for application to the payment of a portion of the interest to accrue on the Series 2015A-2 Bonds from November 26, 2015 through and including February 1, 2018, of which $__________ shall be deposited in the Clean Water SRF Subaccount (including $0.00 of accrued interest), and $__________ shall be deposited in the Drinking Water SRF Subaccount (including $0.00 of accrued interest), and (iv) in the non-SRF Subaccount of the Capitalized Interest Account in the Debt Service Fund, $__________. Said moneys in the Capitalized Interest Account, together with the Net Earnings thereon and the portion of the Net Earnings on the Debt Service Reserve Fund set forth in this subsection (a) and transferred to the Capitalized Interest Account as required pursuant to Section 5.10(2)(a) hereof, shall be applied to the payment of interest due on the Series 2015A-2 Bonds on the following dates in the following amounts:

<table>
<thead>
<tr>
<th>Interest Payment Date</th>
<th>Scheduled Draws</th>
<th>Ending Balance On Deposit</th>
<th>Transfer on Interest Debt Service Reserve Fund Earnings</th>
</tr>
</thead>
</table>

(b) There shall be deposited in the Costs of Issuance Account in the Operating Expense Fund an amount equal to $__________, of which $__________ shall be transferred by the Trustee immediately via interaccount transfer to the account of the Trust with U.S. Bank National Association, for application by the Trust to the payment of certain Costs of Issuance incurred in connection with the issuance of the Series 2015A-2 Bonds;

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

(e) There shall be deposited in the General Fund $__________, (i) $__________ of which shall be transferred to the SRF Subaccount within the General Fund, $__________ of which shall be deposited in the Clean Water SRF Subaccount and $__________ of which shall be deposited in the Drinking Water SRF Subaccount; and (ii) $0.00 of which shall be transferred to the non-SRF Subaccount within the General Fund.

(f) The remaining balance of the proceeds of the Series 2015A-2 Bonds in the amount of $__________ shall be deposited in the master Project Fund on behalf of each Borrower, each deposit of which shall be deposited in the Clean Water Subaccounts of the SRF and non-SRF Project Loan Accounts, as indicated below, unless designated by “DW” below, in which case such amount shall be deposited in the Drinking Water Subaccounts of the SRF and non-SRF Project Loan Accounts, as indicated below. $__________ shall be allocated to the SRF Subaccount, $__________ of which shall be allocated to the Clean Water SRF Subaccount and $__________ of which shall be allocated to the Drinking Water SRF Subaccount:

**SRF Project Loan Accounts:**

Berkeley Township Municipal Utilities Authority (1505004-007) (DW)
Brielle Borough (1308001-002, 1308001-003) (DW)
Califon Borough (S340431-01),
Caldwell Borough (S340523-04-1)
Camden County Municipal Utilities Authority (S340640-06-2, S340640-09-2, S340640-11-2, S340640-14-1)
Cape May County Municipal Utilities Authority (S342017-04)
East Orange City (0705001-011) (DW)
Egg Harbor Township Municipal Utilities Authority (S340753-04)
Gloucester City (S340958-06)
Hillborough Township (S340099-02)
Hoboken City (S340635-04, S340635-07)
Hoboken City (0905001-001)
Jersey City Municipal Utilities Authority (S340928-13)
Jersey City Municipal Utilities Authority (0906001-011) (DW)
North Hudson Sewerage Authority (S340952-19)
Perth Amboy City (S340435-12)
Perth Amboy City (1216001-007) (DW)
Pompton Lakes Borough Municipal Utilities Authority (S340636-08)
Rahway City (2013001-007, 2013001-008) (DW)
Raritan Township Municipal Utilities Authority (S340485-09)
Roosevelt Borough (1341001-004) (DW)
Saddle Brook Township (0257001-002) (DW)
Sea Girt Borough (S340468-01)
Tuckerton Borough (S340034-02)
Tuckerton Borough (1532002-003, 1532002-005) (DW)
Ventnor City (S340667-02)
Wanaque Valley Regional Sewerage Authority (S340667-04)
Warren Township Sewerage Authority (S340964-01, S340964-02)

8. Reserved.

9. Upon the authentication and delivery of the Series 2015A-2 Bonds, the Trust shall furnish to the Trustee:
(a) a Certificate of the Chairman, Executive Director or other Authorized Officer of the Trust, pursuant to Section 148 of the Code, setting forth the expectations of the Trust on the date of such authentication and delivery as to future events and such certification shall set forth the facts and estimates on which such expectations are based and shall state that to the best of the knowledge and belief of such officer of the Trust, the Trust’s expectations are reasonable;

(b) an opinion of Bond Counsel to the effect that under existing law (i) interest on the Series 2015A-2 Bonds is excluded from gross income for federal income tax purposes, and (ii) interest on the Series 2015A-2 Bonds and any gain on the sale thereof are excluded from gross income under the New Jersey Gross Income Tax Act; and

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

SECTION 2.04. Refunding Bonds.

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

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

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

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

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

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

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

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

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

SECTION 2.05. Book-Entry-Only System.

1. Except as provided in subparagraph 3 of this Section 2.05, the registered Holder of all of the Series 2015A-2 Bonds shall be, and the Series 2015A-2 Bonds shall be registered in the name of, Cede & Co. as nominee of DTC. Payment of semiannual interest for any Series 2015A-2 Bond shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date for the Series 2015A-2 Bonds at the address indicated for Cede & Co. in the registry books of the Trust kept by the Trustee.

2. The Series 2015A-2 Bonds shall be issued initially in the form of a separate single fully registered Bond in the amount of the aggregate principal amount of each separate stated maturity of the Series 2015A-2 Bonds. Upon initial issuance, the ownership of each such Series 2015A-2 Bond shall be registered in the registry books of the Trust kept by the Trustee in the name of Cede & Co., as nominee of DTC. With respect to Series 2015A-2 Bonds registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Trust and any Fiduciary shall have no responsibility or obligation to any participant or to any beneficial owner of such Series 2015A-2 Bonds. Without limiting the immediately preceding sentence, the Trust and any Fiduciary shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any participant with respect to any beneficial ownership interest in the Series 2015A-2 Bonds, (ii) the delivery to any participant, any beneficial owner or any other person, other than DTC, of any notice with respect to the Series 2015A-2 Bonds, including any notice of redemption, or (iii) the payment to any participant, any beneficial owner or any other person, other than DTC, of any amount with respect to the principal or Redemption Price of,
or interest on, the Series 2015A-2 Bonds. The Trust and any Fiduciary may treat as, and deem DTC to be, the absolute owner of each Series 2015A-2 Bond for the purpose of payment of the principal or Redemption Price of, and interest on, each such Series 2015A-2 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2015A-2 Bonds, for the purpose of registering transfers with respect to such Series 2015A-2 Bonds and for all other purposes whatsoever. The Paying Agent shall pay all principal or Redemption Price of, and interest on, the Series 2015A-2 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Trust’s obligations with respect to the principal or Redemption Price of, and interest on, the Series 2015A-2 Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive a Series 2015A-2 Bond evidencing the obligation of the Trust to make payments of principal or Redemption Price of, and interest on, the Series 2015A-2 Bonds pursuant to this Bond Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the term “Cede & Co.” in this Bond Resolution shall refer to such new nominee of DTC.

3. (a) DTC may determine to discontinue providing its services with respect to the Series 2015A-2 Bonds at any time by giving written notice to the Trust and the Fiduciaries and discharging its responsibilities with respect thereto under applicable law.

(b) The Trust, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2015A-2 Bonds if the Trust so determines, and shall terminate the services of DTC with respect to the Series 2015A-2 Bonds upon receipt by the Trust and the Fiduciaries of written notice from DTC to the effect that DTC has received written notice from participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding Series 2015A-2 Bonds to the effect that: (i) DTC is unable to discharge its responsibilities with respect to the Series 2015A-2 Bonds; or (ii) a continuation of the requirement that all of the Outstanding Series 2015A-2 Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2015A-2 Bonds.

(c) Upon the termination of the services of DTC with respect to the Series 2015A-2 Bonds pursuant to subsection 2.05(3)(b)(ii) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Series 2015A-2 Bonds pursuant to subsection 2.05(3)(a) or subsection 2.05(3)(b)(i) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Trust, is willing and able to undertake such functions upon reasonable and customary terms, the Series 2015A-2 Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Series 2015A-2 Bonds shall designate, in accordance with the provisions of Article II hereof.

4. Notwithstanding any other provision of this Bond Resolution to the contrary, so long as any Series 2015A-2 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or Redemption Price of, and interest on, such Series 2015A-2 Bond and all notices with respect to such Series 2015A-2 Bond shall be made and given, respectively, to DTC as provided in the representation letter of the Trust and the Trustee addressed to DTC with respect to the Series 2015A-2 Bonds.

5. In connection with any notice or other communication to be provided to Bondholders pursuant to this Bond Resolution by the Trust or the Trustee with respect to any consent or other action to be taken by Bondholders, the Trust or the Trustee, as the case may be, shall establish a record date for
such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.
ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

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

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

2. The Bonds of each Series shall be issued only in the form of fully registered Bonds without coupons in denominations of, subject to the denominations required by Section 2.03(3) and 2.05(2) hereof with regard to the initial denominations of the Series 2015A-2 Bonds, $5,000 or any whole multiple thereof. The Bonds of each Series shall be in substantially the form set forth in Section 14.01 or substantially in the form set forth in the Supplemental Resolution authorizing such Series.

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

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

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

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

SECTION 3.03. Execution and Authentication.

1. The Bonds shall be executed in the name of the Trust by the manual or facsimile signature of the Chairman or other Authorized Officer of the Trust, and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Secretary or Assistant Secretary or other Authorized Officer of the Trust, or in such other manner as may be required or permitted by law. In case any one or more of the Authorized Officers of the Trust who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee,
such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the Trust by such persons who at the time of the execution of such Bonds shall be duly authorized or shall hold the proper office in the Trust, although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

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

SECTION 3.04. Transfer and Registry.

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

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

SECTION 3.05. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Trust shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. All Bonds surrendered in any such exchange or transfer shall forthwith be canceled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Trust or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Trust nor the Trustee shall be required (a) to transfer or exchange Bonds for a period beginning on the Record Date next preceding an Interest Payment Date for the Bonds and ending on such Interest Payment Date, or for a period of fifteen (15) days (or such lesser period as may be specified in a Supplemental Resolution for a particular Series of Bonds) next preceding the date (as determined by the Trustee) of any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bonds called or tendered for redemption.
SECTION 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Trust shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity and principal amount as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Trust and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Trust and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Trust and the Trustee may prescribe and paying such expenses as the Trust and Trustee may incur. All mutilated Bonds so surrendered to the Trustee shall be canceled by it. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Trust, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by, and entitled to equal and proportionate benefits with all other Bonds issued under this Bond Resolution in, any moneys or securities held by the Trust or any Fiduciary for the benefit of the Bondholders.

SECTION 3.07. Temporary Bonds.

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

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

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

REDEMPTION OF BONDS PRIOR TO MATURITY

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

SECTION 4.02. Optional and Mandatory Sinking Fund Redemption.

1. The Series 2015A-2 Bonds shall be subject to optional redemption and mandatory sinking fund redemption in accordance with the provisions of this Bond Resolution, including, without limitation, Sections 2.03(5) and (6), respectively, hereof.

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

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

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

SECTION 4.05. Notice of Redemption. When Bonds of a Series have been selected for redemption pursuant to any provision of this Bond Resolution, the Trustee shall give written notice of the redemption of such Bonds in the name of the Trust at the times specified in the second paragraph of this Section, which notice shall set forth: (i) the Series of the Bonds to be redeemed, (ii) the date fixed for
redemption, (iii) the Redemption Price to be paid, (iv) that such Bonds will be redeemed at the Principal
Office of the Paying Agent, (v) if less than all of such Bonds shall be called for redemption, the
distinctive numbers and letters, if any, of such Bonds to be redeemed, (vi) in the case of Bonds to be
redeemed in part only, the portion of the principal amount thereof to be redeemed, and (vii) except with
respect to a mandatory sinking fund redemption, that such redemption is conditioned upon there being on
deposit with the Trustee on the date designated for redemption moneys sufficient for the payment of the
Redemption Price and the accrued interest to the redemption date. Such notice shall further state that on
the redemption date there shall become due and payable the Redemption Price of all Bonds to be
redeemed, together with interest accrued to the redemption date, and that, from and after such date,
interest thereon shall cease to accrue. In case any Bond is to be redeemed in part only, the notice of
redemption that relates to such Bond shall state also that on or after the redemption date, upon surrender
of such Bond, the Holder thereof shall be entitled to a new Bond or Bonds of the same Series, bearing
interest at the same rate and in aggregate principal amount equal to the unredeemed portion of such Bond.

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

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

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

REVENUES AND FUNDS

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

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

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

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

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

5. Project Fund, to be held by the Trustee, which shall consist of a separate Project Loan Account established (i) for each Borrower to which a single Loan is to be made from a portion of the proceeds of the Series 2015A-2 Bonds and, if applicable, (ii) for each Loan with respect to any Borrowers that have received two or more loans from a portion of the proceeds of the Series 2015A-2 Bonds, each of which Project Loan Accounts shall be designated either “SRF” or “non-SRF” pursuant to Section 5.02 hereof, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount; provided, however, that, to the extent a single Loan is made by the Trust to finances multiple projects, the Trustee shall, upon the direction of an Authorized Officer of the Trust, establish Subaccounts within a particular Project Loan Account with respect to each individual project;

6. Revenue Fund, to be held by the Trustee, which shall consist of (i) a Trust Bond Loan Repayments Account, consisting of an SRF Subaccount and a non-SRF Subaccount, each of which Subaccounts further shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount; and (ii) a State Loan Repayments Account, consisting of an SRF Subaccount and a non-SRF Subaccount, each of which Subaccounts further shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount; and

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

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

Each of the funds and accounts created by this Bond Resolution, other than the Operating Expense Fund, the Project Fund, and the Rebate Fund is hereby pledged to, and charged with, the payment of the principal or Redemption Price of and interest on the Bonds as the same shall become due.
SECTION 5.02. Project Fund.

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

2. There shall be deposited into each Project Loan Account from the proceeds of the Series 2015A-2 Bonds the respective amounts set forth in the Certificate of an Authorized Officer of the Trust delivered to the Trustee pursuant to Section 2.03(7)(f) hereof, which Certificate shall also designate each such Project Loan Account as “SRF” or “non-SRF”.

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

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

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

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

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

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

5. Disbursements from the respective Project Loan Accounts shall not be made by the Trustee prior to the dates set forth in Exhibit C to each respective Loan Agreement entered into by each respective Borrower, unless accompanied by (i) a Certificate of authorization executed by an Authorized Officer of the Trust, which Certificate may be issued at the sole discretion of the Trust, (ii) an opinion of Bond Counsel or other Counsel to the effect that such disbursement will not adversely affect the exclusion of interest on the Series 2015A-2 Bonds from the gross income of the holders thereof for federal income tax purposes, (iii) an amendment to each respective Loan Agreement concerning such early disbursement in accordance with Section 11.12 hereof, and (iv) a Certificate of an Authorized Representative of any Borrower setting forth such Borrower’s agreement that all costs and expenses incurred by the Trust, any such Borrower, any of their respective counsel or other professional advisors or any other costs or expenses directly or indirectly related to such advance disbursement, including without limitation any costs or loss of investment earnings related to the early redemption of Investment Securities made necessary to effect such early disbursement, shall be borne solely by any such Borrower.

SECTION 5.03. Operating Expense Fund.

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

2. In addition to the amounts deposited in the Costs of Issuance Account from the proceeds of the Series 2015A-2 Bonds pursuant to Section 2.03(7)(b), there shall be deposited in the Costs of Issuance Account from the proceeds of each Series of Refunding Bonds, the amounts set forth for deposit therein pursuant to the Supplemental Resolutions authorizing the issuance of each such Series of Refunding Bonds.

3. The Trust shall make payments from the Costs of Issuance Account and, if necessary, from its funds and accounts not subject to the pledge and lien of this Bond Resolution, in the amounts, at the times, in the manner and on the other terms and conditions as the Trust shall determine to be fair and
reasonable in the payment of the particular items of the Costs of Issuance relating to the issuance of a particular Series of Bonds and, in the case of the Series 2015A-2 Bonds, in accordance with the provisions of the Tax Certificate. Upon the payment of all Costs of Issuance as evidenced by a Certificate of an Authorized Officer of the Trust to such effect, the amounts remaining in the Costs of Issuance Account, if any, shall be transferred (i) to the Debt Service Fund and deposited into the Interest Account thereof to pay the interest and to the extent available therefor, deposited in the Principal Account thereof to pay the principal of the Bonds due and owing on the immediately succeeding Interest Payment Date, in which case such amounts shall be credited to the Trust Bond Loan Repayments of Borrowers in the percentages set forth on Schedule I-B attached hereto, or (ii) as otherwise set forth in a Certificate of an Authorized Officer of the Trust.

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

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

1. The Trustee shall collect from each Borrower all required Trust Bond Loan Repayments, State Loan Repayments, Administrative Fee payments and State Administrative Fee payments, when due, in the amounts and at the times established by the Trust in a Certificate of an Authorized Officer of the Trust. The Trust shall use its best efforts to provide such Certificate to the Trustee no less than sixty (60) days prior to the date on which any such payments are due and payable. In collecting such payments from each Borrower, the Trustee shall rely exclusively upon such Certificate of an Authorized Officer of the Trust. To the extent the Trustee deems it necessary or appropriate, the Trustee may, and is hereby authorized to, establish a Clearing Account for the purpose of administering the collection of such payments. The Trustee hereby acknowledges that (a) all amounts so collected shall be collected by the Trustee on behalf of, and for the benefit of, the Trust and the State, to the extent of their respective interests therein, (b) in making such collections, the Trustee acts as an agent for the Trust and the State, to the extent of their respective interests therein, (c) all amounts so collected by the Trustee are the property of the Trust and the State, to the extent of their respective interests therein, and not of the Trustee, (d) all such amounts, when received by the Trustee, are deemed to be received by the Trust and the State, to the extent of their respective interests therein, determined in accordance with paragraph (3) below, and (e) the amounts deemed received by the Trust as Trust Bond Loan Repayments and by the State as State Loan Repayments, to the extent deposited in accordance with paragraph (3) below, are, immediately upon deposit therein, deemed to be Revenues, and are included in the Trust Estate established and pledged as security for the Series 2015A-2 Bonds under this Bond Resolution.

2. Promptly after collection of each Trust Bond Loan Repayment, State Loan Repayment, Administrative Fee payment, State Administrative Fee payment or other required payment from a Borrower, the Trustee shall credit such Borrower with each of the respective sums collected. Moneys received from each Borrower with respect to a particular payment date shall be credited, first, to the payment then due (other than the Administrative Fee payment) under the Loan Agreement, second, to the Administrative Fee payment then due under the Loan Agreement, third, to the payment then due (other than the State Administrative Fee payment, if any) under the State Loan Agreement, and, fourth, to the State Administrative Fee payment, if any, then due under the State Loan Agreement.
3. Promptly after crediting each Borrower pursuant to the order of priority established under paragraph (2) above for the moneys received from each Borrower with respect to a particular payment date, the Trustee shall deposit the sums collected in the accounts established for such payments in the following order of priority of such deposits and the required amounts of such deposits:

(a) First, (i) into the Trust Bond Loan Repayments Account within the Revenue Fund established under this Bond Resolution, a sum or sums from moneys credited as Trust Bond Loan Repayments equal to the amount required for the next immediate debt service payment date for the Series 2015A-2 Bonds, and (ii) into the State Loan Repayments Account within the Revenue Fund established under this Bond Resolution, all moneys credited as State Loan Repayments,

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

(c) (i) If, upon depositing the required amounts pursuant to paragraphs (3)(a) and (3)(b), above, the amounts on deposit in the Trust Bond Loan Repayments Account within the Revenue Fund, and on the date that is three (3) Business Days prior to the next immediate debt service payment date for the Series 2015A-2 Bonds, are not sufficient to make all of the payments due with respect to the Bonds on such date, then the Trustee shall transfer immediately from the State Loan Repayments Account within the Revenue Fund to the Trust Bond Loan Repayments Account within the Revenue Fund an amount equal to the difference between the amount on deposit in the Trust Bond Loan Repayments Account within the Revenue Fund and the amount required to make all of the payments due to the next immediate debt service payment date for the Series 2015A-2 Bonds;

(ii) If, upon depositing the required amounts pursuant to paragraphs (3)(a) and (3)(b), above and after giving effect to any transfers required by paragraph 3(c)(i) above, the amounts on deposit in the Trust Bond Loan Repayments Account within the Revenue Fund are sufficient to make all of the payments due with respect to the Bonds on such date, then the Trustee shall transfer immediately to the Master Program Trustee for deposit in the Master Program Trust Account from moneys on deposit in the State Loan Repayments Account within the Revenue Fund and credited as State Loan Repayments only corresponding to the next immediate debt service payment date for the Series 2015A-2 Bonds, for disbursement in accordance with the terms and conditions of the Master Program Trust Agreement;

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

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

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

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

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

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

SECTION 5.05. Revenue Fund.

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

2. On or prior to September 1 of each year through and including final maturity of the Bonds, the Trustee shall transfer from moneys on deposit in the SRF Account and the non-SRF Account of the Trust Bond Loan Repayments Account within the Revenue Fund to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Principal Account in the Debt Service Fund the amount which, together with the amounts, if any, already on deposit in such subaccounts of the Principal Account (other than Net Earnings on amounts that have been received in the Principal Account since the immediately preceding Interest Payment Date), is equal in the aggregate to the principal, including Sinking Fund Installments, if any, due and payable on the Bonds on such September 1.
3. On or prior to each redemption date, other than a Sinking Fund Installment due date, the Trustee shall transfer from moneys on deposit in the SRF Account and the non-SRF Account of the Trust Bond Loan Repayments Account within the Revenue Fund (i) to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Redemption Account in the Debt Service Fund an amount equal in the aggregate to the Redemption Price due and payable on all Bonds to be redeemed on such redemption date and (ii) to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Interest Account in the Debt Service Fund an amount equal in the aggregate to the interest accrued and not paid and to accrue on such Bonds to such redemption date. Money received from a Borrower prior to [March 1, 2025] [September 1, 2025] that represents a prepayment of its Loan as allowed under its respective Loan Agreement shall be held in the accounts set forth in a Certificate of an Authorized Officer of the Trust prior to [March 1, 2026] [September 1, 2025], the first optional redemption date.

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

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

SECTION 5.06. Debt Service Fund.

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

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

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

SECTION 5.07. Debt Service Reserve Fund.

1. Each Rating Agency that has been requested by the Trust to publish a rating for the Series 2015A-2 Bonds has determined that such Rating Agency shall assign to the Series 2015A-2 Bonds, upon the issuance thereof, the highest rating assigned to any such debt instruments by such Rating Agency notwithstanding the fact that the Debt Service Reserve Requirement with respect to the Series 2015A-2 Bonds is equal to $0.00. Therefore, in accordance with the last sentence of the definition of “Debt Service Reserve Requirement” set forth in Section 1.01 of this Resolution, the Debt Service Reserve Requirement with respect to the Series 2015A-2 Bonds pursuant to the terms of this Resolution shall be equal to $0.00 during the entire period during which the Series 2015A-2 Bonds remain Outstanding. To
the extent any moneys are on deposit in the Debt Service Reserve Fund, with respect to Refunding Bonds or otherwise, such moneys shall be applied solely as provided in this Section.

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

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

4. After any transfer made pursuant to Section 5.07(3) herein and upon the cancellation of all Series 2015A-2 Bonds and any Refunding Bonds in accordance with Section 3.08 hereof, the Trustee shall transfer all amounts in the Debt Service Reserve Fund, if any, to the Trust for application by the Trust in accordance with the Act and any other applicable law for any of the Trust’s corporate purposes allowed thereby.

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

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

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

7. Investment of the Debt Service Reserve Fund shall be valued every ten (10) years, at the market value thereof, exclusive of accrued interest. Notwithstanding anything to the contrary in Section 5.10 hereof, if a decline in the market value of securities on deposit in the Debt Service Reserve Fund causes the marked to market amount on deposit in the Debt Service Reserve Fund to be below the Debt Service Reserve Requirement, such deficiency shall be restored by retaining all or a portion of each Borrower’s Allocable Share of Net Earnings thereon until the Debt Service Reserve Requirement has been met. When and to the extent market conditions change thereafter, any such retained Net Earnings (and not the corpus of the Debt Service Reserve Fund) not needed to satisfy the Debt Service Reserve Requirement shall be credited to the Trust Bond Loan Repayments of the Borrowers in accordance with their Allocable Share as set forth in Section 5.10 hereof. Investments purchased with funds on deposit in the Debt Service Reserve Fund shall have a term to maturity of not greater than ten (10) years.

SECTION 5.08. General Fund. On the first day of each Bond Year beginning September 1, 2016, the Trustee shall deposit in the SRF Account and non-SRF Account, as applicable, of the General Fund all moneys then remaining in the Trust Bond Loan Repayments Account within the Revenue Fund except for those moneys identified as credits under Section 5.10 hereof to be transferred to the Interest Account on the second day of such Bond Year; provided, however, that (i) to the extent such date is a valuation date, the moneys then on deposit in the Debt Service Reserve Fund shall be at least equal to the Debt Service Reserve Requirement, (ii) all transfers from the Trust Bond Loan Repayments Account within the Revenue Fund required pursuant to subsections (1), (2), (3) and (4) of Section 5.05 shall have been made, and (iii) all funds required to be on deposit in the Revenue Fund pursuant to Section 5.05(2) are on deposit in the Revenue Fund. Moneys on deposit in the General Fund that shall not be required to be transferred to the Interest Account in the Debt Service Fund pursuant to Section 5.10 may be applied by the Trust, upon written requisition from the Trust to the Trustee, in accordance with the Act and, in the case of proceeds of the Series 2015A-2 Bonds, the Tax Certificate, for any of its corporate purposes. Such requisition shall state that the Trust is requesting such moneys pursuant to the provisions of this Section 5.08.

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

SECTION 5.10. Investments.

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

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

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

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

2. **Net Earnings on the Debt Service Reserve Fund During the Capitalized Interest Period.** Net Earnings from the investment of the Debt Service Reserve Fund during the capitalized interest period (from September 1, 2016 and on each Interest Payment Date through and including September 1, 2018) shall be applied as follows:

(a) **Borrowers that are Capitalizing Interest.** Commencing September 1, 2016 and on each Interest Payment Date thereafter through and including September 1, 2018, the Trustee shall transfer the amounts of Net Earnings from the investment of moneys in the Debt Service Reserve Fund set forth in Section 2.03(7)(a) of this Bond Resolution to the Capitalized Interest Account to be applied to the payment of a portion of the interest due on the Series 2015A-2 Bonds on such Interest Payment Date.
Borrowers that are not or are no Longer Capitalizing Interest. Commencing September 1, 2016 and on each Interest Payment Date thereafter through and including September 1, 2018, the Trustee shall transfer the balance of the Net Earnings from the investment of moneys in the SRF and non-SRF portions of the Debt Service Reserve Fund respectively, to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Interest Account in the Debt Service Fund and apply such amounts as credits against the Interest Portion of the Trust Bond Loan Repayment due on any such immediately succeeding Interest Payment Date from those Borrowers (being the Borrowers that are not or are no longer capitalizing interest during the capitalized interest period) in the percentages applicable to the Borrowers set forth on Schedule II-A (for SRF Borrowers) and Schedule II-B (for non-SRF Borrowers) attached hereto; provided, however, that (i) the amount to be applied as a credit for each SRF Borrower as determined in the preceding clause of this sentence shall not exceed the product of the amount of such balance of Net Earnings and a fraction, the numerator of which shall equal the product of the amount of said Borrower’s Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule II-A) times the Debt Service Reserve Requirement attributable to all SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as of the last day of such Bond Year attributable to such SRF Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all SRF Borrowers, less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such SRF Borrowers which have not been repaid as of the last day of such Bond Year; (ii) the amount to be applied as a credit for each non-SRF Borrower as determined above shall not exceed the product of the amount of such balance of Net Earnings and a fraction, the numerator of which shall equal the product of the amount of said Borrower’s Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule II-B) times the Debt Service Reserve Requirement attributable to all non-SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as of the last day of such Bond Year attributable to such non-SRF Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all non-SRF Borrowers, less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such non-SRF Borrowers which have not been repaid as of the last day of such Bond Year; and (iii) if on any valuation date the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement other than as a result of any transfer required under Section 5.07 (to the extent applicable during the capitalized interest period), the Net Earnings on amounts on deposit in the Debt Service Reserve Fund shall be credited to and retained in the Debt Service Reserve Fund until the amount on deposit therein equals the Debt Service Reserve Requirement. The Trustee, simultaneously with each such transfer, shall notify the Trust in writing of all such Net Earnings so transferred. Such writings shall set forth the Net Earnings for each such fund or account created hereunder.

3. Net Earnings on all Funds and Accounts Other than the Funds and Accounts not Subject to Transfer and Credit and Other than the Debt Service Reserve Fund During the Capitalized Interest Period. Except as provided in the immediately preceding paragraph regarding the transfer of Net Earnings from the Debt Service Reserve Fund during the capitalized interest period, (i) all Net Earnings received in the first Bond Year and through September 1, 2035 from investment of moneys in any fund or account created hereunder, other than the Operating Expense Fund, the Rebate Fund, the Project Fund and the respective accounts established therein and the Capitalized Interest Account in the Debt Service Fund, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount as applicable, of the Interest Account in the Debt Service Fund on September 2, 2016; (ii) all Net Earnings received from September 2 through and including March 1 in any Bond Year thereafter from the investment of moneys in any fund or account created under this Bond Resolution, other than the funds and accounts excepted in (i) above, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount as applicable, of the Interest Account in the Debt Service Fund on March 2 of any such Bond Year; and (iii) all Net Earnings received from March 2 through and including August 31 in any Bond Year thereafter and through September 1 of the next succeeding Bond Year from the investment of moneys in any fund or account created under this Bond Resolution, other than the funds and accounts
excepted in (i) and (ii) above, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount as applicable, of the Interest Account in the Debt Service Fund on September 2 of any such next succeeding Bond Year. Notwithstanding the foregoing, to the extent on any valuation date the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement other than as a result of any transfer required under Section 5.07, the Net Earnings on amounts on deposit in the Debt Service Reserve Fund shall be credited to and retained in the Debt Service Reserve Fund until the amount on deposit therein equals the Debt Service Reserve Requirement.

4. Specific Borrower Credits. The Trustee, simultaneously with each transfer contemplated by Section 5.10(2) and (3) hereof, shall notify the Trust in writing of all such Net Earnings so transferred. Such writings shall set forth the Net Earnings for each such fund or account created hereunder. The Trust will credit the Interest Portion of the immediately succeeding Trust Bond Loan Repayment due from a Borrower, and to the extent moneys are available therefor, the principal portion of such Trust Bond Loan Repayments, if any, with the Net Earnings allocable to said Borrower and notify the Borrower and the Trustee of such credit. The Net Earnings allocable to a Borrower shall be the sum of: 
   (a) said Borrower’s pro rata share of the Net Earnings derived in accordance with Section 5.10(3) hereof from the SRF or non-SRF Subaccounts or Accounts, as applicable, of the Interest Account, the Principal Account and the Redemption Account in the Debt Service Fund, the General Fund and the Revenue Fund (i.e., all funds and accounts created hereunder other than (i) those funds and accounts listed in Section 5.05 hereof, the Net Earnings on which accounts are not subject to transfer and credit in favor of Borrower Trust Bond Loan Repayments and (ii) the Debt Service Reserve Fund, the Net Earnings on which are subject to transfer and credit during the capitalized interest period in accordance with Sections 5.10(2) and (4)(b) during the capitalized interest period and Sections 5.10(3), 4(c) and 4(d) for all other periods) in any Bond Year commencing on or after September 1, 2016, which pro rata share shall be equal to the product of: 
      (i) such Net Earnings so derived from the SRF or non-SRF accounts of such funds or accounts, as applicable and (ii) said Borrower’s Allocable Share (as determined pursuant to Schedule I-A attached hereto); 
   (b) during the period from the issuance of the Series 2015A-2 Bonds through and including September 1, 2018 (the capitalized interest period), said Borrower’s Net Earnings derived from the SRF or non-SRF Account, as applicable of the Debt Service Reserve Fund as set forth in Section 5.10(2) (a) (for Borrowers that are capitalizing interest) and 5.10(2)(b) for Borrowers that are not or are no longer capitalizing interest hereof; 
   (c) after the capitalized interest period for SRF Borrowers, said Borrower’s pro rata share of the Net Earnings derived from the SRF Account of the Debt Service Reserve Fund in any Bond Year, which pro rata share shall be equal to the product of (i) such Net Earnings and (ii) a fraction, the numerator of which shall equal the product of the amount of said Borrower’s Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule I-A attached hereto) times the Debt Service Reserve Requirement attributable to all SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all SRF Borrowers less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such SRF Borrowers which have not been repaid as of the last day of such Bond Year; and 
   (d) after the capitalized interest period for non-SRF Borrowers, said Borrower’s pro rata share of the Net Earnings derived from the non-SRF Account of the Debt Service Reserve Fund in any Bond Year, which pro rata share shall be equal to the product of (i) such Net Earnings and (ii) a fraction, the numerator of which shall equal the product of the amount of said Borrower’s Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule I-A attached hereto) times the Debt Service Reserve Requirement attributable to all non-SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as of the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all non-SRF Borrowers less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such non-SRF Borrowers which have not been repaid as of the last day of such Bond Year. Provided, however (with respect to (c) and (d) above), that
during any valuation date in which the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement other than as a result of any transfer required under Section 5.07, the Net Earnings on amounts on deposit in the Debt Service Reserve Fund shall be credited to and retained in the Debt Service Reserve Fund until the amount on deposit therein equals the Debt Service Reserve Requirement.

To the extent that an Authorized Officer of the Trust advises the Trustee in writing that the Trust has determined that the aggregate Net Earnings in all Funds and Accounts allocable to any individual Borrower on any Interest Payment Date, as calculated by the Trust pursuant to this paragraph, are less than the lesser of (I) one-twelfth (1/12) of the Trust Bond Loan Repayments due from such Borrower during the immediately preceding Bond Year and (II) $1,000, such Net Earnings shall be retained in the Debt Service Fund unless directed by an Authorized Officer of the Trust to be credited to the Trust Bond Loan Repayment of such Borrower in accordance with this paragraph.

5. **Earnings on Funds and Accounts Not Subject to Transfer and Credit.** All Net Earnings from the investment of moneys in the Project Loan Accounts, the Capitalized Interest Account, the Rebate Fund, the Revenue Fund and the Operating Expense Fund shall be retained in and treated as part of such fund or accounts and applied in accordance with the Sections of this Bond Resolution governing such funds or accounts.

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

LOANS

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

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

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

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

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

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

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

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

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

(f) an opinion of Counsel to the Trust that the Borrower’s Project constitutes a “Project” within the meaning of the Act and that the financing thereof by the Trust is permissible under the Act and Section 6.01 of this Resolution; and
such other certificates, documents, opinions and information as the Trust or the Trustee may require.

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

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

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

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

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

The Trust hereby determines that it is not an “obligated person”. Nevertheless, the Trust hereby covenants to provide notice of Bond Disclosure Events (as defined in the Continuing Disclosure Agreement), if material, with respect to the Series 2015A-2 Bonds to each Nationally Recognized Municipal Securities Information Repository recognized by the SEC or to the Municipal Securities Rulemaking Board and the State Information Depository, if any, recognized by the SEC.

The Trust hereby determines that the Series 2015A-2 Financing Program relating to the Series 2015A-2 Bonds is an “obligated person”, and shall be required to enter into a Continuing Disclosure Agreement.
Agreement, with a term as specified therein, by and among the Trust, the Trustee and the Master Program Trustee, substantially in the form attached hereto as Exhibit E, with such changes therein as shall be approved by the Trust, as evidenced by the execution thereof by an Authorized Officer of the Trust.

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

ADDITIONAL PROVISIONS RELATING TO LOANS

SECTION 7.01. Reserved.

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

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

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

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

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

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

GENERAL COVENANTS

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

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

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

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

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

So long as Bonds of any Series shall be Outstanding, the Trust shall not issue any bonds, notes or other evidences of indebtedness, other than such Bonds, secured by any pledge of or other lien or charge on the Trust Estate. Notwithstanding the foregoing, the Trust may issue future series of bonds, notes or other evidences of indebtedness that have an interest in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement. Nothing in this Bond Resolution is intended to or shall affect the right of the Trust to issue bonds, notes and other obligations under other resolutions or indentures for any of its other purposes.
SECTION 8.04. Accounts and Audits. The Trust shall keep, or cause to be kept, proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Loans, this Bond Resolution and any Supplemental Resolution, which books and accounts (at reasonable hours and subject to the reasonable rules and regulations of the Trust) shall be subject to the inspection of the Trustee and any Holder of any Bonds or their agents or representatives duly authorized in writing. The Trust shall cause such books and accounts to be audited annually by a nationally recognized independent certified public accountant selected by the Trust. Annually, not later than December 1 of each year with respect to the fiscal year of the Trust ended on the immediately preceding June 30, a signed copy of such report shall be furnished by the Trust to the Trustee. Such report shall include at least: (i) a statement of all funds and accounts (including investments thereof) held by the Trustee pursuant to the provisions of this Bond Resolution; (ii) a statement of the Revenues, Administrative Fees and State Administrative Fees collected in connection with this Bond Resolution; (iii) a statement whether the balance in the Debt Service Reserve Fund meets the Debt Service Reserve Requirement established under this Bond Resolution; and (iv) a statement that, in making such audit, no knowledge of any default in the fulfillment of any of the terms, covenants or provisions of this Bond Resolution was obtained, or if knowledge of any such default was obtained, a statement thereof.

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

SECTION 8.06. Tax Rebate.

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

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

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

DEFAULT PROVISIONS AND REMEDIES
OF TRUSTEE AND BONDHOLDERS

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

(a) default in the due and punctual payment of any interest on any Bond; or

(b) default in the due and punctual payment of the principal or Redemption Price of any Bond whether at the stated maturity thereof or on any date fixed for the redemption of such Bond; or

(c) if (i) the Trust shall be adjudicated a bankrupt or become subject to an order for relief under federal bankruptcy law, (ii) the Trust shall institute a proceeding seeking an order for relief under federal bankruptcy law or seeking to be adjudicated a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or all of its debts under New Jersey bankruptcy or insolvency law, (iii) with the consent of the Trust, there shall be appointed a receiver, liquidator or similar official for the Trust under federal bankruptcy law or under New Jersey bankruptcy or insolvency law, or (iv) without the application, approval or consent of the Trust, a receiver, trustee, liquidator or similar official shall be appointed for the Trust under federal bankruptcy law or under New Jersey bankruptcy or insolvency law, or a proceeding described in clause (ii) above shall be instituted against the Trust and such appointment continues undismissed or such proceeding continues undischarged or unstayed for a period of sixty (60) consecutive days; or

(d) if (i) the Trust shall make an assignment for the benefit of creditors, (ii) the Trust shall apply for or seek the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (iii) the Trust shall fail to file an answer or other pleading denying the material allegations of any proceeding filed against it described under clause (ii) of paragraph (c) of this Section, (iv) the Trust shall take any action to authorize or effect any of the actions set forth in paragraph (c) or (d) of this Section, (v) the Trust shall fail to contest in good faith any appointment or proceeding described in paragraph (c) or (d) of this Section or (vi) without the application, or approval or consent of the Trust, a receiver, trustee, examiner, liquidator or similar official shall be appointed for any substantial part of the Trust’s property and such appointment shall continue undischarged or such proceedings shall continue undischmissed or unstayed for a period of thirty (30) consecutive days; or

(e) the Trust shall default in the performance or observance of any other of the duties, covenants, obligations, agreements or conditions on the part of the Trust to be performed or observed under this Bond Resolution or the Bonds of each Series, which default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall be given to the Trust by the Trustee or the Bondholders in accordance with Section 9.10 hereof.

SECTION 9.02. Acceleration of Bonds; Remedies. If an Event of Default described in Section 9.01 shall occur for any Series of Bonds, the Trustee may, and at the written request of the Holders of a majority in aggregate principal amount of the Outstanding Bonds shall, by telephonic notice to the Trust (promptly confirmed in writing) declare the principal of all Bonds then Outstanding to be due and payable; provided, however, that before making such declaration, the Trustee shall give thirty (30) days’ notice to the Trust. Upon any such declaration, the Trustee shall forthwith give notice thereof to the Borrowers and the Paying Agents.
At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under this Bond Resolution, the Trustee, by written notice to the Trust, may annul such declaration and its consequences if: (i) moneys shall have accumulated in the Interest Account and the Principal Account in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date) and the principal then due on all Bonds (except the principal on any such Bonds due solely as a result of any such declaration of acceleration); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; and (iii) every other default known to the Trustee in the observance or performance of any duty, covenant, obligation, condition or agreement contained in the Bonds or in this Bond Resolution, shall have been remedied to the satisfaction of the Trustee; provided, however, that such declaration may be annulled only with the written consent of the Holders of a majority in aggregate principal amount of the Bonds Outstanding and not then due by their terms. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

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

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

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

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

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

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

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

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

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

SECTION 9.04. Reserved.

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

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

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

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Outstanding Bonds without the necessary of joining as plaintiffs or defendants any Holders of such Bonds.

SECTION 9.07. Rights and Remedies of Holders of Bonds. No Holder of Bonds then Outstanding in default shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Bond Resolution or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) an Event of Default shall have occurred, (b) the owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the remedies hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) the Holders shall have offered to the Trustee reasonable indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused, or for sixty (60) days after receipt of such request and offer of indemnification shall have failed to exercise the remedies hereinbefore granted, or to institute such action, suit or proceeding in its own name, and such request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Bond Resolution, and to any action or cause of action for the enforcement of this Bond Resolution, or for the appointment of a receiver or for any other remedy hereunder. It is understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Bond Resolution by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the Holders of all Bonds then Outstanding; provided, however, that nothing contained in this Bond Resolution shall affect or impair the right of the Holder of any Bond to enforce the payment of the principal or Redemption Price of and interest on such Bond at and after the maturity thereof, or the obligation of the Trust to pay the principal or Redemption Price of and interest on each of the Bonds issued hereunder to the respective Holders thereof at the time and place, from the source and in the manner expressed in the Bonds and in this Bond Resolution and the Applicable Supplemental Resolution.

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

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

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

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

FIDUCIARIES

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

SECTION 10.02. Paying Agents; Appointments.

1. The Trustee is hereby appointed Paying Agent and shall also act as registrar for the Series 2015A-2 Bonds. The Trust shall appoint one or more Paying Agents for the Bonds of each additional Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 10.13 for a successor Paying Agent. The Trustee may be appointed a Paying Agent.

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

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

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

SECTION 10.03. Responsibilities of Fiduciaries.

1. The recitals of fact contained herein and in the Bonds shall be taken as the statements of the Trust and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representation as to the validity or sufficiency of this Bond Resolution or of any Bonds issued thereunder or as to the security afforded by this Bond Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its authentication certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the Trust or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified to its satisfaction. Subject to the provisions of subsection 2 of this Section 10.03, no Fiduciary shall be liable in connection with the observance and performance of its duties and obligations hereunder except for its own negligence or misconduct.
2. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and obligations and only such duties and obligations as are specifically set forth in this Bond Resolution. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers invested in it by this Bond Resolution, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of this Bond Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 10.03.


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

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

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

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

1. The Fiduciary shall give the Trust prompt notice in writing of any actual or potential claim described above and the institution of any suit or action;

2. The Fiduciary shall not adjust, settle or compromise any such claim, suit or action without the approval of Trust; and

3. The Fiduciary shall permit the Trust, if the Trust so chooses, to assume full control of the adjustment settlement, compromise or defense of each such claim, suit or action.

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

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

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

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

SECTION 10.08. Removal of Trustee. The Trustee may be removed at any time: (i) by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Trust, (ii) so long as no Event of Default, or any event which, with notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing, for just cause by a resolution of the Trust filed with the Trustee, (iii) upon a determination by the Trust, in its sole discretion, that the compensation charged by the Trustee is excessive for the duties, obligations and other services to be performed by the Trustee pursuant to this Bond Resolution, such determination by the Trust to be establish by a resolution adopted by the Trust and filed with the Trustee no less than 30 days prior to the effective date of such termination, or (iv) for any reason to be determined by the Trust, in its sole discretion, and without any requirement that just cause be demonstrated, such determination by the Trust to be establish by a resolution adopted by the Trust and filed with the Trustee no less than 30 days prior to the effective date of such termination, provided, however, that the provisions of this clause (iv) shall not be implemented by the Trust more frequently.
than once every fifth year. Notwithstanding any other provision in this Article X, no removal of the
Trustee shall take effect until a successor shall be appointed pursuant to the provisions of Section 10.09.

SECTION 10.09. Appointment of Successor Trustee.

1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Trust by a duly executed written instrument signed by an Authorized Officer of the Trust, but if the Trust does not appoint a successor Trustee within forty-five (45) days then by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Trust, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Trust and the predecessor Trustee. After such appointment of a successor Trustee, the Trust shall mail notice of any such appointment made by it or the Bondholders to the Holders of the Bonds then Outstanding.

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

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

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

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

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

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

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

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

AMENDMENTS

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

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

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

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

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

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

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

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

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

If the Supplemental Resolution adopted by the Trust pursuant to this Section materially increases the duties and responsibilities of the Trustee hereunder, the Trust shall reasonably compensate the Trustee for such materially increased duties and responsibilities.
SECTION 11.02. Supplemental Resolutions Effective Upon Consent of Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Trust, (ii) the filing with the Trust of an instrument in writing made by the Trustee consenting thereto, and (iii) the filing with the Trust and the Trustee of an opinion of Bond Counsel to the effect that such Supplemental Resolution will not adversely affect the exclusion from gross income of the interest on the Series 2015A-2 Bonds for federal income tax purposes, shall be fully effective in accordance with its terms:

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

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

(c) In connection with the appointment by the Trust of a fiduciary other than the Trustee to perform any of the duties and/or services to be performed by the Trustee pursuant to Section 5.04 hereof, to the extent such modification or amendment of this Bond Resolution which will not have a material adverse effect on the interests of Bondholders; or

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

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

SECTION 11.03. Supplemental Resolutions Effective With Consent of Bondholders. At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by the Bondholders in accordance with and subject to the provisions of Sections 11.06 and 11.07, which Supplemental Resolution, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Trust, (ii) compliance with the provisions of said Sections 11.06 and 11.07, (iii) the filing with the Trust and the Trustee of an opinion of Bond Counsel to the effect that such Supplemental Resolution will not adversely affect the exclusion from gross income of the interest on the Series 2015A-2 Bonds for federal income tax purposes, shall become fully effective in accordance with its terms as provided in said Section 11.07. Provided, however, that, any Supplemental Resolution which by its terms only affects one or more Series of Bonds may be adopted subject to the consent of the Bondholders of the Series or Series of Bonds so affected.


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

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

3. The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Sections 11.01, 11.02 or 11.03 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of Bond Counsel that such Supplemental Resolution is authorized or permitted by the provisions of this Bond Resolution.

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

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

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

SECTION 11.07. Consent of Bondholders. The Trust may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 11.06 to take
effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Holders of Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trust to Holders of Bonds (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of the Holders of the percentages of Outstanding Bonds specified in Section 11.06 and (b) an opinion of Bond Counsel addressed to the Trustee stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Trust in accordance with the provisions of this Bond Resolution, is authorized or permitted by this Bond Resolution, and is valid and binding upon the Trust and enforceable in accordance with its terms. It shall not be necessary that the consents of Holders of Bonds approve the particular form of wording of the proposed modification or amendment or of the proposed Supplemental Resolution effecting such modification or amendment, but it shall be sufficient if such consents approve the substance of the proposed amendment or modification. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.02. A certificate or certificates executed by the Trustee and filed with the Trust stating that it has examined such proof and that such proof is sufficient in accordance with Section 12.02 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 12.02 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 11.07 provided for is filed, such revocation and proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 12.02. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trust to the effect that no revocation thereof is on file with the Trustee.

At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Trust a written statement that the Holders of such required percentages of such Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Trust on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 11.07, may be given to Bondholders by the Trust by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 11.07 provided). The Trust shall file with the Trustee proof of the mailing thereof. A record, consisting of the certificates or statements required or permitted by this Section 11.07 to be made by the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Trust, the Fiduciaries and the Holders of all Bonds at the expiration of forty (40) days after the filing with the Trustee of the proof of the mailings of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that any Fiduciary and the Trust during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as it may deem expedient.
SECTION 11.08. Modifications or Amendments by Unanimous Consent. The terms and provisions of this Bond Resolution and the rights and obligations of the Trust and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Trust of a Supplemental Resolution and the consent thereto of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 11.07 except that no notice to Holders of Bonds either by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Holders of Bonds.

SECTION 11.09. Exclusion of Bonds. Bonds owned or held by or for the account of the Trust shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article XI, and the Trust shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Trust shall furnish to the Trustee a Certificate of an Authorized Officer of the Trust, upon which the Trustee may rely, describing all Bonds so to be excluded.

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

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

SECTION 11.12. Amendment of Loan Agreements. The Trust shall not supplement, amend, modify or terminate any Loan Agreement, or consent to any such supplement, amendment, modification or termination, without the written consent of the Trustee, which consent shall not be unreasonably withheld. The Trustee shall give such written consent only if (a) (i) in the opinion of the Trustee, after such supplement, amendment, modification or termination is effective, such Loan Agreement shall continue to meet the requirements of Article VI of this Bond Resolution or (ii) the Trustee first obtains the written consent of the Holders of a majority in aggregate principal amount of the Outstanding Bonds to such supplement, amendment, modification or termination, such written consent being obtained by the Trustee at the sole expense of the Borrower which is a party to the Loan Agreement which is the subject of the supplement, amendment, modification or termination and (b) the Trustee first obtains an opinion of Bond Counsel to the effect that such supplement, amendment, modification or termination will not adversely affect the exclusion from gross income of the interest on the Series 2015A-2 Bonds for federal income tax purposes.
income tax purposes. In making any determination under this Section 11.12, the Trustee may conclusively rely upon an opinion of Bond Counsel.

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

SECTION 11.13. Notice of Amendments. Promptly after the adoption by the Trust of any Supplemental Resolution, the Trustee shall mail by first class mail, postage prepaid, a notice, setting forth in general terms the substance thereof, to the Bondholders of a Series of Bonds affected by such amendment. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Resolution.
ARTICLE XII

DEFEASANCE

SECTION 12.01. Defeasance of Bonds.

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

2. Bonds (which can be an entire series or portion thereof) or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the Trust of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section. Subject to the provisions of subsections (3) through (5) of this Section, Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their stated maturities, the Trust shall have given to the Trustee instructions in writing accepted by the Trustee to mail notice of redemption of such Bonds (other than Bonds of a Series which have been purchased by the Trustee at the written direction of the Trust or purchased or otherwise acquired by the Trust and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee (i) either moneys in an amount which shall be sufficient, or Investment Securities (including any Investment Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due any principal or Redemption Price, if applicable, and interest due and to become due on such Series of Bonds on or prior to the redemption date or maturity date thereof, as the case may be, (ii) a defeasance opinion of Bond Counsel, and (iii) a verification report of an independent nationally recognized verification agent as to the matters set forth in clause (i), and (c) in the event such Series of Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Trust shall have given the Trustee in form satisfactory to it instructions to mail, as soon as practicable, a notice to the Holders of such Bonds at their last addresses appearing upon the registry books at the close
of business on the last business day of the month preceding the month for which notice is mailed that the deposit required by (b) above has been made with the Trustee and that such Series of Bonds are deemed to have been paid in accordance with this Section 12.01 and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of subsection (5) of this Section 12.01, to be available for the payment of the principal or Redemption Price, if applicable, of such Series of Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Trust or purchased or otherwise acquired by the Trust and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of redemption referred to in clause (a) hereof). Any notice of redemption mailed pursuant to the preceding sentence with respect to any Series of Bonds which constitutes less than all of the Outstanding Bonds of any maturity within a Series shall specify the letter and number or other distinguishing mark of each such Bond. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 12.01 to the retirement of said Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Bonds, all in the manner provided in this Bond Resolution.

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

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

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

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

5. In the event that after compliance with the provisions of subsection 3 of Section 12.01 the Investment Securities described in clause (z) of subsection 2 of Section 12.01 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of Section 12.01, then any notice of redemption to be published by the Trustee and any set of instructions relating to a notice of redemption given to the Trustee may provide, at the option of the Trust, that any redemption date or dates in respect of all of any portion of the Bonds to be redeemed on such date or dates may at the option of the Trust be changed to any other permissible redemption date or dates and that redemption dates may be established for any Bonds deemed to have been paid in accordance with this Section 12.01 upon their maturity date or dates at any time prior to the actual mailing of any
applicable notice of redemption in the event that all or any portion of any Investment Securities described in clause (z) of subsection 2 of this Section 12.01 have been called for redemption pursuant to an irrevocable notice of redemption or have been redeemed by the issuer thereof prior to the maturity date thereof; no such change of redemption date or dates or establishment of redemption date or dates may be made unless, taking into account such changed redemption date or dates or newly established redemption date or dates, the moneys and Investment Securities on deposit with the Trustee (including any Investment Securities deposited with the Trustee in connection with any reinvestment of redemption proceeds in accordance with subsection 5 of Section 12.01) pursuant to clause (b) of subsection 2 of Section 12.01 would be sufficient to pay when due the principal and Redemption Price, if applicable, and interest on all Bonds deemed to have been paid in accordance with subsection 2 of Section 12.01.

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

Notwithstanding any other provision in Article XII of this Bond Resolution, all duties, covenants, agreements and obligations of the Trust to the Holders relating to the exclusion of interest from gross income of the Holders of the Series 2015A-2 Bonds for federal income tax purposes shall survive the defeasance of the Series 2015A-2 Bonds.

SECTION 12.02. Evidence of Signatures and Ownership of Bonds.

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

2. The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books maintained by the Trustee.
3. Any request or consent by the Holder of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Trust or any Trustee in accordance therewith.

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

SECTION 13.01. Preliminary Official Statement.

1. The Authorized Officers of the Trust are hereby severally authorized and directed to prepare a preliminary official statement relating to the Series 2015A-2 Bonds (the “Preliminary Official Statement”), which Preliminary Official Statement shall be in the form, and shall include such provisions, as the Authorized Officer of the Trust, after consultation with Bond Counsel and other appropriate professional advisors to the Trust, deems in his sole discretion to be necessary or desirable, the delivery thereof by the Authorized Officer of the Trust being conclusive evidence of his consent to the provisions thereof.

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

3. The Authorized Officers of the Trust are hereby severally authorized and directed to execute any certificate or document and to take such other actions as may be necessary, relating to any statutes, regulations, rules or other procedures of the SEC, the Municipal Securities Rulemaking Board or any state securities entity, including, without limitation, Rule 15c2-12, that the Authorized Officer of the Trust, after consultation with Bond Counsel, deems necessary or desirable to effect the issuance, marketing and sale of the Series 2015A-2 Bonds, and the transactions contemplated by the Preliminary Official Statement.

SECTION 13.02. Official Statement. The Authorized Officers of the Trust are hereby severally authorized and directed to execute and deliver a final official statement relating to the Series 2015A-2 Bonds (the “Official Statement”), in substantially similar form to the Preliminary Official Statement, with such changes thereto as shall be necessary or desirable to reflect the final pricing of the Series 2015A-2 Bonds, as set forth in any documents relating to the sale of the Series 2015A-2 Bonds, and to reflect any other changes required pursuant to any statutes, regulations, rules or other procedures of the SEC, the Municipal Securities Rulemaking Board or any state securities entity, including, without limitation, Rule 15c2-12, as the Authorized Officer of the Trust, after consultation with Bond Counsel and any other appropriate professional advisors to the Trust, deems in his sole discretion to be necessary or desirable to effect the issuance of the Series 2015A-2 Bonds and the transactions contemplated by the Official Statement, which delivery thereof by the Authorized Officer of the Trust shall conclusively evidence his consent to the provisions thereof.


1. The Authorized Officers of the Trust are hereby severally authorized and directed to cause to be published and disseminated in connection with the marketing and sale of the Series 2015A-2 Bonds a notice of sale with respect to the Series 2015A-2 Bonds (the “Notice of Sale”), which Notice of Sale shall set forth, inter alia, the following terms and provisions, which terms and provisions shall be determined by the Authorized Officer of the Trust after consultation with Bond Counsel and other appropriate professional advisors to the Trust: (i) a summary of the terms of the Series 2015A-2 Bonds; (ii) the criteria pursuant to which the award of the Series 2015A-2 Bonds shall be made by the Trust; (iii)
the date and time at which proposals for the purchase of the Series 2015A-2 Bonds shall be accepted by the Trust; and (iv) the method by which the bidders for the purchase of the Series 2015A-2 Bonds shall submit their proposals, which proposals shall be submitted to the Trust, in compliance with the terms of the Notice of Sale, via a written proposal for Series 2015A-2 Bonds (the “Proposal for Bonds”).

2. The Authorized Officers of the Trust are hereby severally authorized and directed to cause (i) the Notice of Sale and the Proposal for Bonds to be disseminated simultaneously with the dissemination of the Preliminary Official Statement and (ii) a summary of the Notice of Sale to be published in compliance with Section 6(d) of the Act at least once in at least three newspapers published in the State and at least once in a publication carrying municipal bond notices and devoted primarily to financial news published in the State or in the City of New York, the first summary Notice of Sale to be published at least five (5) days prior to the date established by the Notice of Sale for the sale of the Series 2015A-2 Bonds.

3. On the date and time established therefore in the Notice of Sale, the Proposals for Bonds shall be received and accepted by the Authorized Officer of the Trust. Upon receipt and acceptance of the Proposals for Bonds, the Authorized Officers of the Trust are hereby severally authorized and directed to open such Proposals for Bonds and, after consultation with Bond Counsel and other appropriate professional advisors to the Trust, accept the successful Proposal for Bonds, such Proposal for Bonds to be determined based upon compliance with the terms of the Notice of Sale relating to the award of the Series 2015A-2 Bonds and after consultation with Bond Counsel and other appropriate professional advisors to the Trust.

4. The Authorized Officers of the Trust are hereby severally authorized and directed to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effectuate the marketing and sale of the Series 2015A-2 Bonds, including, without limitation, such other actions as may be necessary in connection with (i) the procurement of a rating on the Series 2015A-2 Bonds from any rating agency and (ii) the conduct of informational investment meetings; provided, however, that in each such instance the Authorized Officers of the Trust shall comply with the provisions of this Section 13.03 and shall consult with Bond Counsel and other appropriate professional advisors to the Trust with respect thereto.

5. At the first meeting of the Board of Directors of the Trust subsequent to the sale of the Series 2015A-2 Bonds, the Executive Director or other Authorized Officer of the Trust shall deliver a report setting forth the details of the sale of the Series 2015A-2 Bonds.

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

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

2. In complying with the provisions of Section 13.03 hereof, the Authorized Officers of the Trust are hereby severally authorized at their discretion to accept Proposals for Bonds and complete the award of the Series 2015A-2 Bonds, pursuant to the terms and provisions of the Notice of Sale, by means of electronic media; provided that, with respect to the selection of the particular electronic media and the implementation of the procedures for the exercise thereof, the Authorized Officer of the Trust shall consult with Bond Counsel and other appropriate professional advisors to the Trust with respect thereto.
SECTION 13.05. Registration or Qualification of Series 2015A-2 Bonds. The Authorized Officers of the Trust are hereby severally authorized and directed, in the name and on behalf of the Trust, to take any and all actions that they deem necessary and advisable in order to effect the registration or qualification (or exemption therefrom) of the Series 2015A-2 Bonds for offer, sale or trade under the blue sky or securities laws of any of the states of the United States of America, and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports (except consents to service of process in any jurisdiction outside the State) and other papers and instruments which may be required under such laws, and to take any and all further actions that they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the underwriters for such securities.

SECTION 13.06. Establishment of Trust Account in Connection with the Sale of the Series 2015A-2 Bonds. The Authorized Officers of the Trust are hereby severally authorized and directed, in consultation with Bond Counsel and other appropriate advisors to the Trust, to enter into a trust agreement by and between the Trust and U.S. Bank National Association, or any successors and assigns thereto, providing for the establishment of a trust account with U.S. Bank National Association, or any successors and assigns thereto (i) for deposit therein (a) at the time of the award of the Series 2015A-2 Bonds the good faith deposit of the successful bidder for the Series 2015A-2 Bonds, such check being required by the terms of the Notice of Sale, (b) on the Business Day prior to the issuance of the Series 2015A-2 Bonds the portion of the Debt Service Reserve Requirement not funded with Series 2015A-2 Bond proceeds to be contributed by the State of New Jersey in the amount set forth in Section 2.03(8) hereof, and (c) prior to the issuance of the Series 2015A-2 Bonds, such other amounts, the deposit of which may be deemed necessary and desirable by any Authorized Officer of the Trust, in consultation with Bond Counsel and other appropriate advisors to the Trust, (ii) for withdrawal therefrom on the date of issuance of the Series 2015A-2 Bonds (a) the amounts deposited in accordance with clause (i)(a) above to be transferred in accordance with the terms of Section 2.03(7) hereof, (b) the amounts deposited in accordance with clause (i)(b) above to be transferred in accordance with the terms of Section 2.03(8) hereof, (c) the amounts deposited in accordance with clause (i)(c) above to be transferred in a manner consistent with their purposes to a Fund and Account created hereunder as more fully detailed by the terms of said trust agreement and (d) the interest earned on all of such amounts to be paid over to the Trust for any of its lawful purposes and (iii) after all of the transfers having been made in accordance with clause (ii) above, for the closing of such trust account on the date of issuance of the Series 2015A-2 Bonds.

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

1. In connection with the issuance and sale of the Series 2015A-2 Bonds, the Authorized Officers of the Trust are hereby severally authorized and directed to enter into agreements on behalf of the Trust with DTC, with such terms and provisions as such Authorized Officer of the Trust shall approve upon consultation with Bond Counsel, which agreements shall take effect on the date of delivery of the Series 2015A-2 Bonds.

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

MISCELLANEOUS

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

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

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

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

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

SECTION 14.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Bond Resolution or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Bond Resolution or in the Bonds and such invalidity, illegality or unenforceability shall not affect any other provision of this Bond Resolution, and this Bond Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Trust hereby declares that it would have entered into this Bond Resolution and each and every section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Bond Resolution may be held illegal, invalid or unenforceable.
SECTION 14.07. Notices. Any notices, certificates or other communications required or permitted to be given herein shall be in writing (unless otherwise specifically required or permitted herein) and shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid (unless otherwise specifically required or permitted herein) to the Trust, the Trustee, and the Paying Agent at the addresses set forth below:

(a) Trust: New Jersey Environmental Infrastructure Trust
3131 Princeton Pike
Building 4, Suite 216
Lawrenceville, New Jersey 08648
Attention: Executive Director

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

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

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

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

The determination to be made hereunder by the Trustee with respect to Bonds to be disregarded and deemed not to be Outstanding shall be based upon information that has been brought to the attention of the Trustee. There is no affirmative duty on the part of the Trustee to undertake any investigation in determining Bonds to be disregarded and deemed not to be Outstanding.
SECTION 14.09. Funds and Accounts. Any fund, account or subaccount required by this Bond Resolution to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund, an account or a subaccount, and, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, may be treated either as a fund, an account or a subaccount; but all such records with respect to all such funds, accounts or subaccounts shall at all times be maintained in accordance with generally accepted accounting principles, to the extent practicable, or some other accounting standard recognized by the State or acceptable to the Trust.

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

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

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

BOND FORM AND EFFECTIVE DATE

SECTION 15.01. Form of Series 2015A-2 Bonds and Trustee’s Authentication Certificate.
Subject to the provisions of this Bond Resolution, the form of the Series 2015A-2 Bonds and the Trustee’s certificate of authentication shall be of substantially the following tenor:
[FORM OF SERIES 2015A-2 BOND]

UNITED STATES OF AMERICA

STATE OF NEW JERSEY

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

ENVIRONMENTAL INFRASTRUCTURE BONDS, SERIES 2015A-2

NO. R--

CUSIP: ___________-___

Interest Rate  Maturity Date  Dated Date  Authentication Date

___%   September 1, ___   November 26, 2015   November 26, 2015

Registered Owner:  CEDE & CO.

Principal Sum:  _______________________________________ ($___,___)

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST (the “Trust”), a public body corporate and politic and an instrumentality of the State of New Jersey created and existing under the laws of the State of New Jersey, hereby acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner stated hereon or its registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the Principal Office of U.S. Bank National Association (such bank and any successors thereto being herein called the “Trustee” and “Paying Agent”), the Principal Sum stated hereon in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and to pay from such pledged funds on March 1 and September 1 in each year, commencing September 1, 2016, until the Trust’s obligation with respect to the payment of such Principal Sum shall be discharged to the Registered Owner hereof, interest from the Dated Date hereof on such Principal Sum by check or draft of the Trustee mailed to such Registered Owner who shall appear as of the fifteenth (15th) day (whether or not such day shall be a Business Day) of the month immediately preceding such interest payment date on the books of the Trust maintained by the Trustee. However, so long as the Series 2015A-2 Bonds (as hereinafter defined) are held in book-entry-only form pursuant to the Resolution (as hereinafter defined), the provisions of the Resolution governing such book-entry-only form shall govern repayment of the principal or Redemption Price, if any, of and interest on the Series 2015A-2 Bonds.

This bond is one of a duly authorized Series of Bonds of the Trust designated “Environmental Infrastructure Bonds, Series 2015A-2” (herein called the “Series 2015A-2 Bonds”), and issued in the aggregate principal amount of $_________ under and in full compliance with the Constitution and statutes of the State of New Jersey, including, without limitation, the “New Jersey Environmental Infrastructure Trust Act”, constituting chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey, as amended and supplemented (herein called the “Act”), and under and pursuant to a resolution authorizing the Series 2015A-2 Bonds adopted by the Trust on October 8, 2015 and entitled “Environmental Infrastructure Bond Resolution, Series 2015A-2”, as the same may be amended or supplemented from time to time in accordance with its terms (herein called the “Resolution”).
All capitalized terms used but not defined herein shall have the meanings set forth in the Resolution as if fully set forth herein.

As provided in the Resolution, the Series 2015A-2 Bonds and all other bonds issued on a parity basis with the Series 2015A-2 Bonds under the Resolution (herein collectively called the “Bonds”) are direct and special obligations of the Trust payable solely, subject to the following sentence, from and secured (as to payment of principal or Redemption Price, if any, of and interest on) by the Trust Estate, all in accordance with their terms and the terms and conditions of the Resolution, subject only to the provisions of the Resolution permitting the application of the Trust Estate for the purposes and upon the terms and conditions set forth in the Resolution. The principal or Redemption Price, if any, of and interest on the Series 2015A-2 Bonds are additionally secured by moneys held by the Master Program Trustee in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement. The Trust Estate under the Resolution includes the Loan Agreements (with certain exceptions set forth in the Resolution), any other Revenues and all other funds and accounts established under the Resolution (other than the Operating Expense Fund, the Project Fund, and the Rebate Fund), including Investment Securities, as applicable, held in any such Fund thereunder, together with all proceeds and revenues of the foregoing, all of the Trust’s right, title and interest in and to the foregoing and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price, if any, of and interest on the Bonds in accordance with the terms and provisions of the Resolution. Copies of the Resolution are on file at the office of the Trust and at the above-mentioned office of the Trustee.

Reference is hereby made to the Act and to the Resolution and any and all supplements thereto and modifications and amendments thereof for a description of the pledge and assignment and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued and may be issued thereunder, the terms and provisions upon which this bond shall cease to be entitled to any lien, benefit or security under the Resolution and for all of the other terms and provisions thereof. All duties, covenants, agreements and obligations of the Trust under the Resolution may be discharged and satisfied at or prior to the maturity or redemption, if any, of this bond if moneys or certain specified securities shall have been deposited with the Trustee, all in accordance with the terms and provisions of the Resolution.

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

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended by the Trust with the written consent of the holders of at least two-thirds (2/3) in aggregate principal amount of the Bonds Outstanding under the Resolution at the time such consent is given, and, in case less than all of the several Series of Bonds then Outstanding are affected thereby, with such consent of at least two-thirds (2/3) in aggregate principal amount of the Bonds of each Series so affected and Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding under the Resolution, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding.
for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption, if any (including Sinking Fund Installments), or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price, if any, thereof or in the rate of interest thereon without the consent of the holder of such Bond, nor shall it reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, nor shall it change or modify any of the rights or obligations of the Trustee or of the Paying Agent without its written assent thereto.

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

The Series 2015A-2 Bonds maturing on or before September 1, 2025 shall not be subject to redemption prior to their respective stated maturity dates. The Series 2015A-2 Bonds maturing on or after September 1, 2026 shall be subject to redemption prior to their respective stated maturity dates on or after [March 1, 2026] [September 1, 2025], at the option of the Trust, upon the terms set forth in the Resolution.

[Insert mandatory sinking fund redemption provisions if applicable.]

The Series 2015A-2 Bonds are payable upon redemption at the above-mentioned office of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be mailed by the Trustee via first class mail, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date, to the registered owners of any Series 2015A-2 Bonds or portions thereof to be redeemed at their last addresses, if any, appearing upon the Trust’s registry books, all in the manner and upon the terms and conditions set forth in the Resolution. If notice of redemption shall have been mailed as aforesaid, the Series 2015A-2 Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all of the Series 2015A-2 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 2015A-2 Bonds or portions thereof so called for redemption shall cease to accrue and be payable. Failure of the registered owner of any Series 2015A-2 Bonds to be redeemed to receive any such notice shall not affect the validity of the proceedings for the redemption of such Series 2015A-2 Bonds.

The principal or Redemption Price, if any, of and interest on the Series 2015A-2 Bonds are payable by the Trust solely from the Trust Estate, and neither the State of New Jersey nor any political subdivision thereof, other than the Trust (but solely to the extent of the Trust Estate), is obligated to pay the principal or Redemption Price, if any, of or interest on this bond and the issue of which it is one, and neither the full faith and credit nor the taxing power of the State of New Jersey or any political subdivision thereof is pledged to the payment of the principal or Redemption Price, if any, of or interest on this bond or the issue of which it is one.
It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond exist, have happened and have been performed, and the Series of Bonds of which this is one, together with all other indebtedness of the Trust, comply in all respects with the applicable laws of the State of New Jersey, including, without limitation, the Act.

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

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

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

By: __________________________

Chairman

[SEAL]

ATTEST:

_____________________________

Assistant Secretary
TRUSTEE’S CERTIFICATE OF AUTHENTICATION

This bond is one of the Series 2015A-2 Bonds delivered pursuant to the within-mentioned Resolution.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

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

TEN COM – as tenants in common
TEN ENT – as tenants by the entireties
JT TEN – as joint tenants with right of survivorship and not as tenants in common

ASSIGNMENT

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

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

(Please Print or Typewrite Name and Address of Transferee)

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

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

Dated:

Signature Guaranty:     Signature:

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

NOTICE: The signature of this Assignment must correspond with the name that appears upon the first page of the within bond in every particular, without alteration or enlargement or any change whatsoever.
SECTION 15.02. Effective Date. This Bond Resolution shall not become effective until all of the following shall have occurred:

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

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

Form of Loan Agreement for Municipal Borrowers
EXHIBIT B

Form of Loan Agreement for Authority Borrowers
EXHIBIT C

[Reserved]
EXHIBIT D

Form of Notice of Sale
EXHIBIT E

Form of Trust Continuing Disclosure Agreement
EXHIBIT F

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

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

1. The 2015A-2 series within the Financing Program for State Fiscal Year 2016 shall constitute a Future Financing Program within the meaning of and for the purposes set forth in the Master Program Trust Agreement.

2. The 2015A-2 series within the Financing Program for State Fiscal Year 2016 has received all requisite approvals, authorizations and consents that constitute a condition precedent to such Financing Program becoming a Future Financing Program.

3. The 2015A-2 series within the Financing Program for State Fiscal Year 2016 shall be a Future Financing Program in order to provide additional security for the Coverage Receiving Trust Bonds, including, without limitation, the Future Trust Bonds to be issued under such Financing Program.

4. Attached hereto is an accurate and authentic copy of revised Schedule AG-2 to the Master Program Trust Agreement, which has simultaneously herewith been delivered to the Master Program Trustee for replacement of the existing Schedule AG-2 affixed to the Master Program Trust Agreement as Appendix A thereto.

5. This revised Schedule AG-2 to the Master Program Trust Agreement is being delivered to the Master Program Trustee in connection with the Trust’s issuance of its Environmental Infrastructure Bonds, Series 2015A-2 in the aggregate principal amount of $__________________, which bonds constitute Future Trust Bonds under the Master Program Trust Agreement.
IN WITNESS WHEREOF, the undersigned duly Authorized Officer of the Trust has executed and delivered this Certificate this [28th day of May, 2015].

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

By: __________________________
    Executive Director
SCHEDULE I-A

Reserved
SCHEDULE I-A

Reserved
SCHEDULE I-B

Allocable Share – Borrowers

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

Reserved
RESOLUTION NO. 15 -

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: