New Jersey Infrastructure Bank
3131 Princeton Pike
Building 4 Suite 216
Lawrenceville, NJ 08648-2201

Roger Ellis, Vice Chairperson
Mark Longo, Treasurer
Jack Kocsis, Jr., Secretary
Elizabeth Maher Muoio, State Treasurer
Catherine R. McCabe, DEP Commissioner
Diane Gutierrez-Scaccetti, DOT Commissioner
Sheila Oliver, DCA Commissioner

David E. Zimmer, Executive Director

August 6, 2020

PUBLIC NOTICE

Public notice is hereby given that the New Jersey Infrastructure Bank ("I-Bank") Board of Directors will hold a public meeting on **Thursday, August 13, 2020 at 10:00 a.m., electronically via webinar link and telephone.** Formal action may be taken at this meeting.

GoToMeeting: You may join the meeting from your computer, tablet or smartphone (for best results, open and use Google Chrome as your browser) at: https://www.gotomeet.me/NJIB/boardmeeting

Call in Information: United States: +1 (224) 501-3412 Access Code: 114-527-725

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

1. Call to Order – Vice Chairperson

2. Open Public Meetings Act Statement

3. Roll Call

4.* Approval of the Minutes of the June 11, 2020 Meeting

5. Announcements

6. Public Comment

7. Unfinished Business:

A. Discussion of the **Water Bank Application** process (hand-out) (C. Jenkins)

B. Discussion of the **Transportation Bank Application** process (hand-out) (R. Fernandez)

C. Update on Water Bank, SAIL and Transportation Bank **Short-Term Loans** (D. Zimmer)

D. Update on Outstanding I-Bank **Requests for Proposals** (D. Zimmer)

E. Aged Inventory Report (L. Peterson)

F. Report on SFY2021-Q1 short-term interest rate for the Water and Transportation Bank Programs (L. Kaltman)

G. Report on Short-Term Loans approved during the occurrence of a Material Event under the Credit Policy (D. Zimmer)

8. New Business:

A.* Discussion and Acceptance of the May 2020 Treasurer's Report; (L. Kaltman)

B.* Discussion and Acceptance of the June 2020 Treasurer's Report; (L. Kaltman)

C.* Discussion and Approval of a Resolution Authorizing Various Actions and Forms of Documents Necessary for the Long-Term Financing of I-Bank Environmental Infrastructure Projects; (D. Zimmer)

D.* Discussion and Approval of a Resolution Authorizing an Increase in two SFY2020 Water Bank Construction Loans to the Jersey City MUA for project nos. S340928-24 and 0906001-025 each in excess of $15M; (L. Peterson)

E.* Discussion and Approval of a Resolution Awarding the I.T. MSP Contract; (J. Schmidt)

F.* Discussion and Approval of a Resolution Authorizing the Issuance of an RFP for an I.T. Managed Security Services Provider; (J. Schmidt)

G.* Discussion and Approval of a Resolution Authorizing the Issuance of an RFP for an Arbitrage Rebate Services Provider; and (L. Kaltman)

H.* Discussion and Approval of a Resolution Authorizing and Adopting A Domestic Violence and Criminal Conduct Policy. (J. Karp)

9.* Executive Session (if necessary)

***ACTION ITEMS**

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

Agenda Item 8A

RESOLUTION NO. 20 - xx

RESOLUTION AUTHORIZING APPROVAL OF THE MAY 2020 TREASURER'S REPORT

WHEREAS, the New Jersey Infrastructure Bank (the "I-Bank") has reviewed the Treasurer's Report for May 2020; and

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

NOW THEREFORE, BE IT RESOLVED, that the I-Bank hereby accepts the Treasurer's Report for May 2020 and requests that the same be entered into the record.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

Agenda Item 8B

RESOLUTION NO. 20 - xx

RESOLUTION AUTHORIZING APPROVAL OF THE JUNE 2020 TREASURER'S REPORT

WHEREAS, the New Jersey Infrastructure Bank (the "I-Bank") has reviewed the Treasurer's Report for June 2020; and

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

NOW THEREFORE, BE IT RESOLVED, that the I-Bank hereby accepts the Treasurer's Report for June 2020 and requests that the same be entered into the record.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

Agenda Item 8C

RESOLUTION NO. 20 - xx

RESOLUTION AUTHORIZING VARIOUS ACTIONS AND FORMS OF DOCUMENTS NECESSARY FOR THE LONG-TERM FINANCING OF I-BANK ENVIRONMENTAL INFRASTRUCTURE PROJECTS

WHEREAS, pursuant to Section 5(i) and Section 6(a) of the New Jersey 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 Infrastructure Bank, a public body corporate and politic under the laws of the State, created pursuant to the Act (the "I-Bank"), is authorized to issue its bonds (the "I-Bank 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, an "I-Bank 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 "Water Bank Project"); and

WHEREAS, pursuant to Section 5(m) and Section 9(a) of the Act, the I-Bank is authorized to make and contract to make I-Bank Loans to Project Sponsors to finance a portion of the costs of the respective Water Bank 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 I-Bank shall determine to be consistent with the purposes thereof; and

WHEREAS, the Board of Directors of the I-Bank (the "Board") currently is scheduled to consider, as part of its agenda at its meeting to be held on or about September 10, 2020, the Water Bank Project applications of certain Project Sponsors for I-Bank Loans from the I-Bank, which I-Bank Loans, if approved, would be made, pursuant to the provisions of the Act, by the I-Bank to such Project Sponsors from the proceeds of I-Bank Bonds, to be issued pursuant to the State Fiscal Year 2021 New Jersey Water Bank Financing Program (Fall Pool) of the I-Bank (the "Program"), which I-Bank Bonds are expected to be issued by the I-Bank, pursuant to the Program, on or about November 10, 2020; and

WHEREAS, notwithstanding the provisions of the preceding clause, the I-Bank currently seeks, and is applying for, funding via a loan (the "WIFIA Loan") from the United States Environmental Protection Agency (the "USEPA"), through the Water Infrastructure Finance and Innovation Act of 2014 (the "WIFIA"), 33 U.S.C. § 3901 *et seq.*, as an additional source of funding that, if received by the I-Bank, may be used by the I-Bank to supplement and replace the proceeds of I-Bank Bonds as a source of funding for a portion of the I-Bank Loan made pursuant to the Program by the I-Bank to certain or all of the Project Sponsors for their respective Water Bank Project; and

WHEREAS, to the extent that the I-Bank is successful in its application for funding from the USEPA through WIFIA via a WIFIA Loan as described herein, the detailed terms of such WIFIA Loan shall be set forth in a loan agreement by and between the I-Bank and the USEPA (the "WIFIA

Loan Agreement"), which WIFIA Loan Agreement, and the provisions thereof, shall be subject to the approval hereafter via official action of the Board prior to implementation thereof; and

WHEREAS, to the extent that the I-Bank is successful in its application for funding from the USEPA through WIFIA via a WIFIA Loan as described herein, the I-Bank may elect, as provided herein, to implement the Program (i) pursuant to an alternative schedule that would provide for I-Bank Bonds to be issued by the I-Bank, pursuant to the Program, on a date later than the estimated date of November 10, 2020 projected above, and (ii) in one or more tranches; and

WHEREAS, each I-Bank Loan made pursuant to the Program by the I-Bank to a Project Sponsor for its Water Bank Project shall be made according to the terms and provisions of a loan agreement, by and between the I-Bank and the respective Project Sponsor (each, an "I-Bank Loan Agreement"); and

WHEREAS, the I-Bank, in consultation with its professional advisors, Bond Counsel and the Office of the State Attorney General, has prepared master forms of the I-Bank Loan Agreement, such forms being attached hereto as Exhibit A and made a part hereof, which master forms are subject to further revisions hereafter to the extent required in order to conform with the terms of the WIFIA Loan and the WIFIA Loan Agreement, to the extent that the WIFIA Loan is received by the I-Bank and proceeds thereof are provided by the I-Bank to a given Project Sponsor that shall be a party to such I-Bank Loan Agreement, which further revisions to such master forms shall comply and conform with the terms of the WIFIA Loan and the WIFIA Loan Agreement, as such terms are hereafter approved by official action of the Board (collectively, the "Subsequently Approved WIFIA Terms"); and

WHEREAS, the I-Bank Loan Agreement contains all of the terms and conditions that are applicable to the receipt by the Project Sponsors of I-Bank Loans from the I-Bank, including, without limitation, specific terms and conditions with which each Project Sponsor must comply prior to receipt of an I-Bank Loan from the I-Bank, but remain subject, as applicable hereafter, to the Subsequently Approved WIFIA Terms, as and to the extent provided herein, and do not contain those terms and conditions that cannot be determined until completion of the sale of the I-Bank Bonds or until further evaluation of information to be received by the I-Bank 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 Water Bank Project pursuant to the regulations and procedures of the New Jersey Department of Environmental Protection (the "NJDEP"), the I-Bank and each Project Sponsor shall deposit into escrow (the "Escrow Closing") the duly authorized, executed and delivered I-Bank Loan Agreement (subject to completion, following Escrow Closing, to the extent of those terms and conditions that cannot be determined until completion of the sale of the I-Bank Bonds or until further evaluation of information to be received by the I-Bank 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 Zions Bancorporation, National Association d/b/a Zions Bank, a national banking association 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 I-Bank, 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 I-Bank Loan Agreement that cannot be determined until completion of the sale of the I-Bank Bonds or until the further evaluation of information to be received by the I-Bank from the Project Sponsor; and

WHEREAS, the I-Bank, in consultation with its professional advisors, Bond Counsel and the Office of the State Attorney General, has prepared master forms of the Escrow Agreement, such forms being attached hereto as Exhibit B and made a part hereof, which master forms hereafter are subject to further revisions to the extent required in order to conform with the Subsequently Approved WIFIA Terms; 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 September 10, 2020 (subject to deferral to a later date in connection with the Subsequently Approved WIFIA Terms, as provided herein), the adoption of one or more resolutions of the I-Bank, each of which shall authorize the issuance of I-Bank Bonds pursuant to the terms and provisions of an Indenture of Trust, by and between the I-Bank and Zions Bancorporation, National Association d/b/a Zions Bank, a national banking association with trust and fiduciary powers in the State, duly appointed by the Board to act as trustee thereunder (each such resolution and the Indenture of Trust authorized thereby to be referred to collectively herein as the "I-Bank Bond Indenture"), which I-Bank Bond Indenture shall authorize, *inter alia*, (i) the marketing, issuance and sale by the I-Bank of its I-Bank Bonds, (ii) the allocation of the proceeds of the I-Bank Bonds and the proceeds of the WIFIA Loan, as and if applicable, pursuant to the terms hereof to some or all of the Water Bank Projects of the respective Project Sponsors pursuant to the terms of the respective I-Bank Loan Agreement, (iii) the investment of the proceeds of the I-Bank Bonds until expenditure thereof pursuant to the terms of the I-Bank Bond Indenture, and (iv) certain other matters as shall be set forth in the I-Bank Bond Indenture; and

WHEREAS, it is the desire of the Board, in furtherance of the intent and purposes of the Program, that the Chairperson of the I-Bank, the Vice-Chairperson of the I-Bank, the Secretary of the I-Bank, and the Executive Director of the I-Bank, or any other person or persons designated by the Board by resolution to act on behalf of the I-Bank, but in each case subject to the limitations of the by-laws of the I-Bank (each, an "Authorized Officer"), each be severally authorized to act on behalf of the I-Bank and implement in furtherance of the Program (i) the completion of an Escrow Closing with respect to the I-Bank Loan to be made by the I-Bank to each qualifying Project Sponsor for its Water Bank Project from the proceeds of the I-Bank Bonds and the proceeds of the WIFIA Loan, as and if applicable, pursuant to the terms hereof, (ii) the conduct, if necessary, of a hearing (the "TEFRA Hearing") with respect to the I-Bank Bonds pursuant to the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), (iii)) the submission of a written request by the I-Bank (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 I-Bank of proceeds of the I-Bank

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 I-Bank 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 Infrastructure Bank, as follows:

Section 1. Authorization of the I-Bank Loan Agreement. 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 Water Bank Project pursuant to the regulations and procedures of the NJDEP) of an I-Bank Loan Agreement with respect to each I-Bank Loan to be made by the I-Bank to each Project Sponsor, pursuant to the Program, in connection with the respective Water Bank Project thereof, each such I-Bank Loan Agreement to be in substantially the form attached hereto as Exhibit A and made a part hereof, with such revisions and modifications thereto (including, without limitation and to the extent applicable, such revisions and modifications thereto pursuant to the Subsequently Approved WIFIA Terms) as shall be approved by any Authorized Officer, after consultation with counsel to the I-Bank, such approval to be evidenced by the execution thereof by such Authorized Officer; provided, however, that each I-Bank 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 I-Bank Bonds and further evaluation of information to be received by the I-Bank from the Project Sponsors, by any Authorized Officer in a manner (i) consistent with the provisions of the I-Bank Bond Indenture 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, which cannot be finally determined until completion of the sale of the I-Bank Bonds; (b) if applicable pursuant to the then-current Credit Policy of the I-Bank that has been approved by the Board, 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 I-Bank Loan; and (c) provisions relating to the satisfaction of the "funds available" or "cash on hand" requirement pertaining to the funding of unallowable Water Bank Project costs or that portion of allowable Water Bank Project costs not financed with proceeds of the I-Bank Bonds, or the proceeds of the WIFIA Loan, as and if applicable, pursuant to the terms hereof, through the I-Bank Loan Agreement and the corresponding fund loan agreement entered into by and between the NJDEP and the Project Sponsor.

Section 2. Authorization of the Escrow Agreement. 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 Water Bank Project pursuant to the regulations and procedures of the NJDEP) of an Escrow Agreement with respect

to each I-Bank Loan to be made by the I-Bank to each Project Sponsor, pursuant to the Program, in connection with the respective Water Bank 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 (including, without limitation and to the extent applicable, such revisions and modifications thereto pursuant to the Subsequently Approved WIFIA Terms) as shall be approved by any Authorized Officer, after consultation with counsel to the I-Bank, such approval to be evidenced by the execution thereof by such Authorized Officer.

Section 3. Authorization of Escrow Closing. 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 Water Bank Project pursuant to the regulations and procedures of the NJDEP), pursuant to the terms and procedures of the Escrow Agreement, with respect to each I-Bank Loan to be made by the I-Bank to each Project Sponsor, pursuant to the Program, in connection with the respective Water Bank Project thereof. The Board hereby authorizes any Authorized Officer, upon consultation with counsel to the I-Bank, (i) to determine the Escrow Closing schedule and (ii) to undertake any other action in furtherance of the Escrow Closing, relating to the I-Bank Loan made by the I-Bank to each Project Sponsor in connection with the respective Water Bank Project thereof, as such Authorized Officer shall determine to be necessary.

Section 4. Authorization of Execution of the I-Bank Loan Agreement, the Escrow Agreement and any other Escrowed Program Documents. 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 Water Bank Project pursuant to the regulations and procedures of the NJDEP) that (i) the I-Bank Loan Agreement, the Escrow Agreement, any other Escrowed Program Documents to which the I-Bank is a party, and any other document required to be executed by the I-Bank in connection with the undertaking and completion of the Escrow Closing, shall be executed in the name of the I-Bank by the manual signature of any Authorized Officer of the I-Bank, 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 I-Bank.

Section 5. Authorization of Other Action in Furtherance of Escrow Closing. In furtherance of the intent and purposes of the Program, the Board hereby authorizes any Authorized Officer, after consultation with counsel to the I-Bank, 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, including, without limitation, the terms and provisions of this Resolution relating to the Subsequently Approved WIFIA Terms) to effect the consummation of an Escrow Closing with respect to each I-Bank Loan made by the I-Bank to each Project Sponsor, pursuant to the Program, in connection with the respective Water Bank Project thereof.

Section 6. Authorization of TEFRA Hearing. In furtherance of the intent and purposes of the Program, the Board hereby authorizes any Authorized Officer, after consultation with counsel

to the I-Bank, to conduct the TEFRA Hearing with respect to the I-Bank Bonds (as well as publication prior to the TEFRA Hearing of public notice as required by the Code) at such time and in such manner as any Authorized Officer, after consultation with counsel to the I-Bank, shall determine to be necessary, convenient or desirable in order to satisfy the requirements of the Code.

Section 7. Authorization of Investment Authorization Request. 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 I-Bank, 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 I-Bank of a portion of the proceeds of the I-Bank Bonds pursuant to, among any other investment instruments that may be deemed appropriate and advantageous by the Authorized Officer, 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 I-Bank.

Section 8. Authorization of Action in Furtherance of Program Funding with Proceeds of a WIFIA Loan. To the extent that the I-Bank is successful in its application for funding from the USEPA through WIFIA via a WIFIA Loan as described herein, an Authorized Officer may elect, subject to the Subsequently Approved WIFIA Terms, to implement the Program (i) pursuant to an alternative schedule that would provide for I-Bank Bonds to be issued by the I-Bank, pursuant to the Program, on a date later than the estimated date of November 10, 2020 projected above, and (ii) in one or more tranches.

Section 9. Authorization of Other Action in Furtherance of the Program. The Board hereby authorizes any Authorized Officer, after consultation with counsel to the I-Bank, 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, including, without limitation, the terms and provisions of this Resolution relating to the Subsequently Approved WIFIA Terms) to further the intent and purposes of the Program.

Section 10. Effective Date. This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

EXHIBIT A

EXHIBIT B

RESOLUTION NO. 20 - xx

RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK APPROVING AN INCREASE IN SFY2020 NJ WATER BANK CONSTRUCTION FINANCING PROGRAM LOANS TO JERSEY CITY MUNICIPAL UTILITIES AUTHORITY

WHEREAS, the New Jersey Infrastructure Bank (the "I-Bank"), in accordance with (i) the "New Jersey Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the "State") (codified at N.J.S.A. 58:11B-1 *et seq*.), as the same may from time to time be amended and supplemented (the "Act"), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 *et seq.*), as the same may from time to time be amended and supplemented (the "Regulations"), is authorized, pursuant to an interim financing program for the New Jersey Water Bank (the "Water Bank Construction Financing Program"), to make loans (each, a "Construction Loan") to eligible project sponsors (each, a "Borrower") for the purpose of financing the allowable costs of environmental infrastructure projects, provided that each such Construction Loan made by the I-Bank to any such Borrower satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9(d), and the Regulations, including, without limitation, N.J.A.C. 7:22-4.47; and

WHEREAS, pursuant to the terms and provisions of N.J.A.C. 7:22-4.47, a proposed project sponsor is eligible to be a Borrower for a Construction Loan for purposes of financing the allowable costs of the project of such Borrower pursuant to the Water Bank Construction Financing Program, provided each of the following conditions is satisfied in full: (i) the Project is listed on the project priority list that has been submitted to the State Legislature pursuant to N.J.S.A. 58:11B-20 or N.J.S.A. 58:11B-20.1 (the "Priority List"); (ii) the proposed Borrower has submitted a complete application for the Project in accordance with N.J.A.C. 7:22-4.11; (iii) the proposed Borrower has complied with the I-Bank's Credit Policy, as then in effect pursuant to formal adoption by the I-Bank; (iv) the Project has been certified for funding by the I-Bank in accordance with N.J.A.C. 7:22-4.13; (v) the Projects is in the fundable range in the forthcoming funding cycle given the Projects' rank and the anticipated availability of New Jersey Department of Environmental Protection (the "NJDEP" or "Department") and I-Bank monies; and (vi) the proposed Borrower has not previously received a Construction Loan through the Water Bank Construction Financing Program for the same project scope (exclusive of a Construction Loan made solely for the purpose of extending the term of a prior Construction Loan or for a Supplemental Short-Term Loan pursuant to N.J.S.A. 58:11B-9(d)); and

WHEREAS, the I-Bank duly adopted Resolution No. 19-09 on February 14, 2019 entitled "Resolution of the New Jersey Infrastructure Bank Authorizing the Water Bank Construction Financing Program for State Fiscal Year 2020" (the "SFY2020 Authorizing Resolution") to provide funding for the implementation of the Water Bank Construction Financing Program during State Fiscal Year 2020 including the Construction Financing Program (the "SFY2020 Construction Loan Program"); and

WHEREAS, pursuant to the terms and definitions of the SFY2020 Authorizing Resolution , the Authorized Officers are each severally authorized, after consultation with Bond Counsel to

the I-Bank and the Office of the Attorney General of the State, to approve the participation of a Borrower in the SFY2020 Construction Loan Program, provided that such Borrower qualifies for such participation pursuant to the provisions of the Act and the Regulations and the terms of the Authorizing Resolution; and

WHEREAS, pursuant to Section 3 of the SFY2020 Authorizing Resolution, any Construction Loan approved by the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the SFY2020 Construction Loan Program shall not exceed $15 million in principal amount (the "Construction Loan Limitation") unless a higher principal amount thereof is authorized by official action of the Board; and

WHEREAS, pursuant to Section 2 of the SFY2020 Authorizing Resolution, revisions and modifications may be made to terms and provisions of the SFY2020 Construction Loan Program pursuant to further official action in the form of the adoption of a resolution by the Board of Directors of the I-Bank; and

WHEREAS, Jersey City Municipal Utilities Authority ("JCMUA") requested from the I-Bank a Construction Loan, in anticipation of a long-term loan from each of the I-Bank and the Department, to finance the planning design and construction of Project No. 0906001-025, for Phase 1 and 2 of a water main replacement project (the "JCMUA DW Project") in the original amount of not to exceed $25,100,000 (the "Original DW Project Construction Loan Amount"); and

WHEREAS, JCMUA also requested from the I-Bank a construction loan, in anticipation of a long-term loan from each of the I-Bank and the Department, to finance the planning, design and construction of Project No. S340928-24, for Phases 1 and 2 of a sewer rehabilitation project (the "JCMUA CW Project") in the original amount not to exceed $81,500,000 (the "Original CW Project Construction Loan Amount"); and

WHEREAS, the Board authorized construction loans in the amount of $25,100,000 for the JCMUA DW Project and $81,500,000 for the JCMUA CW Project at its March 20, 2020 meeting pursuant to Resolution No. 20-19, which is amended and restated herein for the limited purpose of revising the authorized project cost; and

WHEREAS, the I-Bank closed constructions loans with JCMUA in the amount of $25,100,000 for the JCMUA DW Project, a portion of the authorized Original DW Project Construction Loan Amount, and $81,500,000 for the JCMUA CW Project a portion of the authorized Original DW Project Construction Loan Amount, closed in June 2020; and

WHEREAS, JCMUA has requested an increase in the Original DW Project Construction Loan Amount to an amount not to exceed $32,000,000 (the "Increased DW Project Construction Loan Amount") and in the JCMUA CW Project Construction Loan Amount to an amount not to exceed $108,000,000 (the "Increased CW Project Construction Loan Amount"); and

WHEREAS, with respect to the SFY2020 Authorizing Resolution's Construction Loan Limitations, any Construction Loan approved by any of the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the Construction Loan Program shall not exceed $15 million in principal amount, subject to further official action in the

TO: Lynda Jeannette ljeannette@njib.gov
Nancy Collazo ncollazo@njib.gov

FROM: Jesse Kirkham, Authorities Unit, Office of the Governor, State of New Jersey

DATE: June 11, 2020

RE: **New Jersey Infrastructure Bank Minutes**

This email is confirmation that the Authorities Unit received the minutes from the June 11, 2020 Board meeting on June 11, 2020. The calculated veto date is June 25, 2020.

Thank you.

Attachment

cc: Joy Johnson

New Jersey Infrastructure Bank
3131 Princeton Pike
Building 4 Suite 216
Lawrenceville, NJ 08648-2201

Roger Ellis, Vice Chairperson
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Diane Gutierrez-Scaccetti, DOT Commissioner
Sheila Oliver, DCA Commissioner

David E. Zimmer, Executive Director

June 11, 2020

Honorable Phil Murphy
Governor of the State of New Jersey
State House
PO Box 001
Trenton, New Jersey 08625

Dear Governor Murphy:

In accordance with the provisions of the New Jersey Infrastructure Trust Act, I hereby transmit for your review and consideration the minutes of the June 11, 2020 meeting of the New Jersey Infrastructure Bank. The New Jersey 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,

David E. Zimmer, CFA
Assistant Secretary

Enclosure
cc: Honorable Stephen Sweeney, President of the Senate
Honorable Craig Coughlin, Speaker of the General Assembly

New Jersey Infrastructure Bank
3131 Princeton Pike
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Sheila Oliver, DCA Commissioner

David E. Zimmer, Executive Director

6/11/2020

NEW JERSEY INFRASTRUCTURE BANK

OPEN PUBLIC MEETING
Thursday, June 11, 2020

1. **CALL TO ORDER:**

A meeting of the New Jersey Infrastructure Bank was convened electronically on Thursday, June 11, 2020 via Go-To-Meeting. Vice Chairperson Ellis called the meeting to order at 10:00 a.m.

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

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

3. **ROLL CALL:**

Ms. Nancy Collazo conducted roll call to which Mr. Ellis, Mr. Longo, Mr. Kocsis, Ms. Brogle, Mr. Kanef, Mr. Russo, and Ms. Holmes all responded affirmatively.

DIRECTORS
Roger Ellis, Vice Chairperson*
Mark Longo, Treasurer *
Jack Kocsis Jr. Secretary *
Janice Brogle*
(for DEP Commissioner Catherine R. McCabe)
Michael Kanef*
(for State Treasurer Elizabeth M Muoio)
Michael Russo*
(for DOT Commissioner Diane Gutierrez-Scaccetti)
Kimberly Holmes*
(for DCA Commissioner Sheila Oliver)

OTHERS
David E. Zimmer, Executive Director
Lauren Seidman Kaltman, Chief Financial Officer
Judy Karp, Legal and Compliance Officer & Assistant Director
Leigh Peterson, Chief Operating Officer - Water
Robert Fernandez, Chief Operating Officer - Transportation
James Schmidt, IT Manager
Charles Jenkins, DEP Municipal Finance & Construction Elem*
Joy Johnson, Governor's Authorities Unit*
Aimee Manocchio Nason, Deputy Attorney General*
Richard Nolan, McCarter & English LLP*
Tricia Gasparine, Chiesa Shahinian Giantomasi PC*
Dorit Kressel, Chiesa Shahinian Giantomasi PC*
Bob Lamb, Lamont Financial*
Geoff Stewart, PFM*

(*) Participated via teleconference/Go-To-Meeting

4. APPROVAL OF THE MINUTES:

Vice Chairperson Ellis opened discussion of the minutes of the I-Bank's May 2020 Board meeting.

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

Mr. Longo moved for the approval of the minutes. Mr. Kocsis seconded the motion.
Ms. Collazo conducted roll call. The motion was carried with all 7 members voting in favor.

5. ANNOUNCEMENTS:

Executive Director Zimmer summarized a number of the substantive events and correspondence since the last Board meeting:

- On June 9, 2020, Executive Director Zimmer, COO Fernandez, and Construction Project Manager Rolon participated on the FHWA webinar entitled "The Build America Bureau is Open for Business" regarding the TIFIA and RRIF federal financing programs;
- On June 8, 2020, Executive Director Zimmer participated in a webinar hosted by Greener By Design involving senior officials from Essex and Hudson County regarding potential Transportation Bank and Water Bank financing for the Essex-Hudson Greenway Rails-to-Trails project;
- On June 4, 2020, Executive Director Zimmer and Assistant Director and Legal and Compliance Officer Karp testified, via video conference, in the Senate Environmental & Energy Committee in support of Water Bank appropriation bills (S-2498, S-2499) and the I-Bank's May Report concurrent resolution (SCR-115);
- On June 2, 2020, the I-Bank, with the assistance of Financial Advisor, PFM and Bond Counsel, McCarter & English, took advantage of historically low interest rates and sold three refunding bond issues totaling $73.45 million benefitting 117 participants;
- On June 2, 2020, Executive Director Zimmer participated in a planning call for the Governor's NJ Green Fund with Jonathan Ratner and Brain Sabina of NJ EDA and Evan Weiss, Senior Advisor in the Governor's Office
- On June 2, 2020, Executive Director Zimmer organized and participated in the first State working group conference call for the TIFIA RPI Program with Peter Mancaukas and Mark Sullivan, both of the Federal Highway Administration, Rhode Island Infrastructure Bank CEO, Jeff Diehl and Virginia Resource Authority Director of Financial Services, Sean Crumlish;
- On May 28, 2020, Executive Director Zimmer and COO Peterson, DEP's Messrs. Chebra, Hauch, and Jenkins participated on a conference call with senior officials of Newark's Water and Sewer Utilities Department and their legal representative to discuss potential financing for the paving components of the City's Lead Service Line replacement project initiative;
- On May 27, 2020, COO Robert Fernandez and Project Manager George Rolon presented in the Alliance for Action's webinar, informing participants how to access Transportation Bank funds through the I-Bank's NJ-Moves portal;
- On May 22, 2020, the I-Bank's Transportation Engineering Advisory Committee convened its second meeting. Minutes from the Committee's first two meetings are available on the I-Bank's website;

- On May 19, 2020, Executive Director Zimmer and CFO Kaltman participated on a call with their peers at NYS Environmental Facilities Corporation to discuss the two respective programs' concerns regarding borrower satisfaction of creditworthiness in the current environment;
- On May 15, 2020, Executive Director Zimmer participated on a call with George Hawkins and Andy Kricun of Moonshot Mission regarding New Revenue and Reduced Costs for Funding for Water Infrastructure;
- The next I-Bank Board meeting is scheduled for **Thursday, July 9, 2020** at **10:00 am**. The meeting location will be announced.

A copy of the announcements is available on the I-Bank's webpage https://www.njib.gov/nj/Board+Information.3 (locate under "Board Information", "2020 Board Meetings", then select "Minutes", the announcements will be at the end of the file.)

There were no comments or questions.

6. PUBLIC COMMENTS:

Vice Chairperson Ellis invited comments from the public. There were no comments.

7. UNFINISHED BUSINESS:

A. Mr. Charles Jenkins reported on the status of the Water Bank project pipeline noting that 102 projects were at the certified or Authorization to Award stage as of May 31, 2020 totaling $797.2 million. An additional 29 projects are at the Authorization to Advertise stage as of May 31, 2020 totaling $404.2 million.

There were no comments or questions.

B. Chief Operating Officer Fernandez reported on the status of Transportation Bank project pipeline noting that 11 new loan applications were received from one sponsor in May. These applications likely to be consolidated into one loan for long-term financing purposes. No loans were closed in May. As of the end of May 2020, 9 projects totaling $41.1 million have received certification and concurrence of award since July 1, 2019. To date the Transportation Bank has allocated a total of $69.7 million in project-related costs.

There were no comments or questions.

C. Executive Director Zimmer reported on the status of the Water Bank Construction and SAIL Loan Programs noting that the I-Bank received 10 loan applications in May 2020 totaling $82.6 million. The Program has received 50 Water Bank loan applications as evidenced by completed Financial Addendum Forms in SFY2020 through May 30, 2020 totaling $411.6 million. The Water Bank did not close any construction loans in May but did fund two operable segment increases totaling $35.7 million. The Program has 141 Construction and SAIL loans outstanding totaling $816 million versus $1.037 billion last month due to decreases from transferring loans to long-term financing, FEMA payouts, and short-term loan estimates that were converted to long-term actual costs. The Program

disbursed $23.6 million of funds to 33 projects in May 2020. In SFY2020 through May 30, 2020. 138 projects with open construction and SAIL loans have received disbursements from the Water Bank totaling $442.3 million, or approximately 54.20% of the outstanding short-term loan balance.

Executive Director Zimmer next reported on the status of the Transportation Construction Loan Program noting that the Transportation Bank received no new applications for financing in May 2020. The Transportation Bank has a total of 7 loan applications outstanding as of May 30, 2020 totaling $36.5 million. The Transportation Bank did not close any loans in May 2020, has eight closed loans outstanding totaling $33 million and disbursed $919,821 to four projects in May 2020. Through May 30, 2020, eight projects with open Construction loans have received disbursements from the Transportation Bank totaling $9.1 million, or approximately 27.68% of the outstanding short-term loan balance.

There were no comments or questions.

D. Executive Director Zimmer reported the I-Bank's has no outstanding Requests for Proposals (RFPs).

There were no comments or questions.

8. <u>NEW BUSINESS</u>:

A. Executive Director Zimmer introduced CFO Kaltman to present Resolution No. 20-39 accepting the April 2020 Treasurer's Report.

In April 2020, the I-Bank earned $509,740 consisting of $459,937 in administrative fees, $17,679 in interest income on Direct Loans and $32,124 in investment income from cash-on-hand. The I-Bank has earned $6,426,783 to-date or 89% of the SFY2020 budgeted amount. The I-Bank incurred expenses during the month of April for products and services totaling $788,212 and has incurred expenses to-date totaling $5,603,533 or 77% of the SFY2020 YTD budgeted amount.

CFO Kaltman asked if there were any comments or questions. Hearing none, Vice Chairperson Ellis requested a motion for approval.

The resolution was moved for adoption by Mr. Kanef and seconded by Ms. Holmes.
Ms. Collazo conducted roll call. The motion was carried all 7 members voting in favor.

B. Executive Director Zimmer introduced Resolution No. 20-40 for the acceptance of the Executive Director's Bond Sale Report regarding NJIB's Series 2020A-R1, 2020C-R1, and 2020C-R2 Bonds. Executive Director Zimmer reported that the I-Bank sold $17.39 million of 2020A-R1 refunding bonds to TD Securities that presented the best True Interest Cost (TIC) bid of 0.40%. The 65 participants in the bond series will save $1.44 million in debt services payment over 4 years. Executive Director Zimmer reported that the I-Bank sold $40.795 million of the series 2020C-R1 and 20202C-R2 refunding bonds to Citibank Global Securities that presented the best TIC of 1.46% and 1.49%, respectively. The 47 participants in the 2020C-R1 series and the 5 participants in the 2020C-R2 series will save 4.00 million and 2.146 million in debt services payments, respectively over the next 11 years.

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

The resolution was moved for adoption by Mr. Longo and seconded by Mr. Kanef.
Ms. Collazo conducted roll call. The motion was carried with all 7 members voting in favor.

C. Executive Director Zimmer introduced CFO Kaltman to present Resolution No. 20-41 authorizing the SFY2021 interest rate calculation for the Water Bank Construction Loan Financing Program noting that each construction loan shall bear interest at a rate that equates to the I-Bank's borrowing cost for private funds. Interest will only be charged on drawn funds if and when the I-Bank utilizes private funds to finance a portion of the program. Pursuant to the SFY2021 May Report, interest rates or the calculation methodology for the interest on Construction Loans are set at the beginning of each quarter during SFY2021 and the Executive Director is delegated the authority to set the interest rates or calculation methodology. The Executive Director will provide a report to the Board concerning the details of the interest rate calculations each quarter, and have the rate posted on the I-Bank website.

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

The resolution was moved for adoption by Mr. Kocsis and seconded by Mr. Longo.
Ms. Collazo conducted roll call. The motion was carried with all 7 members voting in favor.

D. Executive Director Zimmer introduced Chief Financial Officer Kaltman to present Resolution No. 20-42 authorizing the SFY2021 Interest Rate Calculation for the Transportation Bank Construction Loan Financing Program. The interest rate calculation shall be a fixed rate for each quarter of SFY2021 calculated as the product of (i) 0.5 and (ii) the sum of (a) the one-year MIG-1 Index rate and (b) 50 basis points. The resulting rate may be rounded up or down no more than a quarter percentage point at the discretion of the Executive Director to account for market conditions. The Executive Director will provide a report to the Board concerning the details of these interest rate calculations each quarter, and have the rate posted on the I-Bank website.

Chief Financial Officer Kaltman asked if there were any comments or questions. Hearing none, Vice Chairperson Ellis requested a motion for approval.

The resolution was moved for adoption by Ms. Holmes and seconded by Mr. Longo.
Ms. Collazo conducted roll call. The motion was carried with all 7 members voting in favor.

E. Executive Director Zimmer introduced Chief Operating Officer Peterson to present Resolution No. 20-43 authorizing SFY2021 Financing Program Construction Loans to the following three borrowers: Passaic Valley Water Commission for a loan amount not to exceed $26,100,000 for Project No. 1605002-014 for water storage improvements to the Levine Reservoir; Passaic Valley Sewerage Commission for a loan amount not to exceed $105,000,000 for Project No. S340689-37 for the replacement of Substation "M" and reconstruction of the headworks and; Gloucester County Improvement Authority for a loan amount not to exceed $18,500,001 for Project No.

S342016-04 for the construction of the proposed new landfill Cell 15.

Chief Operating Officer Peterson asked if there were any comments or questions. Hearing none, Vice Chairperson Ellis requested a motion for approval.

The resolution was moved for adoption by Mr. Longo and seconded by Ms. Holmes.
Ms. Collazo conducted roll call. The motion was carried with all 7 members voting in favor.

F. Executive Director Zimmer introduced Chief Operating Officer Peterson to present Resolution No. 20-44 authorizing an SFY2021 Water Bank Construction Loan to Newark City for lead line replacement service in an aggregate loan amount not to exceed $69,500,000, for project numbers 0714000-019, 0714001-020, and 074001-021, all related to the City's lead line replacement initiative.

Chief Operating Officer Peterson asked if there were any comments or questions. Hearing none, Vice Chairperson Ellis requested a motion for approval.

The resolution was moved for adoption by Mr. Longo and seconded by Mr. Kanef.
Ms. Collazo conducted roll call. The motion was carried with all 7 members voting in favor.

9. <u>EXECUTIVE SESSION</u>:

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

Vice Chairperson Ellis asked Executive Director Zimmer if there was any further action required by the Board. Executive Director Zimmer answered there was not.

Vice Chairperson Ellis then asked for a motion for an adjournment.

Mr. Longo moved to adjourn the meeting. The motion was seconded by Ms. Holmes.
Ms. Collazo conducted roll call. The motion was carried with all 7 members voting in favor.

The meeting was adjourned at 10:48 am.

RESOLUTION NO. 20 - 39

RESOLUTION AUTHORIZING APPROVAL OF THE APRIL 2020 TREASURER'S REPORT

WHEREAS, the New Jersey Infrastructure Bank (the "I-Bank") has reviewed the Treasurer's Report for April 2020; and

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

NOW THEREFORE, BE IT RESOLVED, that the I-Bank hereby accepts the Treasurer's Report for April 2020 and requests that the same be entered into the record.

Adopted Date:	June 11, 2020
Motion Made By:	Mr. Michael Kanef
Motion Seconded By:	Ms. Kimberly Holmes
Ayes:	7
Nays:	0
Abstentions:	0

RESOLUTION NO. 20 - 40

RESOLUTION ACKNOWLEDGING RECEIPT OF THE EXECUTIVE DIRECTOR'S REPORT CONCERNING THE TERMS OF THE SALE OF THE NEW JERSEY INFRASTRUCTURE BANK ENVIRONMENTAL INFRASTRUCTURE BONDS SERIES 2020A-R1, 2020C-R1 and 2020C-R2

BE IT RESOLVED, that on June 11, 2020, in connection with the sale of the Series 2020A-R1, 2020C-R1 and 2020C-R2 Bonds, the New Jersey Infrastructure Bank ("I-Bank") hereby acknowledges receipt of the Executive Director's Report and ratifies all actions taken which include copies of the following:

- Series 2020A-R1, 2020C-R1 and 2020C-R2 Summary Notice of Sale and Notice of Sale
- Series 2020A-R1, 2020C-R1 and 2020C-R2 Official Statement
- Series 2020A-R1 Bond bids
- Series 2020C-R1 and Series 2020C-R2 Bond Bids

Adopted Date:	June 11, 2020
Motion Made By:	Mr. Mark Longo
Motion Seconded By:	Mr. Michael Kanef
Ayes:	7
Nays:	0
Abstentions:	0

New Jersey Infrastructure Bank
3131 Princeton Pike
Building 4 Suite 216
Lawrenceville, NJ 08648-2201

Roger Ellis, Vice Chairperson
Mark Longo, Treasurer
Jack Kocsis, Jr., Secretary
Elizabeth Maher Muoio, State Treasurer
Catherine R. McCabe, DEP Commissioner
Diane Gutierrez-Scaccetti, DOT Commissioner
Sheila Oliver, DCA Commissioner

David E. Zimmer, Executive Director

DATE: June 11, 2020

TO: Board of Directors
New Jersey Infrastructure Bank

FROM: David E. Zimmer, Executive Director
New Jersey Infrastructure Bank

SUBJECT: **NEW JERSEY INFRASTRUCTURE BANK**
WATER BANK BOND SALE REPORT

GENERAL:

On June 2, 2020, the New Jersey Infrastructure Bank's (the "I-Bank") Water Bank sold, via competitive sale:

- $17,390,000 of Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (2002A, 2003A, 2004A and 2006A Financing Programs) (Green Bonds)
- $40,795,000 of Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) (Federally Taxable) (Green Bonds)
- $15,265,000 of Environmental Infrastructure Refunding Bonds, Series 2020C-R2 (2012B and 2012C Financing Programs) (Federally Taxable) (Green Bonds)

Due to social distancing restrictions in place related to the COVID-19 pandemic, the Bond Sale was conducted using video conferencing with the following individuals participating:

New Jersey Infrastructure Bank
David E. Zimmer, Executive Director
Lauren Kaltman, Chief Financial Officer
Karen Texany, Accountant
Katie Gaskill, Accountant

Public Financial Management, Inc.
Geoffrey Stewart, Managing Director
Matt Magarity, Senior Analyst
Cailin Nappi, Analyst

McCarter & English, LLP
Richard Nolan, Partner

TERMS:

In accordance with the New Jersey Infrastructure Trust Act, P.L. 1985, c. 334, as amended (N.J.S.A. 58:11B-1 et seq.) (the "Act"), and the Series 2020A-R1 Bond Resolution No. 20-14, the Series 2020C-R1 Bond Resolution No. 20-15 and the Series 2020C-R2 Bond Resolution No. 20-16 of the I-Bank, each adopted on **March 20, 2020** (collectively, the "Resolutions"), and as therein authorized and provided, the following actions were taken:

(i) *Determination of Time and Date of Sale:* Executive Director Zimmer, pursuant to the delegation granted to him by the Board as set forth in the Resolution, selected **June 2, 2020** at **10:30 a.m.** for the receipt of electronic bid proposals and the opening of said proposals for the purchase collectively of the Series 2020C-R1 Bonds and the Series 2020C-R2 Bonds and **11:00 a.m.** for the receipt of electronic bid proposals and the opening of said proposals for the purchase of the Series 2020A-R1 Bonds, at the I-Bank's administrative offices located at 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey 08648.

(ii) *Notice of Sale:* On **May 20, 2020**, a summary of the Notice of Sale ("NOS") for the I-Bank's Series 2020A-R1 Bonds, Series 2020C-R1 Bonds and Series 2020C-R2 Bonds was duly published, as directed by the Act and the Resolution, in the Star Ledger, the Trenton Times, and the South Jersey Times, three newspapers published in the State of New Jersey, and in The Bond Buyer, both in print and electronic form, a publication carrying municipal bond notices and devoted primarily to financial news published in the City of New York. The NOS was electronically distributed by the I-Bank using the i-Deal Prospectus Delivery System on **May 21, 2020** ("i-DPD System"). See attachments A and B, respectively.

(iii) *Preliminary Official Statement:* On **May 21, 2020**, the Preliminary Official Statement for the Series 2020A-R1 Bonds, Series 2020C-R1 Bonds and Series 2020C-R2 Bonds ("POS") was electronically distributed by the I-Bank using the i-DPD System. In accordance with Securities and Exchange Commission Rule 15c2-12 and due to the structure of the Water Bank Program, the I-Bank was not required to provide disclosure on any specific borrower. The POS is available on the I-Bank's website at:

https://www.njibbonds.com/new-jersey-infrastructure-bank-investor-relations-nj/bonds/bond-offering/i5619?offeringId=23727

(iv) *Electronic Bids:*

Series 2020C-R1 Bonds and Series 2020C-R2 Bonds

On **June 2, 2020** at **10:30 a.m.**, a total of six (6) electronic bids were received by the I-Bank for the purchase of the Series 2020C-R1 Bonds and Series 2020C-R2 Bonds. The electronic bids were delivered using the PARITY electronic bid submission system. See attachment C-1.

For the purchase of the Series 2020C-R1 Bonds and Series 2020C-R2 Bonds, the bid proposal from Citigroup Global Markets Inc. was the best proposal received, providing the lowest True Interest Cost ("TIC") to the I-Bank over the life of the Series 2020C-R1 Bonds and Series 2020C-R2 Bonds. Accordingly, the Series 2020C-R1 Bonds and Series 2020C-R2 Bonds were awarded to Citigroup Global Markets Inc.

Listed below are the responding bidders, purchase price and the corresponding initial TIC of each bid for the Series 2020C-R1 Bonds and Series 2020C-R2 Bonds:

SERIES 2020C-R1 and SERIES 2020C-R2	Bidder	Proposal's Total Purchase Price	True Interest Cost (TIC)
Bidder No. 1	Citigroup Global Markets Inc.	$65,369,475*	1.467740%*
Bidder No. 2	Robert W. Baird & Co., Inc.	$64,716,943	1.515228%
Bidder No. 3	J.P. Morgan Securities LLC	$63,363,844	1.525642%
Bidder No. 4	Morgan Stanley & Co, LLC	$63,401,082	1.628211%
Bidder No. 5	Wells Fargo Bank, NA	$63,077,914	1.736044%
Bidder No. 6	Bank of America Merrill Lynch	$64,173,432	1.763719%

* As allowable pursuant to the Notice of Sale, and according to convention in competitively bid municipal bond issues, the annual principal amounts were adjusted after the award in order to create consistent annual debt service payments for the participating borrowers. After making these adjustments, the purchase price (gross production less underwriter's discount of **$203,975)** is **$45,673,490** and the TIC is **1.455867%** for the **Series 2020C-R1 Bonds** and the purchase price (gross production less underwriter's discount of **$106,855)** is **$17,064,556** and the TIC is **1.491825%** for the **Series 2020C-R2 Bonds**. Note that the purchase price and TIC figures are net of the underwriter's discount and do not include other costs of issuance ("COI").

Series 2020A-R1 Bonds

On **June 2, 2020** at **11:00 a.m**., a total of six (6) electronic bids were received by the I-Bank for the purchase of the Series 2020A-R1 Bonds. The electronic bids were delivered using the PARITY electronic bid submission system. See attachment C-2.

For the purchase of the Series 2020A-R1 Bonds, the bid proposal from TD Securities was the best proposal received, providing the lowest TIC to the I-Bank over the life of the Series 2020A-R1 Bonds. Accordingly, the Series 2020A-R1 Bonds were awarded to TD Securities.

Listed below are the responding bidders, purchase price and the corresponding initial TIC of each bid for the Series 2020A-R1 Bonds:

SERIES 2020A-R1	Bidder	Proposal's Total Purchase Price	True Interest Cost (TIC)
Bidder No. 1	TD Securities	$19,229,590*	.395427%*
Bidder No. 2	J.P. Morgan Securities LLC	$19,224,365	.404347%
Bidder No. 3	Morgan Stanley & Co, LLC	$19,221,199	.409752%
Bidder No. 4	Bank of America Merrill Lynch	$19,162,689	.509870%
Bidder No. 5	Wells Fargo Bank, NA	$19,152,254	.527768%
Bidder No. 6	UBS Financial Services Inc.	$19,106,815	.605856%

* As allowable pursuant to the Notice of Sale, and according to convention in competitively bid municipal bond issues, the annual principal amounts were adjusted after the award in order to create consistent annual debt service payments for the participating borrowers. After making these adjustments, the purchase price (gross production less underwriter's discount of $31,381) is **$18,805,997** and the TIC is **.395274%**. Note that the purchase price and TIC figures are net of the underwriter's discount and do not include other COI.

(v) *Investment of Proceeds:* Upon settlement on June 17, 2020, the proceeds of the Series 2020~~A-~~A-R1 Bonds and the Series 2020C-R1 consisting of the deposit into the applicable escrow accounts will be invested in SLGS. A portion of the proceeds of the Series 2020C-R2 Bonds consisting of the deposit into the applicable escrow account (relating to the Series 2012B Bonds) will be invested in SLGS, and a portion thereof (relating to the Series 2012C Bonds) will be held as cash until investment, immediately following settlement, in open market securities.

(vi) *Official Statement:* The Official Statement for the Series 2020A-1 Bonds, Series 2020C-R1 Bonds and Series 2020C-R2 Bonds, dated **June 2, 2020**, is attached (Attachment D). The Official Statement was printed and distributed by the I-Bank on or about **June 11, 2020**.

(vii) *Savings*:

The Series 2020A-R1 Bonds refunded loans for 65 borrowers and produced debt service payment savings of $1,438,247 on an NPV basis, which is 7.64% of the refunded par amount after expenses.

The Series 2020C-R1 Bonds refunded loans for 47 borrower and produced debt service payment savings of $4,003,155 on an NPV basis, which is 9.32% of the refunded par amount after expenses.

The Series 2020C-R2 Bonds refunded loans for 5 borrower and produced debt service payment savings of $2,146,161 on an NPV basis, which is 13.50% of the refunded par amount after expenses.

SUMMARY OF ATTACHMENTS:

- Series 2020A-R1, Series 2020C-R1 and Series 2020C-R2 Summary Notice of Sale (Attachment A);
- Series 2020A-R1, Series 2020C-R1 and Series 2020C-R2 Notice of Sale (Attachment B);
- Series 2020C-R1 Bond and Series 2020C-R2 Bond bids (Attachment C-1);
- Series 2020A-R1 Bond bids (Attachment C-2);
- Series 2020A-R1, Series 2020C-R1 and Series 2020C-R2 Official Statement (Attachment D)

SUMMARY NOTICE OF SALE
NEW JERSEY INFRASTRUCTURE BANK

$17,780,000*
ENVIRONMENTAL INFRASTRUCTURE REFUNDING BONDS,
SERIES 2020A-R1 (2002A, 2003A, 2004A AND 2006A FINANCING PROGRAMS)
(GREEN BONDS)

and

$42,580,000*
ENVIRONMENTAL INFRASTRUCTURE REFUNDING BONDS,
SERIES 2020C-R1 (2012A FINANCING PROGRAM)
(FEDERALLY TAXABLE) (GREEN BONDS)

and

$15,825,000*
ENVIRONMENTAL INFRASTRUCTURE REFUNDING BONDS,
SERIES 2020C-R2 (2012B AND 2012C FINANCING PROGRAMS)
(FEDERALLY TAXABLE) (GREEN BONDS)

NOTICE IS HEREBY GIVEN that the Executive Director (or any other Authorized Officer as such term is defined in the hereinafter defined full Notice of Sale) (the "Executive Director") of the New Jersey Infrastructure Bank (the "I-Bank") will receive, until 10:30 a.m. for the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds (as hereinafter defined), and until 11:00 a.m. for the Series 2020A-R1 Refunding Bonds (as hereinafter defined), New Jersey time, on Tuesday, June 2, 2020 (unless postponed in accordance with the terms hereof, the "Bid Date"), electronically via the PARITY Electronic Bid Submission System ("PARITY") of i-Deal LLC ("i-Deal"), in a manner described below:

(i) "Proposals for Series 2020A-R1 Refunding Bonds" for the purchase of all of the I-Bank's $17,780,000* aggregate principal amount of "Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (2002A, 2003A, 2004A and 2006A Financing Programs) (Green Bonds)" (the "Series 2020A-R1 Refunding Bonds"); and

(ii) "Proposals for Series 2020C-R1 and Series 2020C-R2 Refunding Bonds" for the purchase of all of the I-Bank's (a) $42,580,000* aggregate principal amount of "Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) (Federally Taxable) (Green Bonds)" (the "Series 2020C-R1 Refunding Bonds") and (b) $15,825,000* aggregate principal amount of "Environmental Infrastructure Refunding Bonds, Series 2020C-R2 (2012B and 2012C Financing Programs) (Federally Taxable) (Green Bonds)" (the "Series 2020C-R2 Refunding Bonds").

The Proposals for Series 2020A-R1 Refunding Bonds and the Proposals for Series 2020C-R1 and Series 2020C-R2 Refunding Bonds shall be referred to collectively hereinafter as the "Proposals for Refunding Bonds". Each of the Series 2020A-R1 Refunding Bonds, the Series 2020C-R1 Refunding Bonds and the Series 2020C-R2 Refunding Bonds are a "Series" and are referred to collectively herein as the "Refunding Bonds". The Series 2020C-R1 Refunding Bonds and the Series 2020C-R2 Refunding Bonds are referred to collectively herein as the "Series 2020C-R1 and 2020C-R2 Refunding Bonds".

The I-Bank will <u>not</u> consider Proposals for Refunding Bonds received by any means other than as set forth under the caption "Procedures Regarding Electronic Bidding" in the full Notice of Sale, or after 10:30 a.m. for

* Subject to adjustment in accordance with the full Notice of Sale.

the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, and after 11:00 a.m. for the Series 2020A-R1 Refunding Bonds, New Jersey time (or the time for receipt of bids set forth in any postponement notice), on the Bid Date. All Proposals for Refunding Bonds must conform with every term, requirement and condition set forth in the full Notice of Sale, dated May 20, 2020 (the "full Notice of Sale"), of which this is a summary, subject to the I-Bank's rights as set forth therein.

Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the full Notice of Sale or in the Preliminary Official Statement, dated May 20, 2020, disseminated by the I-Bank in connection with the sale of the Refunding Bonds (the "Preliminary Official Statement").

TO THE EXTENT THAT A SERIES OF THE REFUNDING BONDS DOES NOT ACHIEVE THE STATUTORILY REQUIRED LEVEL OF SAVINGS, SUCH SERIES OF THE REFUNDING BONDS WILL NOT BE ISSUED.

BIDDERS MAY CHOOSE, AT THE BIDDERS' SOLE DISCRETION, TO BID FOR THE PURCHASE OF ANY OF (I) THE SERIES 2020A-R1 REFUNDING BONDS, (II) THE SERIES 2020C-R1 AND 2020C-R2 REFUNDING BONDS, OR (III) ALL THREE SERIES OF REFUNDING BONDS. **WITH RESPECT TO BIDS FOR THE PURCHASE OF THE SERIES 2020C-R1 AND 2020C-R2 REFUNDING BONDS, BIDDERS MUST BID FOR THE PURCHASE OF ALL OF THE SERIES 2020C-R1 AND 2020C-R2 REFUNDING BONDS, COLLECTIVELY, AND MAY NOT SEPARATELY BID FOR THE PURCHASE OF EITHER OF THE SERIES 2020C-R1 REFUNDING BONDS OR THE SERIES 2020C-R2 REFUNDING BONDS.** AWARD BY THE I-BANK OF THE SERIES 2020A-R1 REFUNDING BONDS IS NOT CONDITIONED UPON THE AWARD BY THE I-BANK OF THE SERIES 2020C-R1 AND 2020C-R2 REFUNDING BONDS, NOR IS THE AWARD OF THE SERIES 2020C-R1 AND 2020C-R2 REFUNDING BONDS CONDITIONED UPON THE AWARD OF THE SERIES 2020A-R1 REFUNDING BONDS.

Effective as of January 16, 2018, various statutory amendments to the I-Bank Act were implemented that, collectively, serve to materially revise the statutory powers of the I-Bank and, additionally, serve to change the name of the I-Bank from the "New Jersey Environmental Infrastructure Trust" to the "New Jersey Infrastructure Bank". The I-Bank is a public body corporate and politic with corporate succession, constituted as an instrumentality of the State of New Jersey, exercising public and essential government functions. With respect to the inclusion, pursuant to the above-referenced statutory amendments, of the word "Bank" in the name of the "New Jersey Infrastructure Bank", the following is noted: The I-Bank is not (i) a "bank" or "savings bank" within the meaning of the New Jersey Banking Act of 1948, or (ii) a "national banking association" or a "federal savings bank" within the meaning of the National Bank Act. Further, the I-Bank is not subject to the general supervision of the New Jersey Department of Banking and Insurance or the Office of the Comptroller of the Currency (United States Treasury Department), the Board of Governors of the Federal Reserve System or the Federal Deposit Insurance Corporation. The I-Bank does not accept "deposits" within the meaning of the New Jersey Banking Act of 1948 or the National Bank Act, and its obligations are not insured by the Federal Deposit Insurance Corporation.

Each Series of Refunding Bonds will be dated the date of issuance thereof and will bear interest from such dated date payable semiannually on March 1 and September 1, beginning September 1, 2020, at the rate or rates per annum specified by the respective Successful Bidders in compliance with the terms of the full Notice of Sale. Each Series of Refunding Bonds will mature in the Preliminary Principal Amounts, as identified in the full Notice of Sale and subject to adjustment in accordance with the terms of the full Notice of Sale. The Refunding Bonds will not be subject to optional redemption and will not be subject to mandatory sinking fund redemption prior to their respective stated maturities.

The Series 2020A-R1 Refunding Bonds and the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds shall be awarded to the bidder offering such interest rate or rates and purchase price that will produce the lowest true interest cost to the I-Bank over the life of each of the Series 2020A-R1 Refunding Bonds and the Series 2020C-R1 and 2020C-R2 Refunding Bonds. The I-Bank will provide to the respective Successful Bidders the

approving legal opinion of McCarter & English, LLP, Newark, New Jersey, bond counsel to the I-Bank, with respect to each Series of Refunding Bonds.

The I-Bank intends to establish the issue price of the Series 2020A-R1 Refunding Bonds by complying with the Competitive Sale Requirements. In the event the Competitive Sale Requirements are not met with respect to the Series 2020A-R1 Refunding Bonds, the I-Bank intends to reject all bids for the Series 2020A-R1 Refunding Bonds as provided by the terms of the full Notice of Sale. The Series 2020C-R1 and Series 2020C-R2 Refunding Bonds are not subject to these requirements, such Refunding Bonds being federally taxable.

The I-Bank may, in its sole discretion and prior to the opening of bids, (i) adjust the Preliminary Principal Amount of one or more maturities of any Series of Refunding Bonds and, correspondingly, the aggregate Preliminary Principal Amount of such Series of Refunding Bonds, and/or (ii) modify or clarify any other term hereof or of the full Notice of Sale, by issuing a notification of the adjusted amounts, the modification or the clarification, as the case may be, via Thomson Municipal Market Monitor (or some other municipal news wire service recognized by the municipal securities industry, "Thomson News Service") no later than 9:30 a.m., New Jersey time, on the Bid Date.

The I-Bank reserves the right to postpone or reschedule, from time to time, the Bid Date and/or the Closing Date for either the Series 2020A-R1 Refunding Bonds and/or the Series 2020C-R1 and 2020C-R2 Refunding Bonds. ANY SUCH POSTPONEMENT OR RESCHEDULING WILL BE ANNOUNCED VIA THOMSON NEWS SERVICE NO LATER THAN THE FOLLOWING TIMES ON THE LAST ANNOUNCED DATE FOR THE RECEIPT OF BIDS: (I) IF PRIOR TO THE RECEIPT OF BIDS, 9:30 A.M., NEW JERSEY TIME, OR (II) IF THERE IS NO SUCCESSFUL BIDDER FOR EITHER THE SERIES 2020A-R1 REFUNDING BONDS AND/OR THE SERIES 2020C-R1 AND 2020C-R2 REFUNDING BONDS, FOR ANY REASON IN ACCORDANCE WITH THE TERMS OF THE FULL NOTICE OF SALE, INCLUDING, WITHOUT LIMITATION, THE DETERMINATION BY THE I-BANK TO REJECT ALL PROPOSALS FOR REFUNDING BONDS FOR SUCH SERIES, 5:00 P.M., NEW JERSEY TIME. Any such alternative Bid Date for such Series and the time at which bids are next due will be announced via Thomson News Service at least forty-eight (48) hours, exclusive of weekends and State holidays, before bids are next due. On any such alternative Bid Date, bidders for such Series shall submit Proposals for Refunding Bonds in conformity with all of the requirements of the full Notice of Sale, other than the date of submission and sale and any further or contrary provisions set forth in such announcement or in any adjustment, modification or clarification announcement referred to above, which further or contrary provisions must be complied with by all bidders for such Series.

The foregoing is a summary of the full Notice of Sale. To the extent the provisions of the full Notice of Sale are in any fashion different from this summary or from the instructions or directions from PARITY, the terms of the full Notice of Sale shall control the award of the Series 2020A-R1 Refunding Bonds and the Series 2020C-R1 and 2020C-R2 Refunding Bonds. For further information with respect to the Refunding Bonds and the sale thereof, reference is hereby made to the full Notice of Sale and the Preliminary Official Statement. For further information about PARITY, potential bidders may contact the I-Bank or the I-Bank's financial advisor (using the contact information set forth below), or i-Deal at (212) 849-5024. Copies of the full Notice of Sale and the Preliminary Official Statement may be obtained from the Executive Director of the I-Bank at the Administrative Offices (telephone (609) 219-8600) or from PFM Financial Advisors LLC, financial advisor to the I-Bank, 1735 Market Street, 43rd Floor, Philadelphia, Pennsylvania 19103, Attention: Geoffrey Stewart or Matt Magarity (telephone (215) 567-6100).

David E. Zimmer, CFA
Executive Director
New Jersey Infrastructure Bank

Dated: May 20, 2020

NOTICE OF SALE
NEW JERSEY INFRASTRUCTURE BANK

$17,780,000* ENVIRONMENTAL INFRASTRUCTURE REFUNDING BONDS, SERIES 2020A-R1 (2002A, 2003A, 2004A AND 2006A FINANCING PROGRAMS) (GREEN BONDS)

and

$42,580,000* ENVIRONMENTAL INFRASTRUCTURE REFUNDING BONDS, SERIES 2020C-R1 (2012A FINANCING PROGRAM) (FEDERALLY TAXABLE) (GREEN BONDS)

and

$15,825,000* ENVIRONMENTAL INFRASTRUCTURE REFUNDING BONDS, SERIES 2020C-R2 (2012B AND 2012C FINANCING PROGRAMS) (FEDERALLY TAXABLE) (GREEN BONDS)

NOTICE IS HEREBY GIVEN that the Executive Director (or any other "Authorized Officer" as such term is defined in the hereinafter defined Resolutions) (the "Executive Director") of the New Jersey Infrastructure Bank (the "I-Bank") will receive, until 10:30 a.m., for two federally taxable series of "Green Bonds," the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds (as hereinafter defined), and until 11:00 a.m., for one tax-exempt series of "Green Bonds," the Series 2020A-R1 Refunding Bonds (as hereinafter defined), New Jersey time, on Tuesday, June 2, 2020 (unless postponed in accordance with the terms hereof, the "Bid Date"), electronically via the PARITY Electronic Bid Submission System ("PARITY") of i-Deal LLC ("i-Deal"), in a manner described below:

(i) "Proposals for Series 2020A-R1 Refunding Bonds" for the purchase of all of the I-Bank's $17,780,000* aggregate principal amount of "Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (2002A, 2003A, 2004A and 2006A Financing Programs) (Green Bonds)" (the "Series 2020A-R1 Refunding Bonds"); and

(ii) "Proposals for Series 2020C-R1 and Series 2020C-R2 Refunding Bonds" for the purchase of all of the I-Bank's (a) $42,580,000* aggregate principal amount of "Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) (Federally Taxable) (Green Bonds)" (the "Series 2020C-R1 Refunding Bonds") and (b) $15,825,000* aggregate principal amount of "Environmental Infrastructure Refunding Bonds, Series 2020C-R2 (2012B and 2012C Financing Programs) (Federally Taxable) (Green Bonds)" (the "Series 2020C-R2 Refunding Bonds").

The Proposals for the Series 2020A-R1 Refunding Bonds and the Proposals for the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds shall be referred to, collectively, hereinafter as the "Proposals for Refunding Bonds" or the "Proposals". Each of the Series 2020A-R1 Refunding Bonds, the Series 2020C-R1 Refunding Bonds and the Series 2020C-R2 Refunding Bonds are a "Series" and are referred to, collectively, herein as the "Refunding Bonds". The Series 2020C-R1 Refunding Bonds and the Series 2020C-R2 Refunding Bonds are referred to, collectively, herein as the "Series 2020C-R1 and Series 2020C-R2 Refunding Bonds".

* Subject to adjustment in accordance with this Notice of Sale.

The I-Bank will not consider Proposals for Refunding Bonds received by any means other than as set forth under the caption "Procedures Regarding Electronic Bidding" herein, or after 10:30 a.m. with respect to the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, or after 11:00 a.m. with respect to the Series 2020A-R1 Refunding Bonds, New Jersey time (or the time for receipt of bids set forth in any postponement notice), on the Bid Date. All Proposals for Refunding Bonds must conform with every term, requirement and condition set forth in this Notice of Sale, subject to the I-Bank's rights set forth herein.

Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Preliminary Official Statement, dated May 20, 2020, disseminated by the I-Bank in connection with the marketing and sale of the Refunding Bonds (the "Preliminary Official Statement").

BIDDERS MAY CHOOSE, AT THE BIDDERS' SOLE DISCRETION, TO BID FOR THE PURCHASE OF ANY OF (I) THE SERIES 2020A-R1 REFUNDING BONDS, (II) THE SERIES 2020C-R1 AND SERIES 2020C-R2 REFUNDING BONDS, OR (III) ALL THREE SERIES OF REFUNDING BONDS. **WITH RESPECT TO BIDS FOR THE PURCHASE OF THE SERIES 2020C-R1 AND SERIES 2020C-R2 REFUNDING BONDS, BIDDERS MUST BID FOR THE PURCHASE OF ALL OF THE SERIES 2020C-R1 AND SERIES 2020C-R2 REFUNDING BONDS, COLLECTIVELY, AND MAY NOT SEPARATELY BID FOR THE PURCHASE OF EITHER OF THE SERIES 2020C-R1 REFUNDING BONDS OR THE SERIES 2020C-R2 REFUNDING BONDS.**

TO THE EXTENT THAT THE SERIES 2020A-R1 REFUNDING BONDS DO NOT ACHIEVE THE STATUTORILY REQUIRED LEVEL OF SAVINGS, SUCH SERIES 2020A-R1 REFUNDING BONDS WILL NOT BE ISSUED. IF EITHER THE SERIES 2020C-R1 REFUNDING BONDS OR THE SERIES 2020C-R2 REFUNDING BONDS DO NOT ACHIEVE THE STATUTORILY REQUIRED LEVEL OF SAVINGS, NEITHER THE SERIES 2020C-R1 REFUNDING BONDS NOR THE SERIES 2020C-R2 REFUNDING BONDS WILL BE ISSUED.

AWARD BY THE I-BANK OF THE SERIES 2020A-R1 REFUNDING BONDS IS NOT CONDITIONED UPON THE AWARD BY THE I-BANK OF THE SERIES 2020C-R1 AND SERIES 2020C-R2 REFUNDING BONDS, NOR IS THE AWARD OF THE SERIES 2020C-R1 AND SERIES 2020C-R2 REFUNDING BONDS CONDITIONED UPON THE AWARD OF THE SERIES 2020A-R1 REFUNDING BONDS.

Persons considering a purchase of any Series of Refunding Bonds should read (i) the Preliminary Official Statement in its entirety, including, without limitation, the cover and the inside cover thereof and the appendices thereto, and (ii) this Notice of Sale in its entirety, including, without limitation, the requirements herein under the headings "Compliance with P.L. 2005, c. 51", "Compliance with P.L. 2005, c. 271 Reporting Requirement" and "Compliance with P.L. 2012, c. 25; Certification of Non-Involvement in Prohibited Activities in Iran".

The I-Bank. Effective as of January 16, 2018, various statutory amendments to the I-Bank Act (as defined below) were implemented that, collectively, serve to materially revise the statutory powers of the I-Bank and, additionally, serve to change the name of the I-Bank from the "New Jersey Environmental Infrastructure Trust" to the "New Jersey Infrastructure Bank". The I-Bank is a public body corporate and politic with corporate succession, constituted as an instrumentality of the State of New Jersey (the "State), exercising public and essential government functions. With respect to the inclusion, pursuant to the above-referenced statutory amendments, of the word "Bank" in the name of the "New Jersey Infrastructure Bank", the following is noted: The I-Bank is not (i) a "bank" or "savings bank" within the meaning of the New Jersey Banking Act of 1948, or (ii) a "national banking association" or a "federal savings bank" within the meaning of the National Bank Act. Further, the I-Bank is not subject to the general supervision of the New Jersey Department of Banking and Insurance or the Office of the Comptroller of the Currency (United States Treasury Department), the Board of Governors of the Federal Reserve System or the Federal Deposit Insurance Corporation. The I-Bank does not accept "deposits" within the meaning of the New Jersey Banking Act of 1948 or the National Bank Act, and its obligations are not insured by the Federal Deposit Insurance Corporation.

The Refunding Bonds. Each Series of the Refunding Bonds will be dated the date of issuance thereof and will bear interest from such dated date, payable semiannually on March 1 and September 1, beginning September 1, 2020, at the rate or rates per annum specified in the respective Proposals for Refunding Bonds of the respective Successful Bidders (as hereinafter defined) therefor until maturity (stated or otherwise). Interest on the Refunding Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months, and will be payable in lawful money of the United States of America.

The Refunding Bonds will be issued initially as registered bonds in book-entry-only form. For so long as The Depository Trust Company, New York, New York ("DTC"), or its nominee, Cede & Co., is the registered owner of the Refunding Bonds, payments of principal of and interest on the Refunding Bonds will be made directly by wire transfer to Cede & Co. Disbursement of such payments to the DTC participants is the responsibility of DTC, and further disbursement of such payments from the DTC participants to the beneficial owners of the Refunding Bonds is the responsibility of the DTC participants.

The Refunding Bonds will be issued as fully registered bonds in the denomination of one bond per aggregate principal amount of the stated maturity of each Series thereof and registered in the name of DTC or its nominee, Cede & Co. DTC will act as securities depository for the Refunding Bonds. For so long as the Refunding Bonds are registered in book-entry-only form, purchases of the Refunding Bonds will be made in book-entry-only form (without certificates) in principal amounts of $5,000 or any whole multiple thereof. It shall be the obligation of the Successful Bidders to furnish to DTC for the respective Series of Refunding Bonds, not less than seven (7) days prior to the Closing Date (as hereinafter defined), an underwriters' questionnaire.

CUSIP Numbers. It is anticipated that CUSIP identification numbers will be printed on the Refunding Bonds, but neither the failure to print such number on any Refunding Bond nor any error with respect thereto shall constitute cause for failure or refusal by the respective Successful Bidders to accept delivery of and pay for each Series of the Refunding Bonds in accordance with the terms of this Notice of Sale. The I-Bank's financial advisor will request the CUSIP numbers prior to the Bid Date and will be responsible for obtaining the CUSIP numbers for each Series of the Refunding Bonds; therefore, neither the procurement of the CUSIP numbers nor the cost thereof shall be the responsibility of the Successful Bidders.

Amortization. The Refunding Bonds will mature on September 1 of the following years and, subject to adjustment in accordance with the terms hereof, in the following "Preliminary Principal Amounts":

$17,780,000* aggregate Preliminary Principal Amount of the Series 2020A-R1 Refunding Bonds

September 1*	Preliminary Principal Amount*	September 1*	Preliminary Principal Amount*
2021	$3,275,000	2023	$2,765,000
2022	3,040,000	2024	8,700,000

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* Subject to adjustment in accordance with this Notice of Sale.

$42,580,000* aggregate Preliminary Principal Amount of the Series 2020C-R1 Refunding Bonds

September 1*	Preliminary Principal Amount*	September 1*	Preliminary Principal Amount*
2022	$3,595,000	2027	$4,545,000
2023	3,765,000	2028	4,655,000
2024	3,975,000	2029	4,525,000
2025	4,140,000	2030	4,515,000
2026	4,345,000	2031	4,520,000

$15,825,000* aggregate Preliminary Principal Amount of the Series 2020C-R2 Refunding Bonds

September 1*	Preliminary Principal Amount*	September 1*	Preliminary Principal Amount*
2022	$1,280,000	2027	$1,595,000
2023	1,350,000	2028	1,680,000
2024	1,415,000	2029	1,755,000
2025	1,475,000	2030	1,815,000
2026	1,550,000	2031	1,910,000

Adjustment of Refunding Bonds; Modification or Clarification Prior to Opening of Bids. The I-Bank may, in its sole discretion and prior to the opening of bids, (i) adjust the Preliminary Principal Amount of one or more maturities of any Series of the Refunding Bonds, as the case may be, and, correspondingly, the aggregate Preliminary Principal Amount of such Series of the Refunding Bonds, and/or (ii) modify or clarify any other term hereof, by issuing a notification of the adjusted amounts, modification or clarification, as the case may be, via Thomson Municipal Market Monitor (or some other municipal news wire service recognized by the municipal securities industry, "Thomson News Service") no later than 9:30 a.m., New Jersey time, on the Bid Date.

Adjustment of Refunding Bonds After Award. The I-Bank may, in its sole discretion, after the receipt and opening of bids and award of either the Series 2020A-R1 Refunding Bonds or the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, as the case may be, adjust the Preliminary Principal Amount of one or more maturities of such Series of the Refunding Bonds and, correspondingly, the aggregate Preliminary Principal Amount of such Series of the Refunding Bonds (as adjusted, the "Final Principal Amounts"); provided, however, that such adjustment to one or more maturities of the Preliminary Principal Amount of such Series of Refunding Bonds, as the case may be, in the aggregate, shall not exceed 10% of the aggregate Preliminary Principal Amount of such Series of Refunding Bonds at the time of the opening of bids.

For each Series of Refunding Bonds, the dollar amount bid by the respective Successful Bidder shall be adjusted to reflect any adjustments in the aggregate principal amount of such Series of Refunding Bonds to be issued. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and the original issue premium or discount (as the case may be), but will not change (i) the per bond underwriter's discount as calculated from the bid and (ii) the prices at which the respective Successful Bidder intends that each stated maturity of the respective Series of Refunding Bonds shall initially be offered to the public, which for this purpose excludes bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers (the "Initial Public Offering Prices"). The I-Bank shall notify the respective Successful Bidders of

* Subject to adjustment in accordance with this Notice of Sale.

the Final Principal Amounts and the resulting adjusted purchase prices no later than 2:30 p.m., New Jersey time, on the day of the sale and award of each Series of the Refunding Bonds.

Bid Specifications and Procedures. To be considered, any Proposal for Refunding Bonds submitted must be unconditional and must conform with all of the terms stated in this Notice of Sale.

Purchase Price: For each Series of Refunding Bonds, a bidder must set forth the purchase price of such Series of Refunding Bonds in the manner identified in PARITY.

- The purchase price for the Series 2020A-R1 Refunding Bonds shall not be less than $18,669,000* (which is 105%* of the aggregate Preliminary Principal Amount thereof).

- The purchase price for the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds shall not be less than $63,077,400* (which is 108%* of the aggregate Preliminary Principal Amount thereof); provided, however:

    - the purchase price for the Series 2020C-R1 Refunding Bonds shall not be less than $45,986,400*, which is 108%* of the aggregate Preliminary Principal Amount thereof; and

    - the purchase price for the Series 2020C-R2 Refunding Bonds shall not be less than $17,091,000*, which is 108%* of the aggregate Preliminary Principal Amount thereof.

The I-Bank will, if applicable, adjust the purchase prices of the respective Successful Bidders in accordance with the prior section of this Notice of Sale, entitled "Adjustment of Refunding Bonds After Award".

THE SUCCESSFUL BIDDERS MAY NOT WITHDRAW OR MODIFY THEIR RESPECTIVE BIDS ONCE SUBMITTED TO THE I-BANK FOR ANY REASON, INCLUDING, WITHOUT LIMITATION, AS A RESULT OF ANY INCREASE OR DECREASE IN THE FINAL PRINCIPAL AMOUNTS AND THE AGGREGATE PURCHASE PRICES OF THE RESPECTIVE SERIES OF REFUNDING BONDS AS PERMITTED PURSUANT TO THE TERMS OF THIS NOTICE OF SALE.

Interest Rate: Bidders for each Series of Refunding Bonds may specify one interest rate for all of the Refunding Bonds of such Series or may specify different interest rates for each maturity of such Series of Refunding Bonds; provided that the same interest rate applies to all of Refunding Bonds of any such Series that mature in the same year.

- All interest rates on the Series 2020A-R1 Refunding Bonds must be set forth by the bidders in PARITY in a multiple of 1/8th or 1/20th of one per centum per annum. The interest rate specified with respect to each maturity of the Series 2020A-R1 Refunding Bonds may not exceed 3.00% per annum.

- All interest rates on the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds must be set forth by the bidders in PARITY in a multiple of 1/100th of one per centum per annum.

    - For the Series 2020C-R1 Refunding Bonds maturing on September 1, 2022 through and including September 1, 2026, the interest rate specified with respect to each maturity thereof may not be less than 4.00% per annum. For the Series 2020C-R1 Refunding Bonds maturing on September 1, 2027 through and including September 1, 2031, the interest rate specified with respect to each maturity thereof may not exceed 3.00% per annum.

* Subject to adjustment in accordance with this Notice of Sale.

- The interest rate specified with respect to each maturity of the Series 2020C-R2 Refunding Bonds may not exceed 4.00% per annum.

Bidders for each Series of Refunding Bonds shall be deemed to have designated all Final Principal Amounts with respect to such Series of Refunding Bonds as serial bond maturities.

Bidders with respect to the Series 2020A-R1 Refunding Bonds shall adhere to the instructions set forth in PARITY with respect to the submission of the Initial Public Offering Prices. The Successful Bidder with respect to the Series 2020A-R1 Refunding Bonds shall make a bona fide initial public offering thereof at the Initial Public Offering Prices set forth in PARITY. The Successful Bidder with respect to the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, such Refunding Bonds being federally taxable, need not comply with the requirements set forth in this paragraph.

All Proposals for Refunding Bonds must be submitted in accordance with the procedures set forth herein under the heading "Procedures Regarding Electronic Bidding". All bids, as submitted electronically via PARITY pursuant to the procedures described below, shall be deemed to incorporate by reference all of the terms and conditions of this Notice of Sale. ALL BIDS MUST BE SUBMITTED BY AN AUTHORIZED REPRESENTATIVE OF THE BIDDER.

Reservation of Rights by the I-Bank; Rejection of Bids by the I-Bank; Postponement and Rescheduling. The I-Bank reserves the right to (i) reject, in its sole discretion, any or all Proposals for Refunding Bonds received on the Bid Date for any reason, including, without limitation, (a) the prevailing interest rate and other market conditions that exist on the Bid Date and (b) any non-compliance with or non-responsiveness to the terms hereof, (ii) so far as permitted by law and pursuant to its sole discretion, (a) waive any irregularities or informalities in Proposals for Refunding Bonds received on the Bid Date and/or (b) make any adjustments to Proposals for Refunding Bonds received on the Bid Date as provided in this Notice of Sale, and (iii) generally take such action, in its sole discretion, as it deems will best serve the interests of the I-Bank, the Refunding Program Borrowers, the Water Bank Programs or any other public interest. In addition, as set forth herein under the heading "Establishing the Issue Price for the Series 2020A-R1 Refunding Bonds": **If the I-Bank does not receive a bid for the Series 2020A-R1 Refunding Bonds from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds, as required by the Competitive Sale Requirements (as defined herein), the I-Bank shall determine that the Competitive Sale Requirements have not been satisfied for the purpose of establishing the issue price of the Series 2020A-R1 Refunding Bonds and the I-Bank shall reject all bids for the Series 2020A-R1 Refunding Bonds received by it.**

The I-Bank further reserves the right to postpone or reschedule, from time to time, the Bid Date and/or the Closing Date for either the Series 2020A-R1 Refunding Bonds and/or the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds. ANY SUCH POSTPONEMENT OR RESCHEDULING WILL BE ANNOUNCED VIA THOMSON NEWS SERVICE NO LATER THAN THE FOLLOWING TIMES ON THE LAST ANNOUNCED DATE FOR THE RECEIPT OF BIDS FOR SUCH SERIES OF REFUNDING BONDS: (I) IF PRIOR TO THE RECEIPT OF BIDS, 9:30 A.M., NEW JERSEY TIME, OR (II) IF THERE IS NO SUCCESSFUL BIDDER FOR EITHER THE SERIES 2020A-R1 REFUNDING BONDS AND/OR THE SERIES 2020C-R1 AND SERIES 2020C-R2 REFUNDING BONDS, FOR ANY REASON IN ACCORDANCE WITH THE TERMS OF THIS NOTICE OF SALE, INCLUDING, WITHOUT LIMITATION, A DETERMINATION BY THE I-BANK TO REJECT ALL PROPOSALS FOR REFUNDING BONDS FOR SUCH SERIES, 5:00 P.M., NEW JERSEY TIME. Any such alternative Bid Date for such Series and the time at which bids are next due will be announced via Thomson News Service at least forty-eight (48) hours, exclusive of weekends and State holidays, before bids are next due. On any such alternative Bid Date, bidders for such Series shall submit Proposals for Refunding Bonds in conformity with all of the applicable requirements hereof, other than the date of submission and sale and any further or contrary provisions set forth in such announcement or in any adjustment, modification or clarification announcement referred to above, which further or contrary provisions must be complied with by all bidders for such Series.

Procedures Regarding Electronic Bidding. Bids shall be submitted electronically via PARITY in accordance with this Notice of Sale until 10:30 a.m. for the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, and until 11:00 a.m. for the Series 2020A-R1 Refunding Bonds, New Jersey time, on the Bid Date, but no bid will be received after the time for receiving bids as specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact the I-Bank's financial advisor (using the contact information set forth in the final paragraph of this Notice of Sale) or may contact i-Deal at (212) 849-5024. By submitting a bid for the Refunding Bonds via PARITY, the bidder further agrees that:

1. If such submitted bid is accepted by the I-Bank, the terms of this Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract, and the Successful Bidder shall be bound by the terms of such contract.

2. PARITY is not an agent of the I-Bank, and the I-Bank shall have no liability whatsoever based upon any bidder's use of PARITY, including, but not limited to, any failure by PARITY to correctly or timely transmit either (i) information provided by the I-Bank or (ii) information provided by the bidder.

3. Once the bids are communicated electronically via PARITY to the I-Bank as described above, each bid will constitute a Proposal for Refunding Bonds and shall be deemed to be an irrevocable offer to purchase the applicable Series of Refunding Bonds on the terms provided in this Notice of Sale.

4. For purposes of submitting Proposals for Refunding Bonds, the time as maintained on PARITY shall constitute the official time.

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

Basis of Award. Unless all Proposals for Refunding Bonds that are applicable to the Series 2020A-R1 Refunding Bonds or the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, as the case may be, are rejected as provided by the terms of this Notice of Sale (see "Reservation of Rights by the I-Bank; Rejection of Bids by the I-Bank; Postponement and Rescheduling" herein), the Series 2020A-R1 Refunding Bonds and the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds will be preliminarily awarded by the Executive Director, promptly following the receipt and verification by the I-Bank of the respective bids (the "Preliminary Award").

Following the Preliminary Award of each of the Series 2020A-R1 Refunding Bonds and/or the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, the apparent successful Proposals for Refunding Bonds that are applicable to the Series 2020A-R1 Refunding Bonds and/or the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, as the case may be, are subject to adjustment by the I-Bank in accordance with the section of this Notice of Sale entitled "Adjustment of Refunding Bonds After Award". The formal award of the Series 2020A-R1 Refunding Bonds and/or the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, as the case may be, shall be made by the I-Bank (the "Formal Award") (i) following such adjustment by the I-Bank, (ii) no later than 2:30 p.m., New Jersey time, on the Bid Date, <u>but</u> (iii) subject to confirmation of the prior receipt by the I-Bank of the Good Faith Deposit (as herein defined) in accordance with the section of this Notice of Sale entitled "Good Faith Deposit".

Timely notification by the I-Bank of the Formal Award is subject to receipt by the I-Bank of the applicable Good Faith Deposit. The Formal Award shall not be made until the I-Bank possesses confirmation of receipt of the Good Faith Deposit. If the apparent successful bidder fails to so deliver the Good Faith Deposit by the designated time, the I-Bank shall have the option, but not the obligation, to withdraw the Preliminary Award. Upon the election by the I-Bank to withdraw the Preliminary Award due to the failure of the apparent successful bidder to comply with the Good Faith Deposit requirement as set forth herein, the apparent successful bidder shall be responsible to the I-Bank for all of the consequential damages arising from such withdrawal. Each bidder, by submitting a Proposal for Refunding Bonds, acknowledges and accepts the terms hereof relating to the payment of consequential damages.

Each of the Series 2020A-R1 Refunding Bonds and the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds shall be awarded, respectively, to the bidder offering such interest rate or rates and purchase price that will produce the lowest true interest cost to the I-Bank over the life of each of the Series 2020A-R1 Refunding Bonds (the "Series 2020A-R1 Successful Bidder") and the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds (the "Series 2020C-R1 and Series 2020C-R2 Successful Bidder"; the Series 2020A-R1 Successful Bidder and the Series 2020C-R1 and Series 2020C-R2 Successful Bidder shall be referred to collectively herein as the "Successful Bidders").

True interest cost for each of (i) the Series 2020A-R1 Refunding Bonds and (ii) the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds (expressed as an annual interest rate) will be that annual interest rate being twice that factor or discount rate, compounded semiannually, that, when applied against each semiannual debt service payment (interest or principal and interest, as due) for such Series of Refunding Bonds, will equate the sum of such discounted semiannual payments to the bid price. The true interest cost for each of (i) the Series 2020A-R1 Refunding Bonds and (ii) the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds shall be calculated from the dated date (June 17, 2020, unless changed as described herein) and shall be based upon (i) the Preliminary Principal Amounts thereof and (ii) the purchase price set forth in the applicable Proposal for Refunding Bonds. In the case of a tie for the purchase of either of (i) the Series 2020A-R1 Refunding Bonds or (ii) the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, the I-Bank may select the Successful Bidder applicable to such Series of Refunding Bonds by lot. It is requested that each Proposal for Refunding Bonds be accompanied by a computation of such true interest cost to the I-Bank under the terms of such Proposal for Refunding Bonds in accordance with the instructions set forth in PARITY, but such computation is not to be considered as part of such Proposal for Refunding Bonds.

Good Faith Deposit. Upon receipt of the Preliminary Award, each apparent successful bidder must provide, as soon as possible thereafter, but no later than 2:30 p.m., New Jersey time, on the Bid Date, via an electronic transfer of immediately available federal funds, the respective amounts, as applicable, of (i) $355,600 for the Series 2020A-R1 Refunding Bonds and (ii) $1,168,100 for the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds (with $851,600 thereof allocable to the Series 2020C-R1 Refunding Bonds and $316,500 thereof allocable to the Series 2020A-R2 Refunding Bonds) (such electronic transfer of funds being hereinafter referred to as the "Good Faith Deposit"). Each apparent successful bidder shall electronically transmit such Good Faith Deposit, in the case of both (i) the Series 2020A-R1 Refunding Bonds, and (ii) the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, to U.S. Bank National Association, as trustee therefor (the "Refunding Program Trustee"), pursuant to wire instructions that shall be provided by the I-Bank to each apparent successful bidder promptly following notification by the I-Bank of the Preliminary Award. Each apparent successful bidder shall demonstrate evidence of such electronic transfer of the Good Faith Deposit to the Refunding Program Trustee by providing the federal funds reference number to the I-Bank (attention: Karen Texany via ktexany@njib.gov) and to the Refunding Program Trustee (attention: Stephanie Roche via stephanie.roche@usbank.com), as soon as such federal funds reference number is available.

The I-Bank is not responsible for a wire transfer of the Good Faith Deposit that is transmitted by, or on behalf of, an apparent successful bidder following the Preliminary Award, but is not received at or prior to 2:30 p.m., New Jersey time, on the Bid Date.

Each bidder, by submitting a Proposal for Refunding Bonds, acknowledges and accepts the terms of the Good Faith Deposit requirement¸ as set forth herein, with respect to the Series 2020A-R1 Refunding Bonds or the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, as applicable.

Following Formal Award, interest earned on the Good Faith Deposit provided by each Successful Bidder will be credited to the I-Bank for its general corporate purposes, and will not be available to the Successful Bidders for the applicable Series of Refunding Bonds for any purpose thereof, including, without limitation, the payment of the purchase price thereof.

Concurrently with the delivery of and payment for the Refunding Bonds on the Closing Date, the principal amount of the Good Faith Deposit for each Series of Refunding Bonds will be applied as partial payment for such Series of Refunding Bonds. In the event that the I-Bank shall fail to deliver a Series of Refunding Bonds on the Closing Date, or if the I-Bank shall be unable to satisfy the conditions to the obligations of a Successful Bidder to pay for and accept delivery of such Series of Refunding Bonds, or if such obligations shall be terminated for any of the reasons specified herein, the principal amount of such Good Faith Deposit shall immediately be returned to such Successful Bidder as and for full liquidated damages and in full release of any claims that such Successful Bidder might have against the I-Bank on account of the I-Bank's failure to deliver such Series of Refunding Bonds. Alternatively, in the event a Successful Bidder shall fail (other than for the reasons permitted pursuant to this Notice of Sale) to accept delivery of and pay for a Series of Refunding Bonds on the Closing Date, the Good Faith Deposit applicable to such Series of Refunding Bonds shall be retained by the I-Bank as and for full liquidated damages and in full release of any claims that the I-Bank might have against such Successful Bidder on account of such Successful Bidder's failure to accept delivery of and pay for such Series of Refunding Bonds.

Authority and Purpose. The Refunding Bonds will be issued in accordance with the provisions of (i) the "New Jersey Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State (*N.J.S.A.* 58:11B-1 *et seq.)*, as the same has been, and from time to time may be, amended and supplemented (the "I-Bank Act"), (ii) all other applicable law, and (iii) (a) with respect to the Series 2020A-R1 Refunding Bonds, the Series 2020A-R1 Refunding Program Bond Resolutions, (b) with respect to the Series 2020C-R1 Refunding Bonds, the Series 2020C-R1 Refunding Program Bond Resolution and (c) with respect to the Series 2020C-R2 Refunding Bonds, the Series 2020C-R2 Refunding Program Bond Resolutions. The Series 2020A-R1 Refunding Program Bond Resolutions, the Series 2020C-R1 Refunding Program Bond Resolution and the Series 2020C-R2 Refunding Program Bond Resolutions shall be referred to, collectively, herein as the "Resolutions".

The Series 2020A-R1 Refunding Bonds will be issued for the purpose of (i) refunding a portion of the outstanding "Environmental Infrastructure Refunding Bonds, Series 2010A" issued by the I-Bank in an original aggregate principal amount of $68,570,000 on August 18, 2010, and (ii) paying a portion of the costs of issuance in connection therewith.

The Series 2020C-R1 Refunding Bonds will be issued for the purpose of (i) refunding a portion of the outstanding "Environmental Infrastructure Bonds, Series 2012A" issued by the I-Bank in an original aggregate principal amount of $67,765,000 on May 3, 2012, and (ii) paying a portion of the costs of issuance in connection therewith.

The Series 2020C-R2 Refunding Bonds will be issued for the purpose of (i) refunding a portion of the outstanding "Environmental Infrastructure Bonds, Series 2012B (AMT)" issued by the I-Bank in an original aggregate principal amount of $20,490,000 on May 3, 2012, (ii) refunding a portion of the outstanding "Environmental Infrastructure Bonds, Series 2012C (Federally Taxable)" issued by the I-Bank in an original aggregate principal amount of $4,775,000 on May 3, 2012, and (iii) paying a portion of the costs of issuance in connection therewith.

Security for the Refunding Bonds. For a description of the security for the Refunding Bonds, please see the Preliminary Official Statement, including, without limitation, the information contained therein under the heading "SECURITY FOR THE SERIES 2020 REFUNDING BONDS".

No Optional Redemption. Each Series of the Refunding Bonds will not be subject to redemption prior to their respective stated maturity dates.

No Mandatory Sinking Fund Redemption. Each Series of the Refunding Bonds will not be subject to mandatory sinking fund redemption prior to their respective stated maturities.

Delivery and Payment. It is expected that delivery of each Series of the Refunding Bonds in definitive form will take place at the offices of DTC in New York, New York, against payment of the purchase price thereof (less the respective Good Faith Deposit) in IMMEDIATELY AVAILABLE FEDERAL FUNDS, with closing taking place at the offices of McCarter & English, LLP, bond counsel to the I-Bank ("Bond Counsel"), in Newark, New Jersey, on or about June 17, 2020 (or the subsequent date for issuance of each Series of the Refunding Bonds as may be set forth in any postponement notice, the "Closing Date").

Establishing the Issue Price for the Series 2020A-R1 Refunding Bonds. By submitting a Proposal for Refunding Bonds for the Series 2020A-R1 Refunding Bonds, each bidder represents that (i) such bidder is an underwriter (as defined below) of municipal bonds that has an established industry reputation for underwriting new issuances of municipal bonds and (ii) such bidder intends to offer the Series 2020A-R1 Refunding Bonds to the public (as defined below). By submitting a Proposal for Refunding Bonds for the Series 2020A-R1 Refunding Bonds, each bidder certifies that its Proposal for Refunding Bonds is a good faith offer that the bidder believes reflects current market conditions, and is not a "courtesy bid" being submitted to the I-Bank for the purpose of assisting in meeting the Competitive Sale Requirements.

The Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, such Refunding Bonds being federally taxable, are not subject to the requirements of this section.

The Series 2020A-R1 Successful Bidder agrees that, simultaneously with or prior to delivery of the Series 2020A-R1 Refunding Bonds on the Closing Date, the Series 2020A-R1 Successful Bidder shall furnish to the I-Bank a certificate, acceptable to Bond Counsel, for the purpose of establishing the issue price (within the meaning of Treasury Regulation Section 1.148-1(f)) of the Series 2020A-R1 Refunding Bonds, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of such Successful Bidder, the I-Bank and Bond Counsel. Such certificate shall state: (i) such Successful Bidder has made a bona fide offering to the public (as defined below) of each stated maturity of the Series 2020A-R1 Refunding Bonds at the respective Initial Public Offering Prices set forth in its Proposal for Refunding Bonds; (ii) at the time such Successful Bidder submitted its Proposal for Refunding Bonds, the related Initial Public Offering Prices set forth therein represented such Successful Bidder's reasonably expected initial offering price to the public of each stated maturity of the Series 2020A-R1 Refunding Bonds, and (iii) such other information reasonably requested by Bond Counsel to assist in establishing the issue price of the Series 2020A-R1 Refunding Bonds, pursuant to the Competitive Sale Requirements as provided below.

The I-Bank intends that the "competitive sale" provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (the "Competitive Sale Requirements") shall apply for the purpose of establishing the issue price of the Series 2020A-R1 Refunding Bonds, including, without limitation, the requirement that bids be received for the Series 2020A-R1 Refunding Bonds from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds. **If the I-Bank does not receive a bid for the Series 2020A-R1 Refunding Bonds from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds, as required by the Competitive Sale Requirements, the I-Bank shall determine that the Competitive Sale Requirements have not been satisfied for the purpose of establishing the issue price of the Series 2020A-R1 Refunding Bonds and the I-Bank shall reject all bids for Series 2020A-R1 Refunding Bonds received**

by it. Alternatively, if satisfied, the Competitive Sale Requirements will result in establishing the "issue price" for the Series 2020A-R1 Refunding Bonds based upon the reasonably expected initial offering price to the public of the Series 2020A-R1 Successful Bidder. The I-Bank will advise the Series 2020A-R1 Successful Bidder as to whether the Competitive Sale Requirements have been met at the same time it notifies such Successful Bidder of the award of the Series 2020A-R1 Refunding Bonds. The Series 2020A-R1 Successful Bidder shall, within twenty-four (24) hours after being notified of the award of the Series 2020A-R1 Refunding Bonds, advise the I-Bank by electronic mail or facsimile transmission (pursuant to the instructions set forth below) of the Initial Public Offering Price of each maturity of the Series 2020A-R1 Refunding Bonds as of the date of the award.

For purposes of establishing the issue price of the Series 2020A-R1 Refunding Bonds, the following terms shall be defined as follows:

1. "underwriter" means (i) any person that agrees, pursuant to a written contract with the Series 2020A-R1 Successful Bidder, to participate in the initial sale of the Series 2020A-R1 Refunding Bonds to the public, and (ii) any person that agrees, pursuant to a written contract directly or indirectly with a person described in clause (i), to participate in the initial sale of the Series 2020A-R1 Refunding Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2020A-R1 Refunding Bonds to the public);

2. "public" means any person other than an underwriter or a related party (as defined below) to an underwriter; and

3. "related party" to an underwriter means a purchaser of any of the Series 2020A-R1 Refunding Bonds if the purchaser and an underwriter are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Sales of Series 2020A-R1 Refunding Bonds to any person that is a related party to an underwriter shall not constitute sales to the public.

Required submissions to the I-Bank, the I-Bank's financial advisor and Bond Counsel, as required pursuant to the provisions of this section, shall be satisfied by the submission thereof to the I-Bank, attention: Executive Director David E. Zimmer, at dzimmer@njib.gov, with transmission confirmed by phone (609-219-8600).

Closing. Each Successful Bidder agrees to provide to the I-Bank, within twenty-five (25) days after the Closing Date, a report showing the allocation of its applicable Series of Refunding Bonds received by each member of the underwriting syndicate therefor, and that portion of the underwriting fee allocable to each member of the applicable underwriting syndicate.

The Series 2020A-R1 Successful Bidder may, at its option, refuse to accept the Series 2020A-R1 Refunding Bonds if, subsequent to the Bid Date but prior to the Closing Date, any income tax law of the United States of America or of the State shall be enacted that shall, in the opinion of Bond Counsel, materially adversely affect (i) the excludability of interest on the Series 2020A-R1 Refunding Bonds from gross income of the owners thereof for federal income tax purposes or (ii) the other material tax consequences attributable to the receipt of interest on the Series 2020A-R1 Refunding Bonds described in the "TAX MATTERS" section of the Preliminary Official Statement. Similarly, the Series 2020C-R1 and Series 2020C-R2 Successful Bidder may, at its option, refuse to accept the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, if subsequent to the

Bid Date but prior to the Closing Date, any income tax law of the State shall be enacted that shall, in the opinion of Bond Counsel, materially adversely affect the exemption of interest on the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds pursuant to State law. In each such case, (i) the I-Bank shall have no obligation hereunder to deliver such Series of the Refunding Bonds on the Closing Date, (ii) the I-Bank shall not be liable to any person for any damages arising out of such non-delivery of such Series of the Refunding Bonds, and (iii) the principal amount of the Good Faith Deposit will be returned to the applicable Successful Bidder who, in turn, will be relieved of its contractual obligations arising from the I-Bank's acceptance of its Proposal for Refunding Bonds.

The obligations hereunder to deliver and to accept delivery of and pay for a Series of Refunding Bonds shall be further conditioned upon the availability and the delivery to the Successful Bidder applicable to such Series of Refunding Bonds on the Closing Date of (i) certificates in form and substance satisfactory to Bond Counsel evidencing the proper execution and delivery of such Series of Refunding Bonds and receipt of payment therefor, (ii) a certificate of the Attorney General of the State of New Jersey, General Counsel to the I-Bank, dated the Closing Date, to the effect that there is no litigation pending or (to the knowledge of the signer or signers thereof) threatened affecting the validity of such Series of Refunding Bonds or, in lieu of such statement, statements by the Attorney General that, in his opinion, the issues raised in any such pending or threatened litigation, insofar as they affect the validity of such Series of Refunding Bonds, are without substance or that the contention of any plaintiffs therein that affects the validity of such Series of Refunding Bonds is without merit, (iii) one manually signed copy of the Official Statement (as hereinafter defined), (iv) a copy of the approving opinion of Bond Counsel applicable to such Series of Refunding Bonds, including one copy thereof manually signed, substantially in the form set forth in the Preliminary Official Statement, which opinion shall be furnished to such Successful Bidder without cost, (v) a supplemental opinion of Bond Counsel, including one copy thereof manually signed, to the effect that the Official Statement (other than the information contained under the caption "THE SERIES 2020 REFUNDING BONDS -Book-Entry-Only System" and in Appendices A, B, C and D thereto, the descriptions of the Refunding Program Projects, and all financial and statistical data contained therein, as to which no opinion need be expressed), as of its date and on the Closing Date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, and (vi) a certificate of the Chairperson, the Vice-Chairperson, the Secretary or the Executive Director of the I-Bank stating that (a) the Official Statement (other than the information contained under the caption "THE SERIES 2020 REFUNDING BONDS - Book-Entry-Only System" and in Appendices G and H thereto, as to which no statement need be made), as of its date, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, and (b) there has been no material adverse change in the financial condition and affairs of the I-Bank during the period from the date of the Official Statement to and including the Closing Date that was not disclosed in or contemplated by the Official Statement.

Preliminary and Final Official Statements. The I-Bank, by accepting the Proposal for Refunding Bonds submitted by the Successful Bidder applicable to a Series of Refunding Bonds, (i) certifies to such Successful Bidder, as of the date of acceptance of such Proposal for Refunding Bonds, that the Preliminary Official Statement furnished to such Successful Bidder prior to the date of such acceptance has been "deemed final" as of its date by the I-Bank within the meaning and for the purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and supplemented ("Rule 15c2-12"), except for certain omissions permitted thereunder and except for changes permitted thereby and by other applicable law, (ii) agrees to provide to each Successful Bidder, in order to permit such Successful Bidder to comply with Rule 15c2-12, up to 50 copies of the final Official Statement, substantially in the form of the Preliminary Official Statement with such changes thereto and insertions therein as shall be necessary to comply with Rule 15c2-12 (the "Official Statement"), to be disseminated by the I-Bank in connection with the sale by the I-Bank of the Refunding Bonds within the period of time allowed under Rule 15c2-12 for the dissemination thereof, at the sole cost and expense of the I-Bank, with any additional copies that either such Successful Bidder shall reasonably request to be provided at the sole cost and expense of such Successful Bidder, and (iii) undertakes, through the adoption of the Resolutions and through the execution and delivery of the I-Bank

Continuing Disclosure Agreement for each applicable Water Bank Program, to deliver certain information relating to each such Water Bank Program as a material "obligated person" (within the meaning and for the purposes of Rule 15c2-12). Each Successful Bidder, by executing its Proposal for Refunding Bonds, (i) agrees to provide (a) one copy of the final Official Statement to at least one "nationally recognized municipal securities information repository" within the meaning of Rule 15c2-12 (a "Repository"; as of the date hereof, the sole Repository designated by the SEC in accordance with Rule 15c2-12 is the Electronic Municipal Market Access facility for municipal securities disclosure of the Municipal Securities Rulemaking Board (the "MSRB")) upon receipt of the final Official Statement from the I-Bank, and (b) one electronic copy of the final Official Statement (with any required forms) to the MSRB or its designee pursuant to MSRB Rule G-32 no later than ten business days following the date of acceptance of its bid, and (ii) further agrees to comply with all other applicable provisions of Rule 15c2-12 and MSRB Rule G-32. Each Successful Bidder shall notify the I-Bank of (i) the date that is the "end of the underwriting period" relating to its respective Series of Refunding Bonds within the meaning of Rule 15c2-12, and (ii) the date on which the final Official Statement is filed thereby with a Repository and the MSRB or its designee. Copies of the Preliminary Official Statement may be obtained at the offices listed in the last paragraph of this Notice of Sale.

Compliance with P. L. 2005, c. 51. By submitting a Proposal for Refunding Bonds to the I-Bank, each bidder represents and warrants for itself and the other underwriters participating in the bid (together with the bidder, the "Syndicate Members"), as follows: (i) each Syndicate Member has submitted to the State all information, certifications and disclosure statements required pursuant to (a) P.L. 2005, c. 51, enacted March 22, 2005, which codified Executive Order No. 134 (McGreevey 2004) ("P.L. 2005, c. 51"), and (b) Executive Order No. 117 (Corzine 2008) ("Executive Order 117"), and each Syndicate Member is in full compliance with the provisions of P.L. 2005, c. 51 and Executive Order 117; (ii) all information, certifications and disclosure statements previously submitted to the State pursuant to P.L. 2005, c. 51 and Executive Order 117 by each Syndicate Member are true and correct as of the date hereof; (iii) the representations and warranties set forth in clauses (i) and (ii) hereof have been made by the bidder with full knowledge that the I-Bank, in engaging the Successful Bidder in connection with the award of the Series 2020A-R1 Refunding Bonds and/or the Series 2020C-R1 and Series 2020C-R2 Refunding Bonds, as the case may be, shall rely upon the truth thereof and the truth of the information, certifications and disclosure statements referred to therein; and (iv) on the Closing Date, each Successful Bidder shall, on behalf of itself and the Syndicate Members, execute and deliver to the I-Bank a certificate to the effect that the representations and warranties set forth in clauses (i), (ii) and (iii) hereof are true and correct as of the Closing Date.

For helpful information concerning P.L. 2005, c. 51 and Executive Order 117 (including the full text thereof), please reference http://www.state.nj.us/treasury/purchase/execorder134.shtml.

Compliance with P.L. 2005, c. 271 Reporting Requirements. Each bidder is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to *N.J.S.A.* 19:44A-20.13 (P.L. 2005, c. 271, Section 3) if the bidder's bid is accepted by the I-Bank and the bidder enters into contracts or agreements with public entities in the State, such as the I-Bank, and receives compensation or fees in excess of $50,000 or more in the aggregate from public entities in the State, such as the I-Bank, in a given calendar year. It is the responsibility of each Successful Bidder to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at (888) 313-3532 or at http://www.elec.state.nj.us.

Compliance with P.L. 2012, c. 25: Certification of Non-Involvement in Prohibited Activities in Iran. Pursuant to *N.J.S.A.* 52:32-58 (P.L. 2012, c. 25, Section 4), each Successful Bidder will be required to file with the I-Bank, on or prior to the Closing Date, a certification (the form of which is available at https://www.state.nj.us/treasury/purchase/forms/DisclosureofInvestmentActivitiesinIran.pdf) that neither such Successful Bidder, nor any of its parents, subsidiaries and/or affiliates (as defined in *N.J.S.A.* 52:32-56(e)(3)), is listed on the New Jersey Department of the Treasury's List of Persons or Entities Engaging in Prohibited Investment Activities in Iran (a copy of which is available at http://www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf). If a Successful Bidder is unable to so certify,

the Successful Bidder shall provide a detailed and precise description of such activities. If any bidder has not previously submitted the certification required pursuant to P.L. 2012, c. 25 or has any questions concerning the requirements of P.L. 2012, c. 25, such bidder should contact the Executive Director of the I-Bank at (609) 219-8600. The certification must be submitted to the I-Bank, attention: Executive Director David E. Zimmer, via electronic mail to dzimmer@njib.gov. **Compliance with the certification requirement set forth in this paragraph is a material term and condition pursuant to this Notice of Sale and is binding upon each Successful Bidder.**

* * *

The foregoing is not intended as a complete summary of all of the provisions of the Resolutions and the Preliminary Official Statement. For further information with respect thereto, reference is hereby made to the Resolutions and the Preliminary Official Statement.

Copies of the Preliminary Official Statement and this Notice of Sale may be obtained from (i) the I-Bank, attention: Executive Director David E. Zimmer via e-mail at dzimmer@njib.gov or via telephone at 609-219-8600, or (ii) PFM Financial Advisors LLC, financial advisor to the I-Bank, attention: Geoffrey Stewart via e-mail at stewartg@pfm.com or via telephone (215) 384-5140; or Matt Magarity via e-mail at magaritym@pfm.com or via telephone at (267) 524-1152.

David E. Zimmer, CFA
Executive Director
Dated: May 20, 2020 New Jersey Infrastructure Bank

EXHIBIT A

ISSUE PRICE CERTIFICATE

New Jersey Infrastructure Bank
3131 Princeton Pike
Building 4 – Suite 216
Lawrenceville, New Jersey 08648

McCarter & English, LLP
Four Gateway Center
100 Mulberry Street
Newark, New Jersey 07102

Re: New Jersey Infrastructure Bank
$_____ Environmental Infrastructure Refunding Bonds, Series 2020A-R1
(2002A, 2003A, 2004A and 2006A Financing Programs)(Green Bonds)

Ladies and Gentlemen:

The undersigned, on behalf of [NAME OF UNDERWRITER or REPRESENTATIVE OF THE UNDERWRITING GROUP] [("[DEFINED TERM FOR UNDERWRITER]")][(the "Representative"), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group"),] **HEREBY REPRESENTS AND CERTIFIES**, as set forth below, with respect to the sale and issuance by the New Jersey Infrastructure Bank (the "I-Bank") of the above-captioned bonds (the "Series 2020A-R1 Refunding Bonds").

[Competitive Sale Requirements met (i.e., 3 bids received]

Reasonably Expected Initial Public Offering Price.

(a) As of the sale date of the Series 2020A-R1 Refunding Bonds, the reasonably expected initial offering prices of the Series 2020A-R1 Refunding Bonds to the public by [DEFINED TERM FOR UNDERWRITER] [the Underwriting Group] are the prices listed in the reoffering scale attached hereto as Schedule A (the "Initial Public Offering Prices "). The Initial Public Offering Prices are the price for the maturities of the Series 2020A-R1 Refunding Bonds used by [DEFINED TERM FOR UNDERWRITER] [the Representative] in formulating its bid to purchase the Series 2020A-R1 Refunding Bonds. Attached hereto as Schedule B is a true and correct copy of the bid provided by [DEFINED TERM FOR UNDERWRITER] [the Representative] to purchase the Series 2020A-R1 Refunding Bonds.

(b) [DEFINED TERM FOR UNDERWRITER] [The Representative] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [DEFINED TERM FOR UNDERWRITER] [the Representative] constituted a firm offer to purchase the Series 2020A-R1 Refunding Bonds and was not provided as a "courtesy bid" for the purpose of assisting in the establishment of the issue price of the Series 2020A-R1 Refunding Bonds.

For purposes of establishing the issue price of the Series 2020A-R1 Refunding Bonds, the following terms shall be defined as follows:

1. "underwriter" means (i) any person that agrees, pursuant to a written contract with the Successful Bidder, to participate in the initial sale of the Series 2020A-R1 Refunding Bonds to the public and (ii) any person that agrees, pursuant to a written contract directly or indirectly with a person described in clause (i), to participate in the initial sale of the Series 2020A-R1 Refunding Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2020A-R1 Refunding Bonds to the public);

2. "public" means any person other than an underwriter or a related party (as defined below) to an underwriter; and

3. "related party" to an underwriter means a purchaser of any of the Series 2020A-R1 Refunding Bonds if the purchaser and an underwriter are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

The representations and certifications set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM'S] [the Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon (i) by the I-Bank with respect to certain of the representations set forth in its Tax Certificate relating to the Series 2020A-R1 Refunding Bonds and with respect to compliance with the federal income tax rules affecting the Series 2020A-R1 Refunding Bonds, and (ii) by McCarter & English, LLP, as bond counsel to the I-Bank, in connection with (a) rendering its opinion that the interest on the Series 2020A-R1 Refunding Bonds is excluded from gross income for federal income tax purposes, (b) the preparation of the Internal Revenue Service Form 8038-G, and (c) other federal income tax advice that it may give to the I-Bank from time to time relating to the Series 2020A-R1 Refunding Bonds.

[UNDERWRITER][REPRESENTATIVE]

Dated: [ISSUE DATE]

By: _____
[Name]

New Jersey Infra Bk
$58,405,000 $42,580,000 Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) and $15,825,000, 2020C-R2 (2012B & 2012C Financing Programs)(Federally Taxable)(Green Bonds)

The following bids were submitted using *PARITY*® and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
☑ Reoffering	Citigroup Global Markets Inc.	1.467740
☐	Robert W. Baird & Co., Inc.	1.515228
☐	J.P. Morgan Securities LLC	1.525642
☐	Morgan Stanley & Co. LLC	1.628211
☐	Wells Fargo Bank, National Association	1.736044
☐	Bank of America Merrill Lynch	1.763719

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

New Jersey Infra Bk
$58,405,000 $42,580,000 Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) and $15,825,000, 2020C-R2 (2012B & 2012C Financing Programs)(Federally Taxable)(Green Bonds)

$42,580,000 Environmental Infrastructure Refunding Bonds,

	09/01/2022		09/01/2023		09/01/2024		09/01/2025		09/01/2026		09/01/2027		09/01/2028		09/01/2029		09/01/2030		09/01/2031	
	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon
Citigroup Global Markets Inc. - New York, NY	3,595M	4.0000	3,765M	4.0000	3,975M	4.0000	4,140M	4.0000	4,345M	4.0000	4,545M	3.0000	4,655M	3.0000	4,525M	3.0000	4,515M	3.0000	4,520M	3.0000
Robert W. Baird & Co., Inc. - Milwaukee, WI	3,595M	4.0000	3,765M	4.0000	3,975M	4.0000	4,140M	4.0000	4,345M	4.0000	4,545M	3.0000	4,655M	3.0000	4,525M	3.0000	4,515M	3.0000	4,520M	3.0000
J.P. Morgan Securities LLC - New York, NY	3,595M	4.0000	3,765M	4.0000	3,975M	4.0000	4,140M	4.0000	4,345M	4.0000	4,545M	3.0000	4,655M	3.0000	4,525M	2.0000	4,515M	2.0000	4,520M	2.0000
Morgan Stanley & Co. LLC - New York, NY	3,595M	4.0000	3,765M	4.0000	3,975M	4.0000	4,140M	4.0000	4,345M	4.0000	4,545M	3.0000	4,655M	3.0000	4,525M	3.0000	4,515M	1.9200	4,520M	1.9700
Wells Fargo Bank, National Association - Charlotte, NC	3,595M	4.0000	3,765M	4.0000	3,975M	4.0000	4,140M	4.0000	4,345M	4.0000	4,545M	2.5000	4,655M	2.7500	4,525M	2.5000	4,515M	2.5000	4,520M	2.5000
Bank of America Merrill Lynch - New York, NY	3,595M	4.0000	3,765M	4.0000	3,975M	4.0000	4,140M	4.0000	4,345M	4.0000	4,545M	3.0000	4,655M	3.0000	4,525M	3.0000	4,515M	3.0000	4,520M	3.0000

$15,825,000 Environmental Infrastructure Refunding Bonds,

	09/01/2022		09/01/2023		09/01/2024		09/01/2025		09/01/2026		09/01/2027		09/01/2028		09/01/2029		09/01/2030		09/01/2031	
	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon
Citigroup Global Markets Inc. - New York, NY	1,280M	4.0000	1,350M	4.0000	1,415M	4.0000	1,475M	4.0000	1,550M	4.0000	1,595M	3.0000	1,680M	3.0000	1,755M	3.0000	1,815M	3.0000	1,910M	3.0000
Robert W. Baird & Co., Inc. - Milwaukee, WI	1,280M	4.0000	1,350M	4.0000	1,415M	4.0000	1,475M	4.0000	1,550M	3.0000	1,595M	3.0000	1,680M	3.0000	1,755M	3.0000	1,815M	2.0000	1,910M	2.0000
J.P. Morgan Securities LLC - New York, NY	1,280M	2.0000	1,350M	2.0000	1,415M	2.0000	1,475M	2.0000	1,550M	3.0000	1,595M	3.0000	1,680M	3.0000	1,755M	3.0000	1,815M	3.0000	1,910M	3.0000
Morgan Stanley & Co. LLC - New York, NY	1,280M	4.0000	1,350M	4.0000	1,415M	4.0000	1,475M	4.0000	1,550M	4.0000	1,595M	3.0000	1,680M	3.0000	1,755M	3.0000	1,815M	1.9200	1,910M	1.9700
Wells Fargo Bank, National Association - Charlotte, NC	1,280M	3.0000	1,350M	3.0000	1,415M	3.0000	1,475M	3.0000	1,550M	3.0000	1,595M	3.0000	1,680M	3.0000	1,755M	3.0000	1,815M	2.7500	1,910M	3.0000
Bank of America Merrill Lynch - New York, NY	1,280M	4.0000	1,350M	4.0000	1,415M	4.0000	1,475M	4.0000	1,550M	4.0000	1,595M	3.0000	1,680M	3.0000	1,755M	3.0000	1,815M	3.0000	1,910M	3.0000

New Jersey Infra Bk
$58,405,000 $42,580,000 Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) and $15,825,000, 2020C-R2 (2012B & 2012C Financing Programs)(Federally Taxable)(Green Bonds)

For the aggregate principal amount of $58,405,000.00, we will pay you $65,369,475.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

$42,580,000 Environmental Infrastructure Refunding Bonds,

Purchase Price: $47,678,356.90
Total Interest Cost: $9,689,017.78
Premium: $5,098,356.90
Net Interest Cost: $4,590,660.88
TIC: 1.456042

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2022	3,595M	4.0000	0.6600	107.300
09/01/2023	3,765M	4.0000	0.7500	110.273
09/01/2024	3,975M	4.0000	0.9100	112.720
09/01/2025	4,140M	4.0000	1.0100	115.124
09/01/2026	4,345M	4.0000	1.2600	116.304
09/01/2027	4,545M	3.0000	1.3600	111.219
09/01/2028	4,655M	3.0000	1.4200	112.195
09/01/2029	4,525M	3.0000	1.5200	112.667
09/01/2030	4,515M	3.0000	1.6200	112.931
09/01/2031	4,520M	3.0000	1.7200	112.993

$15,825,000 Environmental Infrastructure Refunding Bonds,

Purchase Price: $17,691,118.42
Total Interest Cost: $3,656,720.28
Premium: $1,866,118.42
Net Interest Cost: $1,790,601.86
TIC: 1.498640

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2022	1,280M	4.0000	0.6600	107.300
09/01/2023	1,350M	4.0000	0.7500	110.273
09/01/2024	1,415M	4.0000	0.9100	112.720
09/01/2025	1,475M	4.0000	1.0100	115.124
09/01/2026	1,550M	4.0000	1.2600	116.304
09/01/2027	1,595M	3.0000	1.3600	111.219
09/01/2028	1,680M	3.0000	1.4200	112.195
09/01/2029	1,755M	3.0000	1.5200	112.667
09/01/2030	1,815M	3.0000	1.6200	112.931
09/01/2031	1,910M	3.0000	1.7200	112.993

Combined

Total Interest Cost: $13,345,738.06
Premium: $6,964,475.00
Net Interest Cost: $6,381,263.06
TIC: 1.467740
Time Last Bid Received On:06/02/2020 10:29:39 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Citigroup Global Markets Inc., New York , NY
Contact: Charles Reed
Title: Director
Telephone: 212-723-7205
Fax: 212-723-8951

New Jersey Infra Bk
$58,405,000 $42,580,000 Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) and $15,825,000, 2020C-R2 (2012B & 2012C Financing Programs)(Federally Taxable)(Green Bonds)

For the aggregate principal amount of $58,405,000.00, we will pay you $64,716,943.14, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

$42,580,000 Environmental Infrastructure Refunding Bonds,

Purchase Price: $47,520,190.10
Total Interest Cost: $9,689,017.78
Premium: $4,940,190.10
Net Interest Cost: $4,748,827.68
TIC: 1.509444

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2022	3,595M	4.0000	0.5500	107.552
09/01/2023	3,765M	4.0000	0.6500	110.609
09/01/2024	3,975M	4.0000	0.8000	113.206
09/01/2025	4,140M	4.0000	0.9000	115.729
09/01/2026	4,345M	4.0000	1.0500	117.676
09/01/2027	4,545M	3.0000	1.2500	112.021
09/01/2028	4,655M	3.0000	1.4500	111.949
09/01/2029	4,525M	3.0000	1.6500	111.484
09/01/2030	4,515M	3.0000	1.7500	111.634
09/01/2031	4,520M	3.0000	1.8500	111.588

$15,825,000 Environmental Infrastructure Refunding Bonds,

Purchase Price: $17,196,753.21
Total Interest Cost: $3,161,277.22
Premium: $1,371,753.21
Net Interest Cost: $1,789,524.01
TIC: 1.530814

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2022	1,280M	4.0000	0.5500	107.552
09/01/2023	1,350M	4.0000	0.6500	110.609
09/01/2024	1,415M	4.0000	0.8000	113.206
09/01/2025	1,475M	4.0000	0.9000	115.729
09/01/2026	1,550M	3.0000	1.0500	111.684
09/01/2027	1,595M	3.0000	1.2500	112.021
09/01/2028	1,680M	3.0000	1.4500	111.949
09/01/2029	1,755M	3.0000	1.6500	111.484
09/01/2030	1,815M	2.0000	1.7500	102.326
09/01/2031	1,910M	2.0000	1.8500	101.510

Combined

Total Interest Cost: $12,850,295.00
Premium: $6,311,943.14
Net Interest Cost: $6,538,351.86
TIC: 1.515228
Time Last Bid Received On:06/02/2020 10:25:50 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Robert W. Baird & Co., Inc., Milwaukee , WI
Contact: Geoff Kuczmarski
Title:
Telephone:414-765-7331
Fax:

New Jersey Infra Bk
$58,405,000 $42,580,000 Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) and $15,825,000, 2020C-R2 (2012B & 2012C Financing Programs)(Federally Taxable)(Green Bonds)

For the aggregate principal amount of $58,405,000.00, we will pay you $63,363,843.51, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

$42,580,000 Environmental Infrastructure Refunding Bonds,

Purchase Price: $46,220,188.80
Total Interest Cost: $8,305,194.44
Premium: $3,640,188.80
Net Interest Cost: $4,665,005.64
TIC: 1.517224

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2022	3.595M	4.0000	0.6600	107.300
09/01/2023	3.765M	4.0000	0.7500	110.273
09/01/2024	3.975M	4.0000	0.9100	112.720
09/01/2025	4.140M	4.0000	1.0600	114.850
09/01/2026	4.345M	4.0000	1.2600	116.304
09/01/2027	4.545M	3.0000	1.4100	110.856
09/01/2028	4.655M	3.0000	1.5700	110.967
09/01/2029	4.525M	2.0000	1.6700	102.804
09/01/2030	4.515M	2.0000	1.7700	102.137
09/01/2031	4.520M	2.0000	1.8200	101.816

$15,825,000 Environmental Infrastructure Refunding Bonds,

Purchase Price: $17,143,655.49
Total Interest Cost: $3,144,940.83
Premium: $1,318,655.49
Net Interest Cost: $1,826,285.34
TIC: 1.547606

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2022	1.280M	2.0000	0.6600	102.928
09/01/2023	1.350M	2.0000	0.7500	103.951
09/01/2024	1.415M	2.0000	0.9100	104.486
09/01/2025	1.475M	2.0000	1.0600	104.747
09/01/2026	1.550M	3.0000	1.2600	110.353
09/01/2027	1.595M	3.0000	1.4100	110.856
09/01/2028	1.680M	3.0000	1.5700	110.967
09/01/2029	1.755M	3.0000	1.6700	111.303
09/01/2030	1.815M	3.0000	1.7700	111.436
09/01/2031	1.910M	3.0000	1.8200	111.910

Combined

Total Interest Cost: $11,450,135.27
Premium: $4,958,843.51
Net Interest Cost: $6,491,291.76
TIC: 1.525642
Time Last Bid Received On:06/02/2020 10:29:19 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: J.P. Morgan Securities LLC, New York , NY
Contact: Jaclyn Mischler
Title: Executive Director
Telephone: 212-834-7155
Fax: 917-464-9300

New Jersey Infra Bk
$58,405,000 $42,580,000 Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) and $15,825,000, 2020C-R2 (2012B & 2012C Financing Programs)(Federally Taxable)(Green Bonds)

For the aggregate principal amount of $58,405,000.00, we will pay you $63,401,082.23, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

$42,580,000 Environmental Infrastructure Refunding Bonds,

Purchase Price: $46,253,392.18
Total Interest Cost: $8,669,688.63
Premium: $3,673,392.18
Net Interest Cost: $4,996,296.45
TIC: 1.623188

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2022	3,595M	4.0000	0.6000	107.437
09/01/2023	3,765M	4.0000	0.7000	110.441
09/01/2024	3,975M	4.0000	1.0000	112.323
09/01/2025	4,140M	4.0000	1.2000	114.087
09/01/2026	4,345M	4.0000	1.4000	115.400
09/01/2027	4,545M	3.0000	1.5000	110.207
09/01/2028	4,655M	3.0000	1.7000	109.915
09/01/2029	4,525M	3.0000	1.8000	110.136
09/01/2030	4,515M	1.9200	1.9200	100.000
09/01/2031	4,520M	1.9700	1.9700	100.000

$15,825,000 Environmental Infrastructure Refunding Bonds,

Purchase Price: $17,147,690.14
Total Interest Cost: $3,236,224.08
Premium: $1,322,690.14
Net Interest Cost: $1,913,533.94
TIC: 1.641492

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2022	1,280M	4.0000	0.6000	107.437
09/01/2023	1,350M	4.0000	0.7000	110.441
09/01/2024	1,415M	4.0000	1.0000	112.323
09/01/2025	1,475M	4.0000	1.2000	114.087
09/01/2026	1,550M	4.0000	1.4000	115.400
09/01/2027	1,595M	3.0000	1.5000	110.207
09/01/2028	1,680M	3.0000	1.7000	109.915
09/01/2029	1,755M	3.0000	1.8000	110.136
09/01/2030	1,815M	1.9200	1.9200	100.000
09/01/2031	1,910M	1.9700	1.9700	100.000

Combined

Total Interest Cost: $11,905,912.71
Premium: $4,996,082.23
Net Interest Cost: $6,909,830.48
TIC: 1.628211
Time Last Bid Received On:06/02/2020 10:29:58 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Morgan Stanley & Co. LLC, New York , NY
Contact: Daniel Kelly
Title: Executive Director
Telephone: 212-761-1541
Fax: 212-507-2510

New Jersey Infra Bk
$58,405,000 $42,580,000 Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) and $15,825,000, 2020C-R2 (2012B & 2012C Financing Programs)(Federally Taxable)(Green Bonds)

For the aggregate principal amount of $58,405,000.00, we will pay you $63,077,913.50, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

$42,580,000 Environmental Infrastructure Refunding Bonds,

Purchase Price: $45,986,913.92
Total Interest Cost: $8,737,867.71
Premium: $3,406,913.92
Net Interest Cost: $5,330,953.79
TIC: 1.734808

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2022	3.595M	4.0000	0.8600	106.844
09/01/2023	3.765M	4.0000	0.9500	109.605
09/01/2024	3.975M	4.0000	1.1100	111.841
09/01/2025	4.140M	4.0000	1.2600	113.762
09/01/2026	4.345M	4.0000	1.5100	114.695
09/01/2027	4.545M	2.5000	1.5600	106.381
09/01/2028	4.655M	2.7500	1.7200	107.849
09/01/2029	4.525M	2.5000	1.7700	106.174
09/01/2030	4.515M	2.5000	1.8700	105.827
09/01/2031	4.520M	2.5000	1.9200	105.821

$15,825,000 Environmental Infrastructure Refunding Bonds,

Purchase Price: $17,090,999.81
Total Interest Cost: $3,306,429.79
Premium: $1,265,999.81
Net Interest Cost: $2,040,429.98
TIC: 1.739286

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2022	1.280M	3.0000	0.8600	104.664
09/01/2023	1.350M	3.0000	0.9500	106.456
09/01/2024	1.415M	3.0000	1.0600	107.958
09/01/2025	1.475M	3.0000	1.2100	109.003
09/01/2026	1.550M	3.0000	1.4600	109.103
09/01/2027	1.595M	3.0000	1.5600	109.776
09/01/2028	1.680M	3.0000	1.7200	109.755
09/01/2029	1.755M	3.0000	1.7700	110.404
09/01/2030	1.815M	2.7500	1.8700	108.139
09/01/2031	1.910M	3.0000	1.9200	110.840

Combined

Total Interest Cost: $12,044,297.50
Premium: $4,672,913.50
Net Interest Cost: $7,371,384.00
TIC: 1.736044
Time Last Bid Received On:06/02/2020 10:25:30 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Wells Fargo Bank, National Association, Charlotte, NC
Contact: Walker McQuage
Title: Managing Director
Telephone: 704-410-4082
Fax: 704-410-0205

New Jersey Infra Bk
$58,405,000 $42,580,000 Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) and $15,825,000, 2020C-R2 (2012B & 2012C Financing Programs)(Federally Taxable)(Green Bonds)

For the aggregate principal amount of $58,405,000.00, we will pay you $64,173,431.81, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

$42,580,000 Environmental Infrastructure Refunding Bonds,

Purchase Price: $46,789,591.79
Total Interest Cost: $9,689,017.78
Premium: $4,209,591.79
Net Interest Cost: $5,479,425.99
TIC: 1.759170

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2022	3.595M	4.0000	1.0100	106.504
09/01/2023	3.765M	4.0000	1.1000	109.108
09/01/2024	3.975M	4.0000	1.2100	111.404
09/01/2025	4.140M	4.0000	1.3200	113.437
09/01/2026	4.345M	4.0000	1.4700	114.951
09/01/2027	4.545M	3.0000	1.5700	109.705
09/01/2028	4.655M	3.0000	1.7500	109.514
09/01/2029	4.525M	3.0000	1.8500	109.691
09/01/2030	4.515M	3.0000	1.9500	109.672
09/01/2031	4.520M	3.0000	2.0000	109.992

$15,825,000 Environmental Infrastructure Refunding Bonds,

Purchase Price: $17,383,839.38
Total Interest Cost: $3,656,720.28
Premium: $1,558,839.38
Net Interest Cost: $2,097,880.90
TIC: 1.775726

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2022	1.280M	4.0000	1.0100	106.504
09/01/2023	1.350M	4.0000	1.1000	109.108
09/01/2024	1.415M	4.0000	1.2100	111.404
09/01/2025	1.475M	4.0000	1.3200	113.437
09/01/2026	1.550M	4.0000	1.4700	114.951
09/01/2027	1.595M	3.0000	1.5700	109.705
09/01/2028	1.680M	3.0000	1.7500	109.514
09/01/2029	1.755M	3.0000	1.8500	109.691
09/01/2030	1.815M	3.0000	1.9500	109.672
09/01/2031	1.910M	3.0000	2.0000	109.992

Combined

Total Interest Cost: $13,345,738.06
Premium: $5,768,431.81
Net Interest Cost: $7,577,306.25
TIC: 1.763719
Time Last Bid Received On:06/02/2020 10:28:35 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Bank of America Merrill Lynch, New York , NY
Contact: Robert Holmes
Title:
Telephone: 212-449-5081
Fax:

Attachment C-2

Bid Results

New Jersey Infra Bk
$17,780,000 Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (Green Bonds)

The following bids were submitted using *PARITY*® and displayed ranked by lowest TIC.
Click on the name of each bidder to see the respective bids.

Bid Award*	Bidder Name	TIC
☑ Reoffering	TD Securities	0.395427
☐	J.P. Morgan Securities LLC	0.404347
☐	Morgan Stanley & Co. LLC	0.409752
☐	Bank of America Merrill Lynch	0.509870
☐	Wells Fargo Bank, National Association	0.527768
☐	UBS Financial Services Inc.	0.605856

*Awarding the Bonds to a specific bidder will provide you with the Reoffering Prices and Yields.

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Attachment C-2

PARITY

Bids Summary

New Jersey Infra Bk
$17,780,000 Environmental Infrastructure Refunding Bonds,
Series 2020A-R1 (Green Bonds)

	09/01/2021		09/01/2022		09/01/2023		09/01/2024			
	Amount	Coupon	Amount	Coupon	Amount	Coupon	Amount	Coupon	TIC	Purchase Price
TD Securities - New York, NY	3,275M	3.0000	3,040M	3.0000	2,765M	3.0000	8,700M	3.0000	0.395427	$19,229,590.24
J.P. Morgan Securities LLC - New York, NY	3,275M	3.0000	3,040M	3.0000	2,765M	3.0000	8,700M	3.0000	0.404347	$19,224,364.56
Morgan Stanley & Co. LLC - New York, NY	3,275M	3.0000	3,040M	3.0000	2,765M	3.0000	8,700M	3.0000	0.409752	$19,221,199.33
Bank of America Merrill Lynch - New York, NY	3,275M	3.0000	3,040M	3.0000	2,765M	3.0000	8,700M	3.0000	0.509870	$19,162,689.15
Wells Fargo Bank, National Association - Charlotte, NC	3,275M	3.0000	3,040M	3.0000	2,765M	3.0000	8,700M	3.0000	0.527768	$19,152,254.10
UBS Financial Services Inc. - New York, NY	3,275M	3.0000	3,040M	3.0000	2,765M	3.0000	8,700M	3.0000	0.605856	$19,106,814.85

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Attachment C-2

PARITY

TD Securities - New York, NY - New York , NY's Bid

New Jersey Infra Bk
$17,780,000 Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (Green Bonds)

For the aggregate principal amount of $17,780,000.00, we will pay you $19,229,590.24, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2021	3,275M	3.0000	0.2100	103.357
09/01/2022	3,040M	3.0000	0.2500	106.044
09/01/2023	2,765M	3.0000	0.3000	108.606
09/01/2024	8,700M	3.0000	0.3800	110.920

Total Interest Cost:	$1,683,143.33
Premium:	$1,449,590.24
Net Interest Cost:	$233,553.09
TIC:	0.395427

Time Last Bid Received On:06/02/2020 10:59:50 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: TD Securities, New York , NY
Contact: Jake Frackowiak
Title:
Telephone:212-827-7422
Fax:

Issuer Name: New Jersey Infrastructure Bank Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____

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Attachment C-2

PARITY

J.P. Morgan Securities LLC - New York, NY - New York , NY's Bid

New Jersey Infra Bk
$17,780,000 Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (Green Bonds)

For the aggregate principal amount of $17,780,000.00, we will pay you $19,224,364.56, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2021	3.275M	3.0000	0.2400	103.320
09/01/2022	3.040M	3.0000	0.2800	105.976
09/01/2023	2.765M	3.0000	0.3200	108.539
09/01/2024	8.700M	3.0000	0.4100	110.787

Total Interest Cost:	$1,683,143.33
Premium:	$1,444,364.56
Net Interest Cost:	$238,778.77
TIC:	0.404347

Time Last Bid Received On:06/02/2020 10:57:13 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: J.P. Morgan Securities LLC, New York , NY
Contact: Brian McGann
Title: Associate
Telephone: 212-834-7155
Fax:

Issuer Name: New Jersey Infrastructure Bank Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____

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Attachment C-2

PARITY

Morgan Stanley & Co, LLC - New York , NY's Bid

New Jersey Infra Bk
$17,780,000 Environmental Infrastructure Refunding Bonds,
Series 2020A-R1 (Green Bonds)

For the aggregate principal amount of $17,780,000.00, we will pay you $19,221,199.33, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2021	3,275M	3.0000	0.2400	103.320
09/01/2022	3,040M	3.0000	0.2700	105.998
09/01/2023	2,765M	3.0000	0.3100	108.573
09/01/2024	8,700M	3.0000	0.4100	110.787

Total Interest Cost:	$1,683,143.33
Premium:	$1,441,199.33
Net Interest Cost:	$241,944.00
TIC:	0.409752

Time Last Bid Received On:06/02/2020 10:57:10 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Morgan Stanley & Co. LLC, New York , NY
Contact: Daniel Kelly
Title: Executive Director
Telephone: 212-761-1541
Fax: 212-507-2510

Issuer Name: New Jersey Infrastructure Bank Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____

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Attachment C-2

PARITY

Bank of America Merrill Lynch - New York , NY's Bid

New Jersey Infra Bk
$17,780,000 Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (Green Bonds)

For the aggregate principal amount of $17,780,000.00, we will pay you $19,162,689.15, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2021	3,275M	3.0000	0.2500	103.307
09/01/2022	3,040M	3.0000	0.3000	105.930
09/01/2023	2,765M	3.0000	0.4000	108.272
09/01/2024	8,700M	3.0000	0.5000	110.390

Total Interest Cost:	$1,683,143.33
Premium:	$1,382,689.15
Net Interest Cost:	$300,454.18
TIC:	0.509870

Time Last Bid Received On:06/02/2020 10:56:13 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Bank of America Merrill Lynch, New York , NY
Contact: Robert Holmes
Title:
Telephone:212-449-5081
Fax:

Issuer Name: New Jersey Infrastructure Bank Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____

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Attachment C-2

PARITY

Wells Fargo Bank, National Association - Charlotte , NC's Bid

New Jersey Infra Bk
$17,780,000 Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (Green Bonds)

For the aggregate principal amount of $17,780,000.00, we will pay you $19,152,254.10, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2021	3,275M	3.0000	0.2100	103.357
09/01/2022	3,040M	3.0000	0.2900	105.953
09/01/2023	2,765M	3.0000	0.3800	108.339
09/01/2024	8,700M	3.0000	0.5000	110.390

Total Interest Cost:	$1,683,143.33
Premium:	$1,372,254.10
Net Interest Cost:	$310,889.23
TIC:	0.527768

Time Last Bid Received On:06/02/2020 10:44:34 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Wells Fargo Bank, National Association, Charlotte , NC
Contact: Walker McQuage
Title: Managing Director
Telephone: 704-410-4082
Fax: 704-410-0205

Issuer Name: New Jersey Infrastructure Bank Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____

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Attachment C-2

PARITY

UBS Financial Services Inc. - New York , NY's Bid

New Jersey Infra Bk
$17,780,000 Environmental Infrastructure Refunding Bonds,
Series 2020A-R1 (Green Bonds)

For the aggregate principal amount of $17,780,000.00, we will pay you $19,106,814.85, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Yield %	Dollar Price
09/01/2021	3,275M	3.0000	0.3600	103.172
09/01/2022	3,040M	3.0000	0.4100	105.680
09/01/2023	2,765M	3.0000	0.4700	108.039
09/01/2024	8,700M	3.0000	0.5500	110.171

Total Interest Cost:	$1,683,143.33
Premium:	$1,326,814.85
Net Interest Cost:	$356,328.48
TIC:	0.605856

Time Last Bid Received On:06/02/2020 10:34:34 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: UBS Financial Services Inc., New York , NY
Contact: Michael Cillento
Title: Executive Director
Telephone: 212-713-3000
Fax:

Issuer Name: New Jersey Infrastructure Bank Company Name: _____

Accepted By: _____ Accepted By: _____

Date. _____ Date. _____

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Attachment D

Fitch: AAA
Moody's: Aaa
Standard & Poor's: AAA
See "RATINGS" herein.

NEW ISSUE – BOOK-ENTRY-ONLY

NEW JERSEY INFRASTRUCTURE BANK

[LOGO]

$17,390,000 Environmental Infrastructure Refunding Bonds,
Series 2020A-R1 (2002A, 2003A, 2004A and 2006A Financing Programs) (Green Bonds)

$40,795,000 Environmental Infrastructure Refunding Bonds,
Series 2020C-R1 (2012A Financing Program) (Federally Taxable) (Green Bonds)

$15,265,000 Environmental Infrastructure Refunding Bonds,
Series 2020C-R2 (2012B and 2012C Financing Programs) (Federally Taxable) (Green Bonds)

Dated: Date of Delivery **Due: September 1, as Shown on the Inside Front Cover**

This Official Statement has been prepared by the New Jersey Infrastructure Bank (the "I-Bank") to provide information regarding (i) its $17,390,000 aggregate principal amount of "Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (2002A, 2003A, 2004A and 2006A Financing Programs) (Green Bonds)" (the "Series 2020A-R1 Refunding Bonds"), (ii) its $40,795,000 aggregate principal amount of "Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) (Federally Taxable) (Green Bonds)" (the "Series 2020C-R1 Refunding Bonds") and (iii) its $15,265,000 aggregate principal amount of "Environmental Infrastructure Refunding Bonds, Series 2020C-R2 (2012B and 2012C Financing Programs) (Federally Taxable) (Green Bonds) (the "Series 2020C-R2 Refunding Bonds"; the Series 2020A-R1 Refunding Bonds, the Series 2020C-R1 Refunding Bonds and the Series 2020C-R2 Refunding Bonds are referred to, collectively, herein as the "Series 2020 Refunding Bonds"). Certain capitalized terms used on this cover and not defined hereon shall have the meanings ascribed thereto as set forth in this Official Statement.

Tax Matters: *In the opinion of McCarter & English, LLP, Bond Counsel to the I-Bank, assuming compliance by the I-Bank and the Applicable Refunding Program Borrowers with certain tax covenants described herein, under existing law interest on the Series 2020A-R1 Refunding Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. See "TAX MATTERS" herein.*

Bond Counsel to the I-Bank is further of the opinion that, under existing law, interest on the Series 2020 Refunding Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

Authorization: Each Series of the Series 2020 Refunding Bonds is being issued as "Refunding Bonds" pursuant to (i) the I-Bank Act, (ii) all other applicable law, and (iii) the Applicable Refunding Program Bond Resolution.

Purpose: Each Series of the Series 2020 Refunding Bonds is being issued for the purpose of (i) making a deposit to each Applicable Refunded Bonds Escrow Fund to provide funds that, together with certain other available moneys in certain instances, will be sufficient to refund and defease the Applicable Bonds to be Refunded, the proceeds of which originally were used by the I-Bank to make the Applicable Refunding Program I-Bank Loans to the Applicable Refunding Program Borrowers to finance or refinance a portion of the costs of their environmental infrastructure facilities, and (ii) funding a portion of the costs of issuing the Series 2020 Refunding Bonds.

Redemption: The Series 2020 Refunding Bonds will not be subject to optional redemption prior to their stated maturities. See "THE SERIES 2020 REFUNDING BONDS – No Optional Redemption". The Series 2020 Refunding Bonds will not be subject to mandatory sinking fund redemption prior to their stated maturities. See "THE SERIES 2020 REFUNDING BONDS – No Mandatory Sinking Fund Redemption".

Security: Upon their issuance, each Series of the Series 2020 Refunding Bonds shall be on parity with the Applicable Remaining Outstanding Refunding Program Bonds, and shall be entitled to the same benefit and security of the Applicable Refunding Program Bond Resolution, including, without limitation, the pledge of the Applicable Refunding Program Trust Estate, as the Applicable Remaining Outstanding Refunding Program Bonds. Each

Refunding Program Trust Estate primarily consists of: (i) the repayments made by the Applicable Refunding Program Borrowers of the Applicable Refunding Program I-Bank Loans; (ii) the repayments by the Applicable Refunding Program Borrowers of the companion Refunding Program Fund Loans; (iii) certain of the Fund Loan repayments by those Borrowers in the Coverage Providing Financing Programs that are held by the Master Program Trustee in accordance with the terms of the Master Program Trust Agreement; (iv) with respect to certain authority Refunding Program Borrowers only, moneys payable pursuant to the Applicable Refunding Program Borrower Service Agreements and the Government Borrower Guaranties; and (v) certain State-aid payable to the municipal and county Refunding Program Borrowers, certain municipal and county Refunding Program Participants and the Government Borrower Guarantors. For a more detailed discussion of the security for the Series 2020 Refunding Bonds. See "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS" and "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" herein.

NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE I-BANK, BUT SOLELY TO THE EXTENT OF THE APPLICABLE REFUNDING PROGRAM TRUST ESTATE DESCRIBED HEREIN) IS OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE SERIES 2020 REFUNDING BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (THE I-BANK HAS NO TAXING POWER) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2020 REFUNDING BONDS.

Interest Rate and Yields:	As shown on the inside front cover.
Interest Payment Dates:	March 1 and September 1, commencing September 1, 2020.
Denominations:	The Series 2020 Refunding Bonds will be issued in denominations of $5,000 or any whole multiple thereof.
Book-Entry-Only:	The Depository Trust Company ("DTC").

The Series 2020 Refunding Bonds are offered when, as and if issued and delivered and subject to the receipt of the approving legal opinions of McCarter & English, LLP, Newark, New Jersey, Bond Counsel to the I-Bank. Certain legal matters will be passed upon for the I-Bank by Gurbir S. Grewal, Attorney General of the State, General Counsel to the I-Bank. The I-Bank expects that the Series 2020 Refunding Bonds in definitive form will be available for delivery to DTC in New York, New York, and that payment for the Series 2020 Refunding Bonds will occur in Newark, New Jersey, on or about June 17, 2020.

Official Statement dated: June 2, 2020

MATURITY SCHEDULE

NEW JERSEY INFRASTRUCTURE BANK

$17,390,000 Environmental Infrastructure Refunding Bonds,
Series 2020A-R1 (2002A, 2003A, 2004A and 2006A Financing Programs) (Green Bonds)

Year	Principal Amount	Interest Rate	Yield	CUSIP[1]	Year	Principal Amount	Interest Rate	Yield	CUSIP[1]
2021	$3,215,000	3.00%	0.21%	64580CGZ4	2023	$2,720,000	3.00%	0.30%	64580CHB6
2022	2,985,000	3.00	0.25	64580CHA8	2024	8,470,000	3.00	0.38	64580CHC4

$40,795,000 Environmental Infrastructure Refunding Bonds,
Series 2020C-R1 (2012A Financing Program) (Federally Taxable) (Green Bonds)

Year	Principal Amount	Interest Rate	Yield	CUSIP[1]	Year	Principal Amount	Interest Rate	Yield	CUSIP[1]
2022	$3,535,000	4.00%	0.66%	64580CHD2	2027	$4,275,000	3.00%	1.36%	64580CHJ9
2023	3,670,000	4.00	0.75	64580CHE0	2028	4,385,000	3.00	1.42	64580CHK6
2024	3,835,000	4.00	0.91	64580CHF7	2029	4,275,000	3.00	1.52	64580CHL4
2025	3,960,000	4.00	1.01	64580CHG5	2030	4,335,000	3.00	1.62	64580CHM2
2026	4,125,000	4.00	1.26	64580CHH3	2031	4,400,000	3.00	1.72	64580CHN0

$15,265,000 Environmental Infrastructure Refunding Bonds,
Series 2020C-R2 (2012B and 2012C Financing Programs) (Federally Taxable) (Green Bonds)

Year	Principal Amount	Interest Rate	Yield	CUSIP[1]	Year	Principal Amount	Interest Rate	Yield	CUSIP[1]
2022	$1,265,000	4.00%	0.66%	64580CHP5	2027	$1,560,000	3.00%	1.36%	64580CHU4
2023	1,340,000	4.00	0.75	64580CHQ3	2028	1,605,000	3.00	1.42	64580CHV2
2024	1,400,000	4.00	0.91	64580CHR1	2029	1,645,000	3.00	1.52	64580CHW0
2025	1,465,000	4.00	1.01	64580CHS9	2030	1,690,000	3.00	1.62	64580CHX8
2026	1,540,000	4.00	1.26	64580CHT7	2031	1,755,000	3.00	1.72	64580CHY6

[1] Copyright, American Bankers Association (ABA). CUSIP data herein are provided by CUSIP Global Services, operated on behalf of the ABA by S&P Capital IQ, a division of McGraw-Hill Financial, Inc. CUSIP numbers have been assigned by an independent company not affiliated with the I-Bank and are included solely for the convenience of the holders of the Series 2020 Refunding Bonds. The I-Bank is not responsible for the selection or uses of the CUSIP numbers, and no representation is made as to their correctness on the Series 2020 Refunding Bonds or as indicated above. CUSIP numbers are subject to being changed after the issuance of the Series 2020 Refunding Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2020 Refunding Bonds.

NEW JERSEY INFRASTRUCTURE BANK

BOARD OF DIRECTORS

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DIANE GUTIERREZ-SCACCETTI
Commissioner of the New Jersey
Department of Transportation ..... *Ex Officio* Director

JACK KOCSIS, JR. . ..... Director and Secretary

MARK LONGO .....Director and Treasurer

CATHERINE R. MCCABE
Commissioner of the New Jersey Department
of Environmental Protection ..... *Ex Officio* Director

ELIZABETH M. MUOIO
New Jersey State Treasurer..... *Ex Officio* Director

SHEILA Y. OLIVER
Commissioner of the New Jersey
Department of Community Affairs ..... *Ex Officio* Director

EXECUTIVE STAFF

DAVID E. ZIMMER, CFA.....Executive Director

ADVISORS

McCARTER & ENGLISH, LLP ..... Bond Counsel

GURBIR S. GREWAL, Attorney
General of the State of New Jersey ..... General Counsel

PFM FINANCIAL ADVISORS LLC. ..... Financial Advisor

SERIES 2020A-R1 REFUNDING FIDUCIARY
SERIES 2020C-R2 REFUNDING FIDUCIARY

U.S. BANK NATIONAL ASSOCIATION

TRUSTEE FOR THE SERIES 2020A-R1 REFUNDING BONDS
TRUSTEE FOR THE SERIES 2020C-R1 REFUNDING BONDS
TRUSTEE FOR THE SERIES 2020C-R2 REFUNDING BONDS

U.S. BANK NATIONAL ASSOCIATION

LOAN SERVICER FOR THE 2002A ALLOCABLE PORTION OF THE SERIES 2020A-R1 REFUNDING BONDS
LOAN SERVICER FOR THE 2003A ALLOCABLE PORTION OF THE SERIES 2020A-R1 REFUNDING BONDS

TD BANK, N.A.

MASTER PROGRAM TRUSTEE

U.S. BANK TRUST NATIONAL ASSOCIATION

No dealer, broker, salesman or other person has been authorized by the I-Bank to give any information or to make any representations with respect to the I-Bank, the Department, the New Jersey Water Bank, the Construction Financing Program, the Water Bank Programs, any Borrower, any Participant, the Bond Resolutions, the Bonds (including, without limitation, the Series 2020 Refunding Bonds), the I-Bank Loan Agreements, the Fund Loan Agreements, the Master Program Trust Agreement, the Borrower Bond Resolutions, the Borrower Bonds, the Borrower Service Agreements, the Borrower Guaranties, the Private Borrower Letters of Credit, the Private Borrower Mortgages, the Private Borrower Special Reserve Funds or the Continuing Disclosure Agreements (as such terms are defined herein) other than as contained in this Official Statement in connection with the offering of the Series 2020 Refunding Bonds, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

Brief descriptions of the I-Bank, the Department, the New Jersey Water Bank, the Construction Financing Program, the Water Bank Programs, any Borrower, any Participant, the Bond Resolutions, the Bonds (including, without limitation, the Series 2020 Refunding Bonds), the I-Bank Loan Agreements, the Fund Loan Agreements, the Master Program Trust Agreement, the Borrower Bond Resolutions, the Borrower Bonds, the Borrower Service Agreements, the Borrower Guaranties, the Private Borrower Letters of Credit, the Private Borrower Mortgages, the Private Borrower Special Reserve Funds and the Continuing Disclosure Agreements (as such terms are defined herein) are set forth in this Official Statement. However, any such description of an agreement or resolution as set forth herein is qualified in its entirety by reference to the definitive forms of such agreements and resolutions, copies of which may be examined at the principal corporate offices of the I-Bank located at 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey 08648 (telephone (609) 219-8600).

Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

This Official Statement contains statements that, to the extent they are not recitations of historical fact, constitute "forward looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions, to the extent that they are used herein, are intended to identify forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The I-Bank does not plan to issue any updates or revisions to those forward-looking statements if or when the expectations, or events, conditions or circumstances on which such statements are based, occur.

The I-Bank may place a copy of this Official Statement on its website at *https://www.njib.gov/* and/or on BondLink (the investor relations website platform). Unless this Official Statement specifically and expressly indicates otherwise, no statement on the I-Bank's website or on BondLink is included and incorporated by specific cross-reference or constitutes a part of this Official Statement. The I-Bank has prepared its website and BondLink information for the convenience of the public, but investors should not make any decision in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and the I-Bank assumes no liability or responsibility for errors or omissions on its website and BondLink. Further, the I-Bank disclaims any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on its website or BondLink. The I-Bank also assumes no liability or responsibility for any errors or omission or for any updates to dated website and BondLink information.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Series 2020 Refunding Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is distributed in connection with the sale of the Series 2020 Refunding Bonds referred to herein and may not be used, in whole or in part, for any other purpose. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sales made hereunder shall, under any circumstances, create any implication that there

has been no change in such information since the date hereof or any earlier date as of which any information contained herein is given.

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SUMMARY

This Summary is provided for the convenience of potential investors and is expressly qualified by the entire Official Statement (including the cover and inside cover pages hereof and each of the Appendices attached hereto), which should be reviewed in its entirety by potential investors. Capitalized terms used in this Summary and not defined in this Summary shall have the respective meanings ascribed to such terms in the body of this Official Statement.

Issuer: New Jersey Infrastructure Bank (the "I-Bank").

Issue: $17,390,000 Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (2002A, 2003A, 2004A and 2006A Financing Programs) (Green Bonds) (the "Series 2020A-R1 Refunding Bonds");

$40,795,000 Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) (Federally Taxable) (Green Bonds) (the "Series 2020C-R1 Refunding Bonds"); and

$15,265,000 Environmental Infrastructure Refunding Bonds, Series 2020C-R2 (2012B and 2012C Financing Programs) (Federally Taxable) (Green Bonds) (the "Series 2020C-R2 Refunding Bonds"; the Series 2020A-R1 Refunding Bonds, the Series 2020C-R1 Refunding Bonds and the Series 2020C-R2 Refunding Bonds are referred to, collectively, herein as the "Series 2020 Refunding Bonds").

Dated Date: Date of Issuance.

Interest Due: March 1 and September 1, commencing September 1, 2020.

Principal Due: September 1 in each year as shown on the inside cover of this Official Statement.

Redemption: The Series 2020 Refunding Bonds will not be subject to optional redemption. See "THE SERIES 2020 REFUNDING BONDS – No Optional Redemption" herein. The Series 2020 Refunding Bonds will not be subject to mandatory sinking fund redemption. See "THE SERIES 2020 REFUNDING BONDS – No Mandatory Sinking Fund Redemption" herein.

Authorization: The Series 2020 Refunding Bonds are being issued pursuant to: (i) the "New Jersey 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 has been, and may from time to time be, amended and supplemented; (ii) all other applicable laws; and (iii) the Applicable Refunding Program Bond Resolution. See "THE SERIES 2020 REFUNDING BONDS" herein.

Purpose: The Series 2020 Refunding Bonds are being issued by the I-Bank for the benefit of various municipalities and regional, county and municipal utilities, sewerage and improvement authorities, State authorities and private water supply companies (collectively, the "Refunding Program Borrowers") that are located throughout the State of New Jersey (the "State"), in order to: (i) make a deposit to each Applicable Refunded Bonds Escrow Fund to provide funds that, together with certain other available moneys in certain instances, will be sufficient to refund and defease the Applicable Bonds to be Refunded, the proceeds of which originally were used by the I-Bank to make the Applicable Refunding Program I-Bank Loans to the Applicable Refunding Program Borrowers to finance or refinance a portion of the costs of their environmental infrastructure facilities, and (ii) fund the costs of issuing the Series 2020 Refunding Bonds. See "THE PROJECTS" and "FINANCING THE PROJECTS" herein. For descriptions of the Refunding Program Borrowers and the Refunding Program Projects financed with the proceeds of the Bonds to be Refunded, see Appendix B hereto – "REFUNDING PROGRAM BORROWERS".

Designation as "Green Bonds": The Bonds to be Refunded were issued to finance System improvements that were designed and are intended to improve the quality of wastewater treatment systems and drinking water supply systems throughout the State, according to, and in satisfaction of, applicable State and federal standards. The purpose of designating and offering the Series 2020 Refunding Bonds as "Green Bonds" is to allow investors to invest directly in bonds that finance such environmentally beneficial projects. However, there is no assurance that the Projects financed by the Bonds to be Refunded will produce the intended environmental benefits; but holders of the Series 2020 Refunding Bonds do not assume any risk of payment default with respect to the Series 2020 Refunding Bonds in the event that the Projects financed by the Bonds to be Refunded fail to produce the intended environmental benefit. See "THE SERIES 2020 REFUNDING BONDS – Green Bonds" herein. For brief descriptions of the Refunding Program Projects financed with the proceeds of the Bonds to be Refunded, see Appendix B hereto – "REFUNDING PROGRAM BORROWERS".

Water Bank Program: The I-Bank and the New Jersey Department of Environmental Protection jointly administer the State Revolving Fund programs of the State, that are authorized, in part, pursuant to the federal Water Quality Act and the federal Safe Drinking Water Act, in order to provide financial assistance to qualifying borrowers for their wastewater treatment projects and drinking water supply projects. See "INTRODUCTION – The New Jersey Water Bank" and "FINANCING THE PROJECTS" herein.

Sources of Payment and Security: Upon their issuance, each Series of the Series 2020 Refunding Bonds shall be on parity with the Applicable Remaining Outstanding Refunding Program Bonds, and shall be entitled to the same benefit and security of the Applicable Refunding Program Bond Resolution, including, without limitation, the pledge of the Applicable Refunding Program Trust Estate, as the Applicable Remaining Outstanding Refunding Program Bonds. Each Refunding Program Trust Estate primarily consists of: (i) the repayments made by the Applicable Refunding Program Borrowers of the Applicable Refunding Program I-Bank Loans; (ii) the repayments by the Applicable Refunding Program Borrowers of the companion Refunding Program Fund Loans; (iii) certain of the Fund Loan repayments by those Borrowers in the Coverage Providing Financing Programs that are held by the Master Program Trustee in accordance with the terms of the Master Program Trust Agreement; (iv) with respect to certain authority Refunding Program Borrowers only, moneys payable pursuant to the Applicable Refunding Program Borrower Service Agreements and the Government Borrower Guaranties; and (v) certain State-aid payable to the municipal and county Refunding Program Borrowers, certain municipal and county Refunding Program Participants and the Government Borrower Guarantors. For a more detailed discussion of the security for the Series 2020 Refunding Bonds. See "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS" and "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" herein.

Credit Rating: Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services have assigned long-term debt ratings of "AAA", "Aaa" and "AAA", respectively, to the Series 2020 Refunding Bonds.

Tax Matters: In the opinion of McCarter & English, LLP, Bond Counsel to the I-Bank, assuming compliance by the I-Bank and the Series 2002A Borrowers, the Series 2003A Borrowers, the Series 2004A Borrower and the Series 2006A Borrowers with certain tax covenants described in this Official Statement, under existing law interest on the Series 2020A-R1 Refunding Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. See "TAX MATTERS" herein.

Bond Counsel to the I-Bank is further of the opinion that, under existing law, interest on the Series 2020 Refunding Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

Book-Entry Form: The Series 2020 Refunding Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2020 Refunding Bonds. See "THE SERIES 2020 REFUNDING BONDS – Book-Entry-Only System" herein.

OFFICIAL STATEMENT

of the

NEW JERSEY INFRASTRUCTURE BANK

Relating to its

$17,390,000
Environmental Infrastructure Refunding Bonds, Series 2020A-R1
(2002A, 2003A, 2004A and 2006A Financing Programs) (Green Bonds)

$40,795,000
Environmental Infrastructure Refunding Bonds, Series 2020C-R1
(2012A Financing Program) (Federally Taxable) (Green Bonds)

and

$15,265,000
Environmental Infrastructure Refunding Bonds, Series 2020C-R2
(2012B and 2012C Financing Programs) (Federally Taxable) (Green Bonds)

INTRODUCTION

This Official Statement, which includes the cover and inside cover pages hereof, the Summary herein and each of the Appendices attached hereto, has been disseminated by the New Jersey Infrastructure Bank (the "I-Bank") to provide certain information relating to the I-Bank and to the issuance, sale and delivery by the I-Bank of: (i) its "Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (2002A, 2003A, 2004A and 2006A Financing Programs) (Green Bonds)", in the aggregate principal amount of $17,390,000 (the "Series 2020A-R1 Refunding Bonds"); (ii) its "Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) (Federally Taxable) (Green Bonds)", in the aggregate principal amount of $40,795,000 (the "Series 2020C-R1 Refunding Bonds"); and (iii) its "Environmental Infrastructure Refunding Bonds, Series 2020C-R2 (2012B and 2012C Financing Programs) (Federally Taxable) (Green Bonds)", in the aggregate principal amount of $15,265,000 (the "Series 2020C-R2 Refunding Bonds"; the Series 2020A-R1 Refunding Bonds, the Series 2020C-R1 Refunding Bonds and the Series 2020C-R2 Refunding Bonds are referred to, collectively, herein as the "Series 2020 Refunding Bonds" and each may be referenced as a "Series").

Investors considering a purchase of the Series 2020 Refunding Bonds should refer to the glossary containing the defined terms used throughout this Official Statement, which glossary is set forth as Appendix I hereto. The term "Applicable", when used in this Official Statement, shall mean (i) with respect to any series of Bonds (as defined herein), that particular series of Bonds, and (ii) with respect to any document or party relating to a series of Bonds, the document or party relating to such particular series of Bonds.

Authority for the Issuance of the Series 2020A-R1 Refunding Bonds

The Series 2020A-R1 Refunding Bonds are being issued pursuant to: (i) the "New Jersey Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the "State") (N.J.S.A. 58:11B-1 *et seq.*), as the same has been, and from time to time may be, amended and supplemented (the "I-Bank Act"); (ii) all other applicable laws; and

(iii)(a) with respect to the 2002A Allocable Portion thereof as set forth on Schedule I hereto (the "2002A Allocable Portion"), the "Environmental Infrastructure Bond Resolution, Series 2002A" of the I-Bank, duly adopted by the I-Bank on September 16, 2002, as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by (1) the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2007B (2002A Financing Program) of the New Jersey Environmental Infrastructure Trust", duly adopted by the I-Bank on January 11, 2007, (2) the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2010A of the New Jersey Environmental Infrastructure Trust", duly adopted by the I-Bank on July 8, 2010 (the "Series 2010A Refunding Supplemental Bond Resolution"), and (3) the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (2002A, 2003A, 2004A and 2006A Financing Programs) of the New Jersey Infrastructure Bank", duly adopted by the I-Bank on March 20, 2020, as the same will be amended and supplemented by a certificate of an authorized officer of the I-Bank dated the date of issuance of the Series 2020A-R1 Refunding Bonds (the "Series 2020A-R1 Refunding Supplemental Bond Resolution") (as so amended and supplemented from time to time, the "Series 2002A Bond Resolution");

(iii)(b) with respect to the 2003A Allocable Portion thereof as set forth on Schedule I hereto (the "2003A Allocable Portion"), the "Environmental Infrastructure Bond Resolution, Series 2003A" of the I-Bank, duly adopted by the I-Bank on September 15, 2003, as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by (1) the Series 2010A Refunding Supplemental Bond Resolution, (2) the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2012C-R (Federally Taxable) of the New Jersey Environmental Infrastructure Trust", duly adopted by the I-Bank on July 12, 2012, and (3) the Series 2020A-R1 Refunding Supplemental Bond Resolution (as so amended and supplemented from time to time, the "Series 2003A Bond Resolution");

(iii)(c) with respect to the 2004A Allocable Portion thereof as set forth on Schedule I hereto (the "2004A Allocable Portion"), the "Environmental Infrastructure Bond Resolution, Series 2004A" of the I-Bank, duly adopted by the I-Bank on September 20, 2004, as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by (1) the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2007C (2004A Financing Program) of the New Jersey Environmental Infrastructure Trust", duly adopted by the I-Bank on January 11, 2007, (2) the Series 2010A Refunding Supplemental Bond Resolution, (3) the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2012A-R of the New Jersey Environmental Infrastructure Trust", duly adopted by the I-Bank on July 12, 2012 (the "Series 2012A-R Refunding Supplemental Bond Resolution"), and (4) the Series 2020A-R1 Refunding Supplemental Bond Resolution (as so amended and supplemented from time to time, the "Series 2004A Bond Resolution"); and

(iii)(d) with respect to the 2006A Allocable Portion thereof as set forth on Schedule I hereto (the "2006A Allocable Portion"), the "Environmental Infrastructure Bond Resolution, Series 2006A" of the I-Bank, duly adopted by the I-Bank on September 19, 2006, as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by (1) the Series 2010A Refunding Supplemental Bond Resolution, (2) the Series 2012A-R Refunding Supplemental Bond Resolution, and (3) the Series

2020A-R1 Refunding Supplemental Bond Resolution (as so amended and supplemented from time to time, the "Series 2006A Bond Resolution"; the Series 2002A Bond Resolution, the Series 2003A Bond Resolution, the Series 2004A Bond Resolution and the Series 2006A Bond Resolution shall be referred to collectively herein as "Series 2020A-R1 Refunding Program Bond Resolutions").

Authority for the Issuance of the Series 2020C-R1 Refunding Bonds

The Series 2020C-R1 Refunding Bonds are being issued pursuant to: (i) the I-Bank Act; (ii) all other applicable laws; and (iii) the "Environmental Infrastructure Bond Resolution, Series 2012A" of the I-Bank, duly adopted by the I-Bank on March 15, 2012, as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) of the New Jersey Infrastructure Bank", duly adopted by the I-Bank on March 20, 2020, as the same will be amended and supplemented by a certificate of an authorized officer of the I-Bank dated the date of issuance of the Series 2020C-R1 Refunding Bonds (the "Series 2020C-R1 Refunding Supplemental Bond Resolution") (as so amended and supplemented, the "Series 2012A Bond Resolution" or the "Series 2020C-R1 Refunding Program Bond Resolution").

Authority for the Issuance of the Series 2020C-R2 Refunding Bonds

The Series 2020C-R2 Refunding Bonds are being issued pursuant to: (i) the I-Bank Act; (ii) all other applicable laws; and

(iii)(a) with respect to the 2012B Allocable Portion thereof as set forth on Schedule I hereto (the "2012B Allocable Portion"), the "Environmental Infrastructure Bond Resolution, Series 2012B" of the I-Bank, duly adopted by the I-Bank on March 15, 2012, as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2020C-R2 (2012B and 2012C Financing Programs) of the New Jersey Infrastructure Bank", duly adopted by the I-Bank on March 20, 2020, as the same will be amended and supplemented by a certificate of an authorized officer of the I-Bank dated the date of issuance of the Series 2020C-R2 Refunding Bonds (the "Series 2020C-R2 Refunding Supplemental Bond Resolution") (as so amended and supplemented, the "Series 2012B Bond Resolution"); and

(iii)(b) with respect to the 2012C Allocable Portion thereof as set forth on Schedule I hereto (the "2012C Allocable Portion"), the "Environmental Infrastructure Bond Resolution, Series 2012C" of the I-Bank, duly adopted by the I-Bank on March 15, 2012, as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by the Series 2020C-R2 Refunding Supplemental Bond Resolution (as so amended and supplemented, the "Series 2012C Bond Resolution"; the Series 2012B Bond Resolution and the Series 2012C Bonds Resolution shall be referred to collectively herein as "Series 2020C-R2 Refunding Program Bond Resolutions"; the Series 2020A-R1 Refunding Program Bond Resolutions, the Series 2020C-R1 Refunding Program Bond Resolution and the Series 2020C-R2 Refunding Program Bond Resolutions shall be referred to collectively herein as the "Refunding Program Bond Resolutions")).

The I-Bank

Effective as of January 16, 2018, various statutory amendments to the I-Bank Act were implemented that, collectively, serve to materially revise the statutory powers of the I-Bank and, additionally, serve to change the name of the I-Bank from the "New Jersey Environmental Infrastructure Trust" to the "New Jersey Infrastructure Bank". See "THE NEW JERSEY INFRASTRUCTURE BANK" herein for a description of these statutory amendments.

The I-Bank is a public body corporate and politic with corporate succession, constituted as an instrumentality of the State, exercising public and essential government functions. **With respect to the inclusion, pursuant to the above-referenced statutory amendments, of the word "Bank" in the name of the "New Jersey Infrastructure Bank", the following is noted: The I-Bank is not (i) a "bank" or "savings bank" within the meaning of the New Jersey Banking Act of 1948, or (ii) a "national banking association" or a "federal savings bank" within the meaning of the National Bank Act. Further, the I-Bank is not subject to the general supervision of the New Jersey Department of Banking and Insurance or the Office of the Comptroller of the Currency (United States Treasury Department), the Board of Governors of the Federal Reserve System or the Federal Deposit Insurance Corporation. The I-Bank does not accept "deposits" within the meaning of the New Jersey Banking Act of 1948 or the National Bank Act, and its obligations are not insured by the Federal Deposit Insurance Corporation.**

The New Jersey Water Bank

The I-Bank and the New Jersey Department of Environmental Protection (the "Department") jointly administer the State Revolving Fund (the "SRF") programs of the State that are authorized, in part, pursuant to the federal Water Quality Act and the federal Safe Drinking Water Act, in order to provide financial assistance to qualifying borrowers for their wastewater treatment projects and drinking water supply projects. These financing programs are jointly administered by the I-Bank and the Department, organizationally and by title, as the "New Jersey Water Bank" (the "New Jersey Water Bank"). Those financing programs that are included within the New Jersey Water Bank include the following:

(i) the long-term financing program (the "Water Bank Program") of both the I-Bank and the Department, pursuant to which (A) the I-Bank extends an interest-bearing loan financed with the proceeds of its bonds (the "I-Bank Loan") to qualifying borrowers for their wastewater treatment projects and drinking water supply projects, and (B) the State, acting by and through the Department, extends a companion zero-interest-bearing loan from various funding sources available to it, including, without limitation, the SRF (the "Fund Loan"), to qualifying borrowers for such projects (the I-Bank Loans and the Fund Loans shall be referred to collectively herein as the "Loans"); and

(ii) the short-term construction financing program that is jointly administered by the I-Bank and the Department (the "Construction Financing Program"), pursuant to which the I-Bank extends such Construction Financing Program loans to qualifying borrowers in order for such borrowers to commence and undertake (A) the planning and design of their respective projects and (B) all or a portion of the construction of their respective projects, in anticipation of the subsequent qualification for, and receipt of, long-term financing through an I-Bank Loan and a Fund Loan pursuant to the Water Bank Program.

Purpose for Issuance of the Series 2020 Refunding Bonds by the I-Bank

The Series 2020 Refunding Bonds are being issued by the I-Bank for the benefit of various municipalities and regional, county and municipal utilities, sewerage and improvement authorities, State authorities and private water supply companies that are located throughout the State, in order to:

(i) Make a deposit to each Applicable Refunded Bonds Escrow Fund (as defined herein) to provide funds that, together with certain other available moneys in certain instances, will be sufficient to refund and defease the Applicable Bonds to be Refunded (as defined herein), the proceeds of which originally were used by the I-Bank to make the Applicable Refunding Program I-Bank Loans (as defined herein) to the Applicable Refunding Program Borrowers (as defined herein) to finance or refinance a portion of the costs of their environmental infrastructure facilities; and

(ii) fund the costs of issuing the Series 2020 Refunding Bonds.

The savings achieved through the Series 2020 Refunding of the Bonds to be Refunded (as defined herein) will be passed on to the Participating Refunding Program Borrowers (as defined herein), as credits to be applied to their existing Refunding Program I-Bank Loan repayment obligation.

See "PLAN OF REFUNDING", "THE SERIES 2020 REFUNDING BONDS", "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS", "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" and "SOURCES AND USES OF FUNDS FOR THE SERIES 2020 REFUNDING BONDS" herein.

The Issuance of the Series 2020 Refunding Bonds as Green Bonds

The Bonds to be Refunded (as defined herein) were issued to finance System (as defined herein) improvements that were designed and are intended to improve the quality of wastewater treatment systems and drinking water supply systems throughout the State, according to, and in satisfaction of, applicable State and federal standards. The purpose of designating and offering the Series 2020 Refunding Bonds as "Green Bonds" is to allow investors to invest directly in bonds that finance such environmentally beneficial projects. However, there is no assurance that the Projects (as defined herein) financed by the Bonds to be Refunded will produce the intended environmental benefits; but holders of the Series 2020 Refunding Bonds do not assume any risk of payment default with respect to the Series 2020 Refunding Bonds in the event that the Projects financed by the Bonds to be Refunded fail to produce the intended environmental benefit. See "THE SERIES 2020 REFUNDING BONDS – Green Bonds" herein.

The Issuance of the Series 2020 Refunding Bonds as "Refunding Bonds" and the "Allocable Portion" Concept

1. Series 2020A-R1 Refunding Bonds

The 2002A Allocable Portion: A portion of the Series 2020A-R1 Refunding Bonds, consisting of the 2002A Allocable Portion thereof, has been authorized for issuance by the I-Bank as "Refunding Bonds" as defined in, and pursuant to, the Series 2002A Bond Resolution. Upon their issuance, the 2002A Allocable Portion of the Series 2020A-R1 Refunding Bonds shall be on parity with the Remaining Outstanding Series 2002A Bonds (as defined herein) and shall be entitled to the same benefit and security of the Series 2002A Bond Resolution, including, without limitation, the pledge of the Series 2002A Trust Estate (as defined herein), as the Remaining Outstanding Series 2002A Bonds.

The 2003A Allocable Portion: A portion of the Series 2020A-R1 Refunding Bonds, consisting of the 2003A Allocable Portion thereof, has been authorized for issuance by the I-Bank as "Refunding Bonds" as defined in, and pursuant to, the Series 2003A Bond Resolution. Upon their issuance, the 2003A Allocable Portion of the Series 2020A-R1 Refunding Bonds shall be on parity with the Remaining Outstanding Series 2003A Bonds (as defined herein) and shall be entitled to the same benefit and security of the Series 2003A Bond Resolution, including, without limitation, the pledge of the Series 2003A Trust Estate (as defined herein), as the Remaining Outstanding Series 2003A Bonds.

The 2004A Allocable Portion: A portion of the Series 2020A-R1 Refunding Bonds, consisting of the 2004A Allocable Portion thereof, has been authorized for issuance by the I-Bank as "Refunding Bonds" as defined in, and pursuant to, the Series 2004A Bond Resolution. Upon their issuance, the 2004A Allocable Portion of the Series 2020A-R1 Refunding Bonds shall be on parity with the Remaining Outstanding Series 2004A Bonds (as defined herein) and shall be entitled to the same benefit and security of the Series 2004A Bond Resolution, including, without limitation, the pledge of the Series 2004A Trust Estate (as defined herein), as the Remaining Outstanding Series 2004A Bonds.

The 2006A Allocable Portion: A portion of the Series 2020A-R1 Refunding Bonds, consisting of the 2006A Allocable Portion thereof, has been authorized for issuance by the I-Bank as "Refunding Bonds" as defined in, and pursuant to, the Series 2006A Bond Resolution. Upon their issuance, the 2006A Allocable Portion of the Series 2020A-R1 Refunding Bonds shall be on parity with the Remaining Outstanding Series 2006A Bonds (as defined herein) and shall be entitled to the same benefit and security of the Series 2006A Bond Resolution, including, without limitation, the pledge of the Series 2006A Trust Estate (as defined herein), as the Remaining Outstanding Series 2006A Bonds.

2. Series 2020C-R1 Refunding Bonds

The Series 2020C-R1 Refunding Bonds have been authorized for issuance by the I-Bank as "Refunding Bonds" as defined in, and pursuant to, the Series 2012A Bond Resolution. Upon their issuance, the Series 2020C-R1 Refunding Bonds shall be on parity with the Remaining Outstanding Series 2012A Bonds (as defined herein) and shall be entitled to the same benefit and security of the Series 2012A Bond Resolution, including, without limitation, the pledge of the Series 2012A Trust Estate (as defined herein), as the Remaining Outstanding Series 2012A Bonds.

3. Series 2020C-R2 Refunding Bonds

The 2012B Allocable Portion: A portion of the Series 2020C-R2 Refunding Bonds, consisting of the 2012B Allocable Portion thereof, has been authorized for issuance by the I-Bank as "Refunding Bonds" as defined in, and pursuant to, the Series 2012B Bond Resolution. Upon their issuance, the 2012B Allocable Portion of the Series 2020C-R2 Refunding Bonds shall be on parity with the Remaining Outstanding Series 2012B Bonds (as defined herein) and shall be entitled to the same benefit and security of the Series 2012B Bond Resolution, including, without limitation, the pledge of the Series 2012B Trust Estate (as defined herein), as the Remaining Outstanding Series 2012B Bonds.

The 2012C Allocable Portion: A portion of the Series 2020C-R2 Refunding Bonds, consisting of the 2012C Allocable Portion thereof, has been authorized for issuance by the I-Bank as "Refunding Bonds" as defined in, and pursuant to, the Series 2012C Bond Resolution. Upon their issuance, the 2012C Allocable Portion of the Series 2020C-R2 Refunding Bonds shall be on parity with the Remaining Outstanding Series 2012C Bonds (as defined herein) and shall be entitled to the same benefit and security of the Series 2012C Bond Resolution, including, without limitation, the pledge of the Series 2012C Trust Estate (as defined herein), as the Remaining Outstanding Series 2012C Bonds.

See "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS", "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" and Schedule I - "ALLOCABLE PORTIONS" herein.

Security for the Series 2020 Refunding Bonds

1. Series 2020A-R1 Refunding Bonds

The 2002A Allocable Portion: The Series 2020A-R1 Refunding Bonds, to the extent of the 2002A Allocable Portion thereof, and the Remaining Outstanding Series 2002A Bonds are secured primarily by:

(i) the repayments by the Series 2002A Borrowers of the Series 2002A I-Bank Loans (as defined herein) that were made by the I-Bank to the respective Series 2002A Borrowers from the proceeds of the Series 2002A Bonds (as defined herein), which Series 2002A I-Bank Loan repayment obligations are evidenced and secured by the respective Series 2002A Borrower I-Bank Loan Bonds (as defined herein);

(ii) the repayments by the Series 2002A Borrowers of the companion Series 2002A Fund Loans (as defined herein) that were made by the State, acting by and through the Department, to the respective Series 2002A Borrowers, which Series 2002A Fund Loan repayment obligations are evidenced and secured by the respective Series 2002A Borrower Fund Loan Bonds (as defined herein);

(iii) certain of the repayments by those Borrowers (as defined herein) in the Coverage Providing Financing Programs (as defined herein) that have received Coverage Providing Fund Loans (as defined herein) that are held by the Master Program Trustee (as defined herein) in accordance with the terms of the Master Program Trust Agreement (as defined herein);

(iv) with respect to certain authority Series 2002A Borrowers only, moneys payable pursuant to the Series 2002A Borrower Service Agreements (as defined herein) and any applicable Government Borrower Guaranties; and

(v) certain State-aid payable to the municipal and county Series 2002A Borrowers, certain municipal and county Series 2002A Participants (as defined herein) and certain Government Borrower Guarantors (as defined herein), if applicable.

The Borrowers that participated in the Series 2002A Financing Program (as defined herein) that have Series 2002A Loans (as defined herein) that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS". In addition, information with respect to the source of repayment by certain of such Series 2002A Borrowers of their respective Series 2002A Loans also is identified in Appendix B – "REFUNDING PROGRAM BORROWERS".

The 2003A Allocable Portion: The Series 2020A-R1 Refunding Bonds, to the extent of the 2003A Allocable Portion thereof, and the Remaining Outstanding Series 2003A Bonds are secured primarily by:

(i) the repayments by the Series 2003A Borrowers of the Series 2003A I-Bank Loans (as defined herein) that were made by the I-Bank to the respective Series 2003A Borrowers from the proceeds of the Series 2003A Bonds (as defined herein), which Series 2003A I-Bank Loan repayment obligations are evidenced and secured by the respective Series 2003A Borrower I-Bank Loan Bonds (as defined herein);

(ii) the repayments by the Series 2003A Borrowers of the companion Series 2003A Fund Loans (as defined herein) that were made by the State, acting by and through the Department, to the respective Series 2003A Borrowers, which Series 2003A Fund Loan repayment obligations are evidenced and secured by the respective Series 2003A Borrower Fund Loan Bonds (as defined herein);

(iii) certain of the repayments by those Borrowers in the Coverage Providing Financing Programs that have received Coverage Providing Fund Loans that are held by the Master Program Trustee in accordance with the terms of the Master Program Trust Agreement;

(iv) with respect to certain authority Series 2003A Borrowers only, moneys payable pursuant to the Series 2003A Borrower Service Agreements (as defined herein) and any applicable Government Borrower Guaranties; and

(v) certain State-aid payable to the municipal and county Series 2003A Borrowers, certain municipal and county Series 2003A Participants (as defined herein) and certain Government Borrower Guarantors, if applicable.

The Borrowers that participated in the Series 2003A Financing Program (as defined herein) that have Series 2003A Loans (as defined herein) that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS". In addition, information with respect to the source of repayment by certain of such Series 2003A Borrowers of their respective Series 2003A Loans also is identified in Appendix B – "REFUNDING PROGRAM BORROWERS".

The 2004A Allocable Portion: The Series 2020A-R1 Refunding Bonds, to the extent of the 2004A Allocable Portion thereof, and the Remaining Outstanding Series 2004A Bonds are secured primarily by:

(i) the repayments by the Series 2004A Borrowers of the Series 2004A I-Bank Loans (as defined herein) that were made by the I-Bank to the respective Series 2004A Borrowers from the proceeds of the Series 2004A Bonds (as defined herein), which Series 2004A I-Bank Loan repayment obligations are evidenced and secured by the respective Series 2004A Borrower I-Bank Loan Bonds (as defined herein);

(ii) the repayments by the Series 2004A Borrowers of the companion Series 2004A Fund Loans (as defined herein) that were made by the State, acting by and through the Department, to the respective Series 2004A Borrowers, which Series 2004A Fund Loan repayment obligations are evidenced and secured by the respective Series 2004A Borrower Fund Loan Bonds (as defined herein);

(iii) certain of the repayments by those Borrowers in the Coverage Providing Financing Programs that have received Coverage Providing Fund Loans that are held by the Master Program Trustee in accordance with the terms of the Master Program Trust Agreement;

(iv) with respect to certain authority Series 2004A Borrowers only, moneys payable pursuant to the Series 2004A Borrower Service Agreements (as defined herein) and any applicable Government Borrower Guaranties; and

(v) certain State-aid payable to the municipal and county Series 2004A Borrowers, certain municipal and county Series 2004A Participants (as defined herein) and certain Government Borrower Guarantors, if applicable.

The Borrowers that participated in the Series 2004A Financing Program (as defined herein) that have Series 2004A Loans (as defined herein) that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS". In addition, information with respect to the source of repayment by certain of such Series 2004A Borrowers of their respective Series 2004A Loans also is identified in Appendix B – "REFUNDING PROGRAM BORROWERS".

The 2006A Allocable Portion: The Series 2020A-R1 Refunding Bonds, to the extent of the 2006A Allocable Portion thereof, and the Remaining Outstanding Series 2006A Bonds are secured primarily by:

(i) the repayments by the Series 2006A Borrowers of the Series 2006A I-Bank Loans (as defined herein) that were made by the I-Bank to the respective Series 2006A Borrowers from the proceeds of the Series 2006A Bonds (as defined herein), which Series 2006A I-Bank Loan repayment obligations are evidenced and secured by the respective Series 2006A Borrower I-Bank Loan Bonds (as defined herein);

(ii) the repayments by the Series 2006A Borrowers of the companion Series 2006A Fund Loans (as defined herein) that were made by the State, acting by and through the Department, to the respective Series 2006A Borrowers, which Series 2006A Fund Loan repayment obligations are evidenced and secured by the respective Series 2006A Borrower Fund Loan Bonds (as defined herein);

(iii) certain of the repayments by those Borrowers in the Coverage Providing Financing Programs that have received Coverage Providing Fund Loans that are held by the Master Program Trustee in accordance with the terms of the Master Program Trust Agreement;

(iv) with respect to certain authority Series 2006A Borrowers only, moneys payable pursuant to the Series 2006A Borrower Service Agreements (as defined herein) and any applicable Government Borrower Guaranties; and

(v) certain State-aid payable to the municipal and county Series 2006A Borrowers, certain municipal and county Series 2006A Participants (as defined herein) and certain Government Borrower Guarantors, if applicable.

The Borrowers that participated in the Series 2006A Financing Program (as defined herein) that have Series 2006A Loans (as defined herein) that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS". In addition, information with respect to the source of repayment by certain of such

Series 2006A Borrowers of their respective Series 2006A Loans also is identified in Appendix B – "REFUNDING PROGRAM BORROWERS".

For a more detailed discussion of the security for the Series 2020A-R1 Refunding Bonds, see "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" herein. See also "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS" herein.

2. Series 2020C-R1 Refunding Bonds

The Series 2020C-R1 Refunding Bonds and the Remaining Outstanding Series 2012A Bonds are secured primarily by:

(i) the repayments by the Series 2012A Borrowers of the Series 2012A I-Bank Loans (as defined herein) that were made by the I-Bank to the respective Series 2012A Borrowers from the proceeds of the Series 2012A Bonds (as defined herein), which Series 2012A I-Bank Loan repayment obligations are evidenced and secured by the respective Series 2012A Borrower I-Bank Loan Bonds (as defined herein);

(ii) the repayments by the Series 2012A Borrowers of the companion Series 2012A Fund Loans (as defined herein) that were made by the State, acting by and through the Department, to the respective Series 2012A Borrowers, which Series 2012A Fund Loan repayment obligations are evidenced and secured by the respective Series 2012A Borrower Fund Loan Bonds (as defined herein);

(iii) certain of the repayments by those Borrowers in the Coverage Providing Financing Programs that have received Coverage Providing Fund Loans that are held by the Master Program Trustee in accordance with the terms of the Master Program Trust Agreement;

(iv) with respect to certain authority Series 2012A Borrowers only, moneys payable pursuant to the Series 2012A Borrower Service Agreements (as defined herein) and any applicable Government Borrower Guaranties; and

(v) certain State-aid payable to the municipal and county Series 2012A Borrowers, certain municipal and county Series 2012A Participants (as defined herein) and certain Government Borrower Guarantors, if applicable.

The Borrowers that participated in the Series 2012A Financing Program (as defined herein) that have Series 2012A Loans (as defined herein) that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS". In addition, information with respect to the source of repayment by certain of such Series 2012A Borrowers of their respective Series 2012A Loans also is identified in Appendix B – "REFUNDING PROGRAM BORROWERS".

For a more detailed discussion of the security for the Series 2020C-R1 Refunding Bonds, see "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" herein. See also "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS" herein.

3. Series 2020C-R2 Refunding Bonds

The 2012B Allocable Portion: The Series 2020C-R2 Refunding Bonds, to the extent of the 2012B Allocable Portion thereof, and the Remaining Outstanding Series 2012B Bonds are secured primarily by:

(i) the repayments by the Series 2012B Borrowers of the Series 2012B I-Bank Loans (as defined herein) that were made by the I-Bank to the respective Series 2012B Borrowers from the proceeds of the Series 2012B Bonds (as defined herein), which Series 2012B I-Bank Loan repayment

obligations are evidenced and secured by the respective Series 2012B Borrower I-Bank Loan Bonds (as defined herein);

(ii) the repayments by the Series 2012B Borrowers of the companion Series 2012B Fund Loans (as defined herein) that were made by the State, acting by and through the Department, to the respective Series 2012B Borrowers, which Series 2012B Fund Loan repayment obligations are evidenced and secured by the respective Series 2012B Borrower Fund Loan Bonds (as defined herein);

(iii) certain of the repayments by those Borrowers in the Coverage Providing Financing Programs that have received Coverage Providing Fund Loans that are held by the Master Program Trustee in accordance with the terms of the Master Program Trust Agreement;

(iv) with respect to certain authority Series 2012B Borrowers only, moneys payable pursuant to the Series 2012B Borrower Service Agreements (as defined herein) and any applicable Government Borrower Guaranties; and

(v) certain State-aid payable to the municipal and county Series 2012B Borrowers, certain municipal and county Series 2012B Participants (as defined herein) and certain Government Borrower Guarantors, if applicable.

The Borrowers that participated in the Series 2012B Financing Program (as defined herein) that have Series 2012B Loans (as defined herein) that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS". In addition, information with respect to the source of repayment by certain of such Series 2012B Borrowers of their respective Series 2012B Loans also is identified in Appendix B – "REFUNDING PROGRAM BORROWERS".

The 2012C Allocable Portion: The Series 2020C-R2 Refunding Bonds, to the extent of the 2012C Allocable Portion thereof, and the Remaining Outstanding Series 2012C Bonds are secured primarily by:

(i) the repayments by the Series 2012C Borrowers of the Series 2012C I-Bank Loans (as defined herein) that were made by the I-Bank to the respective Series 2012C Borrowers from the proceeds of the Series 2012C Bonds (as defined herein), which Series 2012C I-Bank Loan repayment obligations are evidenced and secured by the respective Series 2012C Borrower I-Bank Loan Bonds (as defined herein);

(ii) the repayments by the Series 2012C Borrowers of the companion Series 2012C Fund Loans (as defined herein) that were made by the State, acting by and through the Department, to the respective Series 2012C Borrowers, which Series 2012C Fund Loan repayment obligations are evidenced and secured by the respective Series 2012C Borrower Fund Loan Bonds (as defined herein);

(iii) certain of the repayments by those Borrowers in the Coverage Providing Financing Programs that have received Coverage Providing Fund Loans that are held by the Master Program Trustee in accordance with the terms of the Master Program Trust Agreement;

(iv) with respect to certain authority Series 2012C Borrowers only, moneys payable pursuant to the Series 2012C Borrower Service Agreements (as defined herein) and any applicable Government Borrower Guaranties; and

(v) certain State-aid payable to the municipal and county Series 2012C Borrowers, certain municipal and county Series 2012C Participants (as defined herein) and certain Government Borrower Guarantors, if applicable.

The Borrowers that participated in the Series 2012C Financing Program (as defined herein) that have Series 2012C Loans (as defined herein) that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS". In addition, information with respect to the source of repayment by certain of such Series 2012C Borrowers of their respective Series 2012C Loans also is identified in Appendix B – "REFUNDING PROGRAM BORROWERS".

For a more detailed discussion of the security for the Series 2020C-R2 Refunding Bonds, see "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" herein. See also "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS" herein.

No Redemption of the Series 2020 Refunding Bonds

The Series 2020 Refunding Bonds will not be subject to optional redemption. See "THE SERIES 2020 REFUNDING BONDS – No Optional Redemption" herein. The Series 2020 Refunding Bonds will not be subject to mandatory sinking fund redemption. See "THE SERIES 2020 REFUNDING BONDS – No Mandatory Sinking Fund Redemption" herein.

Investment Considerations Relating to a Purchase of the Series 2020 Refunding Bonds

Review by Persons Considering a Purchase of the Series 2020 Refunding Bonds: This introduction is a brief description of certain of the matters set forth in this Official Statement and is qualified by reference to the entire Official Statement. Persons considering a purchase of the Series 2020 Refunding Bonds should read this Official Statement in its entirety, including, without limitation, the cover and inside cover pages, the Summary herein, Schedule I attached hereto and each of the Appendices attached hereto. The summaries of, and references to, all documents, statutes, reports and other instruments that are referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is further qualified in its entirety by reference to such document, statute, report or instrument.

Persons considering a purchase of the Series 2020 Refunding Bonds should read "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS", "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" and "ENFORCEABILITY OF REMEDIES" for a discussion of the collateral security for the Series 2020 Refunding Bonds and the enforcement of remedies with respect thereto.

Brief descriptions of the I-Bank, the Department, the New Jersey Water Bank, the Construction Financing Program, the Water Bank Programs, any Borrower, any Participant, any Guarantor, the Bond Resolutions, the Bonds (including, without limitation, the Series 2020 Refunding Bonds), the I-Bank Loan Agreements, the Fund Loan Agreements, the Master Program Trust Agreement, the Borrower Bond Resolutions, the Borrower Bonds, the Borrower Service Agreements, the Borrower Guaranties, the Private Borrower Letters of Credit, the Private Borrower Mortgages, the Private Borrower Special Reserve Funds and the Continuing Disclosure Agreements (as such terms are defined herein) are set forth in this Official Statement. However, any such description of an agreement or resolution as set forth herein is qualified in its entirety by reference to the definitive forms of such agreements and resolutions, copies of which may be examined at the principal corporate offices of the I-Bank located at 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey 08648 (telephone (609) 219-8600) (the "I-Bank Offices").

Risks Resulting from the COVID-19 (Coronavirus) Outbreak: An outbreak of the infectious disease COVID-19 (Coronavirus), a respiratory disease caused by a new strain of coronavirus that was first detected in China and has since spread to other countries, including the United States, has been declared a Public Health Emergency of International Concern by the World Health Organization and a global pandemic. On March 13, 2020, in response to the COVID-19 outbreak, the President of the United States declared a national emergency.

On March 9, 2020, Governor Phil Murphy signed Executive Order Number 103, pursuant to which he declared a State of Emergency and a Public Health Emergency in all 21 counties of the State, thereby allowing State agencies and departments to utilize State resources to assist affected communities in response to the COVID-19 outbreak. On March 21, 2020, Governor Murphy signed Executive Order Number 107, prohibiting certain activities in an attempt

to slow the spread of COVID-19 throughout the State; such prohibitions included, without limitation: the closure of all non-essential businesses; limiting restaurants to take-out and delivery service only; cancellation of all school classes for all students; and restrictions on the number of people who can attend gatherings of any kind.

Quarantine and other "social distancing" measures undertaken by government agencies, businesses, schools and other entities, in response to the COVID-19 outbreak, have altered behavior and have affected commerce in a manner that has negatively affected global and local economies. As a direct result, the rate of unemployment, nationally and within the State, has increased materially. In addition, markets in the United States and globally have seen significant volatility.

The Public Health Emergency declared by Governor Murphy via Executive Order Number 103 has been twice extended, (i) via Executive Order Number 119, signed on April 7, 2020, and (ii) via Executive Order Number 138, signed on May 6, 2020. On April 28, 2020, Governor Murphy signed Executive Order Number 131 to establish the Governor's Restart and Recovery Commission, which is charged with providing guidance to the Governor for reopening the New Jersey economy in a manner consistent with the State's public health efforts to slow the spread of COVID-19. While "social distancing" measures remain in effect, certain restrictions have been lifted, via, for example: (i) Executive Order Number 142, signed on May 13, 2020, which permits (effective May 18, 2020) (A) non-essential construction projects to resume (subject to limitations) and (B) non-essential retail businesses to reopen to the public, but only via "curbside pickup" outside the retail business and without the ability of patrons to enter the premises of the retail business; (ii) Executive Order Number 133, signed on April 29, 2020, which reopens to the public, as of May 2, 2020, (subject to limitations) all State parks and forests; and (iii) Executive Order Number 145, signed on May 15, 2020, which rescinds, as of May 26, 2020, the prior suspension (via Executive Order Number 109) of elective surgeries and invasive procedures.

The potential impact of the COVID-19 outbreak upon the State, generally, and the financial performance and business operations of the Borrowers, the Participants and the Guarantors cannot be accurately predicted at this time. However, the COVID-19 outbreak, and the continued escalation and spread of such outbreak, (i) will have a material adverse effect upon state and national economies, including, without limitation, (A) the economy of the State, generally, and (B) the financial performance and business operations of the Borrowers, the Participants and the Guarantors, and (ii) could have a material adverse effect upon (A) the collection by the Borrowers, the Participants and the Guarantors of fees, charges, taxes and other revenues, (B) the payment of debt service on the Loans by the Borrowers, the Participants and the Guarantors, and (C) the business operations of the I-Bank, the Department, the Master Program Trustee, the Trustees and the Refunding Program Fiduciaries (including, without limitation, their respective business operations relating to Loan administration, billing and servicing). Furthermore, there can be no assurances that various State legislative relief and recovery initiatives that might be proposed and enacted will not disrupt, defer or reduce the collection by the Borrowers, the Participants and the Guarantors of fees, charges, taxes and other revenues.

Cybersecurity Considerations: The I-Bank, like many other large public and private entities, relies upon a large and complex technology environment to conduct its operations, including, in particular, its H2Loans platform through which the I-Bank and the Department interface with applicants in connection with the Loan application and closing processes, as well as the processing of Project (as hereinafter defined) requisitions. Further, the I-Bank, like any other large public or private entity, faces cybersecurity threats, including, without limitation, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the I-Bank's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. Cybersecurity breaches could damage the I-Bank's information and security systems, and cause material disruption to its operations, including, without limitation, its operations relating to Loan administration, billing and servicing. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cybersecurity attacks, the I-Bank invests in multiple forms of cybersecurity and operational safeguards and tests these safeguards periodically. However, there can be no assurance that any existing or additional safety and security measure will prove adequate in successfully ensuring against cybersecurity threats and attacks on its Systems Technology. Cybersecurity breaches of the I-Bank's Systems Technology could cause material disruption to the I-Bank's finances and operations.

NEW JERSEY INFRASTRUCTURE BANK

Creation, Legal Authority, Responsibilities and Organization

The I-Bank, originally organized in August of 1986 as the "New Jersey Wastewater Treatment Trust", is a public body corporate and politic with corporate succession, constituted as an instrumentality of the State, exercising public and essential government functions, and organized and existing under and pursuant to the I-Bank Act. For the purpose of complying with Article V, Section IV, Paragraph 1 of the State Constitution, the I-Bank is allocated within, but is independent of any supervision or control by, the New Jersey Department of the Treasury.

Since 1987, the I-Bank and the State have provided loan financing for allowable costs of acquiring, constructing, improving or installing ("Allowable Costs") wastewater treatment projects (the "Wastewater Treatment Projects") for wastewater treatment systems (the "Wastewater Treatment Systems") undertaken by "local government units" in the State (the "Wastewater Treatment Borrowers").

Beginning in 1998, the I-Bank, then operating as the "New Jersey Environmental Infrastructure Trust", and the State expanded the New Jersey Water Bank to include the provision of loan financing for Allowable Costs of drinking water supply projects (the "Water Supply Projects"; the Wastewater Treatment Projects and the Water Supply Projects shall be referred to collectively herein as the "Projects") for drinking water supply systems (the "Water Supply Systems"; the Wastewater Treatment Systems and the Water Supply Systems shall be referred to collectively herein as the "Systems") undertaken by local government units, private entities and nonprofit entities (collectively, the "Water Supply Borrowers"; the Wastewater Treatment Borrowers and the Water Supply Borrowers shall be referred to collectively herein as the "Borrowers").

"Local government units" (the "Local Unit Borrowers") that are eligible Wastewater Treatment Borrowers include, without limitation, counties, municipalities and regional, county and municipal utilities, sewerage and improvement authorities, commissions and joint meetings located in the State, as well as State authorities. Water Supply Borrowers include, without limitation, private water supply companies and nonprofit corporations (collectively, the "Private Borrowers"), as well as Local Unit Borrowers.

Recent Amendments to the I-Bank Act

On October 14, 2016, the I-Bank Act was further amended pursuant to Public Law 2016, Chapter 56 (the "Amending Statute"). The Amending Statute, which became effective on January 16, 2018, pursuant to Public Law 2017, Chapter 327, changed the name of the I-Bank to the "New Jersey Infrastructure Bank" and expanded the statutory authority of the I-Bank. More specifically, the Amending Statute implemented the following statutory modifications to the I-Bank Act:

- The I-Bank has been granted the expanded statutory authority to make loans and provide other assistance to local government units to finance, pursuant to the I-Bank Act, the cost of various transportation projects, as such transportation projects are more fully defined in the I-Bank Act.

- The I-Bank has been granted the expanded statutory authority to issue its bonds, notes or other obligations as shall be necessary to provide sufficient funds for the purposes of making loans and providing other assistance to local government units to finance, pursuant to the I-Bank Act, the cost of transportation projects.

- The membership of the Board of Directors of the I-Bank has been increased from 7 directors to 10 directors, with the number of public members being increased from 4 to 6 and the number of *ex officio* members being increased from 3 to 4. Pursuant to the Amending Statute, the Commissioner of the Department of Transportation has joined the Commissioner of the Department of Community Affairs, the Commissioner of the Department of Environmental Protection and the State Treasurer as an *ex officio* member of the Board of Directors.

- The Amending Statute includes various other amendments and supplements to the I-Bank Act for the purpose of expanding the statutory authority of the I-Bank so as to fully implement the new transportation program of the I-Bank.

Given this expansion of its statutory authority, the I-Bank currently is structured organizationally as two distinct operating departments: (i) one department for the purpose of operating its environmental infrastructure financing programs, which programs, as noted earlier, are referred to collectively as the New Jersey Water Bank, and (ii) a second department for the purpose of operating its transportation infrastructure financing programs, which programs are referred to collectively as the "New Jersey Transportation Bank" (the "New Jersey Transportation Bank").

The I-Bank has not yet issued a series of bonds on behalf of its new New Jersey Transportation Bank. Each series of bonds that is issued by the I-Bank, whether issued on behalf of its long-standing New Jersey Water Bank or its new New Jersey Transportation Bank, is issued pursuant to a separate and distinct resolution or indenture and is NOT secured on a parity basis; provided, however, that each series of the I-Bank's bonds that is issued on behalf of the New Jersey Water Bank shares a common interest in the Master Program Trust Agreement and, therefore, each such series of New Jersey Water Bank bonds are parity to the limited extent of such common interest in such pledged funds. The issuance by the I-Bank at some time in the future of one or more series of bonds on behalf of the New Jersey Transportation Bank shall have no impact upon, and shall not diminish, the security for, or the collateral pledged to, the Series 2020 Refunding Bonds or any other series of I-Bank Bonds (as defined herein) issued on behalf of the New Jersey Water Bank.

With respect to the inclusion, pursuant to the Amending Statute, of the word "Bank" in the name of the "New Jersey Infrastructure Bank", the following is noted: **The I-Bank is not (i) a "bank" or "savings bank" within the meaning the New Jersey Banking Act of 1948, or (ii) a "national banking association" or a "federal savings bank" within the meaning of the National Bank Act. Further, the I-Bank is not subject to the general supervision of the New Jersey Department of Banking and Insurance or the Office of the Comptroller of the Currency (United States Treasury Department), the Board of Governors of the Federal Reserve System or the Federal Deposit Insurance Corporation. The I-Bank does not accept "deposits" within the meaning of the New Jersey Banking Act of 1948 or the National Bank Act, and its obligations are not insured by the Federal Deposit Insurance Corporation.**

Board of Directors of the I-Bank

The I-Bank consists of, and is governed by, a ten-member Board of Directors. Four are members *ex officio*: (i) the New Jersey State Treasurer; (ii) the Commissioner of the New Jersey Department of Community Affairs; (iii) the Commissioner of the New Jersey Department of Environmental Protection; and (iv) the Commissioner of the New Jersey Department of Transportation. The six remaining directors are appointed. Two directors are appointed by the Governor of the State (the "Governor") upon the recommendation of the President of the State Senate. Two directors are appointed by the Governor upon the recommendation of the Speaker of the State General Assembly. The four aforementioned appointees serve during the two year legislative term in which they are appointed. Two additional directors are appointed by the Governor with the advice and consent of the State Senate, each for a four year term. Each appointed director serves until a successor is appointed and qualified, and is eligible for reappointment. Any vacancy is filled in the same manner as the original appointment. The Governor designates one of the appointed directors to be the Chairperson and chief executive officer, who serves in such office for a term of two years and until a successor has been designated. The directors elect biannually a Vice-Chairperson, a Treasurer and a Secretary from among the appointed directors.

The current directors and officers of the I-Bank are as set forth below. However, see the discussion below concerning the 2020 biannual election of the officers of the I-Bank.

- **Roger Ellis, Director and Vice-Chairperson:** Retired. Mr. Ellis was appointed by the Governor with the advice and consent of the State Senate. Mr. Ellis' current term expired on May 13, 2016; he continues to serve until a successor is appointed and qualified.

- **Diane Gutierrez-Scaccetti, Director, *ex officio*:** Commissioner of the New Jersey Department of Transportation.

- **Jack Kocsis, Jr., Director and Secretary:** Chief Executive Officer of the Associated Construction Contractors of New Jersey (ACCNJ), the State chapter of the Associated General Contractors of America. Mr. Kocsis was appointed by the Governor upon the recommendation of the Senate President. His term will expire on January 14, 2022.

- **Mark Longo, Director and Treasurer:** Director, Engineers Labor-Employer Cooperative. Mr. Longo was appointed by the Governor upon the recommendation of the Speaker of the State General Assembly. Mr. Longo's current term expired on January 9, 2018; he continues to serve until a successor is appointed and qualified.

- **Catherine R. McCabe, Director, *ex officio*:** Commissioner of the New Jersey Department of Environmental Protection.

- **Elizabeth M. Muoio, Director, *ex officio*:** New Jersey State Treasurer.

- **Sheila Y. Oliver, Director, *ex officio*:** Commissioner of the New Jersey Department of Community Affairs. Ms. Oliver also serves as the elected Lieutenant Governor of the State.

Currently, there are three vacancies on the Board of Directors of the I-Bank, and the office of the Chairperson of the I-Bank is currently vacant.

The I-Bank also has an Executive Director, David E. Zimmer, who serves at the pleasure of the Board of Directors of the I-Bank. Mr. Zimmer has been serving as Executive Director of the I-Bank since November 24, 2010, and is also the Assistant Secretary of the I-Bank.

NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION

The Department collaborates in partnership with the I-Bank with respect to the Water Bank Program, the I-Bank's Construction Financing Program as well as all other financing programs that are administered by the I-Bank and the Department pursuant to the New Jersey Water Bank (collectively, the "Financing Programs").

The role of the Department with respect to the Financing Programs and each Project financed thereby includes the following:

- environmental and cultural resource assessments, resulting in the issuance of an Environmental Decision Document;
- determination as to compliance with Federal Regulations and Department Regulations (as such terms are defined herein);
- technical design review and approval;
- engineering services agreement review and approval;
- permitting review and approval;
- review and approval of the bidding and award of construction contracts;
- final inspections on all construction contracts and determination of final construction acceptance;
- review and approval (together with the I-Bank) of all payment requisitions;
- contractor claim evaluation, mediation and resolution;
- administration of Fund Loan repayments;
- regulatory coordination with the United States Environmental Protection Agency (the "USEPA"); and
- construction and post-construction monitoring.

The Department undertakes these responsibilities through its Municipal Finance & Construction Element within the Division of Water Quality and, specifically, (i) the Element's Bureau of Environmental Engineering and Permitting,

which is organized into the Environmental Review Section, the Engineering Review Section and the Permitting Review Section, and (ii) the Element's Bureau of Construction, Payments and Administration, which is organized into the Policy, Program Development and Administration Section and the Payment Section.

In general, the collaborative partnership between the I-Bank and the Department is one in which the I-Bank has responsibility for the administration of the Financing Programs and the Department has responsibility for the technical review, approval and oversight of the planning, design and construction of the Projects.

THE PROJECTS

General

Pursuant to the I-Bank Act, at least once during each State fiscal year a list of Wastewater Treatment Projects and a list of Water Supply Projects that are eligible for financing must be submitted to the State Legislature (each, a "Project Priority List"). In such Project Priority List, the Projects are ranked in order of priority based upon ranking criteria developed in conformance with the provisions of applicable federal legislation. Such Project Priority Lists set forth a description of each Project and the estimated Project cost. The I-Bank may revise or supplement the Project Priority Lists up to four times during the State fiscal year. In addition, the State Legislature adopts legislation semi-annually setting forth the Projects that may be long-term financed during such State fiscal year by the I-Bank and the State pursuant to the Water Bank Program, and the maximum principal amount of the I-Bank Loan and Fund Loan to be made pursuant to the Water Bank Program with respect to each such Project. Pursuant to the I-Bank Act, the I-Bank also must submit to the State Legislature an annual Financial Plan (the "Water Bank Financial Plan") of the I-Bank and the Department that sets forth, among other things, how the I-Bank intends to fund the I-Bank Loans for the Projects approved by the State Legislature. Annually, the State Legislature approves such Water Bank Financial Plan. See "FINANCING THE PROJECTS - The Water Bank Program" herein.

Projects that are identified on the Project Priority List may qualify for financing through the Construction Financing Program of the I-Bank, according to the terms of which an applicant may seek short-term financing from the I-Bank in order to commence and undertake (i) the planning and design of its Project and (ii) all or a portion of the construction of its Project, in anticipation of the subsequent qualification for, and receipt of, long-term financing through an I-Bank Loan and a Fund Loan from the Water Bank Program. See "FINANCING THE PROJECTS - The I-Bank's Construction Financing Program" herein.

Refunding Program Projects

The Series 2002A Projects: Each of the Series 2002A Borrowers covenanted in its respective Loan Agreement to undertake and complete the Project (the "Series 2002A Project") described in such Loan Agreement. Each of the Series 2002A Projects is a Wastewater Treatment Project or a Water Supply Project. There are no unspent Project Fund (as such term is defined in the Series 2002A Bond Resolution) moneys with respect to any Series 2002A Project that remain on account pursuant to the terms of the Series 2002A Bond Resolution.

The Series 2003A Projects: Each of the Series 2003A Borrowers covenanted in its respective Loan Agreement to undertake and complete the Project (the "Series 2003A Project") described in such Loan Agreement. Each of the Series 2003A Projects is a Wastewater Treatment Project or a Water Supply Project. There are no unspent Project Fund (as such term is defined in the Series 2003A Bond Resolution) moneys with respect to any Series 2003A Project that remain on account pursuant to the terms of the Series 2003A Bond Resolution.

The Series 2004A Projects: Each of the Series 2004A Borrowers covenanted in its respective Loan Agreement to undertake and complete the Project (the "Series 2004A Project") described in such Loan Agreement. Each of the Series 2004A Projects is a Wastewater Treatment Project or a Water Supply Project. There are no unspent Project Fund (as such term is defined in the Series 2004A Bond Resolution) moneys with respect to any Series 2004A Project that remain on account pursuant to the terms of the Series 2004A Bond Resolution.

The Series 2006A Projects: Each of the Series 2006A Borrowers covenanted in its respective Loan Agreement to undertake and complete the Project (the "Series 2006A Project") described in such Loan Agreement. Each of the

Series 2006A Projects is a Wastewater Treatment Project or a Water Supply Project. All remaining Project Fund (as such term is defined in the Series 2006A Bond Resolution) moneys allocable to each such Series 2006A Project, if any, are either (i) needed to complete payment for such Series 2006A Project, or (ii) are to be deposited by the I-Bank in the Series 2006A Escrow Fund (as defined herein) for the Series 2020 Refunding of the Series 2006A Bonds to be Refunded (as defined herein).

The Series 2012A Projects: Each of the Series 2012A Borrowers covenanted in its respective Loan Agreement to undertake and complete the Project (the "Series 2012A Project") described in such Loan Agreement. Each of the Series 2012A Projects is a Wastewater Treatment Project or a Water Supply Project. All remaining Project Fund (as such term is defined in the Series 2012A Bond Resolution) moneys allocable to each such Series 2012A Project, if any, are to be deposited by the I-Bank in the Series 2012A Escrow Fund (as defined herein) for the Series 2020 Refunding of the Series 2012A Bonds to be Refunded (as defined herein).

The Series 2012B Projects: Each of the Series 2012B Borrowers covenanted in its respective Loan Agreement to undertake and complete the Project (the "Series 2012B Project") described in such Loan Agreement. Each of the Series 2012B Projects is a Wastewater Treatment Project or a Water Supply Project. There are no unspent Project Fund (as such term is defined in the Series 2012B Bond Resolution) moneys with respect to any Series 2012B Project that remain on account pursuant to the terms of the Series 2012B Bond Resolution.

The Series 2012C Projects: Each of the Series 2012C Borrowers (the Series 2002A Borrowers, the Series 2003A Borrowers, the Series 2004A Borrowers, the Series 2006A Borrowers, the Series 2012A Borrowers, the Series 2012B Borrowers and the Series 2012C Borrowers are referred to collectively herein as the "Refunding Program Borrowers") covenanted in its respective Loan Agreement to undertake and complete the Project (the "Series 2012C Project"; the Series 2002A Project, the Series 2003A Project, the Series 2004A Project, the Series 2006A Project, the Series 2012A Project, the Series 2012B Project and the Series 2012C Project are referred to collectively herein as the "Refunding Program Projects") described in such Loan Agreement. Each of the Series 2012C Projects is a Wastewater Treatment Project or a Water Supply Project. There are no unspent Project Fund (as such term is defined in the Series 2012C Bond Resolution) moneys with respect to any Series 2012C Project that remain on account pursuant to the terms of the Series 2012C Bond Resolution. Appendix B hereto – "REFUNDING PROGRAM BORROWERS" includes a list of the Refunding Program Borrowers that have Refunding Program Loans (as defined herein) that currently remain outstanding, and for each such Refunding Program Borrower (i) a brief description of the Refunding Program Project thereof, and (ii) information concerning the source of repayment by certain of such Refunding Program Borrower of their respective Refunding Program Loans.

FINANCING THE PROJECTS

Borrower Creditworthiness

Currently, in order to successfully apply for financial assistance from the I-Bank and the State, acting by and through the Department, with respect to either the I-Bank's Construction Financing Program or the Water Bank Program, or any other Financing Program offered by the I-Bank and the State, an applicant must demonstrate its creditworthiness by means of compliance with (i) the credit policy established by the I-Bank in 2013 (and thereafter updated from time to time) relating to any financial assistance provided by it, and (ii) the credit policy established by the State Treasurer in approximately 1995 (and thereafter updated from time to time) relating to any financial assistance provided by the State, acting by and through the Department. The I-Bank's credit policy, with the State Treasurer's credit policy attached thereto as an exhibit, is available from the I-Bank on its website; both policies remain subject to further modification and update from time to time. Most fundamentally, but subject to limited exceptions as and when applicable, each such credit policy requires that an applicant demonstrate an investment grade credit rating.

Each of the Refunding Program Borrowers received financial assistance from the Water Bank Program prior to the enactment by the I-Bank of its credit policy; however, in each instance, each Refunding Program Borrower complied with the then-applicable credit policy of the State Treasurer.

Allowable Costs of a Project

The Allowable Costs of a Project that may be financed through each of the I-Bank's Construction Financing Program and the Water Bank Program are calculated and determined pursuant to (i) the rules and regulations of the I-Bank (the "I-Bank Regulations"), (ii) the rules and regulations of the Department (the "Department Regulations") and (iii) certain applicable federal regulations (the "Federal Regulations"; the I-Bank Regulations, the Department Regulations and the Federal Regulations shall be referred to collectively herein as the "Regulations"). There are certain costs associated with a Project and the financing thereof that, pursuant to applicable Regulations, are not Allowable Costs. In certain instances, funds of the Borrower will provide for the unallowable costs of a Project that cannot be financed through either the I-Bank's Construction Financing Program or the Water Bank Program. In addition, funds of the Borrower also may provide for any Allowable Costs of the Project that (a) the Borrower elects not to fund through the I-Bank's Construction Financing Program or the Water Bank Program, or (b) represent post-closing cost overruns with respect to the Project. However, in the event that the actual Allowable Costs of any Project exceed Construction Financing Program funding or the Loans made for such Project in any Water Bank Program, the Borrower constructing such Project may apply for, as applicable, an additional Construction Financing Program loan or a supplemental I-Bank Loan and a supplemental Fund Loan in any succeeding Water Bank Program.

I-Bank's Construction Financing Program

Pursuant to the provisions of the I-Bank Act, the I-Bank has established its Construction Financing Program, according to the terms of which an applicant may seek short-term financing from the I-Bank in order to complete (i) the planning and design of its Project and (ii) the construction of its Project, in anticipation of the subsequent qualification for, and receipt of, long-term financing from the Water Bank Program through an I-Bank Loan and a Fund Loan. Funding for the Construction Financing Program is made available to the I-Bank annually through an appropriation by the State Legislature to the I-Bank. In order for an applicant and its Project to qualify for financing through the Construction Financing Program, the applicant and its Project (i) must be included in the Project Priority List, and (ii) must otherwise comply with all Construction Financing Program requirements, including, without limitation, compliance with the I-Bank's credit policy. See "FINANCING THE PROJECTS - Borrower Creditworthiness" herein. Once an applicant and its Project have been approved by the I-Bank for financing through the Construction Financing Program, a loan is provided by means of the placement with, and purchase by, the I-Bank of such Borrower's short-term note (the "CFP Note"). Therefore, the Construction Financing Program is structured as a note purchase program with the CFP Note establishing and securing the loan repayment obligation of the Borrower to the I-Bank. Generally, each CFP Note bears interest at a rate of 0%; however, it currently is anticipated that future Construction Financing Program loans will be interest bearing loans.

The maximum maturity date for the CFP Note is three full State fiscal years following the State fiscal year during which the CFP Note was issued by the Borrower and placed with the I-Bank, subject to the provision of up to five full State fiscal years in the case of a Project consisting of both planning and design and construction. In certain limited cases, if a Project cannot be completed prior to the maturity date of the CFP Note (as such maturity is described in the preceding sentence), a Borrower may receive a supplemental Construction Financing Program loan in order to finance the incomplete or residual portion of the Project that requires additional time. Any such supplemental Construction Financing Program loan (i) requires certification from the Department as to the need for additional time in order to achieve Project construction completion and (ii) shall have a maximum maturity date of three full State fiscal years following the State fiscal year during which the supplemental CFP Note was issued by the Borrower and placed with the I-Bank.

On or prior to the maturity date of the CFP Note, or any supplemental CFP Note, and once the Borrower has satisfied each of the conditions precedent to receipt for its Project of long-term Water Bank Program financing through an I-Bank Loan and a Fund Loan, the CFP Note, or any supplemental CFP Note, will be refinanced and paid off with the proceeds of such long-term I-Bank Loan and Fund Loan that are provided to such Borrower for its Project. Thereby, a short-term Construction Financing Program loan, or any supplemental Construction Financing Program loan, is converted to the long-term Water Bank Program Loans.

Water Bank Program

In each Water Bank Program, the long-term financing of the Project of each Borrower is achieved through a combination of several sources of funds:

(i) an interest bearing I-Bank Loan from the I-Bank;

(ii) a companion zero-interest Fund Loan from the State, acting by and through the Department; and

(iii) if necessary, funds of the Borrower obtained from any lawful source, for all costs of the Project that cannot or, by election of the Borrower, will not be financed by the Loans.

The sum of the I-Bank Loan and the Fund Loan provides the moneys necessary to fund all or a portion of the Allowable Costs of a Project. To the extent that there are certain costs associated with a Project that are not Allowable Costs, certain of such costs may be financed exclusively with proceeds of the I-Bank Loan to the extent permitted by the I-Bank Regulations. In addition, if there are residual Allowable Costs of a Project that have not been funded by the I-Bank Loan and the Fund Loan, such residual Allowable Costs may be funded by a supplemental Construction Financing Program loan. See "FINANCING THE PROJECTS – I-Bank's Construction Financing Program" herein.

I-Bank Loans Pursuant to the Water Bank Program

The principal amount of each I-Bank Loan made by the I-Bank pursuant to the Water Bank Program consists of the following:

(i) an amount sufficient to fund a percentage of the Allowable Costs of the Project (excluding from such calculation that portion of the Allowable Costs of the Project that are addressed by clause (ii), below); see "FINANCING THE PROJECTS - The Ratio of the I-Bank Loan to the Fund Loan" herein;

(ii) an amount sufficient to fund 50% (or in certain limited cases up to 100%) of that portion of the Allowable Costs of the Project consisting of certain engineering and environmental services provided either by the Department or by engineering consultants;

(iii) if elected by the Borrower (collectively, the "Reserve Capacity Borrowers"), an amount sufficient to fund 100% of the Project costs associated with providing System capacity not currently required by current System users; however, in the case of certain types of Projects, such costs are included by the Regulations in the Allowable Costs of the Project; and

(iv) that portion of the costs of issuance relating to the Bonds, which portion is financed with proceeds of the Bonds and is allocable to a given Borrower.

The I-Bank Loan is financed by the I-Bank with the proceeds of a series of bonds of the I-Bank (the "Bonds"). Each I-Bank Loan is made by the I-Bank pursuant to a loan agreement (the "I-Bank Loan Agreement") by and between the I-Bank and the Borrower. The repayment obligations of the Borrower, pursuant to the I-Bank Loan Agreement, are evidenced and secured by a bond issued by or on behalf of the Borrower in favor of the I-Bank (the "Borrower I-Bank Loan Bonds") pursuant to the terms of the Borrower's bond ordinance or resolution authorizing the issuance of such Borrower I-Bank Loan Bond (the "Borrower I-Bank Loan Bond Resolutions"). I-Bank Loan repayments are established to be due and owing at such times and in such aggregate amounts as is necessary to pay the debt service on the series of Bonds that financed the I-Bank Loans. All principal of and interest on Borrower I-Bank Loan Bonds (evidencing and securing the principal of and interest on the I-Bank Loans) is payable at least thirty (30) days prior to the payment dates of the respective series of Bonds from which any such I-Bank Loans were funded. Each Borrower I-Bank Loan Bond is assigned by the I-Bank to the trustee (the "Trustee"), for the series of Bonds that financed the I-Bank Loan of any such Borrower, as collateral security for such series of Bonds. For a description of the provisions of the I-Bank Loan Agreements, see Appendix F hereto – "SUMMARY OF THE REFUNDING

PROGRAM I-BANK LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE REFUNDING BORROWERS), THE REFUNDING PROGRAM FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS".

Typically, the proceeds of a series of Bonds will finance the making of a number of I-Bank Loans. Any series of Bonds must be issued pursuant to the I-Bank Act, all other applicable laws, and the terms of either a bond resolution or a trust indenture duly approved by resolution of the I-Bank (the "Trust Indenture"). Multiple series of Bonds, each issued pursuant to a separate and distinct Trust Indenture (in separate or the same Water Bank Programs), are not secured on a parity basis, except to the extent of their common interest in certain moneys made available pursuant to the Master Program Trust Agreement. A particular series of Bonds may fund both Wastewater Treatment Projects and Water Supply Projects, and the security for one Project may be used to secure another type of Project in accordance with the Federal Regulations. Not including the Series 2020 Refunding Bonds, the I-Bank previously has issued Bonds (excluding Refunding Bonds (as defined in the Trust Indentures)) in the aggregate principal amount of $2,823,300,000.

Fund Loans Pursuant to the Water Bank Program

The principal amount of each Fund Loan made by the State, acting by and through the Department, consists of an amount sufficient to fund a percentage of the Allowable Costs of the Project (excluding from such calculation an amount equal to 50% (or in certain limited cases up to 100%) of that portion of the Allowable Costs of the Project consisting of certain engineering and environmental services provided either by the Department or by engineering consultants). See "FINANCING THE PROJECTS - The Ratio of the I-Bank Loan to the Fund Loan" herein.

The Fund Loan is financed from a combination of (i) capitalization grants from the United States federal government, (ii) proceeds from the issuance of general obligation bonds of the State (except in the case of Fund Loans made to Private Borrowers), (iii) appropriations from the State Legislature, and (iv) repayments of prior Fund Loans, which repayments have been deposited in the SRF.

From time to time, the State has provided Fund Loans subject to principal forgiveness (the "Principal Forgiveness Fund Loans") to certain qualifying Borrowers through a variety of different programmatic incentives, pursuant to which such Borrowers may qualify for forgiveness with respect to a portion, but not all, of their Fund Loan principal repayment obligations, with such forgiveness typically becoming effective shortly following closing with respect to such Principal Forgiveness Fund Loans. By way of illustration, such Principal Forgiveness Fund Loan programs currently include those more recent principal forgiveness initiatives as described below:

(i) Fund Loans made from monies provided by the United States federal government to the State pursuant to the Disaster Relief Appropriations Act of 2013 (collectively, the "Sandy Fund Loans"), enacted in response to Superstorm Sandy, may qualify for principal forgiveness in an amount equal to 19% of the initial principal amount of the Project funding that was provided through the Water Bank Program, with such forgiveness applied to the Fund Loan made to such Borrowers;

(ii) Fund Loans made to certain qualifying Borrowers for their small water system Projects through the "Small System Loan Program" (also referred to as the "Nano Program") may qualify for principal forgiveness in an amount equal to the lesser of (i) one half (1/2) of the initial principal amount of the Project funding that was provided through the Nano Program for such small water system Projects, or (ii) $500,000, with such forgiveness applied to the Fund Loan made to such Borrowers; and

(iii) Fund Loans made to certain qualifying Borrowers for their combined sewer overflow (CSO) Projects may qualify for principal forgiveness in an amount equal to up to 50% of the initial principal amount of the Project funding that was provided through such program incentive, with such forgiveness applied to the Fund Loan made to such Borrowers.

Each Fund Loan is made pursuant to a loan agreement (the "Fund Loan Agreement"; the I-Bank Loan Agreements and the Fund Loan Agreements shall be referred to collectively herein as the "Loan Agreements"), by and between the State, acting by and through the Department, and the Borrower. The repayment obligations of the Borrower, pursuant to the Fund Loan Agreement, are evidenced and secured by a bond issued by or on behalf of the Borrower in favor of the State (the "Borrower Fund Loan Bonds"; the Borrower I-Bank Loan Bonds and the Borrower Fund Loan Bonds shall be referred to collectively herein as the "Borrower Bonds") pursuant to the terms of the Borrower's bond ordinance or resolution authorizing the issuance of such Borrower Fund Loan Bonds (the "Borrower Fund Loan Bond Resolutions"; the Borrower I-Bank Loan Bond Resolutions and the Borrower Fund Loan Bond Resolutions shall be referred to collectively herein as the "Borrower Bond Resolutions"). All principal of the Borrower Fund Loan Bonds (evidencing and securing the principal of the respective Fund Loans) is payable at least thirty (30) days prior to the payment date of the respective series of Bonds from which any companion I-Bank Loans were funded in order to provide additional security for such Bonds. For a description of the provisions of the Fund Loan Agreements, see Appendix F hereto – "SUMMARY OF THE REFUNDING PROGRAM I-BANK LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE REFUNDING PROGRAM BORROWERS), THE REFUNDING PROGRAM FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS".

The Ratio of the I-Bank Loan to the Fund Loan

The inaugural Water Bank Program in 1987 was structured such that approximately 50% of the funding for each Project was provided by the interest-bearing I-Bank Loan and approximately 50% of such funding was provided by the zero-interest Fund Loan (in each case, exclusive of certain additional Project and financing costs that were funded entirely by the I-Bank Loan). This ratio of the I-Bank Loan to the Fund Loan continued until the 2009 Water Bank Program. Pursuant to the 2009 Water Bank Program, and in an effort to establish a more advantageous and, therefore, incentivizing interest rate structure, approximately 25% of the funding for each Project was provided by the interest-bearing I-Bank Loan and approximately 75% of such funding was provided by the zero-interest Fund Loan (again, in each case, exclusive of certain additional Project and financing costs that were funded entirely by the I-Bank Loan). Such Loan ratio (25% I-Bank Loan to 75% Fund Loan) has remained applicable to each Water Bank Program since then, including with respect to the 2019 Water Bank Program. However, such Loan ratio remains subject to further modification by the I-Bank and the Department. More specifically, the I-Bank and the Department make a determination annually as to the Loan ratio that shall apply to the Water Bank Program for such State fiscal year. Such determination is the subject of a formal review and approval process via the Department's preparation and submission to the USEPA of its Intended Use Plan, which Plan must be approved by the USEPA.

Pursuant to such policy-making processes, the Loan ratio that applies to the current Water Bank Program for State fiscal year 2020, pursuant to the applicable Intended Use Plan therefor, consists of approximately 50% of interest-bearing I-Bank Loan funding and approximately 50% of zero-interest Fund Loan funding (in each case, exclusive of certain additional Project and financing costs that are funded entirely by the I-Bank Loan). However, this is the general policy that remains subject to important policy exceptions that have particular application to the current Water Bank Program for State fiscal year 2020. Such important exceptions are described below:

1. Notwithstanding the above provisions and the determination of the general ratio policy for any given Water Bank Program, in order to incentivize a variety of Water Bank Program objectives, the Water Bank Program regularly provides alternative ratios as between the I-Bank Loan and the Fund Loan for given classifications of Projects, thereby providing disproportionately large zero-interest Fund Loans for such Projects. These incentivizing efforts are comparable to the objectives of the Principal Forgiveness Fund Loan programs in establishing incentives. See "FINANCING THE PROJECTS – Fund Loans Pursuant to the Water Bank Program" for a discussion of the Principal Forgiveness Fund Loan programs.

2. With respect to the commencement of the application of the 50% I-Bank Loan to 50% Fund Loan ratio policy for the 2020 State fiscal year Water Bank Program, note that those Borrowers that closed a Construction Financing Program short-term loan on or prior to June 30, 2019 (i.e., prior to the commencement of State fiscal year 2020) shall be "grandfathered" and, therefore, shall continue to enjoy the benefits of a 25% I-Bank Loan to 75% Fund Loan ratio (or such other funding ratio applicable at the time of the closing of their Construction Financing Program short-term loan), even if their long-term I-Bank Loan and Fund Loan close during State fiscal year 2020 or thereafter. This "grandfathering"

provision applies to each of the Borrowers that are participating in the 2020 State fiscal year Water Bank Program. However, there is an additional element of this policy determination: If a Project was the subject of a Construction Financing Program short-term loan on or prior to June 30, 2019, thereby qualifying as a "grandfathered" Project, but a portion of such Project was the subject of a construction contract that was certified by the Department and signed by the Borrower on July 1, 2020 or thereafter, such portion (and only such portion) of the Project that was the subject of such construction contract shall receive approximately 50% of I-Bank Loan funding and approximately 50% of Fund Loan funding (in each case, exclusive of certain additional Project and financing costs that are funded entirely by the I-Bank Loan), notwithstanding its generally "grandfathered" status.

See "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAM – Amount of Coverage" herein. See Appendix D hereto – "AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE".

Subordination within the Water Bank Program

Each Borrower acknowledges, in its respective Loan Agreements, the right of the I-Bank to apply repayments of such Borrower's Fund Loan to the payment of debt service on the Bonds that financed such Borrower's companion I-Bank Loan, prior to the application of such repayments to the Fund Loan itself. In this fashion, the repayment of a Borrower's Fund Loan is subordinated to the repayment of such Borrower's companion I-Bank Loan. This structure serves to address any insufficiency in such Borrower's Loan repayments in order to ensure that payment of debt service on the Bonds that financed the companion I-Bank Loan is satisfied, in full, prior to the payment of debt service on such Borrower's Fund Loan. The terms of the Trust Indentures (i) ensure the priority of the repayment of the I-Bank Loan and, therefore, payment of debt service on Bonds that financed such I-Bank Loan, over the repayment of the companion Fund Loan of such Borrower, and (ii) facilitate, generally (either directly, or indirectly through a loan servicer), I-Bank Loan and Fund Loan repayments by the Borrowers.

Further, pursuant to the Loan Agreements and the Trust Indentures, the Trustee for any Water Bank Program acting for the benefit of the holders of a series of Bonds secured by I-Bank Loans that are past due will receive any Fund Loan repayments made by the other Borrowers within such series up to an amount necessary to satisfy any such I-Bank Loan deficiency and, therefore, the payment of debt service on Bonds that financed such I-Bank Loans.

Any such Trustee need not pursue, nor cause the I-Bank to pursue, any rights or remedies in order to receive the Fund Loan repayments, because all Loan repayments (both I-Bank Loan repayments and Fund Loan repayments) for any given Water Bank Program relating to a particular series of Bonds are paid (either directly, or indirectly through a loan servicer) to the Trustee for such series of Bonds.

Regardless of whether the Trustee satisfies any deficiency from Fund Loan repayments, as described herein, the I-Bank and the Trustee retain their rights to pursue all other remedies discussed in this Official Statement. See "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS" and "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" herein.

Master Program Trust Agreement

Bonds that are issued by the I-Bank as Coverage Receiving Bonds (as defined herein) are secured by Fund Loan repayments, made pursuant to each of the Coverage Providing Financing Programs, that have been transferred to the Master Program Trustee for deposit in the Master Program Trust Account. These Fund Loan repayments, made pursuant to the Coverage Providing Financing Programs, provide additional security for Coverage Receiving Bonds. The Master Program Trustee has pledged its interest in the moneys and securities on deposit in the Master Program Trust Account to the Trustee for each of the Coverage Receiving Financing Programs to the extent set forth in, and as described in, the Master Program Trust Agreement. See "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS" herein. See Appendix D hereto – "AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE".

The Series 2002A Financing Program

The I-Bank issued its "Environmental Infrastructure Bonds, Series 2002A" in an original aggregate principal amount of $90,310,000 (the "Series 2002A Bonds") on November 7, 2002, as part of the Financing Program for 2002 (the "Series 2002A Financing Program"). The I-Bank Loans (the "Series 2002A I-Bank Loans") and the Fund Loans (the "Series 2002A Fund Loans"), made pursuant to the Series 2002A Financing Program, shall be referred to collectively herein as the "Series 2002A Loans." The Borrowers that participated in the Series 2002A Financing Program (the "Series 2002A Borrowers") that have Series 2002A Loans that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS". On September 26, 2007, the I-Bank issued its "Environmental Infrastructure Refunding Bonds, Series 2007B (2002A Financing Program)" in the original aggregate principal amount of $37,440,000 (the "Series 2007B Refunding Bonds") to advance refund a portion, but not all, of the then-outstanding Series 2002A Bonds. On August 18, 2010, the I-Bank issued its "Environmental Infrastructure Refunding Bonds, Series 2010A" in the original aggregate principal amount of $68,570,000 (the "Series 2010A Refunding Bonds") to advance refund, inter alia, a portion, but not all, of the then-outstanding Series 2002A Bonds.

Repayments of the Series 2002A Loans have been collected by TD Bank, N.A., as Loan Servicer (the "Series 2002A Loan Servicer"), pursuant to the Loan Servicing Agreement (the "Series 2002A Loan Servicing Agreement") for the Series 2002A Financing Program. Upon receipt of such repayments, the Series 2002A Loan Servicer is required to immediately pay to U.S. Bank National Association, as trustee and paying agent for the Series 2002A Bonds (the "Series 2002A Trustee" and the "Series 2002A Paying Agent"), up to an amount sufficient to pay the debt service coming due on the immediately following March 1 or September 1, as the case may be, with respect to the Bonds issued and outstanding pursuant to the Series 2002A Bond Resolution, which, upon the issuance of the Series 2020A-R1 Refunding Bonds, shall consist of 2002A Allocable Portion of the Series 2020A-R1 Refunding Bonds and the Remaining Outstanding Series 2002A Bonds. Once so applied, the balance of the Series 2002A Loan repayments will be allocated to the payment of the Series 2002A Fund Loans. See "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" and Appendix C hereto – "AGGREGATE REFUNDING PROGRAM LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE SERIES 2020 REFUNDING BONDS".

Upon the issuance of the Series 2020A-R1 Refunding Bonds, the principal of and interest on the Series 2020A-R1 Refunding Bonds, to the extent of the 2002A Allocable Portion, is payable by the Series 2002A Trustee, not later than three days prior to each Interest Payment Date (as hereinafter defined) (or such shorter period as may be required by the Master Program Trust Agreement), to U.S. Bank National Association, as Series 2020A-R1 Refunding Fiduciary (the "Series 2020A-R1 Refunding Fiduciary").

The Series 2003A Financing Program

The I-Bank issued its "Environmental Infrastructure Bonds, Series 2003A" in an original aggregate principal amount of $66,420,000 (the "Series 2003A Bonds") on November 6, 2003, as part of the Financing Program for 2003 (the "Series 2003A Financing Program"). The I-Bank Loans (the "Series 2003A I-Bank Loans") and the Fund Loans (the "Series 2003A Fund Loans"), made pursuant to the Series 2003A Financing Program, shall be referred to collectively herein as the "Series 2003A Loans." The Borrowers that participated in the Series 2003A Financing Program (the "Series 2003A Borrowers") that have Series 2003A Loans that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS". On August 18, 2010, the I-Bank issued its Series 2010A Refunding Bonds to advance refund, *inter alia*, a portion, but not all, of the then-outstanding Series 2003A Bonds. On August 23, 2012, the I-Bank issued its "Environmental Infrastructure Refunding Bonds, Series 2012C-R (Federally Taxable)" in the original aggregate principal amount of $9,010,000 (the "Series 2012C-R Refunding Bonds") to currently refund a portion, but not all, of the then-outstanding Series 2003A Bonds.

Repayments of the Series 2003A Loans have been collected by TD Bank, N.A., as Loan Servicer (the "Series 2003A Loan Servicer"; the Series 2002A Loan Servicer and the Series 2003A Loan Servicer shall be referred to, collectively, herein as the "Refunding Program Loan Servicer"), pursuant to the Loan Servicing Agreement (the "Series 2003A Loan Servicing Agreement" the Series 2002A Loan Servicing Agreement and the Series 2003A Loan Servicing Agreement shall be referred to, collectively, herein as the "Refunding Program Loan Servicing Agreement") for the Series 2003A Financing Program. Upon receipt of such repayments, the Series 2003A Loan Servicer is required to immediately pay to U.S. Bank National Association, as trustee and paying agent for the Series

2003A Bonds (the "Series 2003A Trustee" and the "Series 2003A Paying Agent"), up to an amount sufficient to pay the debt service coming due on the immediately following March 1 or September 1, as the case may be, with respect to the Bonds issued and outstanding pursuant to the Series 2003A Bond Resolution, which, upon the issuance of the Series 2020A-R1 Refunding Bonds, shall consist of the 2003A Allocable Portion of the Series 2020A-R1 Refunding Bonds and the Remaining Outstanding Series 2003A Bonds. Once so applied, the balance of the Series 2003A Loan repayments will be allocated to the payment of the Series 2003A Fund Loans. See "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" and Appendix C hereto – "AGGREGATE REFUNDING PROGRAM LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE SERIES 2020 REFUNDING BONDS".

Upon the issuance of the Series 2020A-R1 Refunding Bonds, the principal of and interest on the Series 2020A-R1 Refunding Bonds, to the extent of the 2003A Allocable Portion, is payable by the Series 2003A Trustee, not later than three days prior to each Interest Payment Date (as hereinafter defined) (or such shorter period as may be required by the Master Program Trust Agreement), to the Series 2020A-R1 Refunding Fiduciary.

The Series 2004A Financing Program

The I-Bank issued its "Environmental Infrastructure Bonds, Series 2004A" in an original aggregate principal amount of $115,270,000 (the "Series 2004A Bonds") on November 4, 2004, as part of the Financing Program for 2004 (the "Series 2004A Financing Program"). The I-Bank Loans (the "Series 2004A I-Bank Loans") and the Fund Loans (the "Series 2004A Fund Loans"), made pursuant to the Series 2004A Financing Program, shall be referred to collectively herein as the "Series 2004A Loans." The Borrowers that participated in the Series 2004A Financing Program (the "Series 2004A Borrowers") that have Series 2004A Loans that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS". On September 26, 2007, the I-Bank issued its "Environmental Infrastructure Refunding Bonds, Series 2007C (2004A Financing Program)" in the original aggregate principal amount of $38,830,000 (the "Series 2007C Refunding Bonds") to advance refund a portion, but not all, of the then-outstanding Series 2004A Bonds. On August 18, 2010, the I-Bank issued its Series 2010A Refunding Bonds to advance refund, *inter alia*, a portion, but not all, of the then-outstanding Series 2004A Bonds. On August 23, 2012, the I-Bank issued its "Environmental Infrastructure Refunding Bonds, Series 2012A-R" in the original aggregate principal amount of $200,900,000 (the "Series 2012A-R Refunding Bonds") to advance refund, *inter alia*, a portion, but not all, of the then-outstanding Series 2004A Bonds.

Repayments of the Series 2004A Loans have been collected by U.S. Bank National Association, as trustee and paying agent for the Series 2004A Bonds (the "Series 2004A Trustee" and the "Series 2004A Paying Agent"), pursuant to the Series 2004A Bond Resolution, the Series 2004A I-Bank Loan Agreements (as defined herein) and the Series 2004A Fund Loan Agreements (as defined herein). Following receipt of such repayments, the Series 2004A Trustee is required to allocate such repayments of the Series 2004A Loans up to an amount sufficient to pay the debt service coming due on the immediately following March 1 or September 1, as the case may be, with respect to the Bonds issued and outstanding pursuant to the Series 2004A Bond Resolution, which, upon the issuance of the Series 2020A-R1 Refunding Bonds, shall consist of the 2004A Allocable Portion of the Series 2020A-R1 Refunding Bonds and the Remaining Outstanding Series 2004A Bonds. Once so applied, the balance of the Series 2004A Loan repayments will be allocated to the payment of the Series 2004A Fund Loans. See "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" and Appendix C hereto – "AGGREGATE REFUNDING PROGRAM LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE SERIES 2020 REFUNDING BONDS".

Upon the issuance of the Series 2020A-R1 Refunding Bonds, the principal of and interest on the Series 2020A-R1 Refunding Bonds, to the extent of the 2004A Allocable Portion, is payable by the Series 2004A Trustee, not later than three days prior to each Interest Payment Date (as hereinafter defined) (or such shorter period as may be required by the Master Program Trust Agreement), to the Series 2020A-R1 Refunding Fiduciary.

The Series 2006A Financing Program

The I-Bank issued its "Environmental Infrastructure Bonds, Series 2006A" in an original aggregate principal amount of $148,850,000 (the "Series 2006A Bonds") on November 9, 2006, as part of the Financing Program for 2006 (the "Series 2006A Financing Program"). The I-Bank Loans (the "Series 2006A I-Bank Loans") and the Fund Loans (the "Series 2006A Fund Loans"), made pursuant to the Series 2006A Financing Program, shall be referred to collectively herein as the "Series 2006A Loans." The Borrowers that participated in the Series 2006A Financing

Program (the "Series 2006A Borrowers") that have Series 2006A Loans that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS". On August 18, 2010, the I-Bank issued its Series 2010A Refunding Bonds to advance refund, *inter alia*, a portion, but not all, of the then-outstanding Series 2006A Bonds. On August 23, 2012, the I-Bank issued its Series 2012A-R Refunding Bonds to advance refund, *inter alia*, a portion, but not all, of the then-outstanding Series 2006A Bonds.

Repayments of the Series 2006A Loans have been collected by U.S. Bank National Association, as trustee and paying agent for the Series 2006A Bonds (the "Series 2006A Trustee" and the "Series 2006A Paying Agent"), pursuant to the Series 2006A Bond Resolution, the Series 2006A I-Bank Loan Agreements (as defined herein) and the Series 2006A Fund Loan Agreements (as defined herein). Following receipt of such repayments, the Series 2006A Trustee is required to allocate such repayments of the Series 2006A Loans up to an amount sufficient to pay the debt service coming due on the immediately following March 1 or September 1, as the case may be, with respect to the Bonds issued and outstanding pursuant to the Series 2006A Bond Resolution, which, upon the issuance of the Series 2020A-R1 Refunding Bonds, shall consist of the 2006A Allocable Portion of the Series 2020A-R1 Refunding Bonds and the Remaining Outstanding Series 2006A Bonds. Once so applied, the balance of the Series 2006A Loan repayments will be allocated to the payment of the Series 2006A Fund Loans. See "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" and Appendix C hereto – "AGGREGATE REFUNDING PROGRAM LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE SERIES 2020 REFUNDING BONDS".

Upon the issuance of the Series 2020A-R1 Refunding Bonds, the principal of and interest on the Series 2020A-R1 Refunding Bonds, to the extent of the 2006A Allocable Portion, is payable by the Series 2006A Trustee, not later than three days prior to each Interest Payment Date (as hereinafter defined) (or such shorter period as may be required by the Master Program Trust Agreement), to the Series 2020A-R1 Refunding Fiduciary.

The Series 2012A Financing Program

The I-Bank issued its "Environmental Infrastructure Bonds, Series 2012A" in an original aggregate principal amount of $67,765,000 (the "Series 2012A Bonds") on May 3, 2012, as part of the Financing Program for 2012 (the "Series 2012A Financing Program"). The I-Bank Loans (the "Series 2012A I-Bank Loans") and the Fund Loans (the "Series 2012A Fund Loans"), made pursuant to the Series 2012A Financing Program, shall be referred to collectively herein as the "Series 2012A Loans". The Borrowers that participated in the Series 2012A Financing Program (the "Series 2012A Borrowers") that have Series 2012A Loans that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS".

Repayments of the Series 2012A Loans have been collected by U.S. Bank National Association, as trustee and paying agent for the Series 2012A Bonds (the "Series 2012A Trustee" and the "Series 2012A Paying Agent"), pursuant to the Series 2012A Bond Resolution, the Series 2012A I-Bank Loan Agreements (as defined herein) and the Series 2012A Fund Loan Agreements (as defined herein). Following receipt of such repayments, the Series 2012A Trustee is required to allocate such repayments of the Series 2012A Loans up to an amount sufficient to pay the debt service coming due on the immediately following March 1 or September 1, as the case may be, with respect to the Bonds issued and outstanding pursuant to the Series 2012A Bond Resolution, which, upon the issuance of the Series 2020C-R1 Refunding Bonds, shall consist of the Series 2020C-R1 Refunding Bonds and the Remaining Outstanding Series 2012A Bonds. Once so applied, the balance of the Series 2012A Loan repayments will be allocated to the payment of the Series 2012A Fund Loans. See "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" and Appendix C hereto – "AGGREGATE REFUNDING PROGRAM LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE SERIES 2020 REFUNDING BONDS".

The Series 2012B Financing Program

The I-Bank issued its "Environmental Infrastructure Bonds, Series 2012B (AMT)" in an original aggregate principal amount of $20,490,000 (the "Series 2012B Bonds") on May 3, 2012, as part of the Financing Program for 2012 (the "Series 2012B Financing Program"). The I-Bank Loans (the "Series 2012B I-Bank Loans") and the Fund Loans (the "Series 2012B Fund Loans"), made pursuant to the Series 2012B Financing Program, shall be referred to collectively herein as the "Series 2012B Loans." The Borrowers that participated in the Series 2012B Financing Program (the "Series 2012B Borrowers") that have Series 2012B Loans that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS".

Repayments of the Series 2012B Loans have been collected by U.S. Bank National Association, as trustee and paying agent for the Series 2012B Bonds (the "Series 2012B Trustee" and the "Series 2012B Paying Agent"), pursuant to the Series 2012B Bond Resolution, the Series 2012B I-Bank Loan Agreements (as defined herein) and the Series 2012B Fund Loan Agreements (as defined herein). Following receipt of such repayments, the Series 2012B Trustee is required to allocate such repayments of the Series 2012B Loans up to an amount sufficient to pay the debt service coming due on the immediately following March 1 or September 1, as the case may be, with respect to the Bonds issued and outstanding pursuant to the Series 2012B Bond Resolution, which, upon the issuance of the Series 2020C-R2 Refunding Bonds, shall consist of the 2012B Allocable Portion of the Series 2020C-R2 Refunding Bonds and the Remaining Outstanding Series 2012B Bonds. Once so applied, the balance of the Series 2012B Loan repayments will be allocated to the payment of the Series 2012B Fund Loans. See "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" and Appendix C hereto – "AGGREGATE REFUNDING PROGRAM LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE SERIES 2020 REFUNDING BONDS".

Upon the issuance of the Series 2020C-R2 Refunding Bonds, the principal of and interest on the Series 2020C-R2 Refunding Bonds, to the extent of the 2012B Allocable Portion, is payable by the Series 2012B Trustee, not later than three days prior to each Interest Payment Date (as hereinafter defined) (or such shorter period as may be required by the Master Program Trust Agreement), to U.S. Bank National Association, as Series 2020C-R2 Refunding Fiduciary (the "Series 2020C-R2 Refunding Fiduciary"; the Series 2020C-R1 Refunding Fiduciary and the Series 2020C-R2 Refunding Fiduciary shall be referred to, collectively, herein as the "Refunding Program Fiduciaries").

The Series 2012C Financing Program

The I-Bank issued its "Environmental Infrastructure Bonds, Series 2012C (Federally Taxable)" in an original aggregate principal amount of $4,775,000 (the "Series 2012C Bonds") on May 3, 2012, as part of the Financing Program for 2012 (the "Series 2012C Financing Program"). The I-Bank Loans (the "Series 2012C I-Bank Loans"; the Series 2002A I-Bank Loans, the Series 2003A I-Bank Loans, the Series 2004A I-Bank Loans, the Series 2006A I-Bank Loans, the Series 2012A I-Bank Loans, the Series 2012B I-Bank Loans and the Series 2012C I-Bank Loans shall be referred to collectively herein as the "Refunding Program I-Bank Loans") and the Fund Loans (the "Series 2012C Fund Loans"; the Series 2002A Fund Loans, the Series 2003A Fund Loans, the Series 2004A Fund Loans, the Series 2006A Fund Loans, the Series 2012A Fund Loans, the Series 2012B Fund Loans and the Series 2012C Fund Loans shall be referred to collectively herein as the "Refunding Program Fund Loans"), made pursuant to the Series 2012C Financing Program, shall be referred to collectively herein as the "Series 2012C Loans" (the Series 2002A Loans, the Series 2003A Loans, the Series 2004A Loans, the Series 2006A Loans, the Series 2012A Loans, the Series 2012B Loans and the Series 2012C Loans shall be referred to collectively as the "Refunding Program Loans"). The Borrowers that participated in the Series 2012C Financing Program (the "Series 2012C Borrowers"; the Series 2002A Borrowers, the Series 2003A Borrowers, the Series 2004A Borrowers, the Series 2006A Borrowers, the Series 2012A Borrowers, the Series 2012B Borrowers and the Series 2012C Borrowers shall be referred to collectively herein as the "Refunding Program Borrowers") that have Series 2012C Loans that currently remain outstanding are identified in Appendix B hereto – "REFUNDING PROGRAM BORROWERS".

Repayments of the Series 2012C Loans have been collected by U.S. Bank National Association, as trustee and paying agent for the Series 2012C Bonds (the "Series 2012C Trustee" and the "Series 2012C Paying Agent"; the Series 2002A Trustee, the Series 2003A Trustee, the Series 2004A Trustee, the Series 2006A Trustee, the Series 2012A Trustee, the Series 2012B Trustee and the Series 2012C Trustee shall be referred to collectively herein as the "Refunding Program Trustees"; the Series 2002A Paying Agent, the Series 2003A Paying Agent, the Series 2004A Paying Agent, the Series 2006A Paying Agent, the Series 2012A Paying Agent, the Series 2012B Paying Agent and the Series 2012C Paying Agent shall be referred to collectively herein as the "Refunding Program Paying Agents"), pursuant to the Series 2012C Bond Resolution, the Series 2012C I-Bank Loan Agreements (as defined herein) and the Series 2012C Fund Loan Agreements (as defined herein). Following receipt of such repayments, the Series 2012C Trustee is required to allocate such repayments of the Series 2012C Loans up to an amount sufficient to pay the debt service coming due on the immediately following March 1 or September 1, as the case may be, with respect to the Bonds issued and outstanding pursuant to the Series 2012C Bond Resolution, which, upon the issuance of the Series 2020C-R2 Refunding Bonds, shall consist of the 2012C Allocable Portion of the Series 2020C-R2 Refunding Bonds and the Remaining Outstanding Series 2012C Bonds. Once so applied, the balance of the Series 2012C Loan repayments will be allocated to the payment of the Series 2012C Fund Loans. See "SECURITY FOR THE SERIES

2020 REFUNDING BONDS" and Appendix C hereto – "AGGREGATE REFUNDING PROGRAM LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE SERIES 2020 REFUNDING BONDS".

Upon the issuance of the Series 2020C-R2 Refunding Bonds, the principal of and interest on the Series 2020C-R2 Refunding Bonds, to the extent of the 2012B Allocable Portion, is payable by the Series 2012B Trustee, not later than three days prior to each Interest Payment Date (as hereinafter defined) (or such shorter period as may be required by the Master Program Trust Agreement), to the Series 2020C-R2 Refunding Fiduciary.

PLAN OF REFUNDING

Series 2020A-R1 Refunding of the Series 2002A Bonds to be Refunded

General. The Series 2020A-R1 Refunding Bonds, to the extent of the 2002A Allocable Portion thereof, are being issued pursuant to, *inter alia*, the Series 2002A Bond Resolution in order to provide funds that will finance (i) the current refunding (the "Series 2020A-R1 Refunding of the Series 2002A Bonds to be Refunded") and (ii) the defeasance (the "Series 2002A Bond Defeasance") of a portion of the remaining outstanding principal amount of the Series 2010A Refunding Bonds, to the extent of the 2002A Allocable Portion thereof (the "Series 2002A Bonds to be Refunded").

The Series 2002A Bond Defeasance is scheduled to occur upon issuance of the Series 2020A-R1 Refunding Bonds. Therefore, upon issuance of the Series 2020A-R1 Refunding Bonds and upon the Series 2002A Bond Defeasance, the Series 2002A Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the Series 2002A Bond Resolution. However, the following Bonds, in addition to the 2002A Allocable Portion of the Series 2020A-R1 Refunding Bonds, shall remain outstanding pursuant to the terms of the Series 2002A Bond Resolution: (i) the 2002A Allocable Portion of the Series 2010A Refunding Bonds that does not constitute Series 2002A Bonds to be Refunded and shall not be the subject of the Series 2002A Bond Defeasance, which 2002A Allocable Portion of the Series 2010A Refunding Bonds matures on September 1, 2020 and currently remains outstanding in the principal amount of $40,000; and (ii) Series 2007B Refunding Bonds maturing on September 1, 2020 through and including September 1, 2022 that currently remain outstanding in the principal amount of $14,490,000 (collectively, the "Remaining Outstanding Series 2002A Bonds"). The Series 2002A Bonds no longer remain outstanding pursuant to the terms of the Series 2002A Bond Resolution.

Pursuant to an Escrow Deposit Agreement, to be dated the date of issuance of the Series 2020A-R1 Refunding Bonds (the "Series 2002A Escrow Deposit Agreement"), by and between the I-Bank and U.S. Bank National Association, as escrow agent for the Series 2002A Bonds to be Refunded (the "Series 2002A Escrow Agent"), the Series 2002A Escrow Agent will be irrevocably instructed to pay the following, from amounts deposited into an escrow fund (the "Series 2002A Escrow Fund") and the earnings thereon:

(i) on September 1, 2020 (the "Series 2002A Redemption Date"), all of the principal due with respect to the Series 2002A Bonds to be Refunded maturing on September 1 of each year, commencing on September 1, 2021 through and including September 1, 2022; and

(ii) all of the accrued interest due and payable on the Series 2002A Bonds to be Refunded through and including the Series 2002A Redemption Date.

Series 2002A Bond Defeasance. Upon the Series 2002A Bond Defeasance, the holders of the Series 2002A Bonds to be Refunded will have no interest in and to the Series 2002A Trust Estate pledged pursuant to the Series 2002A Bond Resolution, and the holders of the Series 2002A Bonds to be Refunded shall be entitled solely to the moneys and securities held in the Series 2002A Escrow Fund for payment of the principal of and interest on the Series 2002A Bonds to be Refunded.

The Pledge of the Series 2002A Trust Estate. The Series 2020A-R1 Refunding Bonds, to the extent of the 2002A Allocable Portion thereof, have been authorized for issuance as "Refunding Bonds" as defined in, and pursuant to, the Series 2002A Bond Resolution. Upon their issuance, the Series 2020A-R1 Refunding Bonds, to the extent of the 2002A Allocable Portion thereof, shall be on parity with the Remaining Outstanding Series 2002A Bonds and shall

be entitled to the same benefit and security of the Series 2002A Bond Resolution, including, without limitation, the pledge of the Series 2002A Trust Estate, as the Remaining Outstanding Series 2002A Bonds.

Participating Series 2002A Borrowers. The savings achieved through the Series 2020A-R1 Refunding of the Series 2002A Bonds to be Refunded will be passed on to those Series 2002A Borrowers that participated in the refinancing of a portion of the outstanding Series 2002A Bonds through the issuance of the Series 2010A Refunding Bonds (collectively, the "Participating Series 2002A Borrowers") as a credit to their existing Series 2002A I-Bank Loan repayment obligations. The Series 2002A I-Bank Loan repayments of all of the Series 2002A Borrowers (representing part of the Series 2002A Trust Estate) shall continue to secure the Series 2020A-R1 Refunding Bonds, to the extent of the 2002A Allocable Portion thereof, as well as the Remaining Outstanding Series 2002A Bonds.

Series 2020A-R1 Refunding of the Series 2003A Bonds to be Refunded

General. The Series 2020A-R1 Refunding Bonds, to the extent of the 2003A Allocable Portion thereof, are being issued pursuant to, *inter alia*, the Series 2003A Bond Resolution in order to provide funds that will finance (i) the current refunding (the "Series 2020A-R1 Refunding of the Series 2003A Bonds to be Refunded") and (ii) the defeasance (the "Series 2003A Bond Defeasance") of a portion of the remaining outstanding principal amount of the Series 2010A Refunding Bonds, to the extent of the 2003A Allocable Portion thereof (the "Series 2003A Bonds to be Refunded").

The Series 2003A Bond Defeasance is scheduled to occur upon issuance of the Series 2020A-R1 Refunding Bonds. Therefore, upon issuance of the Series 2020A-R1 Refunding Bonds and upon the Series 2003A Bond Defeasance, the Series 2003A Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the Series 2003A Bond Resolution. However, the following Bonds, in addition to the 2003A Allocable Portion of the Series 2020A-R1 Refunding Bonds, shall remain outstanding pursuant to the terms of the Series 2003A Bond Resolution: (i) the 2003A Allocable Portion of the Series 2010A Refunding Bonds that does not constitute Series 2003A Bonds to be Refunded and shall not be the subject of the Series 2003A Bond Defeasance, which 2003A Allocable Portion of the Series 2010A Refunding Bonds matures on September 1, 2020 and currently remains outstanding in the principal amount of $2,860,000; and (ii) Series 2012C-R Refunding Bonds maturing on September 1, 2020 through and including September 1, 2023 that currently remain outstanding in the principal amount of $3,620,000 (collectively, the "Remaining Outstanding Series 2003A Bonds"). The Series 2003A Bonds no longer remain outstanding pursuant to the terms of the Series 2003A Bond Resolution.

Pursuant to an Escrow Deposit Agreement, to be dated the date of issuance of the Series 2020A-R1 Refunding Bonds (the "Series 2003A Escrow Deposit Agreement"), by and between the I-Bank and U.S. Bank National Association, as escrow agent for the Series 2003A Bonds to be Refunded (the "Series 2003A Escrow Agent"), the Series 2003A Escrow Agent will be irrevocably instructed to pay the following, from amounts deposited into an escrow fund (the "Series 2003A Escrow Fund") and the earnings thereon:

(i) on September 1, 2020 (the "Series 2003A Redemption Date"), all of the principal due with respect to the Series 2003A Bonds to be Refunded maturing on September 1 of each year, commencing on September 1, 2021 through and including September 1, 2023; and

(ii) all of the accrued interest due and payable on the Series 2003A Bonds to be Refunded through and including the Series 2003A Redemption Date.

Series 2003A Bond Defeasance. Upon the Series 2003A Bond Defeasance, the holders of the Series 2003A Bonds to be Refunded will have no interest in and to the Series 2003A Trust Estate pledged pursuant to the Series 2003A Bond Resolution, and the holders of the Series 2003A Bonds to be Refunded shall be entitled solely to the moneys and securities held in the Series 2003A Escrow Fund for payment of the principal of and interest on the Series 2003A Bonds to be Refunded.

The Pledge of the Series 2003A Trust Estate. The Series 2020A-R1 Refunding Bonds, to the extent of the 2003A Allocable Portion thereof, have been authorized for issuance as "Refunding Bonds" as defined in, and pursuant to, the Series 2003A Bond Resolution. Upon their issuance, the Series 2020A-R1 Refunding Bonds, to the extent of the

2003A Allocable Portion thereof, shall be on parity with the Remaining Outstanding Series 2003A Bonds and shall be entitled to the same benefit and security of the Series 2003A Bond Resolution, including, without limitation, the pledge of the Series 2003A Trust Estate, as the Remaining Outstanding Series 2003A Bonds.

Participating Series 2003A Borrowers. The savings achieved through the Series 2020A-R1 Refunding of the Series 2003A Bonds to be Refunded will be passed on to those Series 2003A Borrowers that participated in the refinancing of a portion of the outstanding Series 2003A Bonds through the issuance of the Series 2010A Refunding Bonds (collectively, the "Participating Series 2003A Borrowers") as a credit to their existing Series 2003A I-Bank Loan repayment obligations. The Series 2003A I-Bank Loan repayments of all of the Series 2003A Borrowers (representing part of the Series 2003A Trust Estate) shall continue to secure the Series 2020A-R1 Refunding Bonds, to the extent of the 2003A Allocable Portion thereof, as well as the Remaining Outstanding Series 2003A Bonds.

Series 2020A-R1 Refunding of the Series 2004A Bonds to be Refunded

General. The Series 2020A-R1 Refunding Bonds, to the extent of the 2004A Allocable Portion thereof, are being issued pursuant to, *inter alia*, the Series 2004A Bond Resolution in order to provide funds that will finance (i) the current refunding (the "Series 2020A-R1 Refunding of the Series 2004A Bonds to be Refunded") and (ii) the defeasance (the "Series 2004A Bond Defeasance") of a portion of the remaining outstanding principal amount of the Series 2010A Refunding Bonds, to the extent of the 2004A Allocable Portion thereof (the "Series 2004A Bonds to be Refunded").

The Series 2004A Bond Defeasance is scheduled to occur upon issuance of the Series 2020A-R1 Refunding Bonds. Therefore, upon issuance of the Series 2020A-R1 Refunding Bonds and upon the Series 2004A Bond Defeasance, the Series 2004A Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the Series 2004A Bond Resolution. However, the following Bonds, in addition to the 2004A Allocable Portion of the Series 2020A-R1 Refunding Bonds, shall remain outstanding pursuant to the terms of the Series 2004A Bond Resolution: (i) the 2004A Allocable Portion of the Series 2010A Refunding Bonds that does not constitute Series 2004A Bonds to be Refunded and shall not be the subject of the Series 2004A Bond Defeasance, which 2004A Allocable Portion of the Series 2010A Refunding Bonds matures on September 1, 2020 and currently remains outstanding in the principal amount of $280,000; (ii) Series 2007C Refunding Bonds maturing on September 1, 2020 through and including September 1, 2022 that currently remain outstanding in the principal amount of $20,765,000; and (iii) the Series 2004A Allocable Portion of the Series 2012A-R Refunding Bonds maturing on September 1, 2023 through and including September 1, 2024 that currently remain outstanding in the principal amount of $14,421,375 (collectively, the "Remaining Outstanding Series 2004A Bonds"). The Series 2004A Bonds no longer remain outstanding pursuant to the terms of the Series 2004A Bond Resolution.

Pursuant to an Escrow Deposit Agreement, to be dated the date of issuance of the Series 2020A-R1 Refunding Bonds (the "Series 2004A Escrow Deposit Agreement"), by and between the I-Bank and U.S. Bank National Association, as escrow agent for the Series 2004A Bonds to be Refunded (the "Series 2004A Escrow Agent"), the Series 2004A Escrow Agent will be irrevocably instructed to pay the following, from amounts deposited into an escrow fund (the "Series 2004A Escrow Fund") and the earnings thereon:

(i) on September 1, 2020 (the "Series 2004A Redemption Date"), all of the principal due with respect to the Series 2004A Bonds to be Refunded maturing on September 1 of each year, commencing on September 1, 2021 through and including September 1, 2022; and

(ii) all of the accrued interest due and payable on the Series 2004A Bonds to be Refunded through and including the Series 2004A Redemption Date.

Series 2004A Bond Defeasance. Upon the Series 2004A Bond Defeasance, the holders of the Series 2004A Bonds to be Refunded will have no interest in and to the Series 2004A Trust Estate pledged pursuant to the Series 2004A Bond Resolution, and the holders of the Series 2004A Bonds to be Refunded shall be entitled solely to the moneys and securities held in the Series 2004A Escrow Fund for payment of the principal of and interest on the Series 2004A Bonds to be Refunded.

The Pledge of the Series 2004A Trust Estate. The Series 2020A-R1 Refunding Bonds, to the extent of the 2004A Allocable Portion thereof, have been authorized for issuance as "Refunding Bonds" as defined in, and pursuant to, the Series 2004A Bond Resolution. Upon their issuance, the Series 2020A-R1 Refunding Bonds, to the extent of the 2004A Allocable Portion thereof, shall be on parity with the Remaining Outstanding Series 2004A Bonds and shall be entitled to the same benefit and security of the Series 2004A Bond Resolution, including, without limitation, the pledge of the Series 2004A Trust Estate, as the Remaining Outstanding Series 2004A Bonds.

Participating Series 2004A Borrowers. The savings achieved through the Series 2020A-R1 Refunding of the Series 2004A Bonds to be Refunded will be passed on to those Series 2004A Borrowers that participated in the refinancing of a portion of the outstanding Series 2004A Bonds through the issuance of the Series 2010A Refunding Bonds (collectively, the "Participating Series 2004A Borrowers") as a credit to their existing Series 2004A I-Bank Loan repayment obligations. The Series 2004A I-Bank Loan repayments of all of the Series 2004A Borrowers (representing part of the Series 2004A Trust Estate) shall continue to secure the Series 2020A-R1 Refunding Bonds, to the extent of the 2004A Allocable Portion thereof, as well as the Remaining Outstanding Series 2004A Bonds.

Series 2020A-R1 Refunding of the Series 2006A Bonds to be Refunded

General. The Series 2020A-R1 Refunding Bonds, to the extent of the 2006A Allocable Portion thereof, are being issued pursuant to, *inter alia*, the Series 2006A Bond Resolution in order to provide funds that will finance (i) the current refunding (the "Series 2020A-R1 Refunding of the Series 2006A Bonds to be Refunded") and (ii) the defeasance (the "Series 2006A Bond Defeasance") of a portion of the remaining outstanding principal amount of the Series 2010A Refunding Bonds, to the extent of the 2006A Allocable Portion thereof (the "Series 2006A Bonds to be Refunded").

The Series 2006A Bond Defeasance is scheduled to occur upon issuance of the Series 2020A-R1 Refunding Bonds. Therefore, upon issuance of the Series 2020A-R1 Refunding Bonds and upon the Series 2006A Bond Defeasance, the Series 2006A Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the Series 2006A Bond Resolution. However, the following Bonds, in addition to the 2006A Allocable Portion of the Series 2020A-R1 Refunding Bonds, shall remain outstanding pursuant to the terms of the Series 2006A Bond Resolution: the Series 2006A Allocable Portion of the Series 2012A-R Refunding Bonds maturing on September 1, 2020 through and including September 1, 2026 that currently remains outstanding in the principal amount of $57,403,271 (the "Remaining Outstanding Series 2006A Bonds"). The Series 2006A Bonds no longer remain outstanding pursuant to the terms of the Series 2006A Bond Resolution.

Pursuant to an Escrow Deposit Agreement, to be dated the date of issuance of the Series 2020A-R1 Refunding Bonds (the "Series 2006A Escrow Deposit Agreement"), by and between the I-Bank and U.S. Bank National Association, as escrow agent for the Series 2006A Bonds to be Refunded (the "Series 2006A Escrow Agent"), the Series 2006A Escrow Agent will be irrevocably instructed to pay the following, from amounts deposited into an escrow fund (the "Series 2006A Escrow Fund") and the earnings thereon:

(i) on September 1, 2020 (the "Series 2006A Redemption Date"), all of the principal due with respect to the Series 2006A Bonds to be Refunded maturing on September 1, 2024; and

(ii) all of the accrued interest due and payable on the Series 2006A Bonds to be Refunded through and including the Series 2006A Redemption Date.

Series 2006A Bond Defeasance. Upon the Series 2006A Bond Defeasance, the holders of the Series 2006A Bonds to be Refunded will have no interest in and to the Series 2006A Trust Estate pledged pursuant to the Series 2006A Bond Resolution, and the holders of the Series 2006A Bonds to be Refunded shall be entitled solely to the moneys and securities held in the Series 2006A Escrow Fund for payment of the principal of and interest on the Series 2006A Bonds to be Refunded.

The Pledge of the Series 2006A Trust Estate. The Series 2020A-R1 Refunding Bonds, to the extent of the 2006A Allocable Portion thereof, have been authorized for issuance as "Refunding Bonds" as defined in, and pursuant to, the Series 2006A Bond Resolution. Upon their issuance, the Series 2020A-R1 Refunding Bonds, to the extent of the

2006A Allocable Portion thereof, shall be on parity with the Remaining Outstanding Series 2006A Bonds and shall be entitled to the same benefit and security of the Series 2006A Bond Resolution, including, without limitation, the pledge of the Series 2006A Trust Estate, as the Remaining Outstanding Series 2006A Bonds.

Participating Series 2006A Borrowers. The savings achieved through the Series 2020A-R1 Refunding of the Series 2006A Bonds to be Refunded will be passed on to those Series 2006A Borrowers that participated in the refinancing of a portion of the outstanding Series 2006A Bonds through the issuance of the Series 2010A Refunding Bonds (collectively, the "Participating Series 2006A Borrowers") as a credit to their existing Series 2006A I-Bank Loan repayment obligations. The Series 2006A I-Bank Loan repayments of all of the Series 2006A Borrowers (representing part of the Series 2006A Trust Estate) shall continue to secure the Series 2020A-R1 Refunding Bonds, to the extent of the 2006A Allocable Portion thereof, as well as the Remaining Outstanding Series 2006A Bonds.

Series 2020C-R1 Refunding of the Series 2012A Bonds to be Refunded

General. The Series 2020C-R1 Refunding Bonds are being issued pursuant to, *inter alia*, the Series 2012A Bond Resolution in order to provide funds that will finance (i) the advance refunding (the "Series 2020C-R1 Refunding of the Series 2012A Bonds to be Refunded") and (ii) the defeasance (the "Series 2012A Bond Defeasance") of a portion of the remaining outstanding principal amount of the Series 2012A Bonds (the "Series 2012A Bonds to be Refunded").

The Series 2012A Bond Defeasance is scheduled to occur upon issuance of the Series 2020C-R1 Refunding Bonds. Therefore, upon issuance of the Series 2020C-R1 Refunding Bonds and upon the Series 2012A Bond Defeasance, the Series 2012A Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the Series 2012A Bond Resolution. However, the following Bonds, in addition to the Series 2020C-R1 Refunding Bonds, shall remain outstanding pursuant to the terms of the Series 2012A Bond Resolution: Series 2012A Bonds maturing on September 1, 2020 through and including September 1, 2021 that currently remain outstanding in the principal amount of $6,670,000 (the "Remaining Outstanding Series 2012A Bonds").

Pursuant to an Escrow Deposit Agreement, to be dated the date of issuance of the Series 2020C-R1 Refunding Bonds (the "Series 2012A Escrow Deposit Agreement"), by and between the I-Bank and U.S. Bank National Association, as escrow agent for the Series 2012A Bonds to be Refunded (the "Series 2012A Escrow Agent"), the Series 2012A Escrow Agent will be irrevocably instructed to pay the following, from amounts deposited into an escrow fund (the "Series 2012A Escrow Fund") and the earnings thereon:

(i) on September 1, 2021 (the "Series 2012A Redemption Date"), all of the principal due with respect to the Series 2012A Bonds to be Refunded maturing on September 1 of each year, commencing on September 1, 2022 through and including September 1, 2031; and

(ii) all of the accrued interest due and payable on the Series 2012A Bonds to be Refunded from and including September 1, 2020 through and including the Series 2012A Redemption Date.

Series 2012A Bond Defeasance. Upon the Series 2012A Bond Defeasance, the holders of the Series 2012A Bonds to be Refunded will have no interest in and to the Series 2012A Trust Estate pledged pursuant to the Series 2012A Bond Resolution, and the holders of the Series 2012A Bonds to be Refunded shall be entitled solely to the moneys and securities held in the Series 2012A Escrow Fund for payment of the principal of and interest on the Series 2012A Bonds to be Refunded.

The Pledge of the Series 2012A Trust Estate. The Series 2020C-R1 Refunding Bonds have been authorized for issuance as "Refunding Bonds" as defined in, and pursuant to, the Series 2012A Bond Resolution. Upon their issuance, the Series 2020C-R1 Refunding Bonds shall be on parity with the Remaining Outstanding Series 2012A Bonds and shall be entitled to the same benefit and security of the Series 2012A Bond Resolution, including, without limitation, the pledge of the Series 2012A Trust Estate, as the Remaining Outstanding Series 2012A Bonds.

Participating Series 2012A Borrowers. The savings achieved through the Series 2020C-R1 Refunding of the Series 2012A Bonds to be Refunded will be passed on to all Series 2012A Borrowers (collectively, the "Participating

Series 2012A Borrowers") as a credit to their existing Series 2012A I-Bank Loan repayment obligations. The Series 2012A I-Bank Loan repayments of each of the Series 2012A Borrowers (representing part of the Series 2012A Trust Estate) shall continue to secure the Series 2020C-R1 Refunding Bonds and the Remaining Outstanding Series 2012A Bonds.

Series 2020C-R2 Refunding of the Series 2012B Bonds to be Refunded

General. The Series 2020C-R2 Refunding Bonds, to the extent of the 2012B Allocable Portion thereof, are being issued pursuant to, *inter alia*, the Series 2012B Bond Resolution in order to provide funds that will finance (i) the advance refunding (the "Series 2020C-R2 Refunding of the Series 2012B Bonds to be Refunded") and (ii) the defeasance (the "Series 2012B Bond Defeasance") of a portion of the remaining outstanding principal amount of the Series 2012B Bonds (the "Series 2012B Bonds to be Refunded").

The Series 2012B Bond Defeasance is scheduled to occur upon issuance of the Series 2020C-R2 Refunding Bonds. Therefore, upon issuance of the Series 2020C-R2 Refunding Bonds and upon the Series 2012B Bond Defeasance, the Series 2012B Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the Series 2012B Bond Resolution. However, the following Bonds, in addition to the 2012B Allocable Portion of the Series 2020C-R2 Refunding Bonds, shall remain outstanding pursuant to the terms of the Series 2012B Bond Resolution: Series 2012B Bonds maturing on September 1, 2020 through and including September 1, 2021 that currently remain outstanding in the principal amount of $1,925,000 (the "Remaining Outstanding Series 2012B Bonds").

Pursuant to an Escrow Deposit Agreement, to be dated the date of issuance of the Series 2020C-R2 Refunding Bonds (the "Series 2012B Escrow Deposit Agreement"), by and between the I-Bank and U.S. Bank National Association, as escrow agent for the Series 2012B Bonds to be Refunded (the "Series 2012B Escrow Agent"), the Series 2012B Escrow Agent will be irrevocably instructed to pay the following, from amounts deposited into an escrow fund (the "Series 2012B Escrow Fund") and the earnings thereon:

(i) on September 1, 2021 (the "Series 2012B Redemption Date"), all of the principal due with respect to the Series 2012B Bonds to be Refunded maturing on September 1 of each year, commencing on September 1, 2022 through and including September 1, 2031; and

(ii) all of the accrued interest due and payable on the Series 2012B Bonds to be Refunded from and including September 1, 2020 through and including the Series 2012B Redemption Date.

Series 2012B Bond Defeasance. Upon the Series 2012B Bond Defeasance, the holders of the Series 2012B Bonds to be Refunded will have no interest in and to the Series 2012B Trust Estate pledged pursuant to the Series 2012B Bond Resolution, and the holders of the Series 2012B Bonds to be Refunded shall be entitled solely to the moneys and securities held in the Series 2012B Escrow Fund for payment of the principal of and interest on the Series 2012B Bonds to be Refunded.

The Pledge of the Series 2012B Trust Estate. The Series 2020C-R2 Refunding Bonds, to the extent of the 2012B Allocable Portion thereof, have been authorized for issuance as "Refunding Bonds" as defined in, and pursuant to, the Series 2012B Bond Resolution. Upon their issuance, the Series 2020C-R2 Refunding Bonds, to the extent of the 2012B Allocable Portion thereof, shall be on parity with the Remaining Outstanding Series 2012B Bonds and shall be entitled to the same benefit and security of the Series 2012B Bond Resolution, including, without limitation, the pledge of the Series 2012B Trust Estate, as the Remaining Outstanding Series 2012B Bonds.

Participating Series 2012B Borrowers. The savings achieved through the Series 2020C-R2 Refunding of the Series 2012B Bonds to be Refunded will be passed on to all Series 2012B Borrowers (collectively, the "Participating Series 2012B Borrowers") as a credit to their existing Series 2012B I-Bank Loan repayment obligations. The Series 2012B I-Bank Loan repayments of each of the Series 2012B Borrowers (representing part of the Series 2012B Trust Estate) shall continue to secure the Series 2020C-R2 Refunding Bonds, to the extent of the 2012B Allocable Portion thereof, as well as the Remaining Outstanding Series 2012B Bonds.

Series 2020C-R2 Refunding of the Series 2012C Bonds to be Refunded

General. The Series 2020C-R2 Refunding Bonds, to the extent of the 2012C Allocable Portion thereof, are being issued pursuant to, *inter alia*, the Series 2012C Bond Resolution in order to provide funds that will finance (i) the advance refunding (the "Series 2020C-R2 Refunding of the Series 2012C Bonds to be Refunded"; the Series 2020A-R1 Refunding of the Series 2002A Bonds to be Refunded, the Series 2020A-R1 Refunding of the Series 2003A Bonds to be Refunded, the Series 2020A-R1 Refunding of the Series 2004A Bonds to be Refunded, the Series 2020A-R1 Refunding of the Series 2006A Bonds to be Refunded, the Series 2020C-R1 Refunding of the Series 2012A Bonds to be Refunded, the Series 2020C-R2 Refunding of the Series 2012B Bonds to be Refunded and the Series 2020C-R2 Refunding of the Series 2012C Bonds to be Refunded shall be referred to, collectively, herein as the "Series 2020 Refunding of the Bonds to be Refunded") and (ii) the defeasance (the "Series 2012C Bond Defeasance") of a portion of the remaining outstanding principal amount of the Series 2012C Bonds (the "Series 2012C Bonds to be Refunded"; the Series 2002A Bonds to be Refunded, the Series 2003A Bonds to be Refunded, the Series 2004A Bonds to be Refunded, the Series 2006A Bonds to be Refunded, the Series 2012A Bonds to be Refunded, the Series 2012B Bonds to be Refunded and the Series 2012C Bonds to be refunded shall be referred to, collectively, herein as the "Bonds to be Refunded").

The Series 2012C Bond Defeasance is scheduled to occur upon issuance of the Series 2020C-R2 Refunding Bonds. Therefore, upon issuance of the Series 2020C-R2 Refunding Bonds and upon the Series 2012C Bond Defeasance, the Series 2012C Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the Series 2012C Bond Resolution. However, the following Bonds, in addition to the 2012C Allocable Portion of the Series 2020C-R2 Refunding Bonds, shall remain outstanding pursuant to the terms of the Series 2012C Bond Resolution: Series 2012C Bonds maturing on September 1, 2020 through and including September 1, 2021 that currently remain outstanding in the principal amount of $485,000 (the "Remaining Outstanding Series 2012C Bonds"; the Remaining Outstanding Series 2002A Bonds, the Remaining Outstanding Series 2003A Bonds, the Remaining Outstanding Series 2004A Bonds, the Remaining Outstanding Series 2006A Bonds, the Remaining Outstanding Series 2012A Bonds, the Remaining Outstanding Series 2012B Bonds and the Remaining Outstanding Series 2012C Bonds shall be referred to collectively herein as the "Remaining Outstanding Refunding Program Bonds").

Pursuant to an Escrow Deposit Agreement, to be dated the date of issuance of the Series 2020C-R2 Refunding Bonds (the "Series 2012C Escrow Deposit Agreement"), by and between the I-Bank and U.S. Bank National Association, as escrow agent for the Series 2012C Bonds to be Refunded (the "Series 2012C Escrow Agent"), the Series 2012C Escrow Agent will be irrevocably instructed to pay the following, from amounts deposited into an escrow fund (the "Series 2012C Escrow Fund"; the Series 2002A Escrow Fund, the Series 2003A Escrow Fund, the Series 2004A Escrow Fund, the Series 2006A Escrow Fund, the Series 2012A Escrow Fund, the Series 2012B Escrow Fund and the Series 2012C Escrow Fund shall be referred to, collectively, herein as the "Refunded Bonds Escrow Fund") and the earnings thereon:

(i) on September 1, 2021 (the "Series 2012C Redemption Date"), all of the principal due with respect to the Series 2012C Bonds to be Refunded maturing on September 1 of each year, commencing on September 1, 2022 through and including September 1, 2031; and

(ii) all of the accrued interest due and payable on the Series 2012C Bonds to be Refunded from and including September 1, 2020 through and including the Series 2012C Redemption Date.

Series 2012C Bond Defeasance. Upon the Series 2012C Bond Defeasance, the holders of the Series 2012C Bonds to be Refunded will have no interest in and to the Series 2012C Trust Estate pledged pursuant to the Series 2012C Bond Resolution, and the holders of the Series 2012C Bonds to be Refunded shall be entitled solely to the moneys and securities held in the Series 2012C Escrow Fund for payment of the principal of and interest on the Series 2012C Bonds to be Refunded.

The Pledge of the Series 2012C Trust Estate. The Series 2020C-R2 Refunding Bonds, to the extent of the 2012C Allocable Portion thereof, have been authorized for issuance as "Refunding Bonds" as defined in, and pursuant to, the Series 2012C Bond Resolution. Upon their issuance, the Series 2020C-R2 Refunding Bonds, to the extent of the 2012C Allocable Portion thereof, shall be on parity with the Remaining Outstanding Series 2012C Bonds and shall

be entitled to the same benefit and security of the Series 2012C Bond Resolution, including, without limitation, the pledge of the Series 2012C Trust Estate, as the Remaining Outstanding Series 2012C Bonds.

Participating Series 2012C Borrowers. The savings achieved through the Series 2020C-R2 Refunding of the Series 2012C Bonds to be Refunded will be passed on to all Series 2012C Borrowers (collectively, the "Participating Series 2012C Borrowers"; the Participating Series 2002A Borrowers, the Participating Series 2003A Borrower, the Participating Series 2004A Borrowers, the Participating Series 2006A Borrowers, the Participating Series 2012A Borrowers, the Participating Series 2012B Borrowers and the Participating Series 2012C Borrowers shall be referred to collectively herein as the "Participating Refunding Program Borrowers") as a credit to their existing Series 2012C I-Bank Loan repayment obligations. The Series 2012C I-Bank Loan repayments of each of the Series 2012C Borrowers (representing part of the Series 2012C Trust Estate) shall continue to secure the Series 2020C-R2 Refunding Bonds, to the extent of the 2012C Allocable Portion thereof, as well as the Remaining Outstanding Series 2012C Bonds.

THE SERIES 2020 REFUNDING BONDS

General Description

The Series 2020 Refunding Bonds will be dated the date of issuance thereof, and are scheduled to mature on September 1 in the years (the "Principal Payment Dates") and in the principal amounts set forth on the inside cover page hereof. The Series 2020 Refunding Bonds will bear interest from their dated date payable by check or draft semiannually on March 1 and September 1 of each year until their respective maturities (the "Interest Payment Dates"), commencing September 1, 2020, at the rates per annum set forth on the inside cover page hereof. The Series 2020 Refunding Bonds will be payable as to principal upon presentation and surrender thereof at the corporate trust office of (i) with respect to the Series 2020A-R1 Refunding Bonds, the Series 2020A-R1 Refunding Fiduciary, (ii) with respect to the Series 2020C-R1 Refunding Bonds, the Series 2012A Trustee, and (iii) with respect to the Series 2020C-R2 Refunding Bonds, the Series 2020C-R2 Refunding Fiduciary. The Series 2020 Refunding Bonds will be issued as fully registered bonds in the denomination of one bond per aggregate principal amount of the stated maturity thereof, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2020 Refunding Bonds will be made in book-entry-only form (without certificates) in denominations of $5,000 or any whole multiple thereof.

Green Bonds

The Bonds to be Refunded were issued to finance System improvements that were designed and are intended to improve the quality of wastewater treatment systems and drinking water supply systems throughout the State, according to, and in satisfaction of, applicable State and federal standards. The purpose of designating and offering the Series 2020 Refunding Bonds as "Green Bonds" is to allow investors to invest directly in bonds that finance such environmentally beneficial projects. However, there is no assurance that the Projects financed by the Bonds to be Refunded will produce the intended environmental benefits; but holders of the Series 2020 Refunding Bonds do not assume any risk of payment default with respect to the Series 2020 Refunding Bonds in the event that the Projects financed by the Bonds to be Refunded fail to produce the intended environmental benefit.

See the annual Water Bank Financial Plan of the I-Bank and the Department that sets forth the terms and provisions of the Water Bank Program and includes an appendix thereto (the "Green Bond Report") that addresses the use, pursuant to the federal Water Quality Act and the federal Safe Drinking Water Act, of proceeds of the I-Bank's Bonds that are "Green Bonds". The Water Bank Financial Plan and the Green Bond Report therein, when produced each year, are made available on the website of the I-Bank, http://www.njib.gov. The Projects that are financed by a given series of I-Bank Bonds shall be included in the Green Bond Report for so long as proceeds of such series of I-Bank Bonds remain to be disbursed (as of the conclusion of the prior fiscal year) for purposes of completing any one or more of such Projects that were financed thereby; and if no proceeds of such I-Bank Bonds remain to be disbursed for any such Projects, such Projects will not be included in the Green Bond Report.

There is only one Refunding Program Borrower (the Passaic Valley Sewerage Commissioners) whose Refunding Program Project was financed by the Applicable Bonds to be Refunded (the 2006A Allocable Portion of the Series 2010A Refunding Bonds) and remains incomplete as of the date hereof with I-Bank Bond proceeds remaining to be disbursed therefor.

For brief descriptions of the Refunding Program Projects financed with the proceeds of the Bonds to be Refunded, see Appendix B hereto – "REFUNDING PROGRAM BORROWERS".

No Optional Redemption

The Series 2020 Refunding Bonds of each Series will not be subject to redemption prior to their respective stated maturity dates.

No Mandatory Sinking Fund Redemption

The Series 2020 Refunding Bonds of each Series will not be subject to mandatory sinking fund redemption prior to their respective stated maturity dates.

Book-Entry-Only System

DTC will act as securities depository for the Series 2020 Refunding Bonds. The Series 2020 Refunding Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series Refunding Bond certificate will be issued for each maturity of the Series Refunding Bonds, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("DTC Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among DTC Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfer and pledges between DTC Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. DTC Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly ("DTC Indirect Participants" and, together with DTC Direct Participants, "DTC Participants"). The DTC rules applicable to its DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2020 Refunding Bonds under the DTC system must be made by or through DTC Direct Participants, which will receive a credit for the Series 2020 Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2020 Refunding Bond ("Beneficial Owner") is in turn to be recorded on the DTC Direct Participants' and DTC Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC Direct Participant or DTC Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2020 Refunding Bonds are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates

representing their ownership interests in Series 2020 Refunding Bonds, except in the event that use of the book-entry-system for the Series 2020 Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Series 2020 Refunding Bonds deposited by DTC Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. The deposit of Series 2020 Refunding Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2020 Refunding Bonds. DTC's records reflect only the identity of the DTC Direct Participants to whose accounts such Series Refunding Bonds are credited, which may or may not be the Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to DTC Direct Participants, by DTC Direct Participants to DTC Indirect Participants, and by DTC Direct Participants and DTC Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series Refunding Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the I-Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those DTC Direct Participants to whose accounts the Series 2020 Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, of and interest payments on the Series 2020 Refunding Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit DTC Direct Participants' accounts upon DTC's receipt of funds and corresponding details from the I-Bank, the Refunding Program Trustees, the Refunding Program Paying Agents or the Refunding Program Fiduciaries, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such DTC Participant and not of DTC, the Refunding Program Trustees, the Refunding Program Paying Agents, the Refunding Program Fiduciaries or the I-Bank, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal, redemption premium, if any, of and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the I-Bank, the Refunding Program Trustees, the Refunding Program Paying Agents or the Refunding Program Fiduciaries. Disbursement of such payments to DTC Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of DTC Direct Participants and DTC Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2020 Refunding Bonds at any time by giving reasonable notice to the I-Bank, the Refunding Program Trustees, the Refunding Program Paying Agents or the Refunding Program Fiduciaries, as the case may be. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2020 Refunding Bond certificates are required to be printed and delivered.

The I-Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2020 Refunding Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the I-Bank believes to be reliable, but the I-Bank takes no responsibility for the accuracy thereof. The Beneficial Owners should confirm the foregoing information with DTC or the DTC Participants.

The I-Bank, the Refunding Program Trustees, the Refunding Program Paying Agents, the Refunding Program Fiduciaries and the Master Program Trustee cannot and do not give any assurances that DTC will distribute to the DTC Direct Participants or that the DTC Direct Participants or the DTC Indirect Participants will distribute to the Beneficial Owners of the Series 2020 Refunding Bonds (i) payments of principal of or interest on the Series 2020 Refunding Bonds, (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interests in the Series 2020 Refunding Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2020 Refunding Bonds, or that they will do so on a timely basis or that DTC, its DTC Direct Participants or its DTC Indirect Participants will serve and act in the manner described in this Official Statement.

None of the I-Bank, the Refunding Program Trustees, the Refunding Program Paying Agents, the Refunding Program Fiduciaries nor the Master Program Trustee will have any responsibility or obligations to any DTC Direct Participant, DTC Indirect Participant or any person claiming a beneficial ownership interest in the Series 2020 Refunding Bonds under or through DTC or any DTC Direct Participant, or any other person who is not shown in the registration books of the I-Bank kept by the Applicable Refunding Program Trustee or the Applicable Refunding Program Fiduciary as being a Series 2020 Refunding Bondholder (as defined herein). The I-Bank, the Refunding Program Trustees, the Refunding Program Paying Agents, the Refunding Program Fiduciaries and the Master Program Trustee shall have no responsibility with respect to (i) any ownership interest in the Series 2020 Refunding Bonds, (ii) the payment by DTC to any DTC Direct Participant or by any DTC Direct Participants or DTC Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of or interest on the Series 2020 Refunding Bonds, (iii) the delivery to any DTC Participant or any Beneficial Owner of any notice which is permitted or required to be given to the holders of the Series 2020 Refunding Bonds (the "Series 2020 Refunding Bondholders") under any Refunding Program Bond Resolution, or (iv) any consent given or other action taken by DTC or Cede & Co. as Series 2020 Refunding Bondholder.

So long as Cede & Co. is the registered owner of the Series 2020 Refunding Bonds, as the nominee of DTC, references herein to the Series 2020 Refunding Bondholders or registered owners of the Series 2020 Refunding Bonds (other than under the captions "TAX MATTERS" and "SECONDARY MARKET DISCLOSURE") shall mean Cede & Co., and shall not mean the Beneficial Owners of the Series 2020 Refunding Bonds.

SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS

The Master Program Trust Agreement

Upon the issuance of its Bonds in 1995 as part of the 1995 Water Bank Program, the I-Bank, the State, the prior loan servicers, the prior Trustees and United States Trust Company of New York, as master program trustee thereunder, entered into the Master Program Trust Agreement, dated as of November 1, 1995, as amended and supplemented (the "Master Program Trust Agreement"). In accordance with that certain Agreement of Resignation of Outgoing Master Program Trustee, Appointment of Successor Master Program Trustee and Acceptance Agreement (the "Succession Agreement"), dated as of November 1, 2001, and entered into pursuant to the successor provisions set forth in the Master Program Trust Agreement, State Street Bank & Trust Company, N.A. (predecessor to U.S. Bank Trust National Association) became the master program trustee (the "Master Program Trustee") as of November 1, 2001. The Master Program Trustee holds all moneys, and securities purchased with moneys, deposited in the Master Program Trust Account established pursuant to the Master Program Trust Agreement (the "Master Program Trust Account") in trust for the benefit of all holders of Coverage Receiving Bonds. The Series 2020 Refunding Bonds are Coverage Receiving Bonds. As such, if (i) the Business Day immediately preceding the Interest Payment Date and/or the Principal Payment Date, as the case may be, with respect to the Series 2020 Refunding Bonds has been reached and (ii) the Applicable Refunding Program Trustee is unable to satisfy all or a portion of the debt service payment due on the Applicable Series of the Series 2020 Refunding Bonds on any such date, then the Master Program Trustee shall satisfy any such deficiency to the extent of moneys on deposit in the Master Program Trust Account in accordance with the terms of the Master Program Trust Agreement.

Coverage Providing Financing Programs

Pursuant to the Master Program Trust Agreement, a Coverage Providing Financing Program is a Water Bank Program for which the State has agreed to subordinate its right to receive Fund Loan repayments to the payment of the principal of and interest on each series of Coverage Receiving Bonds. Any Fund Loan repayments payable pursuant to a given Coverage Providing Financing Program that remain following the repayment in full of the companion I-Bank Loans made pursuant to such Coverage Providing Financing Program are made available to secure each series of Coverage Receiving Bonds. Because the I-Bank Loan repayments in a given Coverage Providing Financing Program are used to pay debt service on the series of Bonds that financed such I-Bank Loans, this subordination by the State of its right to receive Fund Loan repayments remaining after repayment in full of such companion I-Bank Loans provides additional security for each such series of Coverage Receiving Bonds.

"Coverage Providing Financing Programs" consist of (i) all Water Bank Programs from 2000 through and including 2020, (ii) the Water Bank Programs containing all series of Refunding Bonds that have refunded all or a portion of the series of Bonds issued pursuant to the above-referenced Water Bank Programs, including the Series 2020 Refunding Bonds, and (iii) all future Water Bank Programs so designated by the I-Bank in accordance with Section 4(a) of the Master Program Trust Agreement (the "Future Bonds").

It should be noted that on December 1, 2005, the I-Bank issued its Environmental Infrastructure Revenue Bonds (Bergen County Improvement Authority – EnCap Golf Holdings, LLC Project), Series 2005 (the "BCIA-EnCap Bonds"), which bonds were not issued pursuant to the traditional Water Bank Program of the I-Bank. Therefore, the BCIA-EnCap Bonds are not Coverage Receiving Bonds and do not constitute a Coverage Providing Financing Program.

See Appendix D – "AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE".

Coverage Receiving Financing Programs

Coverage Receiving Financing Programs are secured by the balance of Fund Loan repayments made pursuant to Coverage Providing Financing Programs. Specifically, once Fund Loan repayments made pursuant to a given Coverage Providing Financing Program are no longer needed to secure the series of Bonds issued to fund the companion I-Bank Loans made by the I-Bank as part of such Coverage Providing Financing Program, such Fund Loan repayments are turned over to the Master Program Trustee for deposit in the Master Program Trust Account so as to provide additional security for all Bonds issued in all Coverage Receiving Financing Programs, including, without limitation, the Series 2020 Refunding Bonds (the "Coverage Receiving Bonds", as such term is more fully defined below). Under the terms of the Master Program Trust Agreement, the holders of all Coverage Receiving Bonds have a pro-rata secured interest in the moneys and securities on deposit in the Master Program Trust Account. This pro-rata interest is maintained by requiring each series of Coverage Receiving Bonds to amortize principal on September 1 of each year and to pay interest semiannually on March 1 and September 1 of each year until final maturity (stated or otherwise).

"Coverage Receiving Financing Programs" consist of (i) all Water Bank Programs from 2000 through and including 2020, (ii) the Water Bank Programs containing all series of Refunding Bonds that have refunded all or a portion of the series of Bonds issued pursuant to the above-referenced Water Bank Programs, including, without limitation, the Series 2020 Refunding Bonds, and (iii) all Future Bonds. Each series of Bonds issued pursuant to a Coverage Receiving Financing Program may be referred to collectively herein as "Coverage Receiving Bonds".

It should be noted that on December 1, 2005, the I-Bank issued the BCIA-EnCap Bonds, which bonds were not issued pursuant to the traditional Water Bank Program of the I-Bank. Therefore, the BCIA-EnCap Bonds are not Coverage Receiving Bonds and do not constitute a Coverage Providing Financing Program.

See Appendix D – "AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE".

Future Bonds and Amount of Coverage

Pursuant to Section 4(a) of the Master Program Trust Agreement, as consented to by, among other parties, the State, the I-Bank retains full discretion to determine whether future Water Bank Programs will be Coverage Providing Financing Programs, Coverage Receiving Financing Programs, both or neither. If more series of Coverage Receiving Bonds are issued by the I-Bank in future Water Bank Programs without a corresponding increase in Coverage Providing Financing Programs, the amount of security provided by the Coverage Providing Financing Programs that will be available to all series of Coverage Receiving Bonds will decrease. Therefore, there is a potential to reduce the amount of security available from the Coverage Providing Financing Programs to any one series of Coverage Receiving Bonds, including the Series 2020 Refunding Bonds. However, pursuant to the provisions of Section 4(a) of the Master Program Trust Agreement, the I-Bank shall not designate, pursuant to its discretion, a Water Bank Program as a Coverage Receiving Financing Program if such designation would cause the coverage ratios provided by all Coverage Providing Financing Programs (assuming such inclusion) for the benefit of all Coverage Receiving Financing Programs (assuming such inclusion) to drop below the coverage ratios for pool programs rated in the highest rating category by Standard & Poor's Corporation.

To the extent that each Borrower in each Coverage Providing Financing Program repays its I-Bank Loan and its Fund Loan on time and in full, Fund Loan repayments will be available to secure the Coverage Receiving Bonds as of each semiannual debt service payment date of such Coverage Receiving Bonds in the aggregate amounts set forth in Appendix D - "AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE". Although these amounts currently are scheduled to be available to provide additional security for the Coverage Receiving Bonds, no assurance can be given by the I-Bank that all such I-Bank Loan and Fund Loan repayments will be made by the Borrowers in each Coverage Providing Financing Program on time and in full. In addition, due to (i) adjustments that may be made to the Fund Loans of Borrowers in Coverage Providing Financing Programs in order to reflect lower than anticipated Project costs or (ii) a Borrower's prepayment (i.e., de-obligation) of all or a portion of its Fund Loan, the Fund Loan repayments of such Borrowers may be reduced in inverse order of maturity in order to reflect any such downsizing of the Fund Loan amount. To the extent such downsizing does occur, the amounts set forth in this aggregate coverage table will be reduced correspondingly. Similarly, to the extent that (i) lower than anticipated Project costs results in unexpended Project Fund proceeds on account to be allocated to a Bond defeasance or, alternatively, (ii) a Borrower in a Coverage Receiving Financing Program prepays all or a portion of its I-Bank Loan, the amount of I-Bank Loan Repayments and debt service requirements set forth in this aggregate coverage table will be reduced correspondingly. Generally, any such reduction in anticipated Project costs or Borrower prepayment is applied on a pro-rata basis as between the I-Bank Loan and the Fund Loan. See also "FINANCING THE PROJECT – The Ratio of the I-Bank Loan to the Fund Loan".

As of the date of this Official Statement, every Borrower in every Coverage Providing Financing Program and every Coverage Receiving Financing Program, since the Water Bank Program has been established, has made its I-Bank Loan and Fund Loan repayments in full and, therefore, each respective Trustee has paid debt service on its respective series of Bonds on time and in full, without need for a draw on the Master Program Trust Account.

For further information concerning the Master Program Trust Agreement, see: (i) the "Master Program Trust Agreement Schedule" included in Appendix A hereto – "AUDITED FINANCIAL STATEMENTS OF THE I-BANK"; (ii) Appendix D hereto – "AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE"; and (iii) Appendix E hereto – "SUMMARY OF THE REFUNDING PROGRAM BOND RESOLUTIONS, THE MASTER PROGRAM TRUST AGREEMENT AND THE I-BANK CONTINUING DISCLOSURE AGREEMENT". For further information concerning the Audited Financial Statements (as defined herein) of the I-Bank, see "AUDITED FINANCIAL STATEMENTS" herein.

Draws on the Master Program Trust Account

The Master Program Trustee holds all moneys, and securities purchased with moneys, deposited in the Master Program Trust Account in trust for the benefit of all holders of Coverage Receiving Bonds. Once the Interest Payment Date and/or the Principal Payment Date, as the case may be, with respect to a series of Coverage Receiving Bonds has been reached and the Trustee is still unable to satisfy the debt service payment due on such series of

Coverage Receiving Bonds on any such date, the Master Program Trustee shall satisfy any such deficiency to the extent of moneys on deposit in the Master Program Trust Account in accordance with the terms of the Master Program Trust Agreement.

Pursuant to the Trust Indenture for any Coverage Providing Financing Program, all Loan repayments are collected and thereafter the Trustee for any such series of Bonds allocates up to an amount sufficient to pay debt service on any such series of Bonds due on the next scheduled semiannual payment date. Once the Trustee has satisfied this debt service requirement, and after paying the I-Bank its nominal administrative fee, the Trustee repays all Loan moneys so received with respect to the repayment of Fund Loans to the Master Program Trustee for deposit in the Master Program Trust Account. Thereafter, the Trustee allocates the remaining moneys toward payment of the State administrative fee, if any. The Master Program Trustee holds all remaining moneys deposited in the Master Program Trust Account (and securities purchased with moneys) in trust for the benefit of all holders of the Coverage Receiving Bonds. The Master Program Trustee will make the moneys deposited in the Master Program Trust Account (and all subaccounts therein) available on the immediately succeeding March 1 and September 1 to pay debt service on Coverage Receiving Bonds. Thereafter, and if not needed to pay debt service on any such series of Coverage Receiving Bonds, the moneys deposited in the Master Program Trust Account will be returned to the State.

The Trustee for any series of Coverage Receiving Bonds is required to provide the I-Bank, the State and the Master Program Trustee for any such Water Bank Program with a fifteen (15) day preliminary advance warning if that Trustee does not have sufficient moneys to pay debt service on the next debt service payment date. If a deficiency remains by 9:30 a.m. on the second Business Day immediately preceding the applicable debt service payment date, the Trustee for any such adversely affected series of Coverage Receiving Bonds shall issue a formal notice of deficiency (the "Notice") to the I-Bank, the State and the Master Program Trustee for such series of Coverage Receiving Bonds. Thereupon, the Master Program Trustee shall pay every such Trustee that has issued a Notice, from funds on deposit in the Master Program Trust Account (and all subaccounts therein), an amount sufficient to satisfy all such deficiencies. If the Master Program Trustee receives Notices citing deficiencies in excess of the total amount on deposit in the Master Program Trust Account, the Master Program Trustee shall pay out all available moneys to each adversely affected Trustee in proportion to the amount of their respective deficiencies.

One Business Day after the remaining Fund Loan repayments are made available from the Master Program Trust Account to satisfy debt service deficiencies, moneys not actually needed on any such semiannual debt service payment date are retained in a subaccount of the Master Program Trust Account to be made available for the same purpose on the immediately following semiannual debt service payment date. This holdback (for two successive semiannual debt service payment dates) allows the Master Program Trustee to possess as the minimum balance (assuming all scheduled Loans are timely and completely paid) in the Master Program Trust Account the entire prior year's Fund Loan repayments from all Coverage Providing Financing Programs, thereby providing additional security for all Coverage Receiving Bonds on each March 1 and September 1. One Business Day thereafter (i.e., immediately following two successive semiannual debt service payment dates), such moneys are returned to the State in satisfaction of the Fund Loans, unless all or a portion of such moneys is needed to satisfy any actual deficiency in Fund Loan repayments received by the Master Program Trustee from the amounts scheduled for receipt. In addition, the I-Bank has the right, but not the obligation, to make an equity contribution into subaccounts of the Master Program Trust Account to secure the Coverage Receiving Bonds further.

Notwithstanding the foregoing, the portion of a series of Coverage Receiving Bonds that is allocable to the I-Bank Loans of Private Borrowers shall not be entitled to that portion of the Master Program Trust Account that consists of repayments of Fund Loans, the original source of which Fund Loans was general obligation bonds of the State. Approximately 9.55% of Outstanding Fund Loans were funded from general obligation bonds of the State. There are three Refunding Program Borrowers that are Private Borrowers.

See Appendix D hereto – "AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE".

Source of Repayment of Loans in Coverage Providing Financing Programs

Municipal and County Borrowers. All municipal and county Borrowers issue their Borrower Bonds pursuant to the State's Local Bond Law, constituting Chapter 169 of the Pamphlet Laws of 1960 of the State (N.J.S.A. 40A:2-1 *et seq.*), as the same has been, and may from time to time be, amended and supplemented (the "Local Bond Law"). The Local Bond Law requires each such Borrower, if necessary, to levy *ad valorem* taxes upon all of the taxable property within the jurisdiction of the Borrower, without limitation as to rate or amount ("Taxes"), in order to pay debt service on the respective Borrower Bonds. In addition, the Borrower Bonds of certain municipal Borrowers that have been assigned a credit rating that has been deemed unacceptably low by the I-Bank additionally are secured pursuant to the provisions of the State's Municipal Qualified Bond Act (N.J.S.A. 40A:3-1 *et seq.*), as the same has been, and may from time to time be, amended and supplemented (the "Municipal Qualified Bond Act"). See Appendix G – "NEW JERSEY STATUTES PERTAINING TO CERTAIN LOCAL GOVERNMENT UNITS" for descriptions of the Local Bond Law and the Municipal Qualified Bond Act.

In the event that any municipal or county Borrower does not make timely payment in full of its Loan repayment obligation on any payment date, the I-Bank and the Trustee for the series of Bonds that is secured by the Borrower Bonds of any such Borrower would immediately be vested with the right to seek specific performance on the general obligation pledge under the Borrower Bonds and to seek an appropriate court order to require the municipal or county Borrower to raise Taxes.

Approximately ninety percent (90%) of the aggregate principal amount of the Borrower Bonds in all Coverage Providing Financing Programs are secured by either a direct or an indirect general obligation, full faith and credit pledge of a municipal or county government in the State.

Authority Borrowers. Most municipal, county or regional authority or commission Borrowers (the "Authority Borrowers") issue their Borrower Bonds pursuant to (i) the sewerage authorities law, constituting Chapter 138 of the Pamphlet Laws of 1946 of the State (N.J.S.A. 40:14A-1 *et seq.*), as the same has been, and may from time to time be, amended and supplemented (the "Sewerage Authorities Law"), (ii) the municipal and county utilities authorities law, constituting Chapter 183 of the Pamphlet Laws of 1957 of the State (N.J.S.A. 40:14B-1 *et seq.*), as the same has been, and may from time to time be, amended and supplemented (the "Municipal and County Utilities Authorities Law"), (iii) the county improvement authorities law, constituting Chapter 183 of the Pamphlet Laws of 1960 of the State (N.J.S.A. 40:37A-44 *et seq.*), as the same has been, and may from time to time be, amended and supplemented (the "County Improvement Authorities Law"), or (iv) the redevelopment area bond financing law, constituting Chapter 310 of the Pamphlet Laws of 2001 of the State (N.J.S.A. 40A:12A-64 *et seq.*), as the same has been, and may from time to time be, amended and supplemented (the "Redevelopment Area Bond Law") (collectively, the "Authorities Laws"). In addition, some Authority Borrowers issue their Borrower Bonds pursuant to laws other than those discussed in the preceding sentence. The Authorities Laws permit (but do not require) any such Authority Borrowers to enter into deficiency, service or other contracts (the "Borrower Service Agreements") with underlying municipalities, counties and other local government authorities (the "Participants"). The Authorities Laws further permit (but do not require) Participants to enter into deficiency, service or other contracts (the "Indirect Borrower Service Agreements") with underlying municipalities and counties (the "Indirect Participants"). The Borrower Service Agreements require that Participants pay certain amounts (the "Annual Charges"), including the Participants' share of debt service on all Borrower Bonds issued by the respective Authority Borrower. The Indirect Borrower Service Agreements require that Indirect Participants pay certain amounts (the "Indirect Annual Charges"), including the Indirect Participants' share of the Participants' share of debt service on all Borrower Bonds issued by the respective Authority Borrower.

In the event that any Authority Borrower, that has entered into one or more Borrower Service Agreements providing the general obligation pledge of Annual Charges payable by its Participants, does not make timely payment in full of its Loan repayment obligation on any payment date, the Authority Borrower has covenanted in its Loan Agreements to pursue immediately any remedies available to the Authority Borrower under the applicable Borrower Service Agreements, including, without limitation, the right of such Authority Borrower to seek specific performance on the general obligation pledge of Annual Charges by the Participants under the Borrower Service Agreements and to seek an appropriate court order to require the municipal or county Participants to raise Taxes. All other Authority Borrowers that have entered into Borrower Service Agreements without the general obligation pledge of Annual Charges have similarly covenanted in their Loan Agreements to pursue any rights available against Participants to

recover Annual Charges. These Authority Borrower obligations would arise as soon as Loan repayments have not been received in full and on time. Thereupon, the I-Bank and the Trustee for the affected series of Bonds would have the right to seek a court order to force the Authority Borrower to pursue the remedies described herein.

In addition, the County Improvement Authorities Law and the Redevelopment Area Bond Law each permit certain counties and municipalities (the "Government Borrower Guarantors") to guaranty unconditionally and irrevocably (the "Government Borrower Guaranties") the payment of debt service on Authority Borrower Bonds issued by (i) in the case of the County Improvement Authorities Law, county improvement authorities and (ii) in the case of the Redevelopment Area Bond Law, "redevelopment entities" as defined therein, which guaranty payments (the "Government Guaranty Payments") shall be made from any available source, including, if necessary, the levy of ad valorem taxes upon all of the taxable property within the jurisdiction of the Government Borrower Guarantors, without limitation as to rate or amount.

In the event that any Authority Borrower that has entered into Government Borrower Guaranties involving the general obligation pledge of Government Guaranty Payments payable by its Government Borrower Guarantors does not make timely payment in full of its Loan repayment obligation on any payment date, the Authority Borrower has covenanted in its Loan Agreements to pursue immediately any remedies available to the Authority Borrower under the applicable Government Borrower Guaranties. Such remedies would include the right of such Authority Borrower to seek specific performance on the general obligation pledge of Government Guaranty Payments by the Government Borrower Guarantors under the Government Borrower Guaranties and to seek an appropriate court order to require the municipal or county Government Borrower Guarantors to levy *ad valorem* taxes upon all of the taxable property within the jurisdiction of such municipal or county Government Borrower Guarantors, without limitation as to rate or amount.

State Aid Intercept. Under Section 12a of the I-Bank Act, certain I-Bank Loans remaining unpaid for thirty (30) days may be satisfied from State-aid otherwise due, as applicable, to (i) the municipal or county Borrower, (ii) the municipal or county Participant of an Authority Borrower that has pledged the payment of Annual Charges, or (iii) the municipal or county Government Borrower Guarantor of an Authority Borrower that has pledged the payment of Government Guaranty Payments. The State-aid intercept is not available for I-Bank Loan repayments from Authority Borrowers directly, from Private Borrowers, from Private Borrower Guarantors, from the Participants of Authority Borrowers whose obligations arise by statute (as opposed to Borrower Service Agreements) and from Indirect Participants. The State-aid intercept also is <u>not</u> available for the repayment of Borrower Fund Loan Bonds.

Private Borrowers. All Private Borrowers (other than nonprofit entities) issue their Borrower Bonds pursuant to the New Jersey Business Corporation Act, constituting Chapter 263 of the Pamphlet Laws of 1968 of the State (N.J.S.A. 14A:1-1 *et seq.*), as the same has been, and may from time to time be, amended and supplemented (the "Business Corporation Law"). The Business Corporation Law permits private corporations (the "Private Borrower Guarantors"; the Government Borrower Guarantors and the Private Borrower Guarantors shall be referred to collectively herein as the "Borrower Guarantors") to guaranty unconditionally and irrevocably (the "Private Borrower Guaranties"; the Government Borrower Guaranties and the Private Borrower Guaranties shall be referred to collectively herein as the "Borrower Guaranties") the payment of debt service on the Borrower Bonds of Private Borrowers, which guaranty payments (the "Private Guaranty Payments"; the Government Guaranty Payments and the Private Guaranty Payments shall be referred to collectively herein as the "Guaranty Payments") shall be made from any available source or one or more dedicated sources, all as set forth in the Private Borrower Guaranties. Moreover, certain Private Borrowers may be required to additionally secure their Borrower Bonds with (i) letters of credit (the "Private Borrower Letters of Credit") issued by financial institutions authorized to transact business in the State, (ii) mortgages (the "Private Borrower Mortgages") or (iii) special reserve funds (the "Private Borrower Special Reserve Funds").

In the event that any Private Borrower that has entered into Private Borrower Guaranties involving the general obligation pledge of Private Guaranty Payments payable by its Private Borrower Guarantors does not make timely payment in full of its Loan repayment obligation on any payment date, the Private Borrower has covenanted in its Loan Agreements to pursue immediately any remedies available to the Private Borrower under the applicable Private Borrower Guaranties. This would include the right of such Private Borrower to seek specific performance

on the pledge of Private Guaranty Payments by the Private Borrower Guarantors under the Private Borrower Guaranties.

Reserves and Insurance. Depending upon the specific security applicable to each Borrower Bond, a Loan repayment can be timely made in full by a Borrower in a Coverage Providing Financing Program from sources other than revenues or general obligation taxes if such amounts are not forthcoming. For example, Borrower Bonds of Authority Borrowers and Private Borrowers may be additionally secured by amounts on deposit in debt service reserve funds or special reserve funds created and existing under the respective Borrower Bond Resolutions. These debt service reserve funds or special reserve funds will be drawn on when System revenues (including, as applicable, Annual Charges, Indirect Annual Charges, Government Guaranty Payments or Private Guaranty Payments) and, if applicable, general obligation taxes are insufficient to pay debt service on any Borrower Bonds on any applicable debt service payment date. However, it is possible that any such debt service reserve funds or special reserve funds have been depleted previously, and have not been replenished under the terms of the applicable Borrower Bond Resolutions.

Subordination. The Trustee for any Water Bank Program acting for the benefit of the holders of a series of Bonds secured by I-Bank Loans that are past due will receive any Fund Loan repayments made by the other Borrowers within such series up to an amount necessary to satisfy any such I-Bank Loan deficiency. Any such Trustee need not pursue nor cause the I-Bank to pursue any of the rights or remedies discussed above in order to receive the Fund Loan repayments, because all Loan repayments (both I-Bank Loan repayments and Fund Loan repayments) for any given Water Bank Program relating to a particular series of Bonds are paid (either directly, or indirectly through a loan servicer) to the Trustee for such series of Bonds. Regardless of whether the Trustee satisfies this deficiency from Fund Loan repayments, the I-Bank and the Trustee retain their rights to pursue the other remedies discussed above.

Certain of the remedies that are noted in the foregoing paragraphs may be subject to judicial proceedings in order to be successfully enforced. Notwithstanding the existence of the remedies as noted, above, the I-Bank cannot assure that a court of competent jurisdiction would enforce these rights as described herein.

For information relating to the source of repayment of the Refunding Program Loans, see Appendix B – "REFUNDING PROGRAM BORROWERS" and "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" below.

SECURITY FOR THE SERIES 2020 REFUNDING BONDS

Refunding Bonds; Parity Obligations

The Series 2020A-R1 Refunding Bonds have been authorized for issuance as "Refunding Bonds" as defined in and pursuant to: (a) to the extent of the 2002A Allocable Portion, the Series 2002A Bond Resolution; (b) to the extent of the 2003A Allocable Portion, the Series 2003A Bond Resolution; (c) to the extent of the 2004A Allocable Portion, the Series 2004A Bond Resolution; and (d) to the extent of the 2006A Allocable Portion, the Series 2006A Bond Resolution. Upon their issuance, the Series 2020A-R1 Refunding Bonds shall be on parity with, (1) to the extent of the 2002A Allocable Portion, the Remaining Outstanding Series 2002A Bonds; (2) to the extent of the 2003A Allocable Portion, the Remaining Outstanding Series 2003A Bonds; (3) to the extent of the 2004A Allocable Portion, the Remaining Outstanding Series 2004A Bonds; and (4) to the extent of the 2006A Allocable Portion, the Remaining Outstanding Series 2006A Bonds; and shall be entitled to the same benefit and security of the Series 2002A Bond Resolution, the Series 2003A Bond Resolution, the Series 2004A Bond Resolution and the Series 2006A Bond Resolution, respectively, including, without limitation, the pledge of the Series 2002A Trust Estate, the Series 2003A Trust Estate, the Series 2004A Trust Estate and the Series 2006A Trust Estate, respectively, as the Remaining Outstanding Series 2002A Bonds, the Remaining Outstanding Series 2003A Bonds, the Remaining Outstanding Series 2004A Bonds and the Remaining Outstanding Series 2006A Bonds, respectively. Each of the Series 2002A Bond Defeasance, the Series 2003A Bond Defeasance, the Series 2004A Bond Defeasance and the Series 2006A Bond Defeasance is scheduled to occur upon issuance of the Series 2020A-R1 Refunding Bonds. Therefore, upon (i) issuance of the Series 2020A-R1 Refunding Bonds and (ii) each of the Series 2002A Bond Defeasance, the Series 2003A Bond Defeasance, the Series 2004A Bond Defeasance and the Series 2006A Bond

Defeasance, respectively, the Series 2002A Bonds to be Refunded, the Series 2003A Bonds to be Refunded, the Series 2004A Bonds to be Refunded and the Series 2006A Bonds to be Refunded, respectively, will no longer remain outstanding.

The Series 2020C-R1 Refunding Bonds have been authorized for issuance as "Refunding Bonds" as defined in and pursuant to the Series 2012A Bond Resolution. Upon their issuance, the Series 2020C-R1 Refunding Bonds shall be on parity with the Remaining Outstanding Series 2012A Bonds and shall be entitled to the same benefit and security of the Series 2012A Bond Resolution, including, without limitation, the pledge of the Series 2012A Trust Estate, as the Remaining Outstanding Series 2012A Bonds. The Series 2012A Bond Defeasance is scheduled to occur upon issuance of the Series 2020C-R1 Refunding Bonds. Therefore, upon issuance of the Series 2020C-R1 Refunding Bonds and the Series 2012A Bond Defeasance, the Series 2012A Bonds to be Refunded will no longer remain outstanding.

The Series 2020C-R2 Refunding Bonds have been authorized for issuance as "Refunding Bonds" as defined in and pursuant to: (a) to the extent of the 2012B Allocable Portion, the Series 2012B Bond Resolution; and (b) to the extent of the 2012C Allocable Portion, the Series 2012C Bond Resolution. Upon their issuance, the Series 2020C-R2 Refunding Bonds shall be on parity with, (1) to the extent of the 2012B Allocable Portion, the Remaining Outstanding Series 2012B Bonds; and (2) to the extent of the 2012C Allocable Portion, the Remaining Outstanding Series 2012C Bonds; and shall be entitled to the same benefit and security of the Series 2012B Bond Resolution and the Series 2012C Bond Resolution, respectively, including, without limitation, the pledge of the Series 2012B Trust Estate and the Series 2012C Trust Estate, respectively, as the Remaining Outstanding Series 2012B Bonds and the Remaining Outstanding Series 2012C Bonds, respectively. Each of the Series 2012B Bond Defeasance and the Series 2012C Bond Defeasance is scheduled to occur upon issuance of the Series 2020C-R2 Refunding Bonds. Therefore, upon (i) issuance of the Series 2020C-R2 Refunding Bonds and (ii) each of the Series 2012B Bond Defeasance and the Series 2012C Bond Defeasance, respectively, the Series 2012B Bonds to be Refunded and the Series 2012C Bonds to be Refunded, respectively, will no longer remain outstanding.

The Series 2020A-R1 Refunding Bonds – General: the 2002A Allocable Portion and the Series 2002A Trust Estate; the 2003A Allocable Portion and the Series 2003A Trust Estate; the 2004A Allocable Portion and the Series 2004A Trust Estate; and the 2006A Allocable Portion and the Series 2006A Trust Estate

The Series 2020A-R1 Refunding Bonds will be special obligations of the I-Bank payable from and secured solely by, to the extent of the 2002A Allocable Portion thereof, the 2003A Allocable Portion thereof, the 2004A Allocable Portion thereof, and the 2006A Allocable Portion thereof, a pledge of and lien upon all of the right, title and interest of the I-Bank in, to and under, respectively, the following:

(i) loan repayments made pursuant to the I-Bank Loan Agreements entered into in connection with each of the Series 2002A Financing Program (the "Series 2002A I-Bank Loan Agreements"), the Series 2003A Financing Program (the "Series 2003A I-Bank Loan Agreements"), the Series 2004A Financing Program (the "Series 2004A I-Bank Loan Agreements"), and the Series 2006A Financing Program (the "Series 2006A I-Bank Loan Agreements"), which loan repayments are collected by the Series 2002A Loan Servicer, in the case of the Series 2002A I-Bank Loan Agreements, the Series 2003A Loan Servicer, in the case of the Series 2003A I-Bank Loan Agreement, the Series 2004A Trustee, in the case of the Series 2004A I-Bank Loan Agreements, and the Series 2006A Trustee, in the case of the Series 2006A I-Bank Loan Agreements;

(ii) loan repayments made pursuant to the Fund Loan Agreements entered into in connection with each of the Series 2002A Financing Program (the "Series 2002A Fund Loan Agreements"), the Series 2003A Financing Program (the "Series 2003A Fund Loan Agreements"), the Series 2004A Financing Program (the "Series 2004A Fund Loan Agreements"), and the Series 2006A Financing Program (the "Series 2006A Fund Loan Agreements"), which loan repayments are collected by the Series 2002A Loan Servicer, in the case of the Series 2002A Fund Loan Agreements, the Series 2003A Loan Servicer, in the case of the Series 2003A Fund Loan Agreement, the Series 2004A Trustee, in the case of the Series 2004A Fund Loan Agreements, and the Series 2006A Trustee, in the case of the Series 2006A Fund Loan Agreements;

(iii) the other Series 2002A Revenues, the other Series 2003A Revenues, the other Series 2004A Revenues and the other Series 2006A Revenues (each as defined herein), respectively, not included in clauses (i) or (ii) above; and

(iv) all other funds, accounts and subaccounts established pursuant to the Series 2002A Bond Resolution, the Series 2003A Bond Resolution, the Series 2004A Bond Resolution and the Series 2006A Bond Resolution, respectively, (but excluding the Debt Service Reserve Fund, the Operating Expense Fund, the Project Fund and the Rebate Fund established pursuant to each), together with all proceeds and investment income of the foregoing (items (i) though (iv) are referred to collectively herein, respectively, as the "Series 2002A Trust Estate", the "Series 2003A Trust Estate", the "Series 2004A Trust Estate" and the "Series 2006A Trust Estate").

Each of the "Series 2002A Revenues", the "Series 2003A Revenues", the "Series 2004A Revenues" and the "Series 2006A Revenues" include, respectively, the following:

(i) all Series 2002A Loan repayments from the Series 2002A Borrowers collected by the Series 2002A Loan Servicer to satisfy debt service due on the Bonds issued pursuant to the Series 2002A Bond Resolution; all Series 2003A Loan repayments from the Series 2003A Borrowers collected by the Series 2003A Loan Servicer to satisfy debt service due on the Bonds issued pursuant to the Series 2003A Bond Resolution; all Series 2004A Loan repayments from the Series 2004A Borrowers collected by the Series 2004A Trustee to satisfy debt service due on the Bonds issued pursuant to the Series 2004A Bond Resolution; all Series 2006A Loan repayments from the Series 2006A Borrowers collected by the Series 2006A Trustee to satisfy debt service due on the Bonds issued pursuant to the Series 2006A Bond Resolution, including, respectively:

(a) moneys payable pursuant to the respective Borrower Service Agreements (the "Series 2002A Borrower Service Agreements") and Government Borrower Guaranties, if such Series 2002A Borrower Service Agreement or Government Borrower Guaranty is required pursuant to the respective Series 2002A Borrower I-Bank Loan Bond Resolution;

(b) moneys payable pursuant to the respective Borrower Service Agreements (the "Series 2003A Borrower Service Agreements") and Government Borrower Guaranties, if such Series 2003A Borrower Service Agreement or Government Borrower Guaranty is required pursuant to the respective Series 2003A Borrower I-Bank Loan Bond Resolution;

(c) moneys payable pursuant to the respective Borrower Service Agreements (the "Series 2004A Borrower Service Agreements") and Government Borrower Guaranties, if such Series 2004A Borrower Service Agreement or Government Borrower Guaranty is required pursuant to the respective Series 2004A Borrower I-Bank Loan Bond Resolution; and

(d) moneys payable pursuant to the respective Borrower Service Agreements (the "Series 2006A Borrower Service Agreements") and Government Borrower Guaranties, if such Series 2006A Borrower Service Agreement or Government Borrower Guaranty is required pursuant to the respective Series 2006A Borrower I-Bank Loan Bond Resolution;; and

(ii) payments, if any, made, respectively, to the Series 2002A Trustee, the Series 2003A Trustee, the Series 2004A Trustee and the Series 2006A Trustee by the Master Program Trustee from amounts on deposit in the Master Program Trust Account (and all subaccounts therein) (see "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS" herein);

(iii) the proceeds derived from the payments included in clauses (i) and (ii) above, including, without limitation, investment income; and

(iv) if necessary to satisfy the Series 2002A Loan repayments from municipal and county Series 2002A Borrowers and certain authority Series 2002A Borrowers, the State-aid payable to such municipal and county Series 2002A Borrowers, certain municipal and county Participants (the "Series 2002A Participants") and certain Government Borrower Guarantors, if any; if necessary to satisfy the Series 2003A Loan repayments from municipal and county Series 2003A Borrowers and certain authority Series 2003A Borrowers, the State-aid payable to such municipal and county Series 2003A Borrowers, certain municipal and county Participants (the "Series 2003A Participants") and certain Government Borrower Guarantors, if any; if necessary to satisfy the Series 2004A Loan repayments from municipal and county Series 2004A Borrowers and certain authority Series 2004A Borrowers, the State-aid payable to such municipal and county Series 2004A Borrowers, certain municipal and county Participants (the "Series 2004A Participants") and certain Government Borrower Guarantors, if any; if necessary to satisfy the Series 2006A Loan repayments from municipal and county Series 2006A Borrowers and certain authority Series 2006A Borrowers, the State-aid payable to such municipal and county Series 2006A Borrowers, certain municipal and county Participants (the "Series 2006A Participants") and certain Government Borrower Guaranties, if any (see "Refunding Program Borrower Service Agreements; Refunding Program Government Borrower Guaranty" and "State-Aid Intercept Powers of the I-Bank under the I-Bank Act" below).

The full faith and credit of the I-Bank are NOT pledged, either expressly or by implication, to the payment of the principal or redemption premium, if any, of or the interest on the Series 2020A-R1 Refunding Bonds. The I-Bank has no taxing power, and it has no claim on any revenues or receipts of the State or any agency or political subdivision thereof or of any Series 2002A Borrower, any Series 2003A Borrower, any Series 2004A Borrower or any Series 2006A Borrower, except as expressly provided in the Series 2002A I-Bank Loan Agreements, the Series 2003A I-Bank Loan Agreements, the Series 2004A I-Bank Loan Agreements or the Series 2006A I-Bank Loan Agreements, as the case may be.

The I-Bank Loan Agreements: The loan repayments made by each of the Series 2002A Borrowers, the Series 2003A Borrowers, the Series 2004A Borrowers and the Series 2006A Borrowers pursuant to their respective Series 2002A I-Bank Loan Agreement, Series 2003A I-Bank Loan Agreement, Series 2004A I-Bank Loan Agreement and Series 2006A I-Bank Loan Agreement (i) are collected by, respectively, the Series 2002A Loan Servicer, the Series 2003A Loan Servicer, the Series 2004A Trustee and the Series 2006A Trustee and (ii) are evidenced and secured by their respective Borrower I-Bank Loan Bonds (respectively, the "Series 2002A Borrower I-Bank Loan Bond", the "Series 2003A Borrower I-Bank Loan Bond", the "Series 2004A Borrower I-Bank Loan Bond" and the "Series 2006A Borrower I-Bank Loan Bond") issued to the I-Bank pursuant to the terms of the respective Borrower I-Bank Loan Bond Resolution (respectively, the "Series 2002A Borrower I-Bank Loan Bond Resolution", the "Series 2003A Borrower I-Bank Loan Bond Resolution", the "Series 2004A Borrower I-Bank Loan Bond Resolution", the "Series 2006A Borrower I-Bank Loan Bond Resolution"). Each of the Series 2002A Borrower I-Bank Loan Bonds, Series 2003A Borrower I-Bank Loan Bonds, Series 2004A Borrower I-Bank Loan Bonds and Series 2006A Borrower I-Bank Loan Bonds are assigned by the I-Bank to, respectively, the Series 2002A Trustee, the Series 2003A Trustee, the Series 2004A Trustee, the Series 2006A Trustee as security for the Series 2020A-R1 Refunding Bonds, to the extent, respectively, of the 2002A Allocable Portion, the 2003A Allocable Portion, the 2004A Allocable Portion and the 2006A Allocable Portion.

The Fund Loan Agreements: The loan repayments made by each of the Series 2002A Borrowers, the Series 2003A Borrowers, the Series 2004A Borrowers and the Series 2006A Borrowers pursuant to their respective Series 2002A Fund Loan Agreement, Series 2003A Fund Loan Agreement, Series 2004A Fund Loan Agreement and Series 2006A Fund Loan Agreement (i) are collected by, respectively, the Series 2002A Loan Servicer, the Series 2003A Loan Servicer, the Series 2004A Trustee and the Series 2006A Trustee and (ii) are evidenced and secured by their respective Borrower Fund Loan Bonds (respectively, the "Series 2002A Borrower Fund Loan Bond", the "Series 2003A Borrower Fund Loan Bond", the "Series 2004A Borrower Fund Loan Bond" and the "Series 2006A Borrower Fund Loan Bond"), issued to, and held by, the State, pursuant to the terms of the respective Borrower Fund Loan Bond Resolution (respectively, the "Series 2002A Borrower Fund Loan Bond Resolution", the "Series 2003A Borrower Fund Loan Bond Resolution", the "Series 2004A Borrower Fund Loan Bond Resolution", the "Series 2006A Borrower Fund Loan Bond Resolution").

Pledge of the Trust Estate as Security for the Series 2020A-R1 Refunding Bonds

Pursuant to the Series 2002A Bond Resolution, the Series 2003A Bond Resolution, the Series 2004A Bond Resolution and the Series 2006A Bond Resolution, respectively, the Series 2002A Trust Estate, the Series 2003A Trust Estate, the Series 2004A Trust Estate and the Series 2006A Trust Estate, respectively, is pledged and assigned as security for the payment of the principal or redemption premium, if any, of and the interest on the Series 2020A-R1 Refunding Bonds, to the extent of the Applicable Allocable Portion thereof, and the Remaining Outstanding Series 2002A Bonds, the Remaining Outstanding Series 2003A Bonds, the Remaining Outstanding Series 2004A Bonds and the Remaining Outstanding Series 2006A Bonds, respectively, subject to certain provisions of the Series 2002A Bond Resolution, the Series 2003A Bond Resolution, the Series 2004A Bond Resolution and the Series 2006A Bond Resolution, respectively, permitting the application thereof for the purposes and on the terms and conditions set forth therein. Each of the Series 2002A Trust Estate, the Series 2003A Trust Estate, the Series 2004A Trust Estate and the Series 2006A Trust Estate is immediately subject to the lien of said pledge without any physical delivery thereof or further act, and such lien shall be valid and binding against all persons having claims of any kind in tort, contract or otherwise against the I-Bank.

The Series 2020C-R1 Refunding Bonds – General: the Series 2012A Trust Estate

The Series 2020C-R1 Refunding Bonds will be special obligations of the I-Bank payable from and secured solely by a pledge of and lien upon all of the right, title and interest of the I-Bank in, to and under the following:

(i) loan repayments made pursuant to the I-Bank Loan Agreements entered into in connection with the Series 2012A Financing Program (the "Series 2012A I-Bank Loan Agreements"), which loan repayments are collected by the Series 2012A Trustee;

(ii) loan repayments made pursuant to the Fund Loan Agreements entered into in connection with the Series 2012A Financing Program (the "Series 2012A Fund Loan Agreements"), which loan repayments are collected by the Series 2012A Trustee;

(iii) the other Series 2012A Revenues (as defined herein) not included in clauses (i) or (ii) above; and

(iv) all other funds, accounts and subaccounts established pursuant to the Series 2012A Bond Resolution (but excluding the Operating Expense Fund, the Project Fund and the Rebate Fund), together with all proceeds and investment income of the foregoing (items (i) though (iv) are referred to collectively herein as the "Series 2012A Trust Estate").

The "Series 2012A Revenues" include the following:

(i) all Series 2012A Loan repayments from the Series 2012A Borrowers collected by the Series 2012A Trustee to satisfy debt service due on the Bonds issued pursuant to the Series 2012A Bond Resolution, including: moneys payable pursuant to the Borrower Service Agreements (the "Series 2012A Borrower Service Agreements") and Government Borrower Guaranties, if such Series 2012A Borrower Service Agreement or Government Borrower Guaranty is required pursuant to the respective Series 2012A Borrower I-Bank Loan Bond Resolution; and

(ii) payments, if any, made to the Series 2012A Trustee by the Master Program Trustee from amounts on deposit in the Master Program Trust Account (and all subaccounts therein) (see "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS" herein);

(iii) the proceeds derived from the payments included in clauses (i) and (ii) above, including, without limitation, investment income; and

(iv) if necessary to satisfy the Series 2012A Loan repayments from municipal and county Series 2012A Borrowers and certain authority Series 2012A Borrowers, the State-aid payable to such municipal and county Series 2012A Borrowers, certain municipal and county Participants (the

"Series 2012A Participants") and certain Government Borrower Guarantors, if any (see "Refunding Program Borrower Service Agreements; Refunding Program Government Borrower Guaranty" and "State-Aid Intercept Powers of the I-Bank under the I-Bank Act" below).

The full faith and credit of the I-Bank are NOT pledged, either expressly or by implication, to the payment of the principal or redemption premium, if any, of or the interest on the Series 2020C-R1 Refunding Bonds. The I-Bank has no taxing power, and it has no claim on any revenues or receipts of the State or any agency or political subdivision thereof or of any Series 2012A Borrower, except as expressly provided in the Series 2012A I-Bank Loan Agreements.

The I-Bank Loan Agreements: The loan repayments made by each of the Series 2012A Borrowers pursuant to their respective Series 2012A I-Bank Loan Agreement (i) are collected by the Series 2012A Trustee and (ii) are evidenced and secured by their respective Borrower I-Bank Loan Bonds (the "Series 2012A Borrower I-Bank Loan Bond") issued to the I-Bank pursuant to the terms of the respective Borrower I-Bank Loan Bond Resolution (the "Series 2012A Borrower I-Bank Loan Bond Resolution"). Each of the Series 2012A Borrower I-Bank Loan Bonds is assigned by the I-Bank to the Series 2012A Trustee as security for the Series 2020C-R1 Refunding Bonds.

The Fund Loan Agreements: The loan repayments made by each of the Series 2012A Borrowers pursuant to their respective Series 2012A Fund Loan Agreement (i) are collected by the Series 2012A Trustee and (ii) are evidenced and secured by their respective Borrower Fund Loan Bonds (respectively, the "Series 2012A Borrower Fund Loan Bond"), issued to, and held by, the State, pursuant to the terms of the respective Borrower Fund Loan Bond Resolution (the "Series 2012A Borrower Fund Loan Bond Resolution").

Pledge of the Trust Estate as Security for the Series 2020C-R1 Refunding Bonds

Pursuant to the Series 2012A Bond Resolution, the Series 2012A Trust Estate is pledged and assigned as security for the payment of the principal or redemption premium, if any, of and the interest on the Series 2020C-R1 Refunding Bonds and the Remaining Outstanding Series 2012A Bonds, subject to certain provisions of the Series 2012A Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein. The Series 2012A Trust Estate is immediately subject to the lien of said pledge without any physical delivery thereof or further act, and such lien shall be valid and binding against all persons having claims of any kind in tort, contract or otherwise against the I-Bank.

The Series 2020C-R2 Refunding Bonds – General: the 2012B Allocable Portion and the Series 2012B Trust Estate; and the 2012C Allocable Portion and the Series 2012C Trust Estate

The Series 2020C-R2 Refunding Bonds will be special obligations of the I-Bank payable from and secured solely by, to the extent of the 2012B Allocable Portion thereof and the 2012C Allocable Portion thereof, a pledge of and lien upon all of the right, title and interest of the I-Bank in, to and under, respectively, the following:

(i) loan repayments made pursuant to the I-Bank Loan Agreements entered into in connection with each of the Series 2012B Financing Program (the "Series 2012B I-Bank Loan Agreements") and the Series 2012C Financing Program (the "Series 2012C I-Bank Loan Agreements"; the Series 2002A I-Bank Loan Agreements, the Series 2003A I-Bank Loan Agreements, the Series 2004A I-Bank Loan Agreements, the Series 2006A I-Bank Loan Agreements, the Series 2012A I-Bank Loan Agreements, the Series 2012B I-Bank Loan Agreements and the Series 2012C I-Bank Loan Agreements shall be referred to collectively as the "Refunding Program I-Bank Loan Agreements"), which loan repayments are collected by the Series 2012B Trustee, in the case of the Series 2012B I-Bank Loan Agreements, and the Series 2012C Trustee, in the case of the Series 2012C I-Bank Loan Agreements;

(ii) loan repayments made pursuant to the Fund Loan Agreements entered into in connection with each of the Series 2012B Financing Program (the "Series 2012B Fund Loan Agreements") and the Series 2012C Financing Program (the "Series 2012C Fund Loan Agreements"), which loan repayments are collected by the Series 2012B Trustee, in the case of the Series 2012B Fund Loan

Agreements, and the Series 2012C Trustee, in the case of the Series 2012C Fund Loan Agreements;

(iii) the other Series 2012B Revenues and the other Series 2012C Revenues (each as defined herein), respectively, not included in clauses (i) or (ii) above; and

(iv) all other funds, accounts and subaccounts established pursuant to the Series 2012B Bond Resolution and the Series 2012C Bond Resolution, respectively, (but excluding the Operating Expense Fund, the Project Fund and the Rebate Fund established pursuant to each), together with all proceeds and investment income of the foregoing (items (i) though (iv) are referred to collectively herein, respectively, as the "Series 2012B Trust Estate" and the "Series 2012C Trust Estate"; the Series 2002A Trust Estate, the Series 2003A Trust Estate, the Series 2004A Trust Estate, the Series 2006A Trust Estate, the Series 2012A Trust Estate, the Series 2012B Trust Estate and the Series 2012C Trust Estate shall be referred to collectively herein as the "Refunding Program Trust Estate" and, each, a "Refunding Program Trust Estate").

Each of the "Series 2012B Revenues" and the "Series 2012C Revenues" include, respectively, the following:

(i) all Series 2012B Loan repayments from the Series 2012B Borrowers collected by the Series 2012B Trustee to satisfy debt service due on the Bonds issued pursuant to the Series 2012B Bond Resolution; and all Series 2012C Loan repayments from the Series 2012C Borrowers collected by the Series 2012C Trustee to satisfy debt service due on the Bonds issued pursuant to the Series 2012C Bond Resolution, including, respectively:

(a) moneys payable pursuant to the respective Borrower Service Agreements (the "Series 2012B Borrower Service Agreements") and Government Borrower Guaranties, if such Series 2012B Borrower Service Agreement or Government Borrower Guaranty is required pursuant to the respective Series 2012B Borrower I-Bank Loan Bond Resolution; and

(b) moneys payable pursuant to the respective Borrower Service Agreements (the "Series 2012C Borrower Service Agreements") and Government Borrower Guaranties, if such Series 2012C Borrower Service Agreement or Government Borrower Guaranty is required pursuant to the respective Series 2012C Borrower I-Bank Loan Bond Resolution; and

(ii) payments, if any, made, respectively, to the Series 2012B Trustee and the Series 2012C Trustee by the Master Program Trustee from amounts on deposit in the Master Program Trust Account (and all subaccounts therein) (see "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS" herein);

(iii) the proceeds derived from the payments included in clauses (i) and (ii) above, including, without limitation, investment income; and

(iv) if necessary to satisfy the Series 2012B Loan repayments from municipal and county Series 2012B Borrowers and certain authority Series 2012B Borrowers, the State-aid payable to such municipal and county Series 2012B Borrowers, certain municipal and county Participants (the "Series 2012B Participants") and certain Government Borrower Guarantors, if any; and if necessary to satisfy the Series 2012C Loan repayments from municipal and county Series 2012C Borrowers and certain authority Series 2012C Borrowers, the State-aid payable to such municipal and county Series 2012C Borrowers, certain municipal and county Participants (the "Series 2012C Participants") and certain Government Borrower Guarantors, if any (see "Refunding Program Borrower Service Agreements; Refunding Program Government Borrower Guaranty" and "State-Aid Intercept Powers of the I-Bank under the I-Bank Act" below).

The full faith and credit of the I-Bank are NOT pledged, either expressly or by implication, to the payment of the principal or redemption premium, if any, of or the interest on the Series 2020C-R2 Refunding Bonds. The I-Bank has no taxing power, and it has no claim on any revenues or receipts of the State or any agency or political subdivision thereof or of any Series 2012B Borrower or any Series 2012C Borrower, except as expressly provided in the Series 2012B I-Bank Loan Agreements or the Series 2012C I-Bank Loan Agreements, as the case may be.

The I-Bank Loan Agreements: The loan repayments made by each of the Series 2012B Borrowers and the Series 2012C Borrowers pursuant to their respective Series 2012B I-Bank Loan Agreement and Series 2012C I-Bank Loan Agreement (i) are collected by, respectively, the Series 2012B Trustee and the Series 2012C Trustee and (ii) are evidenced and secured by their respective Borrower I-Bank Loan Bonds (respectively, the "Series 2012B Borrower I-Bank Loan Bond" and the "Series 2012C Borrower I-Bank Loan Bond"; the Series 2002A Borrower I-Bank Loan Bonds, the Series 2003A Borrower I-Bank Loan Bonds, the Series 2004A Borrower I-Bank Loan Bonds, the Series 2006A Borrower I-Bank Loan Bonds, the Series 2012A Borrower I-Bank Loan Bonds, the Series 2012B Borrower I-Bank Loan Bonds and the Series 2012C Borrower I-Bank Loan Bonds shall be referred to collectively herein as the "Refunding Program Borrower I-Bank Loan Bonds") issued to the I-Bank pursuant to the terms of the respective Borrower I-Bank Loan Bond Resolution (respectively, the "Series 2012B Borrower I-Bank Loan Bond Resolution" and the "Series 2012C Borrower I-Bank Loan Bond Resolution"). Each of the Series 2012B Borrower I-Bank Loan Bonds and Series 2012C Borrower I-Bank Loan Bonds are assigned by the I-Bank to, respectively, the Series 2012B Trustee and the Series 2012C Trustee as security for the Series 2020C-R2 Refunding Bonds, to the extent, respectively, of the 2012B Allocable Portion and the 2012C Allocable Portion.

The Fund Loan Agreements: The loan repayments made by each of the Series 2012B Borrowers and the Series 2012C Borrowers pursuant to their respective Series 2012B Fund Loan Agreement and Series 2012C Fund Loan Agreement (i) are collected by, respectively, the Series 2012B Trustee and the Series 2012C Trustee and (ii) are evidenced and secured by their respective Borrower Fund Loan Bonds (respectively, the "Series 2012B Borrower Fund Loan Bond" and the "Series 2012C Borrower Fund Loan Bond"; the Series 2002A Borrower Fund Loan Bonds, the Series 2003A Borrower Fund Loan Bonds, the Series 2004A Borrower Fund Loan Bonds, the Series 2006A Borrower Fund Loan Bonds, the Series 2012A Borrower Fund Loan Bonds, the Series 2012B Borrower Fund Loan Bonds and the Series 2012C Borrower Fund Loan Bonds shall be referred to collectively herein as the "Refunding Program Borrower Fund Loan Bonds"; the Refunding Program Borrower I-Bank Loan Bonds and the Refunding Program Borrower Fund Loan Bonds shall be referred to collectively herein as the "Refunding Program Borrower Bonds"), issued to, and held by, the State, pursuant to the terms of the respective Borrower Fund Loan Bond Resolution (respectively, the "Series 2012B Borrower Fund Loan Bond Resolution" and the "Series 2012C Borrower Fund Loan Bond Resolution").

Pledge of the Trust Estate as Security for the Series 2020C-R2 Refunding Bonds

Pursuant to the Series 2012B Bond Resolution and the Series 2012C Bond Resolution, respectively, the Series 2012B Trust Estate and the Series 2012C Trust Estate, respectively, is pledged and assigned as security for the payment of the principal or redemption premium, if any, of and the interest on the Series 2020C-R2 Refunding Bonds, to the extent of the Applicable Allocable Portion thereof, and the Remaining Outstanding Series 2012B Bonds and the Remaining Outstanding Series 2012C Bonds, respectively, subject to certain provisions of the Series 2012B Bond Resolution and the Series 2012C Bond Resolution, respectively, permitting the application thereof for the purposes and on the terms and conditions set forth therein. Each of the Series 2012B Trust Estate and the Series 2012C Trust Estate is immediately subject to the lien of said pledge without any physical delivery thereof or further act, and such lien shall be valid and binding against all persons having claims of any kind in tort, contract or otherwise against the I-Bank.

The Series 2020 Refunding Bonds are Coverage Receiving Bonds

Because the Series 2020 Refunding Bonds are Coverage Receiving Bonds, they are secured by Fund Loan repayments, made pursuant to each of the Coverage Providing Financing Programs, that have been transferred to the Master Program Trustee for deposit in the Master Program Trust Account. These Fund Loan repayments, made pursuant to the Coverage Providing Financing Programs, provide additional security for Coverage Receiving Bonds. The Master Program Trustee has pledged its interest in the moneys and securities on deposit in the Master Program Trust Account to the Applicable Refunding Program Trustee to the extent set forth in, and as described in, the

Master Program Trust Agreement. See "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS" herein. See Appendix D hereto – "AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE".

Available Security for the Series 2020 Refunding Bonds

The following sections discuss the specific security provisions for the payment of the principal of and the interest on the Series 2020 Refunding Bonds. Although no remedy discussed herein need be pursued prior to any other remedy, no remedy may be pursued prior to the time when the I-Bank or the Applicable Refunding Program Trustee, as the case may be, obtains those rights. Except for the State-aid intercept, which cannot be invoked until thirty (30) days have passed from the time of a Refunding Program I-Bank Loan delinquency, all of the rights and remedies discussed herein are available to the I-Bank and the Applicable Refunding Program Trustee immediately upon the failure by a Refunding Program Borrower to make a complete and timely Refunding Program I-Bank Loan repayment.

1. Refunding Program I-Bank Loan Agreements

Upon the issuance by the I-Bank of its Bonds to be Refunded, each Applicable Refunding Program Borrower was required to deliver to the I-Bank a valid Refunding Program Borrower I-Bank Loan Bond evidencing and securing the repayment obligation of such Refunding Program Borrower with respect to its Refunding Program I-Bank Loan.

General Obligation Refunding Program Borrower. The obligations of the municipal Refunding Program Borrower (the "General Obligation Refunding Program Borrower") to repay its Refunding Program I-Bank Loan is a direct and general obligation and ultimately payable from its general tax revenues. Under the terms of its Refunding Program I-Bank Loan Agreement, the General Obligation Refunding Program Borrower (i) has covenanted to provide the resources to maintain its System in good repair and operating condition and (ii) irrevocably has pledged its full faith and credit and covenanted to exercise its unlimited taxing powers for the punctual payment of the principal of and interest on its Refunding Program I-Bank Loan and Refunding Program Borrower I-Bank Loan Bond. Simultaneously with the execution of the Refunding Program I-Bank Loan Agreement, the I-Bank received an opinion from counsel to the General Obligation Refunding Program Borrower to the effect that such General Obligation Refunding Program Borrower has no bonds, notes or other debt obligations outstanding that are superior or senior to its Refunding Program Borrower I-Bank Loan Bond as to the pledge of and lien on the general tax revenues of such General Obligation Refunding Program Borrower.

For additional information regarding the provisions, terms and conditions of the Refunding Program I-Bank Loan Agreements, see Appendix F hereto – "SUMMARY OF THE REFUNDING PROGRAM I-BANK LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE REFUNDING PROGRAM BORROWERS), THE REFUNDING PROGRAM FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS".

For information concerning the General Obligation Refunding Program Borrowers, see Appendix B hereto - "REFUNDING PROGRAM BORROWERS".

Special Obligation Refunding Program Borrower. The obligations of the authority Refunding Program Borrower (the "Special Obligation Refunding Program Borrower") to repay its Refunding Program I-Bank Loan is a special obligation of the Special Obligation Refunding Program Borrower and payable solely from the pledged revenues or other receipts of its System. See "Sources of Repayment of Loans" herein.

Under the terms of its Refunding Program I-Bank Loan Agreement, the Special Obligation Refunding Program Borrower has pledged to (i) maintain its System in good repair and operating condition and (ii) establish, levy and collect rents, rates and other charges for the products and services provided by its System, which are at least sufficient (a) to meet the operation and maintenance expenses of such System and (b) to generate funds sufficient to fulfill the terms and conditions of all contracts and agreements made by it, including, without limitation, its Refunding Program I-Bank Loan Agreement and its Refunding Program Borrower I-Bank Loan Bond.

Simultaneously with the execution of the Refunding Program I-Bank Loan Agreement, the I-Bank received an opinion from counsel to the Special Obligation Refunding Program Borrower, to the effect that the Special Obligation Refunding Program Borrower has no bonds, notes or other debt obligations outstanding that are superior or senior to its Refunding Program Borrower I-Bank Loan Bond as to the pledge of and lien on the pledged revenues of such Special Obligation Refunding Program Borrower's System.

For additional information regarding the provisions, terms and conditions of the Refunding Program I-Bank Loan Agreements, see Appendix F hereto – "SUMMARY OF THE REFUNDING PROGRAM I-BANK LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE REFUNDING PROGRAM BORROWERS), THE REFUNDING PROGRAM FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS".

For information concerning the Special Obligation Refunding Program Borrowers, see Appendix B hereto - "REFUNDING PROGRAM BORROWERS".

2. Refunding Program Borrower Service Agreements and Government Borrower Guaranties

As further security for the payment of the Series 2020 Refunding Bonds, to the extent of the Applicable Allocable Portion, and the Applicable Remaining Outstanding Refunding Program Bonds, most, but not all, Special Obligation Refunding Program Borrowers have entered into a Borrower Service Agreement (the "Refunding Program Borrower Service Agreements") with one or more Participants (the "Refunding Program Participants") that receive environmental infrastructure service from such Special Obligation Refunding Program Borrowers. In addition, some Special Obligation Refunding Program Borrowers have entered into a Government Borrower Guaranty with a Government Borrower Guarantor.

The Refunding Program Borrower Service Agreements require that Refunding Program Participants pay certain deficiencies or other amounts (the "Refunding Program Annual Charges"), including the Refunding Program Participants' share of debt service on the respective Refunding Program Borrower Bonds of the respective Special Obligation Refunding Program Borrower. Pursuant to the Refunding Program Borrower Service Agreements, any deficiency giving rise to a Refunding Program Annual Charge is calculated at the end of each fiscal year of the Special Obligation Refunding Program Borrower and is submitted to the Refunding Program Participants for payment as provided therein. The Government Borrower Guaranties require that the Government Borrower Guarantors pay debt service on the respective Refunding Program Borrower Bonds of the respective Refunding Program Borrowers. Under the terms of, as applicable, the respective Refunding Program Borrower Service Agreements, the Government Borrower Guaranties, the Authorities Laws and all other applicable law, most, but not all, municipal and county Refunding Program Participants or the Government Borrower Guarantors, as applicable, are required to levy *ad valorem* taxes upon all of the taxable property within the jurisdiction of the municipal and county Refunding Program Participants or Government Borrower Guarantors, as applicable, without limitation as to rate or amount, in order to pay the respective Refunding Program Annual Charges or debt service on the Refunding Program Borrower Bonds, as applicable, of the Special Obligation Borrowers.

If and when any Special Obligation Refunding Program Borrower that has entered into a Refunding Program Borrower Service Agreement or a Government Borrower Guaranty is unable to make its Refunding Program I-Bank Loan repayment in full when due from pledged System revenues and is unable to satisfy any such deficiency in full from a draw on its Special Obligation Refunding Program Borrower debt service reserve fund, if applicable, such Special Obligation Refunding Program Borrower has covenanted in its Refunding Program I-Bank Loan Agreement to take all measures permitted under its Refunding Program Borrower Service Agreement or Government Borrower Guaranty, as applicable, to collect such deficiency from its Refunding Program Participants or the Government Borrower Guarantors, as applicable. This obligation arises immediately on the Refunding Program I-Bank Loan payment date.

For information regarding Special Obligation Refunding Program Borrowers, the Refunding Program I-Bank Loan repayments of which are secured by Refunding Program Borrower Service Agreements or Government Borrower Guaranties, see Appendix B hereto - "REFUNDING PROGRAM BORROWERS".

3. Refunding Program Loan Servicing Agreement and Refunding Program Bond Resolution

With respect to the Series 2002A I-Bank Loan repayments and the Series 2003A I-Bank Loan repayments, pursuant to the Applicable Refunding Program Loan Servicing Agreement, the Applicable Refunding Program Loan Servicer deposits all Applicable Refunding Program I-Bank Loan repayments and all Applicable Refunding Program Fund Loan repayments into the Applicable "Trust Bonds Security Account" (as applicable, the "2002A Trust Bonds Security Account" and the "Series 2003A Trust Bonds Security Account"; the Series 2002A Trust Bonds Security Account and the Series 2003A Trust Bonds Security Account shall be referred to, collectively, herein as the "Refunding Program Trust Bonds Security Accounts"), established pursuant to the Applicable Refunding Program Loan Servicing Agreement, to provide sufficient moneys to pay debt service on each of (i) the Applicable Allocable Share of the Series 2020A-R1 Refunding Bonds and (ii) the Applicable Series of the Remaining Outstanding Refunding Program Bonds, prior to the repayment of the Applicable Refunding Program Fund Loans. More specifically, on or before each Refunding Program Loan repayment due date, each such Applicable Refunding Program Borrower makes one payment to the Applicable Refunding Program Loan Servicer, in an amount equal to the Applicable Refunding Program I-Bank Loan repayment, the I-Bank administrative fee payment, the Applicable Refunding Program Fund Loan repayment and, if applicable, the State administrative fee payment then due. Regardless of the manner in which each Refunding Program Borrower is credited for such payment, the Applicable Refunding Program Loan Servicer is required to apply the total of all such payments received from all such Applicable Refunding Program Borrowers, as follows: FIRST, to the Applicable Refunding Program I-Bank Bonds Security Account to be paid over to (i) the Applicable Refunding Program Trustee for transfer, thereupon, to the Applicable Refunding Program Fiduciary for the satisfaction of debt service due on the Series 2020A-R1 Refunding Bonds, to the extent of the Applicable Allocable Portion, and (ii) the Applicable Refunding Program Trustee for the satisfaction of debt service due on the Applicable Series of the Remaining Outstanding Refunding Program Bonds; SECOND, to the satisfaction of the I-Bank's administrative fee payment then due; THIRD, to the Master Program Trustee for deposit in the Master Program Trust Account for the eventual satisfaction of the total amount of principal due on the Applicable related zero-interest Refunding Program Fund Loans; and, FOURTH, to the satisfaction of the State's administrative fee payment then due, if any.

With respect to the Series 2004A I-Bank Loans, the Series 2006A I-Bank Loans, the Series 2012A I-Bank Loans, the Series 2012B I-Bank Loans and the Series 2012C I-Bank Loans, pursuant to the Applicable Refunding Program Bond Resolution, repayments of all Applicable Refunding Program I-Bank Loans and all Applicable Refunding Program Fund Loans are made by the Applicable Refunding Program Borrower directly to the Applicable Refunding Program Trustee to provide sufficient moneys to pay debt service on each of (i) the Applicable Series of the Series 2020 Refunding Bonds, to the extent of the Applicable Allocable Portion thereof, as applicable, and (ii) the Applicable Series of the Remaining Outstanding Refunding Program Bonds, prior to the repayment of the Applicable Refunding Program Fund Loans. More specifically, on or before each Refunding Program Loan repayment due date, each such Applicable Refunding Program Borrower makes one payment to the Applicable Refunding Program Trustee, in an amount equal to the Applicable Refunding Program I-Bank Loan repayment, the I-Bank administrative fee payment, the Applicable Refunding Program Fund Loan repayment and, if applicable, the State administrative fee payment then due. Regardless of the manner in which each Refunding Program Borrower is credited for such payment, the Applicable Refunding Trustee is required to apply the total of all such payments received from all such Applicable Refunding Program Borrowers, as follows: FIRST, payments by the Applicable Refunding Trustee of each of (i) with respect to the Series 2020A-R1 Refunding Bonds and the Series 2020C-R2 Refunding Bonds, to the extent of the Applicable Allocable Portion thereof, to the Applicable Refunding Program Fiduciary for the satisfaction of debt service due on the Series 2020A-R1 Refunding Bonds and the Series 2020C-R2 Refunding Bonds, to the extent of the Applicable Allocable Portion thereof, (ii) with respect to the Series 2020C-R1 Refunding Bonds, to the Applicable Refunding Program Trustee for the satisfaction of debt service due on the Series 2020C-R1 Refunding Bonds, and (iii) in the case of each Series of the Series 2020 Refunding Bonds, for the satisfaction of debt service due on the Applicable Series of the Remaining Outstanding Refunding Program Bonds; SECOND, to the satisfaction of the I-Bank's administrative fee payment then due; THIRD, to the Master Program Trustee for deposit in the Master Program Trust Account for the eventual satisfaction of the total amount of principal due on the Applicable related zero-interest Refunding Program Fund Loans; and, FOURTH, to the satisfaction of the State's administrative fee payment then due, if any.

With respect to the Series 2020A-R1 Refunding Bonds and the Series 2020C-R2 Refunding Bonds, to the extent of the Applicable Allocable Portion thereof, the principal of and interest on the Applicable Allocable Portion is payable

by the Applicable Refunding Program Trustee to the Applicable Refunding Fiduciary not later than three days prior to the due date thereof (or such shorter period as may be required by the Master Program Trust Agreement).

In the limited circumstance in which Private Borrowers are grouped with Local Unit Borrowers into a single pool, the Fund Loan repayments of the Local Unit Borrowers whose Fund Loans were directly or indirectly funded by State general obligation bonds are held in a restricted subaccount and may not be used to satisfy any I-Bank Loan repayment deficiencies of such Private Borrowers.

For a more detailed description of the provisions of the Refunding Program Loan Servicing Agreements and the Refunding Program Bond Resolutions, see Appendix E hereto – "SUMMARY OF THE REFUNDING PROGRAM BOND RESOLUTIONS, THE REFUNDING PROGRAM LOAN SERVICING AGREEMENTS, THE MASTER PROGRAM TRUST AGREEMENT AND THE TRUST CONTINUING DISCLOSURE AGREEMENT" herein. See also Appendix C hereto – "AGGREGATE REFUNDING PROGRAM LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE SERIES 2020 REFUNDING BONDS AND THE REMAINING OUTSTANDING REFUNDING PROGRAM BONDS".

4. State-Aid Intercept Powers of the I-Bank under the I-Bank Act; Municipal Qualified Bond Act

If and when a Refunding Program I-Bank Loan repayment deficiency has not been satisfied by any of the above security provisions and once thirty (30) days have passed from the original Refunding Program I-Bank Loan repayment date, the I-Bank, pursuant to the I-Bank Act, has the right to seek reimbursement from the State Treasurer in the amount of such deficiency from State-aid otherwise payable to any such General Obligation Refunding Program Borrower, certain municipal and county Refunding Program Participants and the Government Borrower Guarantors.

As authorized by the I-Bank Act, the I-Bank shall require that, if a Refunding Program Borrower fails to pay to the I-Bank in full any of its "obligations" (as defined in the I-Bank Act) and such deficiency remains unpaid for a period of 30 days, the State Treasurer shall pay to the I-Bank the following amounts: (i) if the Refunding Program Borrower is a General Obligation Refunding Program Borrower, the State Treasurer shall pay to the I-Bank an amount sufficient to satisfy such unpaid obligations from State-aid payable to such General Obligation Refunding Program Borrower, or (ii) if the Refunding Program Borrower is a Special Obligation Refunding Program Borrower, the State Treasurer shall pay to the I-Bank an amount sufficient to satisfy such unpaid obligations from State-aid payable to (A) any municipal and county Refunding Program Participant that has executed a Refunding Program Borrower Service Agreement with any such Special Obligation Refunding Program Borrower, or (B) the Government Borrower Guarantor that has executed a Government Borrower Guaranty with any such Special Obligation Refunding Program Borrower. As defined in the I-Bank Act, "obligations" of the Refunding Program Borrowers include, but are not limited to, (i) principal of and interest on the Refunding Program Borrower I-Bank Loan Bonds issued by the General Obligation Refunding Program Borrowers to the I-Bank, (ii) any Refunding Program Annual Charges payable by the municipal and county Refunding Program Participants under any Refunding Program Borrower Service Agreement to secure the Refunding Program Borrower I-Bank Loan Bonds issued by the respective Special Obligation Refunding Program Borrowers to the I-Bank, and (iii) any debt service on the Refunding Program Borrower Bonds of the Special Obligation Refunding Program Borrower that is payable by a Government Borrower Guarantor. See "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS – Source of Repayment of Loans in Coverage Providing Financing Programs – *State Aid Intercept*" herein for a discussion of the State-aid intercept provisions of the I-Bank Act.

In addition, the Refunding Program Borrower Bonds of certain municipal Refunding Program Borrowers that have been assigned a credit rating that has been deemed unacceptably low by the I-Bank additionally may be secured pursuant to the provisions of the State's Municipal Qualified Bond Act. See Appendix G – "NEW JERSEY STATUTES PERTAINING TO CERTAIN LOCAL GOVERNMENT UNITS" for a description of the Municipal Qualified Bond Act. Pursuant to the I-Bank Act, the obligation of the State Treasurer to make payments pursuant to the State-aid intercept powers, as provided and described above, is subject and subordinate to the rights of holders of qualified bonds issued pursuant to the Municipal Qualified Bond Act.

The State-aid that is subject to (i) interception by the I-Bank pursuant to the I-Bank Act, and (ii) withholding by the State Treasurer pursuant to the Municipal Qualified Bond Act, includes franchise and gross receipts taxes, business

personal property tax replacement revenues, insurance franchise tax replacement revenues, taxes on financial businesses and revenues from the municipal purposes tax assistance fund and other similar forms of State-aid payable to (A) in the case of the State-aid intercept, the General Obligation Refunding Program Borrowers, the applicable municipal and county Refunding Program Participants that have entered into a Refunding Program Borrower Service Agreement, and the Government Borrower Guarantor, and (B) in the case of the Municipal Qualified Bond Act, the municipal General Obligation Refunding Program Borrowers that have issued their Refunding Program Borrower Bonds pursuant to the terms thereof. The State-aid to the county Refunding Program Participants and the county Government Borrower Guarantors that is subject to interception by the I-Bank pursuant to the I-Bank Act also includes State sharing of taxes on insurance companies. ALL STATE-AID IS SUBJECT TO ANNUAL APPROPRIATIONS BY THE STATE LEGISLATURE. State-aid subject to intercept by the I-Bank may include, to the extent permitted by federal law, federal moneys appropriated or apportioned by the State to the General Obligation Refunding Program Borrowers, the applicable municipal and county Refunding Program Participants that have entered into a Refunding Program Borrower Service Agreement, and the Government Borrower Guarantors.

For information regarding (i) the General Obligation Refunding Program Borrowers, with respect to State-intercept pursuant to the I-Bank Act, and (ii) the Special Obligation Refunding Program Borrowers, the Refunding Program I-Bank Loan repayments of which are secured by (A) the respective Refunding Program Borrower Service Agreements or (B) the Government Borrower Guaranties, as applicable, see Appendix B hereto - "REFUNDING PROGRAM BORROWERS".

5. Master Program Trust Agreement

The Master Program Trustee holds all moneys, and securities purchased with moneys, deposited in the Master Program Trust Account in trust for the benefit of all holders of Coverage Receiving Bonds. Once the Interest Payment Date and/or the Principal Payment Date, as the case may be, with respect to the Series 2020 Refunding Bonds has been reached and the Applicable Refunding Program Trustee is still unable to satisfy the debt service payment due on the Applicable Series of the Series 2020 Refunding Bonds on any such date, the Master Program Trustee shall satisfy any such deficiency to the extent of moneys on deposit in the Master Program Trust Account in accordance with the terms of the Master Program Trust Agreement. See "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS" herein.

6. Event of Default

To the extent that the remedies discussed in the preceding sections are insufficient to satisfy any repayment deficiency with respect to the Series 2020 Refunding Bonds and, therefore, an Event of Default pursuant to a Refunding Program Bond Resolution occurs, the Applicable Series of the Series 2020 Refunding Bonds are subject to acceleration prior to their stated maturities at the times and in the manner set forth in the Applicable Refunding Program Bond Resolution. See Appendix E hereto – "SUMMARY OF THE REFUNDING PROGRAM BOND RESOLUTIONS, THE MASTER PROGRAM TRUST AGREEMENT AND THE I-BANK CONTINUING DISCLOSURE AGREEMENT" herein.

State General Taxing Power Not Pledged

Pursuant to the I-Bank Act and the Applicable Refunding Program Bond Resolution, the Series 2020 Refunding Bonds shall be a special obligation of the I-Bank and shall not in any way be a debt or liability of the State or of any political subdivision thereof (other than the I-Bank, but solely to the extent of the Applicable Refunding Program Trust Estate), and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof (other than the I-Bank, but solely to the extent of the Applicable Refunding Program Trust Estate). The principal and redemption premium, if any, of and the interest on the Applicable Series of the Series 2020 Refunding Bonds shall be payable from and secured by the pledge by the I-Bank of the Applicable Refunding Program Trust Estate and by the Master Program Trustee of the moneys and securities on deposit in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement.

No Debt Service Reserve Fund for Series 2020 Refunding Bonds

None of the Series 2020A-R1 Refunding Supplemental Bond Resolution, the Series 2020C-R1 Refunding Supplemental Bond Resolution and the Series 2020C-R2 Refunding Supplemental Bond Resolution requires the funding of a Debt Service Reserve Fund as security for the Applicable Series of the Series 2020 Refunding Bonds. However, pursuant to the Applicable Refunding Program Bond Resolutions, a Debt Service Reserve Fund previously has been established and is maintained, as and to the extent provided therein, to secure the payment of principal of and interest on Refunding Program Remaining Outstanding Bonds consisting of: the Series 2007B Refunding Bonds; the Series 2007C Refunding Bonds; the Series 2012A-R Refunding Bonds; and the Series 2012C-R Refunding Bonds. Such Debt Service Reserve Funds do not secure the payment of principal of and interest on any Series 2020 Refunding Bonds.

Certain Statutory Provisions

See Appendix G hereto ("NEW JERSEY STATUTES PERTAINING TO CERTAIN LOCAL GOVERNMENT UNITS") for a description of (i) certain statutory provisions of that limit municipal expenditures and (ii) certain statutory provisions that impose budgetary limits on regional sewerage authorities created pursuant to the Sewerage Authorities Law.

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SOURCES AND USES OF FUNDS FOR THE SERIES 2020 REFUNDING BONDS

Series 2020A-R1 Refunding Bonds

Sources:	
Aggregate Principal Amount of Series 2020A-R1 Refunding Bonds	$17,390,000.00
Net Original Issue Premium	$ 1,447,348.15
Unspent Project Funds (1)	$ 445,522.82
TOTAL SOURCES OF FUNDS	$19,282,870.97
Uses:	
Purchase of Series 2002A Escrow Fund	$ 90,089.67
Purchase of Series 2003A Escrow Fund	$ 8,663,857.43
Purchase of Series 2004A Escrow Fund	$ 608,847.87
Purchase of Series 2006A Escrow Fund	$ 9,763,722.87
Costs of Issuance (2)	$ 124,971.90
Underwriter's Discount (3)	$ 31,381.23
TOTAL USES OF FUNDS	$19,282,870.97

Series 2020C-R1 Refunding Bonds

Sources:	
Aggregate Principal Amount of Series 2020C-R1 Refunding Bonds	$40,795,000.00
Net Original Issue Premium	$ 5,082,464.51
Unspent Project Funds (4)	$ 71,619.96
TOTAL SOURCES OF FUNDS	$45,949,084.47
Uses:	
Purchase of Series 2012A Escrow Fund	$45,453,174.68
Costs of Issuance (2)	$ 291,934.79
Underwriter's Discount (5).	$ 203,975.00
TOTAL USES OF FUNDS	$45,949,084.47

Series 2020C-R2 Refunding Bonds

Sources:	
Aggregate Principal Amount of Series 2020C-R2 Refunding Bonds	$15,265,000.00
Net Original Issue Premium	$ 1,906,410.75
TOTAL SOURCES OF FUNDS	$17,171,410.75
Uses:	
Purchase of Series 2012B Escrow Fund	$13,805,028.56
Purchase of Series 2012C Escrow Fund	$ 3,131,107.50
Costs of Issuance (2)	$ 128,419.69
Underwriter's Discount (6)	$ 106,855.00
TOTAL USES OF FUNDS	$17,171,410.75

(1) Represents unspent proceeds of the Series 2006A Bonds on deposit in the Project Fund of the Passaic Valley Sewerage Commission.

(2) Costs of Issuance include, without limitation, legal counsel fees, financial advisory fees, fees of the Master Program Trustee, fees of Refunding Program Trustees, Rating Agency

fees, and costs associated with the preparation and dissemination of this Official Statement.

(3) Pursuant to the competitive award by the I-Bank of its Series 2020A-R1 Bonds in compliance with the terms of the notice of sale of the I-Bank, TD Securities (USA) LLC is the underwriter of the Series 2020A-R1 Bonds.

(4) Represents unspent proceeds of the Series 2012A Bonds on deposit, collectively, in the Project Fund of the Jersey City Municipal Utilities Authority ($38,519.42) and the Project Fund of the Borough of Maywood ($33,100.54).

(5) Pursuant to the competitive award by the I-Bank of its Series 2020C-R1 Bonds in compliance with the terms of the notice of sale of the I-Bank, Citigroup Global Markets Inc. is the underwriter of the Series 2020C-R1 Bonds.

(6) Pursuant to the competitive award by the I-Bank of its Series 2020C-R2 Bonds in compliance with the terms of the notice of sale of the I-Bank, Citigroup Global Markets Inc. is the underwriter of the Series 2020C-R2 Bonds.

SECONDARY MARKET DISCLOSURE

In connection with the provisions of Rule 15c2-12, as amended, supplemented and officially interpreted from time to time, or any successor provision thereto, promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the I-Bank has determined that, with regard to the Series 2020 Refunding Bonds, it is not an "obligated person", as defined therein.

Furthermore, the I-Bank has determined in each Refunding Program Bond Resolution that those Refunding Program Borrowers (from any Financing Program), whose remaining Fund Loan repayments in all Coverage Providing Financing Programs, when aggregated with their Refunding Program I-Bank Loan repayments relating to a particular Series of Series 2020 Refunding Bonds, to the extent of the Applicable Allocable Portion thereof, and the Applicable Series of the Remaining Outstanding Refunding Program Bonds (collectively, a "Refunding Series Financing Program"), if any, 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 Refunding Program I-Bank Loan repayments from all Refunding Program Borrowers with respect to a given Refunding Series Financing Program, shall be considered material "obligated persons" within the meaning and for the purposes of Rule 15c2-12 for such Refunding Series Financing Program. To the extent any such Refunding Program Borrowers have entered into Borrower Service Agreements with Participants and any such Participants have entered into Indirect Borrower Service Agreements with Indirect Participants whereby Annual Charges or Indirect Annual Charges, as the case may be, materially secure such Loan repayments of any such Refunding Program Borrower, any such Participants and Indirect Participants shall also be considered material "obligated persons" within the meaning and for the purposes of Rule 15c2-12 for such Refunding Series Financing Program.

Each Refunding Program Borrower has covenanted in its Refunding Program I-Bank Loan Agreement to enter into a Borrower Continuing Disclosure Agreement (the "Borrower Continuing Disclosure Agreement") should it meet, at any time during the term of its respective Refunding Program I-Bank Loan, the material "obligated persons" test referred to above. Such Borrower Continuing Disclosure Agreement obligates any such Refunding Program Borrower to provide (i) certain financial information and operating data relating to such Refunding Program Borrower and the Participants and Indirect Participants, if any, of such Refunding Program Borrower, including, without limitation, audited financial statements, within 225 days after the end of each fiscal year for which any such Borrower Continuing Disclosure Agreement is in effect (the "Annual Report"), and (ii) notice to the I-Bank of the occurrence of certain enumerated events, if material. The specific nature of the information to be contained in the Annual Report and the notices of material events is summarized in Appendix F hereto – "SUMMARY OF THE REFUNDING PROGRAM I-BANK LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE

AGREEMENTS FOR THE REFUNDING PROGRAM BORROWERS), THE REFUNDING PROGRAM FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS".

The Borrower Continuing Disclosure Agreement further requires that the Annual Report be delivered by or on behalf of such Refunding Program Borrower to each Nationally Recognized Municipal Securities Information Repository recognized by the SEC (each a "NRMSIR") and to the State Information Depository recognized by the SEC (the "SID"), if any. As of the date of this Official Statement, the filing of any information with the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB shall satisfy the requirement to file such information with each NRMSIR. Notices of material events relating to the Refunding Program I-Bank Loan Bonds of such Refunding Program Borrower will be filed by such Refunding Program Borrower with the I-Bank, and the notices of material events relating to the Applicable Series of the Series 2020 Refunding Bonds as well as the Applicable Series of the Remaining Outstanding Refunding Program Bonds will be filed directly by the I-Bank with each NRMSIR or with the Municipal Securities Rulemaking Board (the "MSRB") and the SID, if any. The obligations under the Borrower Continuing Disclosure Agreement shall continue through final maturity (stated or otherwise) of the Applicable Series of the Series 2020 Refunding Bonds and the Applicable Series of the Remaining Outstanding Refunding Program Bonds, but shall terminate when any such material "obligated persons" shall no longer meet the material "obligated persons" test with respect to the Applicable Refunding Series Financing Program. The I-Bank shall have no liability to the Series 2020 Refunding Bondholders or to any other person with respect to the secondary market disclosure of any such material "obligated persons". See Appendix F – "SUMMARY OF THE REFUNDING PROGRAM I-BANK LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE REFUNDING PROGRAM BORROWERS), THE REFUNDING PROGRAM FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS" herein.

In light of the additional security provided for each Refunding Series Financing Program (along with the existing Financing Programs and all other future Coverage Receiving Financing Programs) through certain Fund Loan repayments in Coverage Providing Financing Programs, the I-Bank has determined that only the below-defined Refunding Program Borrowers, Participants and Indirect Participants, if any, will be considered material "obligated persons" within the meaning and for the purposes of Rule 15c2-12 for the Applicable Refunding Series Financing Program. In connection with the provisions of Rule 15c2-12, the I-Bank has determined that no financial or operating data concerning the Refunding Program Borrowers, Participants and Indirect Participants is material to any decision to purchase, hold or sell the Series 2020 Refunding Bonds, and the I-Bank will not itself provide or cause any such Refunding Program Borrowers, Participants and Indirect Participants to provide any such information with respect to any such Refunding Program Borrowers, Participants and Indirect Participants.

As of the date of issuance of the Series 2020 Refunding Bonds, there are no Refunding Program Borrowers that meet this material "obligated persons" test for any of the Refunding Series Financing Programs. In addition, as of such issuance, no Participants or Indirect Participants meet this test.

Based upon official interpretations of Rule 15c2-12, the I-Bank has determined that, in connection with each Series of the Series 2020 Refunding Bonds, each Applicable Refunding Series Financing Program is an "obligated person", as defined therein. In addition, on the date of delivery of each Series of the Series 2020 Refunding Bonds, the I-Bank will enter into a I-Bank Continuing Disclosure Agreement (the "I-Bank Continuing Disclosure Agreement"; the Borrower Continuing Disclosure Agreement and the I-Bank Continuing Disclosure Agreement shall be referred to collectively herein as the "Continuing Disclosure Agreements"), for the benefit of the beneficial owners of each Applicable Series of the Series 2020 Refunding Bonds, pursuant to which the I-Bank will agree to comply on a continual basis with the disclosure requirements of Rule 15c2-12 relating to the Applicable Refunding Series Financing Program. Specifically, the I-Bank will covenant to provide certain financial information relating to the Applicable Refunding Series Financing Program, which financial information will be similar to that contained in that certain unaudited "Master Program Trust Agreement Schedule" which is a schedule to the Audited Financial Statements of the I-Bank contained in Appendix A hereto – "AUDITED FINANCIAL STATEMENTS OF THE I-BANK", relating to each existing and future Coverage Providing Financing Program (the "Refunding Series Financing Program Annual Report") to each NRMSIR and the SID, if any. In addition, the I-Bank will covenant to provide notices of the occurrence of certain enumerated events, if material, relating to the Applicable Series of Series 2020 Refunding Bonds to each NRMSIR or to the MSRB and the SID, if any. As of the date of this Official Statement, the filing of any information with the Electronic Municipal Market Access facility for municipal

securities disclosure of the MSRB shall satisfy the requirement to file such information with each NRMSIR. The specific nature of the information to be contained in the Refunding Series Financing Program Annual Report and the notices of material events is summarized in Appendix E hereto – "SUMMARY OF THE REFUNDING PROGRAM BOND RESOLUTIONS, THE REFUNDING PROGRAM LOAN SERVICING AGREEMENTS, THE MASTER PROGRAM I-BANK AGREEMENT AND THE I-BANK CONTINUING DISCLOSURE AGREEMENT".

The sole and exclusive remedy for breach of or default under the Continuing Disclosure Agreements to provide continuing disclosure as described above is an action to compel specific performance of the Continuing Disclosure Agreements of the parties thereto, and no person, including any holder of the Applicable Series of the Series 2020 Refunding Bonds, may recover monetary damages thereunder under any circumstances. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreements, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided. The Continuing Disclosure Agreements also may be amended or modified without the consent of the holders of the Applicable Series of the Series 2020 Refunding Bonds under certain circumstances set forth therein. Copies of the Continuing Disclosure Agreements when executed by the parties thereto upon the delivery of the Applicable Series of the Series 2020 Refunding Bonds will be on file at the office of the Applicable Refunding Program Trustee.

The I-Bank previously has entered into undertakings required pursuant to Rule 15c2-12 similar to the undertaking contained in the I-Bank Continuing Disclosure Agreement. Such prior undertakings were entered into in connection with the following Water Bank Programs that remain outstanding as of the date hereof: the 2000 Water Bank Program, the 2001 Water Bank Program, the 2002 Water Bank Program, the 2003 Water Bank Program, the 2004 Water Bank Program, the 2005 Water Bank Program, the 2006 Water Bank Program, the 2007 Water Bank Program, the 2008 Water Bank Program, the 2009 Water Bank Program, the 2010A Water Bank Program, the 2010 B&C Water Bank Program, the 2012 Water Bank Program, the 2013 Water Bank Program, the 2014 Water Bank Program, the 2015A-1 Water Bank Program, the 2015A-2 Water Bank Program, the 2016A-1 Water Bank Program, the 2016A-2 Water Bank Program, the 2017A-1 Water Bank Program, the 2017A-2 Water Bank Program, the 2017B-1 Water Bank Program, the 2018A-1 Water Bank Program, the 2018B-1 Water Bank Program, the 2018A-2 Water Bank Program, the 2019 Water Bank Program and the 2020 Water Bank Program and refunding bond issues with respect to the forgoing completed in 2006, 2007, 2008, 2010, 2011, 2012, the Winter of 2015, the Fall of 2015, the Spring of 2016, the Winter of 2017 and the Spring of 2019.

On November 13, 2014, the I-Bank adopted new secondary market disclosure compliance policies and procedures in order to ensure full and timely compliance in the future with its continuing disclosure undertakings. Such secondary market disclosure compliance policies and procedures were updated by resolution of the I-Bank, adopted on January 17, 2019, for purposes of addressing, among other update issues, the most recent amendments to Rule 15c2-12.

ABSENCE OF MATERIAL LITIGATION

There is no litigation or controversy now pending (i) concerning the issuance, sale or delivery of the Series 2020 Refunding Bonds, (ii) in any way contesting or affecting the validity of the I-Bank Act, the Series 2020 Refunding Bonds or the proceedings of the I-Bank taken with respect to the issuance and sale thereof, including, without limitation, the adoption by the I-Bank of the Refunding Program Bond Resolutions, or (iii) the pledge by the I-Bank of the Refunding Program Trust Estate pursuant to the terms of the Applicable Refunding Program Bond Resolutions or the pledge by the Master Program Trustee of the moneys and securities on deposit in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement.

ENFORCEABILITY OF REMEDIES

The remedies available to the Refunding Program Trustees or the Series 2020 Refunding Bondholders (references to such terms in this section shall be deemed to apply on to the affected Series of the Series 2020 Refunding Bonds) upon the occurrence of an event of default under a Refunding Program Bond Resolution or any other related financing documents are dependent upon judicial actions that are often based on the discretion of the judge

overseeing a proceeding. Administrative delays may also have an impact on the timetable for judicial approval of the exercise of certain remedies. Under existing law, the remedies provided in such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Refunding Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by federal and State laws affecting the rights of creditors generally, and creditors in this type of transaction specifically, including the availability of equitable remedies. For information on the available security for the Series 2020 Refunding Bonds, see "SECURITY FOR THE SERIES 2020 REFUNDING BONDS" herein. See also "SECURITY FOR ALL COVERAGE RECEIVING FINANCING PROGRAMS" herein.

The United States Bankruptcy Code, 11 U.S.C. §§101 *et seq.* (the "Bankruptcy Code"), permits entities that are unable to meet their debts to file a bankruptcy petition in the appropriate vicinage of the United States Bankruptcy Court. Each Local Unit Borrower would be a "municipality" (as defined in the Bankruptcy Code), and any bankruptcy of a Local Unit Borrower would be governed by Chapter 9 of the Bankruptcy Code. Each Private Borrower would not be a municipality for purposes of the Bankruptcy Code. A Private Borrower would not be permitted to file a bankruptcy under Chapter 9 of the Bankruptcy Code, and would be required to pursue a bankruptcy under Chapter 7 or Chapter 11 of the Bankruptcy Code. Pursuant to the Bankruptcy Code, the Applicable Refunding Program Trustee must be notified of any bankruptcy. The petition, which is the document a Local Unit Borrower or a Private Borrower files to initiate a bankruptcy case, automatically stays any non-bankruptcy judicial or other proceeding against such Local Unit Borrower or Private Borrower.

The debts of a Local Unit Borrower are adjusted by a plan, which must meet the requirements of Chapter 9 of the Bankruptcy Code, 11 U.S.C. §§901 *et seq.* The debts of a Private Borrower are either adjusted by a plan, which must meet the requirements of Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§1101 *et seq.*, or the debts are satisfied by a pro-rata liquidation of the Private Borrower's assets pursuant to Chapter 7 of the Bankruptcy Code, 11 U.S.C. §§701 *et seq.* Among other things, under Chapter 9 or Chapter 11, the plan must be approved by creditors of at least two-thirds of the amount of debts, and more than one-half of the creditors. To preserve the Series 2020 Refunding Bondholders' claim in any bankruptcy, the Applicable Refunding Program Trustee may be required to file a claim and to undertake other actions in the Bankruptcy Court. Failure to take such actions may impair the Series 2020 Refunding Bondholders' claim. In any bankruptcy, it is possible that the debts created by the Series 2020 Refunding Bonds will not be paid in full and will be discharged with respect to such Local Unit Borrower or Private Borrower in bankruptcy.

Under Chapter 9, the Bankruptcy Code provides that special revenues (such as certain revenues pledged by certain Authority Borrowers to secure their Borrower Bonds) shall continue to be available to pay debt service secured by those revenues, and are not subject to claims by other creditors of the bankrupt municipality. Claimants whose only recourse for payment is certain special revenues shall not have recourse against the municipality in a bankruptcy to any greater extent than that provided by State law and the applicable documents.

The Bankruptcy Code generally allows a bankruptcy trustee to avoid and recover payments made by a debtor in the 90-day period before a bankruptcy filing (known in the Bankruptcy Code as "preferences" (11 U.S.C. §§ 547)). But Chapter 9 includes an exception that protects Series 2020 Refunding Bondholders in cases of a municipality bankruptcy filing by a Local Unit Borrower (11 U.S.C. §§ 926(b)). Under Chapter 9, payments made to or for the benefit of any holder of a bond or note, on account of such bond or note (e.g., Series 2020 Refunding Bondholders), in the 90-day period before a Local Unit Borrower's bankruptcy filing are not deemed "preferences" and are not subject to the general avoidance powers under section 547 of the Bankruptcy Code. These protections likely would not apply to claims to avoid and recover "preferences" involving a Private Borrower in bankruptcy, as the exception applies only in Chapter 9 of the Bankruptcy Code; however, the Bankruptcy Code does provide for certain defenses against claims to avoid and recover "preferences," which depending on the circumstances may or may not apply to Series 2020 Refunding Bondholders.

The State has authorized municipalities to file petitions for relief under the Bankruptcy Code pursuant and subject to Article 8 of the New Jersey Municipal Finance Commission Act (the "Commission Act"), N.J.S.A. 52:27-40 *et seq.* The Commission Act provides that such petitions may not be filed without the prior approval of the Local Finance Board in the Division of Local Government Services of the State Department of Community Affairs, as successor to the Municipal Finance Commission referred to in the Commission Act (the "Local Finance Board"), and that no plan of adjustment of the debts of a municipality may be filed or accepted by the municipality, or confirmed by the

Bankruptcy Court with the support of the municipality, without express authority from the Local Finance Board to file or support a plan of adjustment. These requirements would not apply to bankruptcies of the Private Borrowers.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT ANY LOCAL UNIT BORROWER OR PRIVATE BORROWER EXPECTS TO RESORT TO THE PROVISIONS OF THE BANKRUPTCY CODE OR THAT, IF ANY LOCAL UNIT BORROWER OR PRIVATE BORROWER DID, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, IF REQUIRED, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE SERIES 2020 REFUNDING BONDS.

LEGALITY FOR INVESTMENT

The I-Bank Act provides that the State and all public officers, governmental units and agencies thereof, all banks, trust companies, savings banks and institutions, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds or notes, including, without limitation, the Series 2020 Refunding Bonds, issued pursuant to the I-Bank Act, and the bonds or notes shall be authorized security for any and all public deposits.

CERTAIN LEGAL MATTERS

Legal matters related to the authorization, issuance and delivery of the Series 2020 Refunding Bonds are subject to the receipt of the respective approving legal opinions of McCarter & English, LLP, Newark, New Jersey, Bond Counsel to the I-Bank ("Bond Counsel"). The respective opinions of Bond Counsel with respect to each Series of the Series 2020 Refunding Bonds will be delivered in substantially the forms attached to this Official Statement as Appendix H-1 and H-2 hereto, respectively. Certain legal matters in connection with the Series 2020 Refunding Bonds will be passed upon by the I-Bank's General Counsel, Gurbir S. Grewal, Attorney General of the State of New Jersey.

TAX MATTERS

Exclusion of Interest on the Series 2020A-R1 Refunding Bonds from Gross Income for Federal Income Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that may have to be met or must be met on a continuing basis subsequent to the issuance and delivery of the Series 2020A-R1 Refunding Bonds in order to assure that interest on the Series 2020A-R1 Refunding Bonds will be excluded from gross income for purposes of federal income taxation under Section 103 of the Code. Such requirements relate, among other things, to the use and investment of proceeds of the Series 2020A-R1 Refunding Bonds and rebate to the United States of America of certain arbitrage earnings. Failure of the I-Bank or any of the Series 2002A Borrowers, the Series 2003A Borrowers, the Series 2004A Borrowers or the Series 2006A Borrowers (collectively, the "Tax-Exempt Borrowers") to observe such requirements may cause interest on the Series 2020A-R1 Refunding Bonds to lose the exclusion from gross income provided under Section 103 of the Code, retroactive to the date of issuance of the Series 2020A-R1 Refunding Bonds. In the "Tax Certificate as to Arbitrage and Instructions as to Compliance with Provisions of Section 103(a) of the Internal Revenue Code of 1986, as Amended," which will be delivered in connection with the issuance of the Series 2020A-R1 Refunding Bonds (the "Series 2020A-R1 Tax Certificate") (the covenants under which do not constitute covenants under the Applicable Refunding Program Bond Resolution), the I-Bank will represent that it expects and intends to be able to comply with and will, to the extent permitted by law, comply with the provisions and procedures set forth in the Series 2020A-R1 Tax Certificate and will do and perform all acts and things necessary or desirable in order to assure that, under the Code as currently in force, interest on the Series 2020A-R1 Refunding Bonds will, for purposes of federal income taxation, be excluded from gross income of the owners thereof. Each Tax-Exempt Borrower has made certain tax related covenants in its Refunding Program I-Bank Loan Agreement, including a covenant not to take any action or omit to take any action which would result in

the loss of the exclusion of the interest on the Series 2020A-R1 Refunding Bonds from gross income for purposes of federal income taxation as that status is governed by Section 103(a) of the Code.

Assuming continuing compliance by the I-Bank with the provisions and procedures set forth in the Series 2020A-R1 Tax Certificate and assuming the Tax-Exempt Borrowers observe their covenants with respect to their use and investment of proceeds of the Series 2020A-R1 Refunding Bonds, and their use of their respective Projects, Bond Counsel is of the opinion that, for federal income tax purposes, under existing law, interest on the Series 2020A-R1 Refunding Bonds is excluded from gross income of the owners thereof pursuant to Section 103 of the Code and is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax.

Additional Federal Income Tax Consequences Relating to the Series 2020A-R1 Refunding Bonds

Prospective purchasers of the Series 2020A-R1 Refunding Bond should be aware that ownership of, accrual or receipt of interest on, or disposition of tax-exempt obligations, such as the Series 2020A-R1 Refunding Bonds, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations. Prospective purchasers of the Series 2020A-R1 Refunding Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Series 2020A-R1 Refunding Bonds from gross income pursuant to Section 103 of the Code, and interest on the Series 2020A-R1 Refunding Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Series 2020A-R1 Refunding Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Series 2020A-R1 Refunding Bonds.

Exclusion of Interest on the Series 2020 Refunding Bonds from Gross Income for State Income Tax Purposes

Bond Counsel is of the opinion that, under existing law, interest on each Series of the Series 2020 Refunding Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

Changes in Tax Law

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Series 2020 Refunding Bonds, gain from the sale or other disposition of the Series 2020 Refunding Bonds, the market value of the Series 2020 Refunding Bonds, or the marketability of the Series 2020 Refunding Bonds, or otherwise prevent the owners of the Series 2020 Refunding Bonds from realizing the full current benefit of the exclusion from gross income of the interest thereon. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or State income tax treatment of holders of the Series 2020 Refunding Bonds may occur. Prospective purchasers of the Series 2020 Refunding Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2020 Refunding Bonds.

Opinion of Bond Counsel

The respective opinions of Bond Counsel with respect to the federal and State income tax consequences of each Series of the Series 2020 Refunding Bonds will be delivered in substantially the forms attached to this Official Statement as Appendix H-1, H-2 and H-3 hereto, respectively.

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services ("S&P") have assigned long-term debt ratings of "AAA", "Aaa" and "AAA", respectively, to the Series 2020 Refunding

Bonds. These ratings reflect only the view of Fitch, Moody's and S&P, respectively, and an explanation thereof may be obtained from Fitch, Moody's and S&P. Such ratings are not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by Fitch, Moody's or S&P if, in their respective judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating on the Series 2020 Refunding Bonds may have an adverse effect on the market price of such Series 2020 Refunding Bonds.

AUDITED FINANCIAL STATEMENTS

The financial statements of the I-Bank for the fiscal year of the I-Bank ended June 30, 2019 (the "Audited Financial Statements"), included in Appendix A to this Official Statement, have been audited by CliftonLarsonAllen LLP, independent certified public accountants that have been engaged by the I-Bank (the "Auditor"), as stated in their report appearing in Appendix A to this Official Statement. **The Auditor has not been engaged to perform, and has not performed, subsequent to the date of its report included in Appendix A to this Official Statement, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.**

Pursuant to the I-Bank Act and the Applicable Refunding Program Bond Resolution, the Applicable Series of the Series 2020 Refunding Bonds only shall be payable from and secured by the pledge by the I-Bank of the Applicable Refunding Program Trust Estate and by the Master Program Trustee of the moneys and securities on deposit in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement. Information regarding the Master Program Trust Account (and the moneys and securities on deposit therein) and the outstanding conduit bonds issued by the I-Bank can be found in the unaudited "Master Program Trust Agreement Schedule" to the Audited Financial Statements. The Audited Financial Statements, and the unaudited notes and schedules thereto, address various funds and accounts of the I-Bank; however, only the Master Program Trust Account (and the moneys and securities on deposit therein), which is the subject of the unaudited "Master Program Trust Agreement Schedule" to the Audited Financial Statements, is pledged to the payment of the Series 2020 Refunding Bonds to the extent and as provided in the Master Program Trust Agreement and as described in this Official Statement. **The remaining funds and accounts of the I-Bank that are addressed by the Audited Financial Statements are not pledged to the payment of the Series 2020 Refunding Bonds.**

MISCELLANEOUS

Information contained in this Official Statement with respect to the Water Bank Program and the I-Bank, and copies of the related Bond Resolutions, I-Bank Loan Agreements, Fund Loan Agreements, Master Program Trust Agreement, Borrower Bond Resolutions, Borrower Service Agreements, Borrower Guaranties and Continuing Disclosure Agreements, may be obtained from David E. Zimmer, Executive Director, New Jersey Infrastructure Bank at the I-Bank Offices. This Official Statement is distributed in connection with the sale and issuance of the Series 2020 Refunding Bonds, and may not be reproduced or used in whole or in part for any other purpose. This Official Statement has been duly authorized and approved by the I-Bank and duly executed and delivered on its behalf by the official signing below. Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. The agreements of the I-Bank are fully set forth in the Refunding Program Bond Resolutions in accordance with the I-Bank Act, and this Official Statement is not to be construed as a contract or agreement between the I-Bank and the purchasers or owners of any of the Series 2020 Refunding Bonds.

NEW JERSEY INFRASTRUCTURE BANK

By: /s/ David E. Zimmer_____
David E. Zimmer
Executive Director

DATED: June 2, 2020

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE I-BANK

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New Jersey Infrastructure Bank

(A Component Unit of the State of New Jersey)

Financial Report
June 30, 2019

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust

Report on the Financial Statements

We have audited the business type activities and each major enterprise fund of the New Jersey Infrastructure Bank (the I-Bank), a component unit of the State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the I-Bank's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and each major enterprise fund of the I-Bank as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
New Jersey Infrastructure Bank

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the I-Bank's basic financial statements. The Master Program Trust Agreement Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Master Program Trust Agreement Schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Prior-Year Comparative Information

The financial statements of the New Jersey Infrastructure Bank as of and for the year ended June 30, 2018, were audited by other auditors whose report dated October 11, 2018, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2019, on our consideration of I-Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of I-Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering I-Bank's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
October 9, 2019

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

On January 16, 2018, pursuant to Public Law 2016, Chapter 56 the New Jersey Environmental Infrastructure Trust's name was changed to the New Jersey Infrastructure Bank (I-Bank) and its statutory authority expanded to include a financing program for local transportation projects. The I-Bank currently is structured organizationally as two distinct operating departments: (i) one department, in conjunction with the New Jersey Department of Environmental Protection (NJ DEP) for the purpose of operating its environmental infrastructure financing programs, which programs are referred to collectively as the New Jersey Water Bank (Water Bank), and (ii) a second department, in conjunction with the New Jersey Department of Transportation (NJ DOT), for the purpose of operating its transportation infrastructure financing program, which program is referred to as the New Jersey Transportation Bank (Transportation Bank).

The I-Bank is not (i) a "bank" or "savings bank" within the meaning of the New Jersey Banking Act of 1948, or (ii) a "national banking association" or a "federal savings bank" within the meaning of the National Bank Act. Further, the I-Bank is not subject to the general supervision of the New Jersey Department of Banking and Insurance or the Office of the Comptroller of the Currency (United States Treasury Department), the Board of Governors of the Federal Reserve System or the Federal Deposit Insurance Corporation. The I-Bank does not accept "deposits" within the meaning of the New Jersey Banking Act of 1948 or the National Bank Act, and its obligations are not insured by the Federal Deposit Insurance Corporation.

This section of the annual financial report of the I-Bank presents management's discussion and analysis of the financial performance of each financing program within the I-Bank during the fiscal years ended June 30, 2019 and 2018 relative to each other. Please read this section in conjunction with the I-Bank's financial statements and accompanying notes.

Overview of the financial statements: This financial report consists of two parts, the Management's Discussion and Analysis (this section) and the basic financial statements, including notes. The I-Bank is a state financing entity. The accounting policies of the I-Bank conform to accounting principles generally accepted in the United States of America as applicable to enterprise funds.

The I-Bank's financial statements report information about the I-Bank using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about the I-Bank's short-term and long-term lending activities. The statements of net position includes all of the I-Bank's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the accounts payable (liabilities). The statements of revenues, expenses and changes in net position includes all of the current year's revenues and expenses. The statements of cash flows is the final required financial statement. The primary purpose of these statement is to provide information about the I-Bank's cash receipts, cash payments and the net changes in cash positions resulting from operations, investing and non-capital financing activities and answers such questions as sources of cash and uses of cash during the reporting period.

The following analysis is segregated into its two separate financing programs administered by the I-Bank in conjunction with the NJ DEP and the NJ DOT; namely the Water Bank and the Transportation Bank.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Water Bank

Financial highlights for the year ended June 30, 2019:

- Assets increased by $61,171,920 or 11.81%
  - Cash and investments (excluding earmarked but, as of yet, undisbursed project funds) decreased by $69,170,550 or (20.28%)
  - Total loans increased by $130,233,111 or 75.00%
- Liabilities increased by $279,892 or 21.52%
- Net position increased by $60,892,028, or 11.78%
- Operating revenues increased by $7,139,000, or 94.14%
- Non-operating revenues decreased by $79,058,669, or (60.64%)
- Operating expenses decreased by $401,841, or (7.24%)

Financial highlights for the year ended June 30, 2018:

- Assets increased by $132,471,539 or 34.34%
  - Cash and investments (excluding earmarked but, as of yet, undisbursed project funds) increased by $99,452,859 or 41.16%
  - Total loans increased by $32,691,340 or 23.19%
- Liabilities increased by $61,683 or 4.98%
- Net position increased by $132,409,856, or 34.44%
- Operating revenues increased by $405,848, or 5.65%
- Non-operating revenues increased by $78,766,994, or 152.61%
- Operating expenses decreased by $201,009, or (3.49%)

The Water Bank issues short-term loans to fund various types of environmental infrastructure projects prior to securing long term financing. The Short-Term Loan Program offers loans for eligible costs including construction, planning & design, associated legal fees, equipment and emergencies. For loans issued in SFY2019, the Water Bank provided Construction Loans to borrowers at a 0% interest rate with the support of the NJ DEP.

Water Bank, (Continued)

The State-wide Assistance Infrastructure Loan (SAIL) Program provides timely and cost effective interim funding for borrowers to repair disaster-damaged infrastructure and improve the resiliency of Clean Water and Drinking Water systems. The short-term SAIL Program provides advance funding to water systems working with FEMA, CDBG or other federal grant programs, pending receipt of federal reimbursements to mitigate the financial and cashflow stress on disaster impacted communities during the rebuild process. The SAIL Program also provides funding of the local share required by federal grant programs. For loans issued in SFY2019, the Water Bank provided SAIL Loans to borrowers at a 0% interest rate with the support of the NJ DEP.

Upon construction completion, the Water Bank converts the program's short-term and SAIL loans into long-term financing. The I-Bank provides a portion of the long-term funds by acting as a conduit lender, issuing bonds in the public municipal market and providing the proceeds to participating borrowers. In cases of de-minimis loans, the Water Bank will often act as a direct long-term lender. The NJ DEP provides the remainder of the Water Bank financing by issuing 0% interest loans.

Financial analysis: The mission of the Water Bank is to provide and administer low interest rate loans to qualified municipalities, counties, regional authorities, and water purveyors for the purpose of financing the construction of environmental infrastructure projects with a water quality benefit. Therefore, when reviewing the Water Bank's financial statements, its performance should be measured based upon the Water Bank's ability to fund both short-term construction loans and provide long-term permanent financing.

During SFY2019 and SFY2018, the Water Bank closed on 78 and 58 short-term loans, respectively. In both years the cash and investment balance, which includes available construction funds, increased primarily due to the State Appropriation to the Short-Term Loan Programs. Total loans increased due to the payment of requisitions on outstanding short-term loans.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Water Bank, (Continued)

The following table summarizes the net position changes of the Water Bank between June 30, 2019, 2018 and 2017:

	2019	2018	Percent Increase (Decrease)	2017	Percent Increase (Decrease)
Current loans receivable	$ 110,276,512	$ 69,747,872	58.11 %	$ 87,292,753	(20.10)%
Noncurrent loans receivable	193,529,117	103,773,220	86.49 %	53,401,569	94.33 %
Cash for borrowers - undisbursed project funds	80,000	131,426	(39.13)%	266,856	(50.75)%
Total loans	303,885,629	173,652,518	75.00 %	140,961,178	23.19 %
Current cash and cash equivalents, as reduced by undisbursed loan project funds	168,619,257	225,247,477	(25.14)%	128,249,882	75.63 %
Current investments	15,391,921	31,858,130	(51.69)%	26,845,036	18.67 %
Noncurrent investments	87,904,515	83,980,636	4.67 %	86,538,466	(2.96)%
Administrative fee receivable	2,366,155	2,423,841	(2.38)%	2,400,658	0.97 %
Due from Transportation	322,748	131,857	144.77 %	-	100.00 %
Other assets	867,018	890,864	(2.68)%	718,564	23.98 %
Total assets	$ 579,357,243	$ 518,185,323	11.81 %	$ 385,713,784	34.34 %
Accounts payable	$ 1,580,463	$ 1,300,571	21.52 %	$ 1,238,888	4.98 %
Total liabilities	$ 1,580,463	$ 1,300,571	21.52 %	$ 1,238,888	4.98 %
Restricted	$ 552,881,561	$ 492,502,954	12.26 %	$ 360,895,021	36.47 %
Unrestricted	24,895,219	24,381,798	2.11 %	23,579,875	3.40 %
Total net position	$ 577,776,780	$ 516,884,752	11.78 %	$ 384,474,896	34.44 %

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Water Bank, (Continued)

For SFY19, the Water Bank's administrative fees increased by 1.86% due to the refunding issuances during the year and the subsequent refunding cost of issuance reimbursements from borrowers. The Water Bank's non-operating revenues decreased substantially due to receiving $50 million in funds in SFY19, compared to $130 million in funds in SFY 18, from the State through the NJ DEP to support the Short-Term Loan Program. The Water Bank's investment income increased primarily due to higher interest rates for short term securities such as money market funds in conjunction with increased holdings throughout the year. In addition, decreases in interest rates in the middle of the yield curve resulted in substantial FMV gain in SFY19 versus a loss in SFY18. Miscellaneous income relates to the return of funds that had been held in debt service reserve accounts for bonds that are no longer outstanding. The Water Bank's expenses decreased due primarily to unfilled full time staffing positions and the resulting reduction in aggregate salary and fringe expenses, a reduction in information technology expenses and the first full year of shared expenses with the Transportation program. These reductions in expenses were partially offset by increased expenses for the refunding.

For SFY18, the Water Bank's administrative fees decreased by (9.87%) due to the lack of refunding issuances during the year and the subsequent drop in refunding cost of issuance reimbursements from borrowers. The Water Bank's non-operating revenues increased substantially due to an increase of $79 million in funds from the State through the NJ DEP to support the Short-Term Loan Program. The Water Bank's investment income increased primarily due to higher interest rates for short term securities in conjunction with increased holdings. The Water Bank's expenses decreased due primarily to unfilled staffing positions and the resulting reduction in aggregate salary and fringe expenses as well as a reduction in information technology expenses.

The following table summarizes the changes in Water Bank net position between fiscal years June 30, 2019, 2018 and 2017:

	2019	2018	Percent Increase (Decrease)	2017	Percent Increase (Decrease)
Net position, beginning of year	$ 516,884,752	$ 384,474,896		$ 331,438,891	
Investment income	8,468,277	1,423,893	494.73 %	330,011	331.47 %
Loan interest income	151,825	168,535	(9.91)%	200,466	(15.93)%
Administrative fees	6,102,191	5,990,865	1.86 %	6,646,968	(9.87)%
Miscellaneous	1,320,998	379,667	247.94 %	612,673	(38.03)%
State appropriations - current year	50,000,000	130,000,000	(61.54)%	51,000,000	154.90 %
Total revenues	66,043,291	137,962,960	(52.13)%	58,790,118	134.67 %
Administrative expenses	5,151,263	5,553,104	(7.24)%	5,754,113	(3.49)%
Total expenses	5,151,263	5,553,104	(7.24)%	5,754,113	(3.49)%
Change in net position	60,892,028	132,409,856	(54.01)%	53,036,005	149.66 %
Net position, end of year	$ 577,776,780	$ 516,884,752	11.78 %	$ 384,474,896	34.44 %

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Transportation Bank

Financial highlights for the year ended June 30, 2109:

- Assets increased by $22,567,693, or 100.64%
  - Cash and investments increased by $22,197,032, or 99.16%
- Liabilities increased by $190,891 or 144.77%
- Net position increased by $22,376,802, or 100.38%
- Operating revenues increased by $1,232,885, or 2,326.42%
- Administrative expenses increased by $1,148,663, or 318.71%

The Transportation Bank became operational in January of 2018, the purpose of the Transportation Bank is to provide financial assistance to New Jersey local government units or consortia thereof, authorized to construct, operate and maintain transportation projects. The Transportation Bank provides low-cost financing for capital projects for public highways, approach roadways, and other necessary land side improvements, ramps, signal systems, roadbeds, transit lanes or rights of way, pedestrian walkways and bridges connecting to passenger stations and servicing facilities, bridges and grade crossings. The Transportation Bank received the second annual $22.6 million SFY2019 appropriation in September of 2018. The State has provided for up to $2.6 million of the appropriation to be used for operations. It is anticipated that for the seven (7) year period from SFY2018 through SFY2024 the NJIB will receive a net sum of $22.6 million per year in appropriations to fund the Transportation Bank.

Financial analysis:
The mission of the Transportation Bank is to provide and administer low interest rate loans to qualified municipalities, counties, regional authorities for the purpose of financing transportation infrastructure projects. Therefore, when reviewing the Transportation Bank's financial statements, its performance should be measured based upon the Transportation Bank's ability to fund both short-term construction loans and provide long-term permanent financing.

During SFY2019, the cash and investment balance increased, primarily due to the receipt of State Appropriations for the Transportation Program. These funds were invested based upon on the liquidity needs of the program to maximize investment earnings in accordance with the investment policy. The loans increased due to the payment of requisitions on the 7 loans that closed during the state fiscal year. Accounts Payable to water increased due to increased expenses incurred for operations as the program and its associated expenses continue to grow.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Transportation Bank, (Continued)

The following table summarizes the net position changes of the Transportation Bank between June 30, 2019, 2018 and 2017:

	2019	2018	Percent Increase (Decrease)	2017	Percent Increase (Decrease)
Current loans receivable	$ 97,125	$ -	100.00 %	$ -	0.00 %
Noncurrent loans receivable	181,455	-	100.00 %	-	0.00 %
Cash for borrowers - undisbursed project funds	-	-	0.00 %	-	0.00 %
Total loans	$ 278,580	$ -	100.00 %	$ -	0.00 %
Current cash and cash equivalents, as reduced by undisbursed loan project funds	$ 13,051,960	$ 22,384,763	(41.69)%	$ -	100.00 %
Current investments	28,506,399	-	100.00 %	-	0.00 %
Noncurrent investments	3,023,436	-	100.00 %	-	0.00 %
Administrative fee receivable	-	-	0.00 %	-	0.00 %
Other assets	131,755	39,674	232.10 %	-	100.00 %
Total assets	$ 44,992,130	$ 22,424,437	100.64 %	$ -	100.00 %
Accounts payable	$ -	$ -	0.00 %	$ -	0.00 %
Due to Water for Expenses	322,748	131,857	144.77 %		100.00 %
Total liabilities	$ 322,748	$ 131,857	144.77 %	$ -	100.00 %
Restricted	$ 43,383,984	$ 20,052,995	116.35 %	$ -	100.00 %
Unrestricted	$ 1,285,398	2,239,585	(42.61)%	-	100.00 %
Total net position	$ 44,669,382	$ 22,292,580	100.38 %	$ -	100.00 %

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Transportation Bank, (Continued)

Investment income increased due to the full year of operations, increases in interest rates for short term securities such as money market funds and an additional State Appropriation received in September of 2018. Administrative fees increased due to the closing of 7 loans during SFY2019. Administrative expenses also increased due to the full year of operations as well as the growth of the program representing both direct and allocated costs attributable to the operation of the Transportation Bank.

The following table summarizes the changes in the Transportation Bank net position between fiscal years June 30, 2019, 2018 and 2017:

	2019	2018	Percent Increase (Decrease)	2017	Percent Increase (Decrease)
Net position, beginning of year	$ 22,292,580	$ -		$ -	
Investment income	1,007,300	52,995	1800.75 %	-	100.00 %
Administrative fees	278,580	-	100.00 %	-	0.00 %
State appropriations - current year	22,600,000	22,600,000	0.00 %	-	100.00 %
Total revenues	23,885,880	22,652,995	5.44 %	-	100.00 %
Administrative expenses	1,509,078	360,415	318.71 %	-	100.00 %
Total expenses	1,509,078	360,415	318.71 %	-	100.00 %
Change in net position	22,376,802	22,292,580	0.38 %	-	100.00 %
Net position, end of year	$ 44,669,382	$ 22,292,580	100.38 %	$ -	100.00 %

Contacting the I-Bank's financial management: This financial report is designed to provide citizens, borrowers, investors and creditors with a general overview of the I-Bank's finances and to demonstrate the I-Bank's accountability for the State appropriations and bond proceeds it receives. If you have any questions about this report or need additional financial information, contact the I-Bank's Chief Financial Officer at 3131 Princeton Pike, Building 4, Lawrenceville, New Jersey 08648.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Net Position
Year Ended June 30, 2019

	Water Bank	Transportation Bank	Total
Assets			
Current assets:			
Unrestricted assets:			
Cash and cash equivalents	$ 14,939,812	$ 1,285,398	$ 16,225,210
Investments	1,496,895	-	1,496,895
Interest receivable	57,877	-	57,877
Loans receivable	670,556	-	670,556
Administrative fee receivable	2,366,155	-	2,366,155
Due from Transportation	322,748	-	322,748
Other assets	99,131	4,751	103,882
Restricted assets:			
Cash and cash equivalents	153,759,445	11,766,562	165,526,007
Investments	13,895,026	28,506,399	42,401,425
Interest receivable	698,139	127,004	825,143
Loans receivable	109,605,956	97,125	109,703,081
Total current assets	297,911,740	41,787,239	339,698,979
Noncurrent assets:			
Unrestricted assets:			
Capital assets	11,871	-	11,871
Investments	-	-	-
Loans receivable	6,510,637	-	6,510,637
Restricted assets:			
Investments	87,904,515	3,023,436	90,927,951
Loans receivable	187,018,480	181,455	187,199,935
Total noncurrent assets	281,445,503	3,204,891	284,650,394
Total assets	$ 579,357,243	$ 44,992,130	$ 624,349,373
Liabilities and Net Position			
Current liabilities:			
Accounts payable	$ 1,580,463	$ -	$ 1,580,463
Due to Water	-	322,748	322,748
Total current liabilities	1,580,463	322,748	1,903,211
Total liabilities	1,580,463	322,748	1,903,211
Net position:			
Net investment in capital assets	11,871	-	11,871
Restricted for debt service	121,873,463	-	121,873,463
Restricted for Interim Financing Loan Program	431,008,098	-	431,008,098
Restricted for Transportation Program	-	43,383,984	43,383,984
Unrestricted	24,883,348	1,285,398	26,168,746
Total net position	577,776,780	44,669,382	622,446,162
Total liabilities and net position	$ 579,357,243	$ 44,992,130	$ 624,349,373

See notes to financial statements.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Net Position
Year Ended June 30, 2018

	Water Bank	Transportation Bank	Total
Assets			
Current assets:			
Unrestricted assets:			
Cash and cash equivalents	$ 8,022,849	$ 2,363,107	$ 10,385,956
Investments	5,443,441	-	5,443,441
Interest receivable	81,633		81,633
Loans receivable	713,510		713,510
Administrative fee receivable	2,423,841	-	2,423,841
Due from Transportation	131,857	-	131,857
Other assets	79,355	8,335	87,690
Restricted assets:			
Cash and cash equivalents	217,356,054	20,021,656	237,377,710
Investments	26,414,689	-	26,414,689
Interest receivable	692,610	31,339	723,949
Loans receivable	69,034,362	-	69,034,362
Total current assets	330,394,201	22,424,437	352,818,638
Noncurrent assets:			
Unrestricted assets:			
Capital assets	37,266	-	37,266
Investments	1,480,488	-	1,480,488
Loans receivable	7,268,128		7,268,128
Restricted assets:			
Investments	82,500,148	-	82,500,148
Loans receivable	96,505,092	-	96,505,092
Total noncurrent assets	187,791,122	-	187,791,122
Total assets	$ 518,185,323	$ 22,424,437	$ 540,609,760
Liabilities and Net Position			
Current liabilities:			
Accounts payable	$ 1,300,571	$ -	$ 1,300,571
Due to Water	-	131,857	131,857
Total current liabilities	1,300,571	131,857	1,432,428
Total liabilities	1,300,571	131,857	1,432,428
Net position:			
Net investment in capital assets	37,266	-	37,266
Restricted for debt service	115,538,234	-	115,538,234
Restricted for Interim Financing Loan Program	376,964,720	-	376,964,720
Restricted for Transportation Program	-	20,052,995	20,052,995
Unrestricted	24,344,532	2,239,585	26,584,117
Total net position	516,884,752	22,292,580	539,177,332
Total liabilities and net position	$ 518,185,323	$ 22,424,437	$ 540,609,760

See notes to financial statements.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2019

	Water Bank	Transportation Bank	Total
Operating revenue:			
Investment income:			
Interest income	$ 5,737,580	$ 924,063	$ 6,661,643
Net increase in the fair value of investments	2,730,697	83,237	2,813,934
Interest income from loans	151,825	-	151,825
Administrative fees	6,102,191	278,580	6,380,771
Total operating revenues	14,722,293	1,285,880	16,008,173
Operating expenses:			
Administrative expenses	5,151,263	1,509,078	6,660,341
Total operating expenses	5,151,263	1,509,078	6,660,341
Operating income	9,571,030	(223,198)	9,347,832
Nonoperating revenues:			
Miscellaneous	1,320,998	-	1,320,998
State appropriations - current year	50,000,000	22,600,000	72,600,000
Total nonoperating revenue	51,320,998	22,600,000	73,920,998
Change in net position	60,892,028	22,376,802	83,268,830
Net position, beginning of year	516,884,752	22,292,580	539,177,332
Net position, end of year	$ 577,776,780	$ 44,669,382	$ 622,446,162

See notes to financial statements.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2018

	Water Bank	Transportation Bank	Total
Operating revenue:			
Investment income:			
Interest income	$ 3,033,687	$ 52,995	$ 3,086,682
Net decrease in the fair value of investments	(1,609,794)	-	(1,609,794)
Interest income from loans	168,535	-	168,535
Administrative fees	5,990,865	-	5,990,865
Total operating revenues	7,583,293	52,995	7,636,288
Operating expenses:			
Administrative expenses	5,553,104	360,415	5,913,519
Total operating expenses	5,553,104	360,415	5,913,519
Operating income (loss)	2,030,189	(307,420)	1,722,769
Nonoperating revenues:			
Miscellaneous	379,667	-	379,667
State appropriations - current year	130,000,000	22,600,000	152,600,000
Total nonoperating revenue	130,379,667	22,600,000	152,979,667
Change in net position	132,409,856	22,292,580	154,702,436
Net position, beginning of year	384,474,896	-	384,474,896
Net position, end of year	$ 516,884,752	$ 22,292,580	$ 539,177,332

See notes to financial statements.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Cash Flows
Year Ended June 30, 2019

	Water Bank	Transportation Bank	Total
Cash flow from operating activities:			
Cash received for administrative fees	$ 6,159,877	$ 278,580	$ 6,438,457
Cash payments for goods and services	(2,427,668)	(358,630)	(2,786,298)
Cash payments for salaries and benefits	(2,406,369)	(955,972)	(3,362,341)
Disbursement of loan funds to borrowers	(257,628,895)	(278,580)	(257,907,475)
Principal received from loans to borrowers	127,153,467	-	127,153,467
Interest received from loans to borrowers	155,486	-	155,486
Net cash used in operating activities	(128,994,102)	(1,314,602)	(130,308,704)
Cash flows from non-capital financing activities:			
Miscellaneous	1,320,998	-	1,320,998
Current year State appropriations received	50,000,000	22,600,000	72,600,000
Net cash provided by non-capital financing activities	51,320,998	22,600,000	73,920,998
Cash flows from investing activities:			
Interest on investments	4,196,497	866,154	5,062,651
Purchase of investments	(46,127,236)	(60,384,355)	(106,511,591)
Proceeds from sale and maturity of investments	62,924,197	28,900,000	91,824,197
Net cash provided by (used in) investing activities	20,993,458	(30,618,201)	(9,624,743)
Net decrease in cash and cash equivalents	(56,679,646)	(9,332,803)	(66,012,449)
Cash and cash equivalents:			
Beginning of year	225,378,903	22,384,763	247,763,666
End of year	$ 168,699,257	$ 13,051,960	$ 181,751,217
Displayed as:			
Cash and cash equivalents - unrestricted	$ 14,939,812	$ 1,285,398	$ 16,225,210
Cash and cash equivalents - restricted	153,759,445	11,766,562	165,526,007
Cash and cash equivalents	$ 168,699,257	$ 13,051,960	$ 181,751,217

(Continued)

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Cash Flows (Continued)
Year ended June 30, 2019

	Water Bank	Transportation Bank	Total
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income	$ 9,571,030	$ (223,198)	$ 9,347,832
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	25,395	-	25,395
Investment income included in operations	(4,196,497)	(866,154)	(5,062,651)
Net unrealized and realized gain on investments	(2,730,697)	(83,237)	(2,813,934)
Amortized interest	(1,523,934)	37,757	(1,486,177)
Effect of changes in operating assets and liabilities:			-
Decrease in administrative fee receivable	57,686	-	57,686
Decrease (increase) in other assets	(19,776)	3,584	(16,192)
Decrease (increase) in interest receivable	18,227	(95,665)	(77,438)
Increase in loans receivable	(130,284,537)	(278,580)	(130,563,117)
Increase due from Transportation	(190,891)		(190,891)
Increase due to Water		190,891	190,891
Increase in accounts payable	279,892	-	279,892
Net cash used in operating activities	$ (128,994,102)	$ (1,314,602)	$ (130,308,704)

See notes to financial statements.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Cash Flows
Year Ended June 30, 2018

	Water Bank	Transportation Bank	Total
Cash flow from operating activities:			
Cash received for administrative fees	$ 5,967,682	$ -	$ 5,967,682
Cash payments for goods and services	(2,857,175)	(57,070)	(2,914,245)
Cash payments for salaries and benefits	(2,697,043)	(179,823)	(2,876,866)
Disbursement of loan funds to borrowers	(222,125,481)	-	(222,125,481)
Principal received from loans to borrowers	189,298,547	-	189,298,547
Interest received from loans to borrowers	209,254	-	209,254
Net cash used in operating activities	(32,204,216)	(236,893)	(32,441,109)
Cash flows from non-capital financing activities:			
Miscellaneous	379,667		379,667
Current year State appropriations received	130,000,000	22,600,000	152,600,000
Net cash provided by non-capital financing activities	130,379,667	22,600,000	152,979,667
Cash flows from investing activities:			
Interest on investments	2,680,120	21,656	2,701,776
Purchase of investments	(42,616,397)	-	(42,616,397)
Proceeds from sale and maturity of investments	38,622,991	-	38,622,991
Net cash provided by (used in) investing activities	(1,313,286)	21,656	(1,291,630)
Net increase in cash and cash equivalents	96,862,165	22,384,763	119,246,928
Cash and cash equivalents:			
Beginning of year	128,516,738	-	128,516,738
End of year	$ 225,378,903	$ 22,384,763	$ 247,763,666
Displayed as:			
Cash and cash equivalents - unrestricted	$ 8,022,849	$ 2,363,107	$ 10,385,956
Cash and cash equivalents - restricted	217,356,054	20,021,656	237,377,710
Cash and cash equivalents	$ 225,378,903	$ 22,384,763	$ 247,763,666

(Continued)

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Statements of Cash Flows (Continued)
Year Ended June 30, 2018

	Water Bank	Transportation Bank	Total
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	$ 2,030,189	$ (307,420)	$ 1,722,769
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	58,198	-	58,198
Investment income included in operations	(2,680,120)	(21,656)	(2,701,776)
Net unrealized and realized loss on investments	1,609,794	-	1,609,794
Amortized interest	(71,485)	-	(71,485)
Effect of changes in operating assets and liabilities:		-	-
Increase in administrative fee receivable	(23,184)	-	(23,184)
Decrease (increase) in other assets	10,862	(8,335)	2,527
Increase in interest receivable	(241,359)	(31,339)	(272,698)
Increase in loans receivable	(32,826,937)	-	(32,826,937)
Increase in due from Transportation	(131,857)	-	(131,857)
Increase in due to Water	-	131,857	131,857
Decrease in accounts payable	61,683	-	61,683
Net cash used in operating activities	$ (32,204,216)	$ (236,893)	$ (32,441,109)

See notes to financial statements.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

Note 1. Organization and Function of the I-Bank

The New Jersey Wastewater Treatment Trust (Trust) was created by the Legislature of the State of New Jersey (the State) in November 1985 as a State financing authority. On June 23, 1997, the State Legislature passed amendments authorizing the Trust to issue loans for Drinking Water projects and to rename the entity the New Jersey Environmental Infrastructure Trust. On October 14, 2016, the I-Bank Act was further amended pursuant to Public Law 2016, Chapter 56 (the Amending Statute). The Amending Statute, which became effective on January 16, 2018, pursuant to Public Law 2017, Chapter 327, changed the name to the New Jersey Infrastructure Bank (I-Bank) and expanded the statutory authority of the I-Bank to include a financing program for local transportation projects. Given this expansion of its statutory authority, the I-Bank currently is structured organizationally as two distinct operating departments: (i) one department, in conjunction with the NJ DEP, for the purpose of operating its environmental infrastructure financing programs, which programs are referred to collectively as the New Jersey Water Bank (Water Bank), and (ii) a second department, in conjunction with the NJ DOT, for the purpose of operating its transportation infrastructure financing programs, which programs are referred to as the New Jersey Transportation Bank (Transportation Bank).The I-Bank is a component unit of the State, “in but not of” the Department of Treasury. Organizations that are “in but not of” cabinet departments are not under the direct supervision of the respective cabinet officer.

The I-Bank Board of Directors consists of ten members. Four are members ex officio: (i) the New Jersey State Treasurer; (ii) the Commissioner of the New Jersey Department of Community Affairs; (iii) the Commissioner of the New Jersey Department of Environmental Protection; and (iv) the Commissioner of the New Jersey Department of Transportation. The six remaining directors are appointed. Two directors are appointed by the Governor of the State (the Governor) upon the recommendation of the President of the State Senate. Two directors are appointed by the Governor upon the recommendation of the Speaker of the State General Assembly. The four aforementioned appointees serve during the two years legislative term in which they are appointed. The remaining two directors are appointed by the Governor with the advice and consent of the State Senate, each for a four year term. Each appointed director serves until a successor is appointed and qualified, and is eligible for reappointment. Any vacancy is filled in the same manner as the original appointment. The Governor designates one of the appointed directors to be the chairman and chief executive officer, who serves in such office for a term of two years and until a successor has been designated. The directors elect biannually a vice chairman, a treasurer and a secretary from among the appointed directors.

The I-Bank is administered by an Executive Director under the guidance of the Board of Directors. In order to further ensure compliance with the legal requirement for the segregation of program funds, the monies of the Transportation Bank and Water Bank are held at separate custodial banks (Wells Fargo and TD Bank, respectively). The I-Bank authorizes the respective custodian to disburse funds to the short-term borrowers for requisitions based on a review and approval process in conjunction with the NJDEP for the Water Bank or NJDOT for the Transportation Bank. The Water Bank utilizes Trustees (U.S. Bank, Bank of New York Mellon and Zions Bank) and loan servicers (U.S. Bank, TD Bank and the I-Bank) for its long-term loan program. The Transportation Bank has not issued any long-term loans to date. The initial proceeds from a bond issuance representing any remaining project funds not disbursed for project expenses prior to bond closing, are held by the Trustee. The I-Bank authorizes the Trustee to disburse funds to the borrowers according to the loan agreements using the same process as for short-term loans. In the case of external loan servicing, the loan servicer receives all payments of principal and interest from the borrowers and forwards such funds to the individual bond series Trustee and the Master Program Trustee (U.S. Bank) or the NJDEP or the I-Bank, as appropriate. As noted above, for Water Bank loans issued in 2004 and later, the I-Bank's accounting staff acts as loan servicer, with repayments being received directly by the Trustee. As a public body under existing statute, the I-Bank is exempt from both federal and state taxes.

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 1. Organization and Function of the I-Bank (Continued)

Short-term Construction Loans have become a major component of the Water Bank and Transportation Bank, and in SFY2019, the large majority of projects utilized Construction Loans as the primary source of funding prior to securing long-term financing. These short-term loans are scheduled to be refinanced by long-term loans once construction is at or close to completion.

Under the Water Bank's Long-Term Program, the I-Bank and the NJ DEP assists borrowers in obtaining financing for allowable project costs. The I-Bank issues debt on behalf of the borrowers; this debt is classified as conduit debt and as such is not included in the statement of net position of the I-Bank. The I-Bank lends its share of allowable costs (typically, 25%-50% of the total financed amount) to borrowers for various terms up to a maximum of 30 years at a rate equal to the interest rate on its conduit debt obligations. In turn, payments by the borrowers on these loans are used to pay debt service on the I-Bank's conduit debt obligations issued for the Water Bank.

Under the Water Bank's Long-Term Loan Program in addition to an interest-bearing loan from the I-Bank, borrowers receive an interest-free loan from the NJ DEP. The sources for the NJ DEP loans are Federal Capitalization Grants received under the Clean Water Act and the Safe Drinking Water Act and State general obligation bond issuances approved to capitalize the various loan funds, (collectively, the NJ DEP Funds). The NJ DEP maintains internally designated Clean Water (the CW) and Drinking Water (the DW) State Revolving Funds (SRF) to separately account for loans by the Department. In some instances, the borrowers receive a principal forgiveness loan in which the State will forgive the repayment of a portion of the principal of each loan. The accompanying financial statements do not include any assets, liabilities or fund balances of the NJ DEP Funds.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The I-Bank's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to a special purpose government engaged in only business-type activities. The focus of business-type activities is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the I-Bank are discussed below.

Basis of accounting: Basis of accounting determines when transactions are recorded in the financial records. The accrual basis of accounting is followed by the I-Bank.

The I-Bank reports the following major enterprise funds:

Water Bank: This fund is used for operating its environmental infrastructure financing programs, in conjunction with NJ DEP.

Transportation Bank: This fund is used for operating its transportation infrastructure financing programs, in conjunction with DOT.

Revenues - exchange and non-exchange transactions: Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recognized when the exchange is settled.

Note 2. Summary of Significant Accounting Policies (Continued)

Non-exchange transactions, in which the I-Bank receives value without directly giving equal value in return, include grants, state appropriations, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the I-Bank must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the I-Bank on a reimbursement basis.

Expenses/expenditures: Expenses are recognized at the time they are incurred. Direct costs are expensed to each Program while indirect expenses are allocated based on salary expenses between the two programs.

Cash, cash equivalents and investments: Cash and cash equivalents include funds invested in the PFM Funds - Prime Institutional Class, the Wells Fargo Government Money Market Fund and the Goldman Sachs Treasury Obligation Money Market Fund, and investments with original maturities of three months or less from the date of purchase. Such is the definition of cash and cash equivalents used in the statements of cash flows.

Investments are purchased to meet the objectives set forth in the I-Bank's investment policy. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses and changes in net position.

Fair value: The I-Bank uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

The I-Bank's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment.

See Note 3 for additional information regarding fair value measurements.

Operating and nonoperating revenues and expenses: Operating revenues include all revenues derived from administration fees, interest income on Direct, Short-Term Loans, SAIL loans and investment income. Non-operating revenues principally consist of appropriations from the State of New Jersey for loan programs. Operating expenses include expenses associated with the general administration of the I-Bank.

Conduit debt obligations: Bonds issued by the I-Bank are non-recourse debt obligations to the I-Bank, and the I-Bank, in effect, has none of the risks or rewards of the related financing, which is considered Conduit debt. Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued.

Capital assets: Capital assets consist of leasehold improvements, office furniture, computers and office equipment and vehicles. Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are expensed.

Expenditures are capitalized when they meet the following requirements: (1) cost of $5,000 or more, (2) useful life of more than one year, and (3) asset is not affected by consumption.

Depreciation: Depreciation is provided using the straight-line method over the following estimated useful life of the assets:

	Years
Leasehold improvements	Lesser of the lease term or useful life
Office furniture	7
Computers and office equipment	5
Vehicles	5

Net position: In accordance with the provisions of GASB, the I-Bank has classified its Net Position into three components – Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Net investment in capital assets*:* This component of Net Position consists of capital assets, net of accumulated depreciation.

Restricted*:* This component of Net Position consists of external constraints imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation, that restricts the use of Net Position.

The I-Bank further separates restricted Net Position into “Restricted for Debt Service”, “Restricted for Interim Financing Loan Program” and “Restricted for Transportation Program”. Net Position Restricted for Debt Service includes amounts that have been restricted in accordance with the terms of an award or agreement or by State law and can be used as a guarantee for bond offerings. Net Position Restricted for Interim Financing Loan Program is restricted for short-term financing of allowable costs of environmental infrastructure projects. Net Position Restricted for Transportation Program is restricted in accordance with the terms of the appropriation to make loans and pay operating costs within the Transportation Program.

Unrestricted: This component of Net Position consists of Net Position that does not meet the definition of “restricted” or “net investment in capital assets.” This component includes Net Position that may be allocated for specific purposes by the Board.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments

Investment Guidelines and Management

The I-Bank's Investment Policy (the Policy) sets forth the investment and operational policies for the management of I-Bank investment activities. The Policy is designed to ensure that the activities are consistent with the I-Bank's overall financial needs and result in compliance with the Policy, the prudent management of invested funds, the timely availability of operating, administrative, and capital funds, all while generating a sound investment return.

The Policy governs the overall administration and investment management of all funds available for investment ("Investment Portfolio") by or on behalf of the I-Bank, including, without limitation, the Proceeds of bonds or notes issued by the I-Bank, funds utilized for Debt Service Reserve purposes, funds of the State of New Jersey, funds appropriated to the New Jersey Department of Environmental Protection ("DEP") and funds appropriated to the New Jersey Department of Transportation ("DOT"). The Policy may only be superseded by and shall be subject to the terms and provisions of (i) bond resolutions duly adopted by the I-Bank and specific to bonds or notes issued by the I-Bank and the Proceeds of such bonds or notes, and (ii) the New Jersey State Investment Code for funds of the I-Bank, the State, the DEP or the DOT. The Policy applies to Investment Portfolio funds from the time of receipt until such time that the funds are no longer held by or on behalf of, or are the responsibility of, the I-Bank. The primary objective of the I-Banks's activities, in order of priority, are (i) safety of Principal, (ii) Liquidity, and (iii) yield/Investment Return.

Authorized Investments and Asset Classes

The I-Bank is permitted to invest in those investment securities and vehicles that are specifically listed below , provided, however, that, at the time any investment is made, (i) such investment shall be (a) permitted pursuant to the rules and regulations of the New Jersey State Investment Council or (b) approved by the Director of the Division of Investment in the Department of the Treasury upon a finding that such investments are consistent with the corporate purposes of the I-Bank, and (ii) if and to the extent the amounts being invested constitute Proceeds of bonds or notes of the I-Bank, such investment shall be permitted pursuant to the terms and provisions of the duly adopted bond resolution of the I-Bank pursuant to which such bonds or notes were issued. Investments made without the advice of the Investment Advisor should be limited to permissible money market funds.

Credit criteria listed in this section refer to the credit of the issuing organization at the time the security is purchased and the credit is monitored for continued compliance. Only credit ratings of Nationally Recognized Statistical Rating Organizations ("NRSRO") will be observed and considered, including Standard & Poor's, Moody's Investor Service, and Fitch Ratings Service. Ratings are provided by category. For example, the second highest rating category will include bonds rated AA+, AA and AA- for Standard & Poor's and Fitch Ratings and Aa1, Aa2 and Aa3 for Moody's Investors Service.

Investment Portfolio percentage restrictions by security type and Issuer are applicable only on the date of purchase of the investment and are based on market value at the Investment Portfolio fund level as defined by the State's Investment Policy. All Funds related to each specific program of the NJIB shall be held in segregated accounts at one or more Custodial Banks.

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

The following investments are permissible, subject to the percentage limitations of the account, as defined in the Policy:

1. **Government Investments**
   - Direct obligations of the United States of America
   - Obligations that a Federal Agency of a Federal Instrumentality has issued in accordance with an act of Congress.
   - Municipal obligations
2. **Money Market and Money Market-like Investments**
   - Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52: 18A-90.4)
   - Money market Mutual Funds, as defined by the Policy
   - Agreements for the purchase of fully collateralized securities, as defined by the Policy
3. **Corporate Securities**
   - Bankers' Acceptances
   - Commercial Paper
   - Certificates of Deposit and Bank Deposit Notes
   - Corporate Notes

Safekeeping and Custody
All investment securities purchased for the Investment Portfolio or held as collateral on deposits or investments shall be held by the I-bank or by a third-party Custodial Agent who may not otherwise be a counterparty to the investment transaction.

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

The amounts of cash and cash equivalents as of June 30, 2019 is as follows:

	Water Bank	Transportation Bank	Total I-Bank
Operating checking (TD Bank)	$ 393,566	$ -	$ 393,566
GS SQ Treasury obligation (TD Bank MM)	156,863,679	-	156,863,679
Wells Fargo Government MM Fund Instl Class (WELLS FARGO)		13,051,960	13,051,960
Prime, institutional class (PFM Funds)	11,442,012	-	11,442,012
	$ 168,699,257	$ 13,051,960	$ 181,751,217

The amounts of cash and cash equivalents as of June 30, 2018 as follows:

	Water Bank	Transportation Bank	Total I-Bank
Operating checking (TD Bank)	$ 254,387	$ -	$ 254,387
GS SQ Treasury obligation (TD Bank MM)	199,417,151	-	199,417,151
Wells Fargo Government MM Fund Instl Class (WELLS FARGO)	-	22,384,763	22,384,763
Prime, institutional class (PFM Funds)	25,707,365	-	25,707,365
	$ 225,378,903	$ 22,384,763	$ 247,763,666

Custodial credit risk: Custodial credit risk is the risk that, in the event of failure of the counterparty, the I-Bank will not be able to recover the value of its cash and investments that are in the possession of an outside party. Cash, cash equivalents and investments are restricted under the terms of the Policy. Statutory limits also apply to the investments of the I-Bank. Deposits and investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the I-Bank and are held by either the counterparty or the counterparty's trust department or agent, but not in the I-Bank's name. As of June 30, 2019, the I-Bank deposits are $393,566, of which $143,466 is uncollateralized. As of June 30, 2018, the I-Bank deposits are $254,387, of which $4,387 is uncollateralized. All of the I-Bank's investments totaling $134,826,271 and $115,838,766, and money market funds totaling $181,357,651 and $247,509,279, as of June 30, 2019 and 2018, respectively, are held in an account outside the counterparty, not in the name of the I-Bank, and therefore, are exposed to custodial credit risk.

Credit risk: Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. All assets are invested pursuant to the I-Bank's Policy. The Policy limits the type and ratings of securities allowable as well as providing diversification requirements. The I-Bank's investments carry ratings that are in compliance with the Policy.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

The Policy includes the following provisions to minimize credit risk by:

- Limiting investments to the types of securities listed in Section VI of the Policy;
- Pre-qualifying the Financial Institutions, Brokers/Dealers, intermediaries, and advisors with which the I-Bank will do business (as defined by specific criteria in Section VII.3 of the Policy);
- Diversifying the Investment Portfolio so that the impact of potential losses from any single asset class or Issuer will be minimized;
- Limiting Counterparty Risk by following the provisions in Section VII.3 of the Policy, maintaining an approved list of pre-approved counterparties, and having programs in place to monitor those pre-approved counterparties. The I-Bank may rely on outside Investment Advisory Firm(s) for maintaining the list of pre- qualified counterparties and having adequate Due Diligence programs in place; and
- Limiting the Trading Exposure or the amount of trades outstanding with any one counterparty at any given time. Except for Activities associated with bond sale Proceeds, neither the I-Bank nor any of its representatives shall execute and have outstanding investment trades with one counterparty at any given time, whereby the Principal amount represented by such trades exceeds 20% of all Investable Funds thereby minimizing the risk of loss or litigation to the Investment Portfolio should the counterparty be unable to fulfill its obligation for any reason.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Both the State and I-Bank's investment policy provides diversification requirements and limits the amount the I-Bank may invest in any one issuer. All of the I-Bank's investments are in either US Treasury obligations, Prime or Government money market funds, agency bonds, municipal bonds, or corporate bonds and notes.

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The I-Bank seeks to minimize interest rate risk by structuring the investment portfolio so that securities mature to meet a projected liability schedule, thereby avoiding the need to sell securities prior to maturity and the possibility of a realized loss.

As of June 30, 2019 and 2018, the **Water Bank** had the following investments and maturities:

		June 30, 2019			
	Fair	Investment Maturity (In Years)			
Investment Type	Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Notes	$ 46,172,199	$ 1,755,687	$ 44,416,512	$ -	$ -
U.S. Gov't Other	24,853,127	6,414,892	12,002,674	3,535,424	2,900,137
Corporate Bonds/Notes/CP	32,271,110	7,221,342	25,049,768		
	$ 103,296,436	$ 15,391,921	$ 81,468,954	$ 3,535,424	$ 2,900,137

		June 30, 2018			
	Fair	Investment Maturity (In Years)			
Investment Type	Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Notes	$ 52,272,616	$ 9,716,107	$ 42,556,509	$ -	$ -
U.S. Gov't Other	25,253,048	11,520,471	11,629,453	1,298,670	804,454
Municipal Bonds	981,976	981,976	-		
Corporate Bonds/Notes/CP	37,331,126	9,639,576	27,691,550	-	-
	$ 115,838,766	$ 31,858,130	$ 81,877,512	$ 1,298,670	$ 804,454

As of June 30, 2019, the **Transportation Bank** had the following investments and maturities:

		June 30, 2019			
	Fair	Investment Maturity (In Years)			
Investment Type	Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Notes	$ 31,529,835	$ 28,506,399	$ 3,023,436	$ -	$ -
	$ 31,529,835	$ 28,506,399	$ 3,023,436	$ -	$ -

As of June 30, 2018, the Transportation Bank did not have any investment holdings, as all funds were invested in money market funds. The Policy is available on the I-Bank's website at https://www.njib.gov.

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

As of June 30, 2019, the **Water Bank** had the following investments, maturities and credit ratings:

Investment	Maturities	S&P Credit Rating	Moody's Credit Rating	June 30, 2019 Fair Value
3M Company Corp Notes	3/15/2023	AA-	A1	656,123
African Development Bank Note	9/20/2019	AAA	Aaa	757,918
African Development Bank Note	3/22/2021	AAA	Aaa	1,811,901
Amazon.Com Inc Bonds	2/22/2023	AA-	A3	1,009,702
American Honda Finance Corp Notes	7/20/2020	A	A2	378,760
Apple Inc	11/13/2020	AA+	Aa1	1,799,039
Bank of America Corp Note	3/5/2024	A-	A2	1,026,312
Bank of New York Mellon (Callable) Notes	5/3/2021	A	A1	973,032
Berkshire Hathaway Fin (Callable) Notes	3/15/2023	AA	Aa2	508,078
BlackRock Inc Corp Notes	6/1/2022	AA-	Aa3	496,779
Branch Banking & Trust (Callable) Note	5/10/2021	A-	A2	497,346
Burlington Nrth Corp Note	10/1/2019	A+	A3	477,422
Caterpillar Finl Service Note	9/4/2020	A	A3	672,623
Hershey Company Corp Notes	5/15/2021	A	A1	366,165
Home Depot Inc Corp Notes	6/5/2020	A	A2	433,490
IBM Corp Corp Notes	2/5/2021	A	A1	452,487
IBM Credit Corp Note	1/20/2021	A	A1	894,376
Intel Corp (Callable) Notes	5/11/2022	A+	A1	503,975
Intel Corp Corp Notes	12/15/2022	A+	A1	223,840
International Finance Corporation Note	3/9/2021	AAA	Aaa	906,360
Intl Bank of Recon And Dev Global Notes	11/27/2019	AAA	Aaa	895,950
Intl Bank of Recon And Dev Global Notes	9/4/2020	AAA	Aaa	1,494,299
Intl Bank of Recon And Dev Global Notes	9/12/2020	AAA	Aaa	1,790,951
John Deere Capital Corp Notes	1/6/2023	A	A2	891,511
Johnson & Johnson (Callable) Notes	3/1/2023	AAA	Aaa	678,341
JPMorgan Chase & Co Bonds	4/1/2023	A-	A2	918,529
Merck & Co Inc	3/7/2024	AA	A1	521,738
Microsoft Corp Corp (Callable) Notes	11/3/2022	AAA	Aaa	511,110
Microsoft Corp Notes	2/6/2020	AAA	Aaa	718,457
PepsiCo, Inc Corp (Callable) Notes	10/6/2021	A+	A1	496,086
Pfizer Inc Corp Notes	3/15/2024	AA	A1	582,477
State Street Corp Notes	5/19/2021	A	A1	262,315
The Procter & Gamble Co Corp Notes	10/23/2020	AA-	Aa3	594,713
Toyota Motor Corp Notes	3/12/2020	AA-	Aa3	539,734
Toyota Motor Credit Corp	4/17/2020	AA-	Aa3	853,358
Toyota Motor Credit Corp Notes	9/8/2022	AA-	Aa3	450,518
United Parcel Service Corporate Bond	4/1/2021	A+	A1	758,741
Wal-Mart Stores Inc Corp Note	12/15/2020	AA	Aa2	1,921,543
Walt Disney Company Corp Notes	6/5/2020	A	A2	896,562
Wells Fargo & Co Corp Bonds	1/30/2020	A-	A2	1,648,451
Other US Government Notes And Bonds		AA+	Aaa	24,853,127
US Treasury Notes And Bonds		AA+	Aaa	46,172,199
Total				**$ 103,296,436**

As of June 30, 2019, the **Transportation Bank** had the following investments, maturities and credit ratings:

Investment	Maturities	S&P Credit Rating	Moody's Credit Rating	June 30, 2019 Fair Value
US Treasury Notes And Bonds		AA+	Aaa	31,529,835
Total				**$ 31,529,835**

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

As of June 30, 2018, the **Water Bank** had the following investments, maturities and credit ratings:

Investment	Maturities	S&P Credit Rating	Moody's Credit Rating	June 30, 2018 Fair Value
African Development Bank	9/20/2019	Aaa	AAA	$ 786,192
African Development Bank	3/22/2021	Aaa	AAA	1,892,117
American Express Credit	3/18/2019	A2	A-	1,867,804
American Honda Finance	7/20/2020	A2	A+	372,117
Apple Inc	11/13/2020	Aa1	AA+	1,766,904
Apple Inc	5/13/2022	Aa1	AA+	196,854
Bank of NY Mellon Corp	5/3/2021	A1	A	993,031
BNP Paribas NY Branch	8/6/2018	P-1	A-1	798,288
BNP Paribas NY Branch	12/14/2018	P-1	A-1	1,977,600
Branch Banking & Trust Corp	5/10/2021	A2	A-	507,294
Burlington North Corp	10/1/2019	A3	A+	511,311
Caterpillar Financial Services	9/4/2020	A3	A	657,322
CT State Taxable GO Bonds	4/15/2019	A1	A	981,976
General Elec Cap Corp	1/8/2020	A2	A	1,668,845
Hershey Company Corp	5/15/2021	A1	A	360,404
Home Depot Inc	6/5/2020	A2	A	427,176
HSBC USA Inc	8/7/2018	A2	A	1,049,430
IBM Corp	2/5/2021	A1	A+	495,262
IBM Corp	1/20/2021	A1	A+	872,109
IBM Corp	5/11/2022	A1	A+	486,116
International Finance Corp	3/9/2021	Aaa	AAA	892,192
Intl Bank Of Recon And Dev	11/27/2019	Aaa	AAA	882,108
Intl Bank Of Recon And Dev	9/4/2020	Aaa	AAA	1,466,895
Intl Bank Of Recon And Dev	9/12/2020	Aaa	AAA	1,755,270
John Deere Capital	1/6/2023	A2	A	853,888
JPMorgan Chase & Co	1/28/2019	A3	A-	1,872,030
Microsoft Corp	2/6/2020	Aaa	AAA	760,161
Microsoft Corp	11/3/2022	Aaa	AAA	491,748
MUFG Bank	1/4/2019	P-1	A-1	1,974,453
PepsiCo Inc	10/6/2021	A1	A+	478,150
Procter & Gamble Co	10/23/2020	Aa3	AA-	582,428
State Street Corp	5/19/2021	A1	A	279,009
Toyota Motor Credit Corp	7/13/2018	Aa3	AA-	99,970
Toyota Motor Credit Corp	3/12/2020	Aa3	AA-	533,498
Toyota Motor Credit Corp	4/17/2020	Aa3	AA-	840,291
Toyota Motor Credit Corp	9/8/2022	Aa3	AA-	429,166
UPS Corp	4/1/2021	A1	A+	741,340
Wal-Mart Stores Inc	12/15/2020	Aa2	AA	1,885,992
Walt Disney Co	6/5/2020	A2	A+	977,665
Wells Fargo & Company	1/30/2020	A2	A-	1,848,696
Other US Government Notes And Bonds	Demand	Aaa	AA+	25,253,048
US Treasury Notes And Bonds	Demand	Aaa	AA+	52,272,616
				$ 115,838,766

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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

As of June 30, 2019, and 2018, the **Water Bank** had the following investments, all of which are reported at fair value measurement by level:

		Fair Value Measurements Using		
	June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
U.S. Treasury Notes	$ 46,172,199	$ -	$ 46,172,199	$ -
Corporate bonds/Notes/CP	32,271,110	-	32,271,110	-
US Gov't Other	24,853,127	-	24,853,127	-
Total debt securities	103,296,436	-	103,296,436	-
Total investments by fair value level	$ 103,296,436	$ -	$ 103,296,436	$ -

Investments as reported on the statement of financial position:	
Current:	
Unrestricted	$ 1,496,895
Restricted	13,895,026
Noncurrent:	
Unrestricted	-
Restricted	87,904,515
Total investments	$ 103,296,436

New Jersey Infrastructure Bank
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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

		Fair Value Measurements Using		
	June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
U.S. Treasury Notes	$ 52,272,616	$ -	$ 52,272,616	$ -
Corporate bonds/Notes/CP	37,331,126	-	37,331,126	-
US Gov't Other	25,253,048	-	25,253,048	-
Municipal bonds	981,976	-	981,976	-
Total debt securities	115,838,766	-	115,838,766	-
Total investments by fair value level	$ 115,838,766	$ -	$ 115,838,766	$ -

Investments as reported on the statement of financial position:	
Current:	
Unrestricted	$ 5,443,441
Restricted	26,414,689
Noncurrent:	
Unrestricted	1,480,488
Restricted	82,500,148
Total investments	$ 115,838,766

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Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

As of June 30, 2019, the **Transportation Bank** had the following investments, all of which are reported at fair value measurement by level:

	June 30, 2019	in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
U.S. Treasury Notes	$ 31,529,835	$ -	$ 31,529,835	$ -
Total debt securities	31,529,835	-	31,529,835	-
Total investments by fair value level	$ 31,529,835	$ -	$ 31,529,835	$ -

Investments as reported on the statement of financial position:	
Current:	
Restricted	28,506,399
Noncurrent:	
Restricted	3,023,436
Total investments	$ 31,529,835

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Both the State and I-Bank's investment policy provides diversification requirements and limits the amount the I-Bank may invest in any one issuer. All of the I-Bank's investments are in either US Treasury obligations, Prime or Government money market funds, agency bonds, municipal bonds, or corporate bonds and notes.

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Notes to Financial Statements

Note 4. Loans Receivable and Commitment

The Water Bank provides loans to Borrowers to finance allowable costs of clean water and safe drinking water projects. Approximately 90% of the loans are secured by the full faith and credit of a local governmental unit.

The Direct Loan Program provides long-term loans for small projects or for borrowers that are fiscally constrained or lack the administrative capability to participate in the I-Bank's Water Bank bond financing transaction. The I-Bank funds these loans through cash on hand rather than through the issuance of bonds. The I-Bank portion of each total loan is structured at a rate equivalent to the Thomson Reuters TM3 AAA Index on the date of loan closing plus (or minus) the spread from the I-Bank Water Bank's most recent issue. The direct loans are repayable in most cases over a period of 20 years, with some loans maturing over a shorter period, and with interest rates of 0.17% to 5.33% per annum. As of June 30, 2019 and 2018, the direct loans balance net of undisbursed funds was $7,101,193 and $7,901,639, respectively. Included in this balance are amounts owed from borrowers primarily for contributions made by the I-Bank on their behalf for defeasances of $1,869,085 and $2,195,664 as of June 30, 2019 and 2018, respectively.

Loans issued under the Water Bank Short-Term Loan Program and SAIL Loan Program are issued, with few exceptions, for a maximum of five fiscal years. With limited exceptions, these loans are interest free. These loans will be converted into long-term loans through either the Bond Program or Direct Loan Program. As of June 30, 2019, and 2018, the balance for the loans described was $296,704,436 and $165,619,453, respectively. As of June 30, 2019, and 2018, the balance for the loans outstanding with a 0% interest rate was $294,080,799 and $163,575,045, respectively.

The Water Bank's net loans receivable balance of $303,805,629 and $173,521,092 as of June 30, 2019 and 2018, consisted of outstanding loans issued of $303,885,629 and $173,652,518 net of undisbursed loan funds of $80,000 and $131,426 for 2019 and 2018 , respectively. Undisbursed loan funds include loan funds that have been committed to a specific borrower and for its project in a separate account, but not yet requisitioned by the borrower for remaining project expenses.

The Water Bank does not maintain an allowance for loan losses given the repayment history of the pool of direct loans borrowers coupled with the debt service reserve holdings for some of the borrowers. In addition, the Short-Term loans are anticipated to be repaid with proceeds of bonds issued by the I-Bank and funds held at the NJ DEP and are therefore not subject to individual borrower repayment risk.

The Water Bank had certain borrowers whose loan receivables individually represented 10% or more of the Water Bank's total loans receivable. For the year ended June 30, 2019 and 2018, one borrower accounted for 16% and two borrowers accounted for 34% of loans receivable, respectively

The Water Bank is also committed to fund short-term loans to borrowers of approximately $616 million that had not been requisitioned as of June 30, 2019.

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Notes to Financial Statements

Note 4. Loans Receivable and Commitment (Continued)

The Transportation Bank provides loans to Borrowers to finance allowable costs of transportation projects. As of June 30, 2019 the balance of loans was $278,580. As of June 30, 2018 the balance of loans was $0.

Loans issued under the Transportation Bank Short-Term Loan Program are issued, with few exceptions, for a maximum of three fiscal years. These loans have an interest rate of 0% per year. These loans will be converted into long-term loans through either the Bond Program or Direct Loan Program.

The Transportation Bank is also committed to fund short-term loans to borrowers of approximately $3.2 million that had not been requisitioned as of June 30, 2019. The Transportation Bank has allocated $41 million in funds to projects as of June 30, 2019.

Annual maturities for I-Bank loans receivable are as follows:

	SAIL and Short-Term	Direct Loans	Transportation Loans	Total
Year ending June 30:				
2020	$ 109,685,956	$ 670,556	$ 97,125	$ 110,453,637
Less undisbursed loan funds	-	(80,000)		(80,000)
Current loans	109,685,956	590,556	97,125	110,373,637
2021	136,209,831	1,730,324	159,396	138,099,551
2022	48,185,012	421,852	22,059	48,628,923
2023	-	523,333	-	523,333
2024	-	418,791	-	418,791
2025 through 2029	2,623,637	2,144,423	-	4,768,060
2030 through 2034	-	1,230,920	-	1,230,920
2035 through 2039	-	40,994	-	40,994
2040 through 2044	-	-	-	-
2045 through 2049	-	-	-	-
Noncurrent loans	187,018,480	6,510,636	181,455	193,710,572
Loans receivable, net	$ 296,704,436	$ 7,101,192	$ 278,580	$ 304,084,209

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Notes to Financial Statements

Note 5. Capital Assets

The following is a summary of capital assets of the **Water Bank** at cost:

	Balance at June 30, 2018	Additions	Disposals	Balance at June 30, 2019
Capital assets being depreciated:				
Leasehold improvements	$ 68,828	$ -	$ -	$ 68,828
Office furniture	59,379	-	-	59,379
Computers and office equipment	113,190	-	-	113,190
Vehicles	51,686	-	-	51,686
	293,083	-	-	293,083
Less accumulated depreciation:				
Leasehold improvements	67,342	1,486	-	68,828
Office furniture	48,642	4,429	-	53,071
Computers and office equipment	101,857	8,853	-	110,710
Vehicles	37,976	10,627	-	48,603
	255,817	25,395	-	281,212
Capital assets (net)	$ 37,266	$ (25,395)	$ -	$ 11,871

	Balance at June 30, 2017	Additions	Disposals	Balance at June 30, 2018
Capital assets being depreciated:				
Leasehold improvements	$ 68,828	$ -	$ -	$ 68,828
Office furniture	59,379	-	-	59,379
Computers and office equipment	113,190	-	-	113,190
Vehicles	51,686	-	-	51,686
	293,083	-	-	293,083
Less accumulated depreciation:				
Leasehold improvements	36,400	30,942	-	67,342
Office furniture	44,212	4,430	-	48,642
Computers and office equipment	89,368	12,489	-	101,857
Vehicles	27,639	10,337	-	37,976
	197,619	58,198	-	255,817
Capital assets (net)	$ 95,464	$ (58,198)	$ -	$ 37,266

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Notes to Financial Statements

Note 6. Commitments and Contingencies

Leases: In November 2018, the I-Bank renewed its lease for the use of premises at 3131 Princeton Pike, Lawrenceville, New Jersey 09648. The renewal was for a seven-year term from December 1, 2018 through November 30, 2025, with annual rent of $60,800 and additional amounts for utilities and maintenance. Rental expenditures reported for the years ended June 30, 2019 and 2018 were $120,732 and $122,339, respectively. The following is a summary of the future minimum rental commitments under the current lease through November 30, 2025:

Years ending June 30,		
2020	$	120,275
2021		120,275
2022		120,275
2023		120,275
2024		120,275
2025		120,275
2026		50,114
Total	**$**	**771,764**

Note 7. Conduit Debt – Water Bank

The I-Bank has issued Environmental Infrastructure Bonds to provide financing for allowable costs of acquiring, constructing, improving or installing wastewater treatment projects for wastewater treatment systems undertaken by local government units in the State of New Jersey and to provide financing for allowable costs of drinking water supply projects for drinking water supply systems undertaken by local government units, nonprofit entities and private entities in the State of New Jersey. The bonds have been classified as conduit debt.

These various conduit debt obligations issued under the name of the I-Bank (formerly known as the New Jersey Environmental Infrastructure Trust) are not included in the accompanying financial statements. Although the conduit debt obligations bear the name of the I-Bank pursuant to the I-Bank Act and the Bond Resolutions, the Bonds are special obligations of the I-Bank and shall not in any way be a debt or liability of the State or of any political subdivision thereof, and shall not create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof. The I-Bank has no taxing power, and the State of New Jersey is not liable for the bonds issued through the I-Bank. The revenue bonds are not secured by the I-Bank, only by revenues, including repayment of loans from the underlying borrowers and investments of amounts on deposit with the bond trustee. The principal and redemption premium, if any, and the interest on the Bonds shall be payable from and secured by the pledge (i) of the Series Trust Estate and (ii) by the Master Program Trustee of the moneys and securities on deposit in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement. The Borrowers' principal and interest payment obligations match the principal and interest payment obligations of the I-Bank pursuant to its bonds. The loan repayments of the Borrowers' are made to a trustee, who is appointed by the I-Bank to service and administer the arrangement.

The bond resolutions generally limit investments to obligations of the U.S. government or its agencies, investments in certain certificates of deposit of commercial banks that are members of the Federal Reserve System, investments in cash management pools that restrict investments to U.S. government securities, money market funds that invest in high-grade AAA-rated securities, and direct and general obligations of any state that meets the minimum requirements of the resolution.

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Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

Loans to borrowers in the 2019 program combine proceeds of the bond sale, lent at market rate, with interest free loans from the State of New Jersey, Department of Environmental Protection Clean Water State Revolving Fund and Drinking Water State Revolving Fund. Thus, most public borrowers will pay a composite interest rate on their loans of less than 1.25%.

On November 29, 2018, the I-Bank issued $16,645,000 of Environmental Infrastructure Bonds, Series 2018A-2 (Green Bonds) to capitalize 13 projects.

On May 23, 2019 the I-Bank issued $13,215,000 of Environmental Infrastructure Bonds, Series 2019A-1 (Green Bonds) to capitalize 18 projects.

On June 6, 2019, the I-Bank issued $4,520,000 of Environmental Infrastructure Bonds, Series 2019B-R1 (Green Bonds) to take advantage of the current low interest rate environment for I-Bank Program borrows. The I-Bank Series 2019B-R1 were issued to refund a portion of the outstanding Series 2010C Bonds. The proceeds of this Series of Refunding Bonds refunded $4,990,000 of outstanding I-Bank Bonds and resulted in the I-Bank passing on a reduction of interest and principal payments owed by the participating borrowers.

On June 6, 2019, the I-Bank issued $3,965,000 of Environmental Infrastructure Bonds, Series 2019C-R1 (Green Bonds) to take advantage of the current low interest rate environment for I-Bank Program borrows. The I-Bank Series 2019C-R1 were issued to refund a portion of the outstanding Series 2009C Bonds. The proceeds of this Series of Refunding Bonds refunded $4,000,000 of outstanding I-Bank Bonds and resulted in the I-Bank passing on a reduction of interest and principal payments owed by the participating borrowers.

At June 30, 2019 and 2018, the aggregate principal amount of conduit debt obligations outstanding totaled $1,032,532,065 and $1,103,105,027, respectively, as detailed in the following schedules.

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Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

Changes in conduit debt obligations of the Water Bank for the year ended June 30, 2019 were as follows:

	Balance at June 30, 2018	Issued	Retired	Balance at June 30, 2019	Amount Due Within One Year
2006 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2020, at interest rate of 5.00%	$ 16,220,000	$ -	$ 5,150,000	$ 11,070,000	$ 5,390,000
Series B Bonds, uninsured, maturing serially through 2019, at interest rate of 5.00%	7,111,681	-	3,467,962	3,643,719	3,643,719
2007 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2021, at interest rates of 5.25%	31,810,000	-	7,505,000	24,305,000	7,740,000
Series B Bonds, uninsured, maturing serially through 2022, at interest rates of 5.25%	23,240,000	-	4,375,000	18,865,000	4,375,000
Series C Bonds, uninsured, maturing serially through 2022, at interest rate of 5.00%	33,110,000	-	6,030,000	27,080,000	6,315,000
2008 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2018, at interest rate of 4.50%	2,935,000	-	2,935,000	-	-
2008 Series:					
Series A Bonds, uninsured, maturing serially through 2018, at interest rate of 5.00%	6,705,000	-	6,705,000	-	-
2009 Series:					
Series A Bonds, uninsured, maturing serially through 2018, at interest rate of 5.00%	4,135,000	-	4,135,000	-	-
Series C Bonds, uninsured, maturing serially through 2018, at interest rate of 4.50%	4,270,000	-	4,270,000	-	-
2010 A Series:					
Series A Bonds, uninsured, maturing serially through 2018, at interest rate of 5.00%	5,980,000	-	5,980,000	-	-
2010 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2024, at interest rates from 3.00% to 5.00%	28,635,000	-	3,500,000	25,135,000	3,120,000
Series B Bonds, uninsured, maturing serially through 2020, at interest rate of 4.00%	570,000	-	230,000	340,000	240,000
2010 B & C Series:					
Series B Bonds, uninsured, maturing serially through 2019, at interest rate of 5.00%	10,665,000	-	5,210,000	5,455,000	5,455,000
Series C Bonds, uninsured, maturing serially through 2019, at interest rate of 4.00%	5,740,000	-	5,355,000	385,000	385,000

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Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

	Balance at June 30, 2018	Issued	Retired	Balance at June 30, 2019	Amount Due Within One Year
2011 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2018, at interest rate of 3.00%	$ 475,000	$ -	$ 475,000	$ -	$ -
Series B Bonds, uninsured, maturing serially through 2021, at interest rates from 4.00% to 5.00%	5,085,000	-	1,680,000	3,405,000	1,755,000
Series C Bonds, uninsured, maturing serially through 2022, at interest rate of 5.00%	5,140,000	-	955,000	4,185,000	970,000
2012 Series:					
Series A Bonds, uninsured, maturing serially through 2031, at interest rates from 3.00% to 5.00%	56,155,000	-	2,960,000	53,195,000	3,100,000
Series B Bonds, uninsured, maturing serially through 2031, at interest rates from 4.00% to 5.00%	16,605,000	-	865,000	15,740,000	890,000
Series C Bonds, uninsured, maturing serially through 2031, at interest rates from 3.00% to 4.00%	3,915,000	-	225,000	3,690,000	235,000
2012 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2026, at interest rate of 4.00%	143,970,000	-	14,705,000	129,265,000	14,850,000
Series B Bonds, uninsured, maturing serially through 2021, at interest rate of 3.00%	390,000	-	90,000	300,000	95,000
Series C Bonds, uninsured, maturing serially through 2023, at interest rate of 3.00%	5,325,000	-	835,000	4,490,000	870,000
2013 Series:					
Series A Bonds, uninsured, maturing serially through 2032, at interest rates from 3.00% to 5.00%	25,260,000	-	1,290,000	23,970,000	1,345,000
Series B Bonds, uninsured, maturing serially through 2032, at interest rates from 3.00% to 3.25%	845,000	-	45,000	800,000	45,000
2014 Series:					
Series A Bonds, uninsured, maturing serially through 2033, at interest rates from 3.00% to 5.00%	50,555,000	-	2,265,000	48,290,000	2,365,000
Series B Bonds, uninsured, maturing serially through 2033, at interest rates from 3.00% to 5.00%	4,545,000	-	215,000	4,330,000	230,000
2015 A-1 Series:					
Series A Bonds, uninsured, maturing serially through 2034, at interest rates from 4.00% to 5.00%	43,185,000	-	1,760,000	41,425,000	1,855,000
2015 B- Refunding Series (AMT):					
Series B Bonds, uninsured AMT, maturing serially through 2025, at interest rates from 4.00% to 5.00%	8,400,000	-	1,220,000	7,180,000	1,255,000
2015 A-2 Series:					
Series A Bonds, uninsured, maturing serially through 2035, at interest rates from 3.00% to 5.00%	9,200,000	-	380,000	8,820,000	390,000
2015 A-R1 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2027, at interest rate of 5.00%	96,485,000	-	10,985,000	85,500,000	11,550,000

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

	Balance at June 30, 2018	Issued	Retired	Balance at June 30, 2019	Amount Due Within One Year
2015B-R2 Refunding Series (AMT):					
Series B Bonds, uninsured AMT, maturing serially through 2026, at interest rate of 5.00%	$ 11,305,000	$ -	$ 1,040,000	$ 10,265,000	$ 1,075,000
2016 A-1 Series:					
Series A Bonds, uninsured, maturing serially through 2045, at interest rates from 2.00% to 5.00%	23,130,000	-	850,000	22,280,000	890,000
2016 A-R1 Refunding Series:					
Series A Bonds, uninsured, maturing serially through 2028, at interest rates from 4.50% to 5.00%	56,160,000	-	-	56,160,000	6,290,000
2016 A-R2 Refunding Series :					
Series A Bonds, uninsured, maturing serially through 2030, at interest rates from 4.50% to 5.00%	63,365,000	-	155,000	63,210,000	-
2016 A-2 Series:					
Series A Bonds, uninsured, maturing serially through 2046, at interest rates from 4.00% to 5.00%	7,200,000	-	240,000	6,960,000	250,000
2017 A-1 Series:					
Series A Bonds, uninsured, maturing serially through 2046, at interest rates from 3.00% to 5.00%	31,610,000	-	835,000	30,775,000	880,000
2017 A-2 Series:					
Series A Bonds, uninsured, maturing serially through 2047, at interest rates from 2.13% to 5.00%	18,840,000	-	-	18,840,000	655,000
2017 A-R1 Series:					
Series A Bonds, uninsured, maturing serially through 2029, at interest rate of 4.00%	33,525,000	-	-	33,525,000	3,180,000
2017 A-R2 Series:					
Series A Bonds, uninsured, maturing serially through 2029, at interest rate of 4.00%	72,830,000	-	-	72,830,000	5,930,000
2017 B-1 Series (AMT):					
Series B Bonds, uninsured AMT, maturing serially through 2047 at interest rate from 3.00% to 5.00%	3,860,000	-	-	3,860,000	75,000
2018 A-1 Series:					
Series A Bonds, uninsured, maturing serially through 2047 at interest rate from 3.00% to 5.00%	21,105,000	-	-	21,105,000	705,000
2018 B-1 Series (AMT):					
Series B Bonds, uninsured AMT, maturing serially through 2047 at interest rate from 3.00% to 5.00%	15,100,000	-	-	15,100,000	280,000

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

	Balance at June 30, 2018	Issued	Retired	Balance at June 30, 2019	Amount Due Within One Year
2018 A-2 Series:					
Series A Green Bonds, uninsured, maturing serially through 2048 at interest rate from 4.00% to 5.00%	-	16,645,000	-	16,645,000	-
2019 A-1 Series:					
Series A Green Bonds, uninsured, maturing serially through 2048 at interest rate from 2.00% to 5.00%	-	13,215,000	-	13,215,000	-
2019 B-R1 Refunding Series:					
Series B Green Bonds, uninsured, maturing serially through 2030, at interest rate of 4.00%	-	4,520,000	-	4,520,000	-
2019 C-R1 Refunding Series (Federally Taxable):					
Series C Green Bonds, uninsured, maturing serially through 2029, at interest rates from 2.65% to 5.00%	-	3,965,000	-	3,965,000	280,000
Total of bonds payable covered by Master Program Trust Account	1,014,691,681	38,345,000	108,917,962	944,118,719	98,953,719
2005 BCIA/ENCAP Golf Holdings					
Variable rate bond series maturing through 2025, with weekly interest rate calculations	88,413,346	-	-	88,413,346	-
Total bonds payable	$ 1,103,105,027	$ 38,345,000	$ 108,917,962	$ 1,032,532,065	$ 98,953,719

Annual debt service requirements to maturity for conduit debt obligations are as follows:

	Principal	Interest	Total
Years ending June 30:			
2020	$ 98,953,719	$ 38,039,433	$ 136,993,152
2021	95,115,000	33,472,881	128,587,881
2022	91,814,999	29,106,906	120,921,905
2023	84,795,001	25,045,185	109,840,186
2024	80,150,000	21,321,332	101,471,332
2025 through 2029	396,693,346	60,173,318	456,866,664
2030 through 2034	121,160,000	19,490,264	140,650,264
2035 through 2039	34,095,000	7,757,516	41,852,516
2040 through 2044	15,860,000	4,017,501	19,877,501
2045 through 2049	13,895,000	1,067,571	14,962,571
	$ 1,032,532,065	$ 239,491,907	$ 1,272,023,972

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

Advance refunding: When conditions have warranted, the I-Bank has sold various series of bonds to provide for the refunding of previously issued obligations. The proceeds received from the respective sales of the bonds were used to redeem the applicable outstanding bonds and, at times, to deposit in an irrevocable escrow fund held by an escrow agent, an amount that, when combined with interest earnings thereon, will equal no less than the sum of the outstanding principal amount of the bonds, the interest to accrue thereon and including the first optional redemption date thereof, and the premium required to redeem the bonds outstanding on such date.

These transactions defeased the outstanding bond issuances with a resulting reduction in annual debt service during the remaining term of the issuances. The principal and interest savings are passed along to each applicable borrower in the form of a credit against the original debt service of the borrower.

Defeased bonds outstanding at June 30, 2019, are comprised of the following:

Issue	Principal Amount Outstanding June 30, 2019
2016A-R2	
2010 Series B	71,975,000
2019B-R1	
2010 Series C	4,990,000
2019C-R1	
2009 Series C	4,000,000
	$ 80,965,000
Individual borrow er defeasances:	
1999 Series A	406,283
2000 Series A	135,000
2000 Series B	735,000
2001 Series A	120,000
2002 Series A	1,660,000
2005 Series A	360,000
2006 Series A	75,000
2007 Series A	1,175,000
2010 Series B	9,595,000
2010 Series C	340,000
2012 Series A	265,000
2013 Series A	355,000
2014 Series A	475,000
2014 Series B	335,000
2015 Series A-1	305,000
	$ 16,336,283

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

Note 7. Conduit Debt – Water Bank (Continued)

Reserve for arbitrage rebate: The Tax Reform Act of 1986 placed restrictions on the investments of the proceeds of certain tax-exempt bonds issued after December 31, 1986. Specifically, investment earnings, which are above the arbitrage bond yield, are required to be rebated to the United States Treasury Department within sixty days of the end of every fifth bond year. A bond year is defined, at the option of the issuing entity, as either the date of the first anniversary of bond settlement or the issuing entity's year-end.

The I-Bank has various issues of bonds, which are subject to rebate calculations, which are required to be made at least once every five years. The I-Bank prepares annual rebate calculations for purposes of determining any contingent liability for rebate. As of June 30, 2019, it was determined there was no rebate due as a result of these calculations. The amount of contingent liability for rebate may change as a result of future events.

Loans receivable from borrowers of conduit debt: The I-Bank provides loans to Borrowers to finance allowable costs of clean water and safe drinking water projects. The various I-Bank loans are grouped into pools and funded with the proceeds of I-Bank bonds or other obligations, which are considered conduit debt. Loan repayments are required at such times and in such amounts as will pay the debt service on the bonds as it becomes due. These loans, most of which are secured by the full faith and credit of a local governmental unit, are repayable in most cases over a period of 20 years, with some loans maturing over a shorter or longer period, and with coupon rates of 2.0% to 5.5% per annum.

Each borrower issues to the I-Bank a bond, note or other obligation in a principal amount equal to the principal amount of the loan in favor of the I-Bank which secures the borrowers repayment obligation. The I-Bank then assigns these obligations to the trustee. These obligations bear interest at the same rates and are callable at the same times and prices, as the corresponding I-Bank bonds, net of refunding costs. All principal and interest savings from the refunding of I-Bank Bonds are passed along to each applicable borrower in the form of a credit against the original debt service of the borrower. As these loans relate to the conduit debt, they are not reported on the statement of financial position for the Water Bank.

Stewardship, compliance and accountability:

Compliance with finance related legal and contractual provisions: The I-Bank is subject to the provisions and restrictions of the Bond Resolution or Supplemental Bond Resolution adopted for each conduit debt bond issue.

Management reviews compliance issues continually, and reports to the Audit Committee of the Board quarterly to review its compliance-related performance during the period as well as to provide notice to the Committee of the upcoming compliance schedule. Management of the I-Bank is unaware of any material violations of finance related legal and contractual provisions and has no knowledge of any default in the fulfillment of any of the terms, covenants or provisions of the bond resolutions, unless otherwise described herein.

Note 7. Conduit Debt – Water Bank (Continued)

Debt service reserve requirement: Pursuant to the various bond resolutions and supplemental bond resolutions for bonds issued and accounted for as conduit debt, certain invested reserves are required to be maintained with the Trustee in a designated Debt Service Reserve Fund. This requirement is intended to fund potential deficiencies in principal and interest required to be paid in succeeding years. As of the September 1, 2018 calculation date, the cumulative debt service reserve requirement, as adjusted for refunding and defeasance was $58,791,609. As of June 30, 2019, each Series Debt Service Reserve Account was in compliance with the debt service reserve requirements in accordance with the respective bond resolutions and supplemental bond resolutions. The balances are not recorded in these financial statements. The balance as of June 30, 2019 and 2018 in all of the debt service reserve fund accounts was $72,385,305 and $74,936,888, respectively.

Statement of Funds and Accounts Held by the Trustee: Pursuant to the various bond resolutions and supplemental bond resolutions for bonds issued and accounted for as conduit debt, a Trustee is appointed to maintain all funds and accounts. The balances are not recorded in these financial statements. As of June 30, 2019 and 2018, the total cash and investments balance for conduit debt was $107,441,199 and $118,028,705, respectively.

Statement of revenue, administrative fees and state administrative fees: Pursuant to the various bond resolutions and supplemental bond resolutions for bonds issued and accounted for as conduit debt, the I-Bank is required to track the revenues, administrative fees and state administrative fees collected from all borrowers. The revenues include principal and interest payments made by borrowers. The balances are not recorded in these financial statements. For the fiscal year ended June 30, 2019, the total revenues, administrative fees and state administrative fees collected for conduit debt was $295,536,992 and $282,647,943, respectively.

Note 8. Other Matter-Water Bank

An Event of Default (EOD) currently exists separate and apart from the Master Program Trust Account under the terms of the I-Bank's Series 2005 Indenture (the Indenture) pursuant to which the I-Bank issued its Environmental Infrastructure Revenue Bonds (Bergen County Improvement Authority-EnCap Golf Holdings, LLC Project), Series 2005, specifically with regard to the Bergen County Improvement Authority (BCIA) - EnCap Golf Holdings, LLC (EnCap) project (hereinafter referred to as the NJEIT-BCIA Bonds). Such EOD created a corresponding EOD under the Loan Agreement among BCIA, the I-Bank and EnCap (NJEIT-BCIA Loan Agreement) pursuant to which the I-Bank loaned the proceeds of the NJEIT-BCIA Bonds to BCIA and thereupon BCIA loaned such proceeds to EnCap for EnCap's Meadowlands remediation project.

As a precondition of BCIA's loan application to the I-Bank for funding for the EnCap project and to protect bondholders from any repayment default risk by EnCap, the I-Bank required that EnCap procure a bank Letter of Credit (LOC Provider) in order to fully secure the debt service repayments of principal and interest owed on the NJEIT-BCIA Bonds.

Subsequent to the issuance of the NJEIT-BCIA Bonds, EnCap failed to satisfy various reimbursement obligations to the LOC Provider, which in turn triggered the above referenced EODs under the terms of the Indenture and the corresponding NJEIT-BCIA Loan Agreement. In response to the occurrence of the EOD under the Indenture, the LOC Provider exercised remedies to which it was entitled. On September 28, 2007, the LOC Provider directed a mandatory tender of the NJEIT-BCIA Bonds, which mandatory tender was funded by a draw on the LOC. As a result of the tender, all holders of the publicly issued NJEIT-BCIA Bonds (then outstanding in the principal amount of $88,413,346) were paid in full; the LOC is

Note 8. Other Matter-Water Bank (Continued)

no longer outstanding; and the LOC Provider became the 100% holder of the NJEIT-BCIA Bonds, which are without recourse to the I-Bank.

In the aftermath of the above referenced EOD's, EnCap filed bankruptcy pursuant to Chapter 11 under the United States Bankruptcy Code on May 8, 2008. On February 3, 2009, an order dismissing the bankruptcy case was entered by the Bankruptcy Court and a Final Decree indicating that the case had been fully administered was entered on March 30, 2009.

On August 13, 2010, in accordance with the Agreement of Removal, Appointment and Acceptance, by and among The Bank of New York-Mellon (the Prior Trustee), the LOC Provider and American Home Assurance Company (American Home), American Home replaced the Prior Trustee as trustee with respect to the NJEIT-BCIA Bonds pursuant to the Indenture. In addition, in accordance with the Assigned Assets Sale and Assignment Agreement, by and among the LOC Provider and American Home, American Home acquired all of the NJEIT-BCIA Bonds from the LOC Provider. As of the date of this report, American Home continues to hold the NJEIT-BCIA Bonds.

The collateral that secures the NJEIT-BCIA Bonds held by American Home does not secure any of the annual financing programs of the I-Bank. Therefore, the events described above with respect to the NJEIT-BCIA Bonds and EnCap have no impact on any of the annual financing programs of the I-Bank including the principal and interest payments of any of the I-Bank's outstanding publicly issued bonds relating to such annual financing programs.

Note 9. Pension and Other Postemployment Benefits Plans

Public Employees' Retirement System

All full-time personnel of the I-Bank are covered by the Public Employees' Retirement System (PERS), which is administered by the New Jersey Division of Pension and Benefits (the Division). The plan has a board of trustees that is primarily responsible for its administration. According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

The PERS was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state local jurisdiction.

The vesting benefits are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Other Postemployment Benefits (OPEB) Plan

The Division administers the State Health Benefits Local Government Retired Employees plan. The plan was established in 1961 under Title 52 Article 14 – 17.25 et.seq. and offers medical and prescription

Note 9. Pension and Other Postemployment Benefits Plans (Continued)

coverage to qualified local government public retirees and their spouses. The OPEB plan is overseen by the State Health Benefits Commission (the Commission), which was established by NJSA 52:14-17.27.

The funding policy of the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under P.L. 1997, C. 300.

Plan Financial Statements

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS and the OPEB plan. These reports may be accessed on the internet at: https://www.state.nj.us/treasury/pensions/gasb-notices.shtml or by writing to:

State of New Jersey
Division of Pension and Benefits
P.O. Box 295, Trenton, New Jersey 08625-0295

Pension Expense and Liabilities

I-Bank personnel are employees of the State of New Jersey. The I-Bank submits quarterly reimbursements to the State for salary and fringe benefits related to its personnel. As a result, the I-Bank does not pay into the State plan and therefore has no pension or OPEB expense or any liabilities associated with pension or OPEB recorded in the financial statements; these items are recorded at the Statewide level in the Comprehensive Annual Financial Report (CAFR) of the State of New Jersey.

Note 10. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on net position or changes therein.

Note 11. Subsequent Event

Management has evaluated subsequent events and transactions that occurred after the balance sheet date, but before October 9, 2019, the date the financial statements were available to be issued. The following items were determined by management to require disclosure in the financial statements:

On June 30, 2019, the budget for the State of New Jersey was signed into law, which appropriated $22.6 million, dedicated to the State Transportation Infrastructure Bank Fund for use by the I-Bank in SFY2020 for financing transportation infrastructure projects via the Transportation Infrastructure Financing Program (TIFP) once the TIFP becomes operative. Of this total, $2.6 million is unrestricted, and may be used for Transportation Bank general administrative and operating expenses. The I-Bank received the funds on September 23, 2019.

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

Note 11. Subsequent Event (Continued)

The Trust and DEP appropriation bills were signed into law on July 19, 2019 and July 17, 2019, respectively. These bills authorized the expenditure of approximately $655 million for the purpose of financing the cost of construction of environmental infrastructure projects of eligible project sponsors. Additionally, this allowed for appropriations for the short-term loans not to exceed $600 million.

On September 20, 2019 NJIB defeased $460,000 of the Environmental Infrastructure Bonds Series 2012A relating to Elizabeth City.

Subsequent to year-end, the I-Bank has closed a total of 14 New Short Term Water Bank loans and increased allowable funding under 3 existing Water Bank loans with a combined total of $9.2 million and increased allowable funding under 4 existing Short-Term Transportation Bank loans totaling $12.6 million

New Jersey Infrastructure Bank
(A Component Unit of the State of New Jersey)

Master Program Trust Agreement Schedule (Unaudited)

Master program trust agreement: The New Jersey Environmental Infrastructure Financing Program adopted the Master Program Trust Agreement in 1995. Under the agreement, repayments of NJ DEP loans are deposited with US Bank and held in the Master Program Trust Account to provide coverage for all outstanding I-Bank Loans. The funds are held for a period of two semi-annual bond payments plus one day, after which time the funds are transferred to the SRF repayment fund at the State. The balance in the Master Program Trust Account as of June 30, 2019 and 2018 was $35,021,358 and $33,354,280 and, respectively. This balance is not an asset of the I-Bank and therefore is not reflected in the I-Bank's financial statements; however, it is available to pay debt service on the I-Bank Bonds in the event of a default by any program Borrowers.

	Aggregate of Coverage Receiving Trust Loan Repayments: Principal[1]	Aggregate of Coverage Receiving Trust Loan Repayments: Interest[1]	Aggregate of Coverage Providing Fund Loan Repayments[2,3]	Total Funds Available to Secure and Provide Coverage for all Coverage Receiving Financing Program Debt Service[1,3]	Total Debt Service for all Coverage Receiving Financing Programs[1]
Years ending June 30:					
2020	$ 98,953,719	$ 38,039,433	$ 149,002,268	$ 285,995,418	$ 136,993,152
2021	95,115,000	33,472,881	142,562,014	271,149,895	128,587,881
2022	91,814,999	29,106,906	137,398,164	258,320,070	120,921,905
2023	84,795,001	25,045,185	128,812,797	238,652,985	109,840,186
2024	80,150,000	21,321,332	122,007,393	223,478,725	101,471,332
2025	77,685,000	17,816,681	115,537,353	211,039,034	95,501,681
2026	70,645,000	14,532,166	105,357,252	190,534,418	85,177,166
2027	64,095,000	11,557,990	93,389,696	169,042,686	75,652,990
2028	52,990,000	9,073,260	79,731,661	141,794,921	62,063,260
2029	42,865,000	7,193,221	66,576,594	116,634,815	50,058,221
2030	37,975,000	5,713,278	55,644,654	99,332,932	43,688,278
2031	27,930,000	4,551,022	46,460,997	78,942,019	32,481,022
2032	23,515,000	3,687,238	39,890,720	67,092,958	27,202,238
2033	16,920,000	3,031,810	32,100,810	52,052,620	19,951,810
2034	14,820,000	2,506,916	26,958,582	44,285,498	17,326,916
2035	11,030,000	2,065,831	20,320,946	33,416,778	13,095,831
2036	8,125,000	1,739,069	15,595,768	25,459,837	9,864,069
2037	6,230,000	1,496,800	12,099,942	19,826,742	7,726,800
2038	4,980,000	1,303,566	9,827,651	16,111,217	6,283,566
2039	3,730,000	1,152,250	7,663,661	12,545,912	4,882,250
2040	3,010,000	1,032,322	6,527,064	10,569,386	4,042,322
2041	3,145,000	921,566	6,527,064	10,593,630	4,066,566
2042	3,270,000	805,288	6,392,152	10,467,439	4,075,288
2043	3,165,000	687,981	6,120,560	9,973,541	3,852,981
2044	3,270,000	570,344	6,117,027	9,957,371	3,840,344
2045	3,390,000	448,409	6,110,490	9,948,899	3,838,409
2046	3,500,000	322,231	6,006,883	9,829,115	3,822,231
2047	3,460,000	195,022	5,328,615	8,983,637	3,655,022
2048	2,590,000	83,934	3,439,147	6,113,081	2,673,934
2049	955,000	17,975	1,078,726	2,051,701	972,975
Total	$ 944,118,718	$ 239,491,907	$ 1,460,586,652	$ 2,644,197,276	$ 1,183,610,625

[1] Includes Series 2019B-R1 and 2019C-R1 financing programs.
[2] Trust Bond debt service net of savings credits derived from the prior refunding of certain series of Trust Bonds.
[3] Excludes debt service paid on or prior to June 30, 2019.
[4] Totals may not add due to rounding.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
New Jersey Infrastructure Bank
f/k/a New Jersey Environmental Infrastructure Trust

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the business type activities and each major enterprise fund of the New Jersey Infrastructure Bank (the I-Bank), a component unit of the State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the I-Bank's basic financial statements, and have issued our report thereon dated October 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered I-Bank's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of I-Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of I-Bank's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
New Jersey Infrastructure Bank

Compliance and Other Matters

As part of obtaining reasonable assurance about whether I-Bank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of I-Bank's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering I-Bank's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
October 9, 2019

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APPENDIX B

REFUNDING PROGRAM BORROWERS

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REFUNDING PROGRAM BORROWERS

SERIES 2002A BORROWERS

General Obligation Series 2002A Borrowers	Series 2002A Projects
Bellmawr, Borough of (S340337-02)	Sewer Main Replacement and Rehabilitation of Pump Stations
Camden, City of (0408001-003)	Construction of Water Treatment Systems
Dunellen, Borough of (S340916-02)	Rehabilitation of Pump Station, Ejector Station, and Force Main
Edison, Township of (S343027-01)	Land Acquisition and Preservation for Water Quality
Elizabeth, City of (JMEUC) (S340686-02E)	Upgrades to the Joint Meeting of Essex and Union Counties Wastewater Treatment Plant
Fort Lee, Borough of (S340853-04)	Separating Combined Sewer System
Franklin, Township of (1808001-003)	Rehabilitation of Water Mains and Appurtenances
Gibbsboro, Borough of (S340871-02)	Replacement of Sewer Piping and Appurtenances
Gloucester, City of (S340958-04)	Pump Station Replacement
Harrison, Township of (S340362-03)	Sewage Plant Equipment Upgrades
Hillside, Township of (JMEUC) (S340686-02A)	Upgrades to the Joint Meeting of Essex and Union Counties Wastewater Treatment Plant
Hopatcong, Borough of (S340488-04)	Construction of Pump Stations and Appurtenances Installation
Irvington, Township of (JMEUC) (S340 686-02B)	Upgrades to the Joint Meeting of Essex and Union Counties Wastewater Treatment Plant
Long Beach, Township of (1517001-002/003/004)	Water Treatment Plant Upgrades
Medford, Township of (S340463-04)	Tank, Pump Station, and Appurtenances Construction
Mercer, County of (S343004-02)	Land Acquisition and Preservation for Water Quality
Middle, Township of (S343046-01)	Land Acquisition and Preservation for Water Quality
Montclair, Township of (0713001-007)	Pump Station Equipment Replacements
Montville, Township of (343030-02)	Land Acquisition and Preservation for Water Quality
Newark, City of (JMEUC) (S340686-02C)	Upgrades to the Joint Meeting of Essex and Union Counties Wastewater Treatment Plant

General Obligation Series 2002A Borrowers	Series 2002A Projects
North Wildwood, City of (S340663-03)	Replacement of Sewer Piping and Bulkhead
Oaklyn, Borough of (S340287-02)	Rehabilitation of Pump Station, Sewer Piping and Appurtenances
Old Bridge, Township of (S343043-01)	Land Acquisition and Preservation for Water Quality
Rahway, City of (S340546-01)	Installation of Sanitary and Storm Sewers
Toms River, Township of (Dover Township) (S343032-01)	Land Acquisition and Preservation for Water Quality
Tuckerton, Borough of (1532002-002)	Well Construction and Filter Installation
Verona, Township of (0720001-002)	Construction of Aeration and Chemical Treatment Facilities
Washington, Borough of (S340706-05)	Rehabilitation of Sanitary Sewer System
West Orange, Township of (JMEUC) (S340686-02D)	Upgrades to the Joint Meeting of Essex and Union Counties Wastewater Treatment Plant
Winslow, Township of (N92 895-06)	Wastewater Collection System Construction

Special Obligation Series 2002A Borrowers	Series 2002A Projects
Berkeley Township Sewerage Authority (S340969-02)	Construction of Pump Stations
Brick Township Municipal Utilities Authority [1] (S340448-05/06)	Pump Station Replacement
Brookwood Musconetcong River Property Owners Association (1904001-001/002/004)	Improvement of Well Stations
East Brookwood Estates Property Owner Associations Inc. (1904002-001/002/003)	Replacement of Booster Pump, Transit Pipes and Appurtenances
Lakewood Township Municipal Utilities Authority [1] (1514002-004)	Construction of Tanks and Water Treatment Plant Replacement
Lambertville Sewerage Authority (Lambertville Municipal Utilities Authority) (S340882-04)	Facility Building and Equipment Upgrades
Mercer County Improvement Authority (Twin Rivers) (S340536-05)	Rehabilitation of Overflow Lakes
Monmouth County Bayshore Outfall Authority [1] (S340325-02)	Rehabilitation of Retention Basin
Montclair State University (S340321-01)	Replacement of Sanitary Sewer Lines
Musconetcong Sewerage Authority [1] (S340384-05)	Expansion of Wastewater Treatment Facility
Ocean County Utility Authorities [1] (S340372-22)	Water Pollution Control Facility Improvements
Passaic Valley Water Commission [2] (S340322-02-1)	Residual Treatment and Disposal System Upgrades
Passaic Valley Water Commission [2] (1605002-005-1)	Drinking Water Facilities Improvements
Rahway Valley Sewerage Authority [1] (S340547-05)	Improvements to Sludge Facilities
Riverside Water Reclamation Authority [1] (S340794-05)	Upgrades to Pump Stations and Sewer Rehabilitation
Warren County (Pequest River) Municipal Utilities Authority [1] (S340454-03)	Wastewater Treatment Plant Upgrades
Washington Township Municipal Utilities Authority (0818004-001/004)	Radium Treatment Plant Installation

Special Obligation Series 2002A Borrowers	Series 2002A Projects
Washington Township Municipal Utilities Authority (S340930-02)	Replacement of Sanitary Sewers and Pump Station Upgrades
Waterford Township Municipal Utilities Authority [1] (0435003-004)	Construction of Water Treatment Plant, Well and Mains

Notes for the Special Obligation Series 2002A Borrowers:

[1] The Loan repayment obligations of these Special Obligation Series 2002A Borrowers are secured by a full faith and credit general obligation pledge provided for in such Borrower's respective Series 2002A Borrower Service Agreement or Government Borrower Guaranty, as applicable.

[2] The Loan repayment obligations of this Special Obligation Series 2002A Borrower are secured by a full faith and credit general obligation pledge provided by law.

SERIES 2003A BORROWERS

General Obligation Series 2003A Borrowers	Series 2003A Projects
Barrington, Borough of (S340305-01)	Rehabilitation of Sewer Lines
Bridgeton, City of (0601001-001)	Construction of Drinking Water Wells
Camden, City of (S340641-02)	Rehabilitation of Sewer System
Camden, City of (0408001-003-01)	Construction of Water Treatment Facilities
Camden, City of (0408001-010)	Water Transmission Mains Rehabilitation
Chesterfield, Township of (S340944-01)	Expansion of Wastewater Treatment Plant
Glen Ridge, Borough of (0708001-002)	Replacement of Water Services and Mains
Harrison, Township of (S340362-02)	Pumping Stations Renovations
Hawthorne, Borough of (1604001-001)	Water Mains Replacement
Lebanon, Township of (S343048-01B)	Land Acquisition and Preservation for Water Quality
Long Beach, Township of (1517001-005/006)	Construction of Water Treatment Plant; Water Mains Replacement
Millville, City of (0610001-001)	Water Treatment Facility Construction
Millville, City of (S340921-05)	Water Pollution Control Facility Improvements
Montville, Township of (S343030-03)	Land Acquisition and Preservation for Water Quality
New Brunswick, City of (S340437-11)	Storm Sewer System Rehabilitation
Paterson, City of (S340926-01)	Solid/Floatables Control Facilities Construction
Perth Amboy, City of (S340435-06)	Renovation of Sewer Mains
Readington, Township of (S343034-02)	Land Acquisition and Preservation for Water Quality
West Paterson, Borough of (S340778-03)	Sanitary Sewers and Pump Station Construction

Special Obligation Series 2003A Borrowers	Series 2003A Projects
Berkeley Township Sewerage Authority (S340969-03)	Construction of Sewer Lines
Camden County Municipal Utilities Authority [1] (S340640-08)	Renovation of Wastewater Treatment System
Lambertville Sewerage Authority [1] (S340882-05)	Treatment Plant and Pump Station Upgrades
Linden Roselle Sewerage Authority [1] (S340299-06)	Sludge Handling Facilities Upgrades
Merchantville-Pennsauken Water Commission [1] (0424001-001-1)	Demolition and Construction of Process Control/Filter Building
Monmouth County Bayshore Outfall Authority [1] (S340325-02-1)	Retention Basin Desludging and Renovation
New Jersey Water Supply Authority [1] (S343048-01A)	Land Acquisition and Preservation for Water Quality
North Jersey District Water Supply Commission [1] (16131001-003/010/011)	Renovation of Water Treatment Facilities
Old Bridge Municipal Utilities Authority [1] (1209002-003/004)	Water Treatment Plant Modifications
Old Bridge Municipal Utilities Authority [1] (S340945-01)	Sewage Collection Systems Replacement
Rahway Valley Sewerage Authority [1] (S340547-07/09)	Sludge Facilities Upgrades
Runnemede Sewerage Authority (S0340363-02/03)	Construction of Sanitary Sewer Extension
Warren County (Pequest River) Municipal Utilities Authority [1] (S340454-03-01)	Wastewater Treatment Plant Upgrades

Notes for the Special Obligations Series 2003A Borrowers:

[1] The Loan repayment obligations of these Special Obligation Series 2003A Borrowers are secured by a full faith and credit general obligation pledge provided for in such Borrower's respective Series 2003A Borrower Service Agreement or Government Borrower Guaranty, as applicable; provided, however, that in the case of the New Jersey Water Supply Authority, only approximately 14.77% of such Loan repayment obligations are so secured.

SERIES 2004A BORROWERS

General Obligation Series 2004A Borrowers	Series 2004A Projects
Beachwood, Borough of (1504001-002)	Well Construction and Pump Installation
Berkeley Heights, Township of (S340385-02-1)	Wastewater Pollution Control Plant and Pumping Station Improvements
Bethlehem, Township of (S343054-01A)	Land Acquisition and Preservation for Water Quality
Cranford, Township of (S340858-02)	Storm Sewer System Construction Improvements
Garfield, City of (0221001-001/002)	Pumping Station Construction and Reservoir Modification
Hawthorne, Borough of (S340881-03)	Construction of Relief Sewers
Kearny Town (S340259-02)	Sanitary Sewers and Storm Sewers Construction
Lebanon, Township of (S343054-01B)	Land Acquisition and Preservation for Water Quality
Linden, City of (S340679-01, 342005-01)	Upgrades to Stormwater System and Landfill
Maple Shade, Township of (0319001-003)	Water Mains, Services, and Appurtenances Replacement
Middlesex, Borough of (S340698-01)	Inspection and Lining of Sewer Piping
Montclair, Township of (S340837-01)	Inspection and Rehabilitation of Sanitary Sewer Pipes
North Brunswick, Township of (S340888-01)	Pump Station Upgrades
Old Bridge, Township of (S343043-01-1)	Land Acquisition and Preservation for Water Quality
Paterson, City of (S340926-02	Solids/Floatables Control Facilities Construction
Readington, Township of (S343034-03)	Land Acquisition and Preservation for Water Quality
Ridgewood, Township of (S343056-01)	Land Acquisition and Preservation for Water Quality
Roxbury, Township of (S340381-06)	Decommission Wastewater Treatment Plant and Redirect
Secaucus, Town of (S340029-02)	Stormwater Pumping Station Expansion
Trenton, City of (1111001-003)	Cleaning and Rehabilitation of Water Mains
Verona, Township of (0720001-002-1)	Construction of Aeration and Chemical Treatment Facilities

General Obligation Series 2004A Borrowers	Series 2004A Projects
Voorhees, Township of (S343058-01)	Land Acquisition and Preservation for Water Quality
West Deptford, Township of (0820001-001)	Installation of Water Mains and Appurtenances
West Deptford, Township of (S340947-02)	Replacement of Sanitary Sewers and Storm Sewers
Woodland Park, Borough of (formerly known as West Paterson Borough) (S340778-04)	Construction of Sanitary Sewer and Pump Station
Woodland Park, Borough of (formerly known as West Paterson Borough) (1616001-002)	Water Mains Construction
Woodland Park, Borough of (formerly known as West Paterson Borough) (1616001-003)	Booster Pump Station Construction

Special Obligation Series 2004A Borrowers	Series 2004A Projects
Atlantic County Utilities Authority [(1)] (S340809-05)	Wastewater Treatment Plant Equipment Replacement
Cedar Glen Homes, Inc. (1518001-001/002)	Installation of Water Mains and Appurtenances
Cinnaminson Sewerage Authority [(1)] (S340170-02)	Water Main Replacement
Clinton Township Sewerage Authority [(1)] (S340873-01)	Rehabilitation of Pumping Mains
Edgewater Park Sewerage Authority (S340108-01)	Wetwell Upgrades and Pump Station Replacement
Ewing Lawrence Sewerage Authority [(1)] (S340391-07)	Pumping Station Upgrades
Gloucester Township Municipal Utilities Authority [(1)] (S340364-03)	Sewer System Rehabilitation
Mercer County Improvement Authority (Twin Rivers) (S340536-05-1)	Overflow Lake Bank Rehabilitation
New Jersey Water Supply Authority [(1)] (S343054-01)	Land Acquisition and Preservation for Water Quality
Ocean County Utilities Authority [(1)] (S340372-25)	Rehabilitation of Interceptors
Ocean Township Sewerage Authority [(1)] (S340750-05-1)	Wastewater Treatment Plant
Rahway Valley Sewerage Authority [(1)] (S340547-07-1/09-1)	Sludge Facilities Improvements
Rahway Valley Sewerage Authority [(1)] (S340547-10)	Wastewater and Sludge Facilities Improvements
Somerset Raritan Valley Sewerage Authority [(1)] (S340801-05)	Interceptor Relief Sewer Installation and Repairs
South Monmouth Regional Sewerage Authority [(1)] (S340377-02)	Rehabilitation of Sanitary Sewer Mains and Appurtenances
Washington Township Municipal Utilities Authority (0818004-001/004-1)	Radium Treatment Plant Installation; Replacement of Water Mains

Notes for the Special Obligation Series 2004A Borrowers:

[1] The Loan repayment obligations of these Special Obligation Series 2004A Borrowers are secured by a full faith and credit general obligation pledge provided for in such Borrower's respective Series 2004A Borrower Service Agreement or Government Borrower Guaranty, as applicable; provided, however, that in the case of the New Jersey Water Supply Authority, only approximately 14.77% of such Loan repayment obligations are so secured.

SERIES 2006A BORROWERS

General Obligation Series 2006A Borrowers	Series 2006A Projects
Asbury Park, City of (S340883-02)	Equipment Purchase and Sewer Main Replacement
Berlin, Borough of (0405001-002/003/004)	Water Meters Replacements
Denville, Township of (S340466-03)	Sanitary Sewer System Extensions
Edison, Township of (S340334-02)	Groundwater and Stormwater Drainage Improvements
Elizabeth, City of (S340947-07/08)	Sewer Mains and Appurtenances Replacements; Ditch Dredging
Elizabeth, City of (JMEUC) (S340686-05)	Upgrades to the Joint Meeting of Essex and Union Counties Wastewater Treatment Plant
Elmwood Park, Borough of (0211001-001/002/003)	Water Mains and Appurtenances Replacements
Glen Ridge, Borough of (0708001-003)	Replacement of Water Mains, Services, and Appurtenances
Hillside, Township of (JMEUC) (S340686-05A)	Upgrades to the Joint Meeting of Essex and Union Counties Wastewater Treatment Plant
Irvington, Township of (JMEUC) (S340686-05B)	Upgrades to the Joint Meeting of Essex and Union Counties Wastewater Treatment Plant
Island Heights, Borough of (1510001-001)	Aquifer Water Supply Well Construction
Linden, City of (S340679-01-1)	Storm Sewer System Replacement
Long Beach, Township of (1517001-008)	Water Mains Replacement
New Brunswick, City of (1214001-003)	Drinking Water Plant Treatment Facilities Improvements
Newark, City of (JMEUC) (S340686-05C)	Upgrades to the Joint Meeting of Essex and Union Counties Wastewater Treatment Plant
Princeton, Borough of (S340656-03A)	Sanitary Sewer System Rehabilitation and Equipment Purchase
Princeton, Township of (S340656-03B)	Sanitary Sewer System Rehabilitation and Equipment Purchase
Saddle River, Borough of (0258001-001)	Construction of Water Main Extension
Sea Girt, Borough of (1344001-001/002/003)	Water Mains Replacements and Installation
Stafford, Township of (1534004-002/008)	Water Mains Installation; Water Metering Systems Purchase and Installation
Stockton, Borough of (S340962-02)	Repair Storm Water Drainage System

General Obligation Series 2006A Borrowers	Series 2006A Projects
Trenton, City of (1111001-004)	Water Treatment Plant Improvements
Union, Township of (JMEUC) (S340686-05D)	Upgrades to the Joint Meeting of Essex and Union Counties Wastewater Treatment Plant
West Orange, Township of (JMEUC) (S340686-05E)	Upgrades to the Joint Meeting of Essex and Union Counties Wastewater Treatment Plant

Special Obligation Series 2006A Borrowers	Series 2006A Projects
Atlantic City Municipal Utilities Authority [1] (0102001-001-1)	Filtration and Sedimentation Facilities Rehabilitation
Atlantic County Utilities Authority [1] (S340809-12/13)	Construction of Photovoltaic Generation System
Bergen County Utilities Authority [1] (S340768-03/04)	Relief Sewer System Installation; Sewer Main Improvements
Camden County Municipal Utilities Authority [1] (S340640-08-1, S340709-03/04)	Plant and Equipment Improvements; Sludge Collection/Scum Removal System Replacement; Sewer Solids/Floatable Control Facilities Construction
Evesham Municipal Utilities Authority (S340838-02)	Wastewater Treatment Plant Facilities Upgrades
Middlesex County Utilities Authority [1] (S340699-06)	Force Mains Tunnel Construction
New Jersey Water Supply Authority [1] (S343054-03)	Land Acquisition and Preservation for Water Quality
North Hudson Sewerage Authority [1] (S340952-04/05-1/07/08)	Waste Water Treatment Facilities Improvements; Pump Station Upgrades; Equipment Purchases
North Jersey District Water Supply Commission [1] (1613001-015/017)	Photovoltaic Generation System Construction and Equipment Replacements
Ocean County Utilities Authority [1] (S340372-27)	Sewer Treatment Plant Rehabilitation and Photovoltaic System Installation
Ocean Township Sewerage Authority [1] (S340 750-05-02)	Upgrades to Wastewater Treatment Plant and Collections
Old Bridge Municipal Utilities Authority [1] (S340945-07-1)	Installation and Rehabilitation of Sewer Mains
Passaic Valley Sewerage Commissioners [2] (S340689-01/03/10)	Final Clarifiers Drive Mechanism Replacements; Electrical Equipment Replacements and Upgrades; Sewer Mains Rehabilitation
Pequannock, Lincoln Park & Fairfield Sewerage Authority [1] (S340880-02)	Pumping Stations Improvements

Notes for the Special Obligations Series 2006A Borrowers:

[1] The Loan repayment obligations of these Special Obligation Series 2006A Borrowers are secured by a full faith and credit general obligation pledge provided for in such Borrower's respective Series 2006A Borrower Service Agreement or Government Borrower Guaranty, as applicable; provided, however, that in the case of the New Jersey Water Supply Authority, only approximately 14.77% of such Loan repayment obligations are so secured.

[2] The Loan repayment obligations of this Special Obligation Series 2006A Borrower are secured by a full faith and credit general obligation pledge provided by law.

SERIES 2012A BORROWERS

General Obligation Series 2012A Borrowers	Series 2012A Projects
Aberdeen, Township of (1330002-002)	Water Main Installation
Boonton, Town of (1401001-002)	Water Storage Tank Replacement
Burlington, Township of (S340712-09)	Sanitary Sewer Rehabilitation
Clinton, Town of (S340924-04)	Wastewater Treatment Plant Filter Replacement
Clinton, Town of (1005001-003/004)	Water Main Replacements; Water Storage Tank Rehabilitation
Elizabeth, City of (S340942-11)	Combined Sewer System Expansion
Frenchtown, Borough of (S340331-01)	Wastewater Treatment Plant Upgrades
Gloucester, Township of (S340364-07)	Replacement and Repair of Storm Water Conveyance System
Hammonton, Town of (0113001-004)	Water Main Installation
Linwood, City of (S340217-02)	Storm Sewer System Reconstruction
Long Beach, Township of (S340023-04)	Gravity Sewer Main and Manhole Replacements
Long Beach, Township of (1517001-01)	Replacement of Water Mains and Land Restoration
Maple Shade, Township of (S340710-07)	Replacement of Pumps and Electrical Upgrades
Matawan, Borough of (1329001-001/002)	Water Treatment Plant Facility Upgrades and Storage Tank Improvements
Maywood, Borough of (S340226-01)	Rehabilitation of Storm Drainage System
Milltown, Borough of (S340102-02)	Pump Station Replacement
Monroe, Township of (1213002-001)	Radium Removal Treatment Facility Installation
Montclair, Township of (S340837-02)	Sanitary Sewer System Rehabilitation
Nutley, Township of (0716001-001)	Replacement of Water Meters
Ocean, County of (S344080-01A)	Purchase and Delivery of Cleaning Vehicles
Ocean, Township of (S340112-02)	Sewer Main and Appurtenances Replacements

General Obligation Series 2012A Borrowers	Series 2012A Projects
Pleasantville, City of (S340752-01)	Replacement of Sanitary Sewer Mains and Laterals
Princeton, Borough of (S340656-07A)	Sanitary Sewer Rehabilitation
Princeton, Township of (S340656-07B)	Sanitary Sewer Rehabilitation
Roselle, Borough of (S340332-01)	Rehabilitation of Sanitary Sewer Pipes and Manholes
Seaside Park, Borough of (S340083-02)	Replacement of Sewer System
Seaside Park, Borough of (1527001-002)	Replacement of Water Mains
Stone Harbor, Borough of (S340722-04)	Replacement of Sewers and Stormwater Collection/Disposal Improvements
Stone Harbor, Borough of (0510001-004/005)	Replacement of Potable Water Mains
Weehawken, Township of (S343077-01)	Land Acquisition and Preservation for Water Quality
Willingboro, Township of (S340132-03)	Rehabilitation of Storm Water System Outfalls
Winslow, Township of (0436007-007)	Construction of Radium Removal Treatment Plants

Special Obligation Series 2012A Borrowers	Series 2012A Projects
Atlantic County Utilities Authority [1] (S340809-18)	Maintenance Vehicle Wash Facility Construction
Bergen County Utilities Authority [1] (S340386-05-1)	Rehabilitation of Barge Docking Facility
Bordentown Sewerage Authority [1] (S340219-03)	Plant Drive Motor Installation
Camden County Municipal Utilities Authority [1] (S340640-10)	Atlantic Basin Interceptor Extension Construction
Camden County Municipal Utilities Authority [1] (S340640-12)	Water Pollution Control Facility Rehabilitation
Cape May County Municipal Utilities Authority [1] (S340661-15/16/17/18/19/20)	Emergency Generator Installation; Appurtenance Purchases and Replacements; Equipment Purchases and Replacements; Pavement Rehabilitation
Cape May County Municipal Utilities [1] Authority [1] (S340661-21)	Replacement of Various Plant Roofs
Cape May County Municipal Utilities Authority [1] (S342017-03)	Landfill Construction
Ewing-Lawrence Sewerage Authority [1] (S340391-09)	Sanitary Sewer Relief Installation
Hamilton Township Municipal Utilities Authority [1] (S340903-03)	Gravity Sewer Main Piping Replacements
Hanover Sewerage Authority [1] (S340388-04)	Rehabilitation of Stabilization Pond
Jersey City Municipal Utilities Authority [1] (S340928-06-1)	Survey and Repair Combined Sewer
Kearny Municipal Utilities Authority [1] (S340259-09)	Stormwater Sewer Main Extension
Lakewood Township Municipal Utilities Authority [1] (1514002-002/006/007/008/009/010-1)	Storage Tank Replacement; Water Treatment Plant Upgrades and Expansion; Well and Water Mains Construction/Installation; Administration Building Renovation
Lakewood Township Municipal Utilities Authority [1] (1514002-011)	Replacement of Water Meters
Linden Roselle Sewerage Authority [1] (S340299-07)	Liquid-End Facility Upgrades
New Jersey Water Supply Authority [1] (S343054-08)	Land Acquisition and Preservation for Water Quality
North Hudson Sewerage Authority [1] (S340952-17)	Equipment Replacement and Site Repairs

Special Obligation Series 2012A Borrowers	Series 2012A Projects
Northwest Bergen County Utilities Authority [(1)] (S340700-09)	Sanitary Sewer Construction
Ocean County Utilities Authority [(1)] (S340372-45/46/47)	Rehabilitation of Water Pollution Control Facilities, Interceptor and Pump Stations
Old Bridge Municipal Utilities Authority [(1)] (S340945-08/10/11)	Gravity Interceptor Sewer Construction; Supervisory, Control and Data Acquisition System Installation; Collector Sewer Replacement
Pompton Lakes Borough Municipal Utilities Authority [(1)] (1609001-006)	Replacement of Water Mains
Raritan Township Municipal Utilities Authority [(1)] (S340485-06)	Pump Station Rehabilitation and Force Main Replacement
Raritan Township Municipal Utilities Authority [(1)] (S340485-08)	Installation of Supervisory Control Data Acquisition Units
Rockaway Valley Regional Sewerage Authority [(1)] (S340821-05)	Upgrades to Equipment and Plant Instrumentation

Notes for the Special Obligations Series 2012A Borrowers:

[1] The Loan repayment obligations of these Special Obligation Series 2012A Borrowers are secured by a full faith and credit general obligation pledge provided for in such Borrower's respective Series 2012A Borrower Service Agreement; provided, however, that in the case of the New Jersey Water Supply Authority, only approximately 14.77% of such Loan repayment obligations are so secured.

SERIES 2012B BORROWERS

Special Obligation Series 2012B Borrowers	Series 2012B Projects
Aqua New Jersey, Inc. (0415002-007, 1505002-001, 2119001-007)	Water Mains, Services and Valves Rehabilitation
Middlesex Water Company (1225001-013)	Replacement and Rehabilitation of Water Mains, Services and Valves
New Jersey-American Water Co., Inc. (0323001-002)	Solar Array Construction
New Jersey-American Water Co., Inc. (0712001-005)	Water Treatment Plant Construction
New Jersey Water Supply Authority (1) (1352005-004)	Intake Pump Station Building Replacement
Total (2)	

Notes for the Special Obligations Series 2012B Borrowers:

[1] Approximately 29.86% of the Loan repayment obligations of this Special Obligation Series 2012B Borrower are secured by a full faith and credit general obligation pledge provided for in such Borrower's Series 2012B Borrower Service Agreement.

SERIES 2012C BORROWER

General Obligation Series 2012C Borrower	Series 2012C Project
Newark, City of (Project Sponsor for Morris Lister Avenue Associates Urban Renewal, LLC) [(1)] (S340815-12)	Land Remediation and Stormwater/Sanitary Sewer Collection System Installation

Notes for the General Obligations Series 2012C Borrower:

[1] The Loan repayment obligations of this General Obligation Series 2012C Borrower are secured by a full faith and credit general obligation pledge provided for in such Borrower's Series 2012C Government Borrower Guaranty.

APPENDIX C

AGGREGATE REFUNDING PROGRAM LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE SERIES 2020 REFUNDING BONDS

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APPENDIX C

AGGREGATE SERIES 2002A LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE 2002A ALLOCABLE PORTION OF THE SERIES 2020A-R1 REFUNDING BONDS AND THE REMAINING OUTSTANDING SERIES 2002A BONDS

Year Ending September 1	Aggregate Series 2002A Borrower I-Bank Loan Repayments Principal[1,2]	+	Aggregate Series 2002A Borrower I-Bank Loan Repayments Interest[1,2]	+	Aggregate Series 2002A Borrower Fund Loan Repayments	=	Total Series 2002A Borrower Loan Repayments[1,2]	Annual Debt Service Series 2020A-R1 Refunding Bonds and Remaining Outstanding Series 2002A Bonds	Coverage
2020	4,630,000		381,841		2,885,953		7,897,793	5,011,840	1.58 x
2021	4,864,011		522,238		2,978,802		8,365,051	5,386,249	1.55 x
2022	5,118,893		267,754		2,422,669		7,809,316	5,386,647	1.45 x
Total[3]	**$14,612,904**		**$1,171,832**		**$8,287,424**		**$24,072,160**	**$15,784,736**	

1 Reflects the application to the Series 2002A I-Bank Loan debt service payments of savings credits to be derived from projected savings realized from the issuance of the 2002A Allocable Portion of the Series 2020A-R1 Refunding Bonds and the Series 2020A-R1 Refunding of the Series 2002A Bonds to be Refunded.

2 I-Bank Loan repayments include the Series 2002A I-Bank Loan debt service payments allocable to both the Remaining Outstanding Series 2002A Bonds as well as the 2002A Allocable Portion of the Series 2020A-R1 Refunding Bonds.

3 Totals may not add due to rounding.

AGGREGATE SERIES 2003A LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE 2003A ALLOCABLE PORTION OF THE SERIES 2020A-R1 REFUNDING BONDS AND THE REMAINING OUTSTANDING SERIES 2003A BONDS

Year Ending September 1	Aggregate Series 2003A Borrower I-Bank Loan Repayments Principal[1,2]	+	Aggregate Series 2003A Borrower I-Bank Loan Repayments Interest[1,2]	+	Aggregate Series 2003A Borrower Fund Loan Repayments	=	Total Series 2003A Borrower Loan Repayments[1,2]	Annual Debt Service Series 2020A-R1 Refunding Bonds and Remaining Outstanding Series 2003A Bonds	Coverage
2020	3,735,000		176,714		3,865,940		7,777,655	3,911,714	1.99 x
2021	3,777,805		329,879		3,285,225		7,392,910	4,107,684	1.80 x
2022	3,558,155		216,545		2,964,839		6,739,539	3,774,700	1.79 x
2023	3,660,000		109,800		2,648,011		6,417,811	3,769,800	1.70 x
Total[3]	**$14,730,960**		**$832,938**		**$12,764,016**		**$28,327,914**	**$15,563,899**	

1 Reflects the application to the Series 2003A I-Bank Loan debt service payments of savings credits to be derived from projected savings realized from the issuance of the 2003A Allocable Portion of the Series 2020A-R1 Refunding Bonds and the Series 2020A-R1 Refunding of the Series 2003A Bonds to be Refunded.

2 I-Bank Loan repayments include the Series 2003A I-Bank Loan debt service payments allocable to both the Remaining Outstanding Series 2003A Bonds as well as the 2003A Allocable Portion of the Series 2020A-R1 Refunding Bonds.

3 Totals may not add due to rounding.

AGGREGATE SERIES 2004A LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE 2004A ALLOCABLE PORTION OF THE SERIES 2020A-R1 REFUNDING BONDS AND THE REMAINING OUTSTANDING SERIES 2004A BONDS

Year Ending September 1	Aggregate Series 2004A Borrower I-Bank Loan Repayments Principal[1,2]	+	Aggregate Series 2004A Borrower I-Bank Loan Repayments Interest[1,2]	+	Aggregate Series 2004A Borrower Fund Loan Repayments	=	Total Series 2004A Borrower Loan Repayments[1,2]	Annual Debt Service Series 2020A-R1 Refunding Bonds and Remaining Outstanding Series 2004A Bonds	Coverage
2020	6,920,000		818,167		6,272,838		14,011,005	7,738,167	1.81 x
2021	7,243,183		1,300,690		6,892,632		15,436,505	8,543,873	1.81 x
2022	7,467,954		944,294		6,649,755		15,062,003	8,412,249	1.79 x
2023	7,229,436		576,856		5,857,861		13,664,153	7,806,292	1.75 x
2024	7,191,938		287,678		5,679,887		13,159,503	7,479,616	1.76 x
Total[3]	**$36,052,511**		**$3,927,685**		**$31,352,974**		**$71,333,170**	**$39,980,196**	

1 Reflects the application to the Series 2004A I-Bank Loan debt service payments of savings credits to be derived from projected savings realized from the issuance of the 2004A Allocable Portion of the Series 2020A-R1 Refunding Bonds and the Series 2020A-R1 Refunding of the Series 2004A Bonds to be Refunded.

2 I-Bank Loan repayments include the Series 2004A I-Bank Loan debt service payments allocable to both the Remaining Outstanding Series 2004A Bonds as well as the 2004A Allocable Portion of the Series 2020A-R1 Refunding Bonds.

3 Totals may not add due to rounding.

AGGREGATE SERIES 2006A LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE 2006A ALLOCABLE PORTION OF THE SERIES 2020A-R1 REFUNDING BONDS AND THE REMAINING OUTSTANDING SERIES 2006A BONDS

Year Ending September 1	Aggregate Series 2006A Borrower I-Bank Loan Repayments Principal[1,2]	+	Aggregate Series 2006A Borrower I-Bank Loan Repayments Interest[1,2]	+	Aggregate Series 2006A Borrower Fund Loan Repayments	=	Total Series 2006A Borrower Loan Repayments[1,2]	Annual Debt Service Series 2020A-R1 Refunding Bonds and Remaining Outstanding Series 2006A Bonds	Coverage
2020	8,605,340		1,200,298		12,648,450		22,454,088	9,805,638	2.29 x
2021	8,954,651		2,206,019		14,438,505		25,599,175	11,160,670	2.29 x
2022	9,258,776		1,847,833		14,394,292		25,500,900	11,106,609	2.30 x
2023	9,635,516		1,477,481		14,317,342		25,430,339	11,112,997	2.29 x
2024	8,470,000		1,092,060		14,115,779		23,677,839	9,562,060	2.48 x
2025	10,438,986		837,960		12,589,369		23,866,315	11,276,946	2.12 x
2026	10,510,000		420,400		8,770,528		19,700,928	10,930,400	1.80 x
Total[3]	**$65,873,269**		**$9,082,052**		**$91,274,264**		**$166,229,585**	**$74,955,321**	

1 Reflects the application to the Series 2006A I-Bank Loan debt service payments of savings credits to be derived from projected savings realized from the issuance of the 2006A Allocable Portion of the Series 2020A-R1 Refunding Bonds and the Series 2020A-R1 Refunding of the Series 2006A Bonds to be Refunded.

2 I-Bank Loan repayments include the Series 2006A I-Bank Loan debt service payments allocable to both the Remaining Outstanding Series 2006A Bonds as well as the 2006A Allocable Portion of the Series 2020A-R1 Refunding Bonds.

3 Totals may not add due to rounding.

AGGREGATE SERIES 2012A LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE SERIES 2020C-R1 REFUNDING BONDS AND THE REMAINING OUTSTANDING SERIES 2012A BONDS

Year Ending September 1	Aggregate Series 2012A Borrower I-Bank Loan Repayments Principal[1,2]	+	Aggregate Series 2012A Borrower I-Bank Loan Repayments Interest[1,2]	+	Aggregate Series 2012A Borrower Fund Loan Repayments	=	Total Series 2012A Borrower Loan Repayments[1,2]	Annual Debt Service Series 2020C-R1 Refunding Bonds and Remaining Outstanding Series 2012A Bonds	Coverage
2020	3,255,000		457,632		4,636,386		8,349,018	3,712,632	2.25 x
2021	3,415,000		1,585,850		6,899,640		11,900,490	5,000,850	2.38 x
2022	3,535,000		1,415,100		6,883,849		11,833,949	4,950,100	2.39 x
2023	3,670,000		1,273,700		6,868,666		11,812,366	4,943,700	2.39 x
2024	3,835,000		1,126,900		6,868,666		11,830,566	4,961,900	2.38 x
2025	3,960,000		973,500		6,807,962		11,741,462	4,933,500	2.38 x
2026	4,125,000		815,100		6,682,357		11,622,458	4,940,100	2.35 x
2027	4,275,000		650,100		6,559,975		11,485,075	4,925,100	2.33 x
2028	4,385,000		521,850		6,434,494		11,341,344	4,906,850	2.31 x
2029	4,275,000		390,300		6,191,895		10,857,195	4,665,300	2.33 x
2030	4,335,000		262,050		5,893,544		10,490,595	4,597,050	2.28 x
2031	4,400,000		132,000		4,939,115		9,471,115	4,532,000	2.09 x
Total[3]	**$47,465,000**		**$9,604,084**		**$75,666,549**		**$132,735,633**	**$57,069,084**	

1 Reflects the application to the Series 2012A I-Bank Loan debt service of savings credits derived from projected savings realized from the issuance of the Series 2020C-R1 Refunding Bonds and the Series 2020C-R1 Refunding of the Series 2012A Bonds to be Refunded.

2 I-Bank Loan repayments include the Series 2012A I-Bank Loan debt service payments allocable to both the Remaining Outstanding Series 2012A Bonds as well as the Series 2020C-R1 Refunding Bonds.

3 Totals may not add due to rounding.

AGGREGATE SERIES 2012B LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE 2012B ALLOCABLE PORTION OF THE SERIES 2020C-R2 REFUNDING BONDS AND THE REMAINING OUTSTANDING SERIES 2012B BONDS

Year Ending September 1	Aggregate Series 2012B Borrower I-Bank Loan Repayments Principal[1,2]	+	Aggregate Series 2012B Borrower I-Bank Loan Repayments Interest[1,2]	+	Aggregate Series 2012B Borrower Fund Loan Repayments	=	Total Series 2012B Borrower Loan Repayments[1,2]	Annual Debt Service Series 2020C-R2 Refunding Bonds and Remaining Outstanding Series 2012B Bonds	Coverage
2020	940,000		136,606		1,925,199		3,001,805	1,076,606	2.79 x
2021	985,000		479,700		2,887,799		4,352,499	1,464,700	2.97 x
2022	1,030,000		430,450		2,887,799		4,348,249	1,460,450	2.98 x
2023	1,095,000		389,250		2,887,799		4,372,049	1,484,250	2.95 x
2024	1,145,000		345,450		2,887,799		4,378,249	1,490,450	2.94 x
2025	1,195,000		299,650		2,887,799		4,382,449	1,494,650	2.93 x
2026	1,260,000		251,850		2,887,799		4,399,649	1,511,850	2.91 x
2027	1,270,000		201,450		2,887,799		4,359,249	1,471,450	2.96 x
2028	1,305,000		163,350		2,887,799		4,356,149	1,468,350	2.97 x
2029	1,340,000		124,200		2,887,799		4,351,999	1,464,200	2.97 x
2030	1,375,000		84,000		2,759,867		4,218,867	1,459,000	2.89 x
2031	1,425,000		42,750		2,595,543		4,063,293	1,467,750	2.77 x
Total[3]	**$14,365,000**		**$2,948,706**		**$33,270,796**		**$50,584,503**	**$17,313,706**	

1 Reflects the application to the Series 2012B I-Bank Loan debt service payments of savings credits to be derived from projected savings realized from the issuance of the 2012B Allocable Portion of the Series 2020C-R2 Refunding Bonds and the Series 2020C-R2 Refunding of the Series 2012B Bonds to be Refunded.

2 I-Bank Loan repayments include the Series 2012B I-Bank Loan debt service payments allocable to both the Remaining Outstanding Series 2012B Bonds as well as the 2012B Allocable Portion of the Series 2020C-R2 Refunding Bonds.

3 Totals may not add due to rounding.

AGGREGATE SERIES 2012C LOAN REPAYMENTS AVAILABLE TO PROVIDE COVERAGE FOR THE 2012C ALLOCABLE PORTION OF THE SERIES 2020C-R2 REFUNDING BONDS AND THE REMAINING OUTSTANDING SERIES 2012C BONDS

Year Ending September 1	Aggregate Series 2012C Borrower I-Bank Loan Repayments Principal[1,2]	+	Aggregate Series 2012C Borrower I-Bank Loan Repayments Interest[1,2]	+	Aggregate Series 2012C Borrower Fund Loan Repayments	=	Total Series 2012C Borrower Loan Repayments[1,2]	Annual Debt Service Series 2020C-R2 Refunding Bonds and Remaining Outstanding Series 2012C Bonds	Coverage
2020	240,000		27,337		465,490		732,827	267,337	2.74 x
2021	245,000		104,950		698,235		1,048,185	349,950	3.00 x
2022	235,000		97,600		698,235		1,030,835	332,600	3.10 x
2023	245,000		88,200		698,235		1,031,435	333,200	3.10 x
2024	255,000		78,400		698,235		1,031,635	333,400	3.09 x
2025	270,000		68,200		698,235		1,036,435	338,200	3.06 x
2026	280,000		57,400		698,235		1,035,635	337,400	3.07 x
2027	290,000		46,200		698,235		1,034,435	336,200	3.08 x
2028	300,000		37,500		698,235		1,035,735	337,500	3.07 x
2029	305,000		28,500		698,235		1,031,735	333,500	3.09 x
2030	315,000		19,350		415,724		750,074	334,350	2.24 x
2031	330,000		9,900		0		339,900	339,900	1.00 x
Total[3]	**$3,310,000**		**$663,537**		**$7,165,325**		**$11,138,862**	**$3,973,537**	

1 Reflects the application to the Series 2012C I-Bank Loan debt service payments of savings credits to be derived from projected savings realized from the issuance of the 2012C Allocable Portion of the Series 2020C-R2 Refunding Bonds and the Series 2020C-R2 Refunding of the Series 2012C Bonds to be Refunded.

2 I-Bank Loan repayments include the Series 2012C I-Bank Loan debt service payments allocable to both the Remaining Outstanding Series 2012C Bonds as well as the 2012C Allocable Portion of the Series 2020C-R2 Refunding Bonds.

3 Totals may not add due to rounding.

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APPENDIX D

AGGREGATE WATER BANK PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE

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APPENDIX D

AGGREGATE FINANCING PROGRAM REPAYMENTS AVAILABLE TO SECURE AND PROVIDE COVERAGE FOR COVERAGE RECEIVING FINANCING PROGRAM DEBT SERVICE

(Includes the Series 2020 Refunding Bonds)

State Fiscal Year Ending June 30	Aggregate of Coverage Receiving I-Bank Loan Repayments: Principal[1,4]	+	Aggregate of Coverage Receiving I-Bank Loan Repayments: Interest[1,4]	+	Aggregate of Coverage Providing Fund Loan Repayments[2,3]	=	Total Funds Available to Secure and Provide Coverage for all Coverage Receiving Financing Program Debt Service[1,2,3,4]	Total Debt Service for all Coverage Receiving Financing Programs[1,4]	Ratio of all Coverage Providing Funds to all Coverage Receiving Debt Service
2021	95,110,000		33,212,424		148,088,882		276,411,306	128,322,424	2.15 x
2022	92,795,000		29,814,171		142,925,032		265,534,203	122,609,171	2.17 x
2023	85,815,000		25,723,954		134,339,665		245,878,619	111,538,954	2.20 x
2024	81,215,000		21,994,590		127,534,261		230,743,851	103,209,590	2.24 x
2025	77,950,000		18,510,744		121,064,221		217,524,964	96,460,744	2.26 x
2026	71,885,000		15,239,674		110,884,120		198,008,794	87,124,674	2.27 x
2027	65,390,000		12,241,139		98,916,564		176,547,703	77,631,139	2.27 x
2028	54,320,000		9,731,190		84,947,402		148,998,591	64,051,190	2.33 x
2029	44,275,000		7,826,617		72,103,462		124,205,079	52,101,617	2.38 x
2030	39,365,000		6,311,362		60,951,313		106,627,676	45,676,362	2.33 x
2031	28,945,000		5,119,140		51,327,237		85,391,377	34,064,140	2.51 x
2032	24,520,000		4,234,012		44,727,858		73,481,870	28,754,012	2.56 x
2033	18,380,000		3,550,860		36,602,194		58,533,054	21,930,860	2.67 x
2034	16,285,000		2,993,972		31,045,284		50,324,257	19,278,972	2.61 x
2035	12,525,000		2,518,653		24,531,150		39,574,803	15,043,653	2.63 x
2036	9,635,000		2,156,207		19,033,351		30,824,557	11,791,207	2.61 x
2037	7,785,000		1,876,569		15,647,133		25,308,702	9,661,569	2.62 x
2038	6,570,000		1,644,022		13,904,565		22,118,587	8,214,022	2.69 x
2039	5,360,000		1,451,438		12,443,519		19,254,956	6,811,438	2.83 x
2040	4,675,000		1,288,263		10,649,542		16,612,805	5,963,263	2.79 x
2041	3,845,000		1,146,466		9,301,800		14,293,266	4,991,466	2.86 x
2042	3,985,000		1,011,169		9,166,888		14,163,057	4,996,169	2.83 x

[1] Reflects the application to I-Bank Bond debt service of (a)(i) savings credits derived from the prior refunding of certain series of I-Bank Bonds and (ii) savings credits to be derived from the issuance of the Series 2020A-R1 Refunding Bonds, the Series 2020C-R1 Refunding Bonds, and the Series 2020C-R2 Refunding Bonds, and (b) reductions in the aggregate principal amount of I-Bank Bonds outstanding as a result of the partial defeasance, from time to time, of certain I-Bank Bonds.

[2] Fund Loan repayment obligations do not bear interest.

[3] The Fund Loan repayments with respect to Principal Forgiveness Fund Loans, as such repayments are set forth herein, assume and reflect the successful application of principal forgiveness, as described under the heading "FINANCING THE PROJECTS - Fund Loans Pursuant to the Water Bank Program" in the body of this Official Statement.

[4] Does not reflect certain I-Bank Loan repayments to be received from certain Borrowers, that, upon receipt thereof, shall be allocated to an "excess funds account" in anticipation of reimbursement thereof to certain other Borrowers for purposes of reconciliation of amounts owed.

[5] Totals may not add due to rounding.

State Fiscal Year Ending June 30	Aggregate of Coverage Receiving I-Bank Loan Repayments: Principal[1,4]	+	Aggregate of Coverage Receiving I-Bank Loan Repayments: Interest[1,4]	+	Aggregate of Coverage Providing Fund Loan Repayments[2,3]	=	Total Funds Available to Secure and Provide Coverage for all Coverage Receiving Financing Program Debt Service[1,2,3,4]	Total Debt Service for all Coverage Receiving Financing Programs[1,4]	Ratio of all Coverage Providing Funds to all Coverage Receiving Debt Service
2043	3,905,000		872,931		8,842,759		13,620,691	4,777,931	2.85 x
2044	4,030,000		732,794		8,789,990		13,552,784	4,762,794	2.85 x
2045	4,170,000		587,759		8,746,645		13,504,405	4,757,759	2.84 x
2046	4,295,000		437,956		8,563,174		13,296,130	4,732,956	2.81 x
2047	4,280,000		286,522		7,894,216		12,460,738	4,566,522	2.73 x
2048	3,440,000		150,384		6,080,709		9,671,093	3,590,384	2.69 x
2049	1,840,000		58,400		3,859,795		5,758,195	1,898,400	3.03 x
2050	905,000		13,575		1,854,051		2,772,626	918,575	3.02 x
Total[5]	**$877,495,000**		**$212,736,956**		**$1,434,766,781**		**$2,524,998,737**	**$1,090,231,956**	

[1] Reflects the application to I-Bank Bond debt service of (a)(i) savings credits derived from the prior refunding of certain series of I-Bank Bonds and (ii) savings credits to be derived from the issuance of the Series 2020A-R1 Refunding Bonds, the Series 2020C-R1 Refunding Bonds, and the Series 2020C-R2 Refunding Bonds, and (b) reductions in the aggregate principal amount of I-Bank Bonds outstanding as a result of the partial defeasance, from time to time, of certain I-Bank Bonds.

[2] Fund Loan repayment obligations do not bear interest.

[3] The Fund Loan repayments with respect to Principal Forgiveness Fund Loans, as such repayments are set forth herein, assume and reflect the successful application of principal forgiveness, as described under the heading "FINANCING THE PROJECTS - Fund Loans Pursuant to the Water Bank Program" in the body of this Official Statement.

[4] Does not reflect certain I-Bank Loan repayments to be received from certain Borrowers, that, upon receipt thereof, shall be allocated to an "excess funds account" in anticipation of reimbursement thereof to certain other Borrowers for purposes of reconciliation of amounts owed.

[5] Totals may not add due to rounding.

APPENDIX E

SUMMARY OF THE REFUNDING PROGRAM BOND RESOLUTIONS, THE MASTER PROGRAM TRUST AGREEMENT AND THE I-BANK CONTINUING DISCLOSURE AGREEMENT

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SUMMARY OF THE REFUNDING PROGRAM BOND RESOLUTIONS

The following is a general summary of certain provisions of the Refunding Program Bond Resolutions (as such term is defined in the main text of this Official Statement). The Bond Resolutions are identical in all material respects, with the exception of the changes noted herein and with the exception that the Series 2002A Bond Resolution is primarily secured from certain payments to be made by the Series 2002A Borrowers, the Series 2003A Bond Resolution is primarily secured from certain payments to be made by the Series 2003A Borrowers, the Series 2004A Bond Resolution is primarily secured from certain payments to be made by the Series 2004A Borrowers, the Series 2006A Bond Resolution is primarily secured from certain payments to be made by the Series 2006A Borrowers, the Series 2012A Bond Resolution is primarily secured from certain payments to be made by the Series 2012A Borrowers, the Series 2012B Bond Resolution is primarily secured from certain payments to be made by the Series 2012B Borrowers, and the Series 2012C Bond Resolution is primarily secured from certain payments to be made by the Series 2012C Borrower, (as such terms are defined in the main text of this Official Statement). Exceptions to a specific Refunding Program Bond Resolution are as follows: <Series 2004A Bond Resolution and Series 2006A Bond Resolution>; and [Series 2003A Bond Resolution]. The term "{SERIES}" shall refer to each respective Series designation with respect to the Applicable Refunding Program Bond Resolution, and the term "{YEAR}" shall refer to each respective calendar year in which the Applicable Refunding Program Bond Resolution was initially adopted. The summary is not to be considered a full statement of the terms of the Refunding Program Bond Resolutions and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Copies of the Refunding Program Bond Resolutions may be obtained from the I-Bank upon request. The section references shown below in parenthesis are to particular sections of the Refunding Program Bond Resolutions.

Definitions

The following are definitions in summary form of certain terms contained in the Bond Resolution and used therein.

"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 of the Bond Resolution.

"Allocable Share" for any Borrower with respect to the Bond Resolution funding the Loan to such Borrower means: (i) with respect to earnings on the Debt Service Reserve Fund during the capitalized interest period for SRF Borrowers that are not or are no longer capitalizing interest as determined pursuant to Section 5.10(2)(b)(i) of the Bond Resolution, the percentage set forth for any such SRF Borrowers on Schedule II-A attached to the Bond Resolution which percentage shall be equal to a fraction, the numerator of which shall equal the [Allowable Project Cost] <principal amount of the Loan> for such SRF Borrower, and the denominator of which shall equal the aggregate <principal> amount of all [Allowable Project Costs] <Loans> for all SRF Borrowers that are not or are no longer capitalizing interest as of the date of such determination, (ii) with respect to earnings on the Debt Service Reserve Fund during the capitalized interest period for non-SRF Borrowers, that are not or are no longer capitalizing interest as determined pursuant to Section 5.10(2)(b)(ii) of the Bond Resolution, the percentage set forth for any such non-SRF Borrowers on

Schedule II-B attached to the Bond Resolution which percentage shall be equal to a fraction, the numerator of which shall equal the [Allowable Project Cost] <principal amount of the Loan> for such non-SRF Borrower, and the denominator of which shall equal the aggregate <principal> amount of all [Allowable Project Costs] <Loans> for all non-SRF Borrowers that are not or are no longer capitalizing interest as of the date of such determination, (iii) with respect to earnings on the Debt Service Reserve Fund after the capitalized interest period, as determined pursuant to Sections 5.10(3) and 5.10(4)(c) and (d) of the Bond Resolution, and with respect to the earnings on all other funds and accounts which are subject to transfer and credit in accordance with Sections 5.10(3) and (4) of the Bond Resolution, the percentage set forth for any such Borrower on Schedule I-A attached to the Bond Resolution for SRF and non-SRF Borrowers, respectively, which percentage shall be equal to a fraction, the numerator of which shall equal the [Allowable Project Cost] <principal amount of the Loan> for such Borrower, and the denominator of which shall equal the aggregate <principal> amount of all [Allowable Project Costs] <Loans> for all SRF or non-SRF Borrowers, as appropriate, and (iv) for all other purposes of the Bond Resolution, the percentage set forth for any such Borrower on Schedule I-B attached to the Bond Resolution, which percentage shall be equal to a fraction, the numerator of which shall equal the [Allowable Project Cost] <principal amount of the Loan> for such Borrower, and the denominator of which shall equal the aggregate <principal> amount of all [Allowable Project Costs] <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 to the Bond Resolution shall equal the percentages set forth in Schedule I-B to the Bond Resolution.

"Applicable" means (i) with reference to any Fund, Account or Subaccount so designated and established by the Bond Resolution [or the Loan Servicing Agreement], 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 under the Bond Resolution, 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 Officer" means: (i) in the case of the Trust, the Chairman or Vice Chairman of the Trust, the Executive Director or any other person or persons designated by the Board by resolution to act on behalf of the Trust under the 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 or its Vice Chairman; (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 the Bond Resolution shall be given by law.

"Bond" or "Bonds" means one or more, as the case may be, of the Series {SERIES} Bonds, or Refunding Bonds, and all bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Bond Resolution.

"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 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 under the Bond Resolution 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 {SERIES} Bonds, as the case may be.

"Borrower's Project" means the project of the Borrower described in 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.

"Capitalized Interest Account" means the account within the Debt Service Fund so designated and established by Article V of the Bond Resolution.

"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.

{"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, [the Loan Servicer] 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 of the Bond Resolution.

"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 Loan Servicer, the Master Program Trustee or any Borrower) duly admitted to practice law before the highest court of any state.

[“Coverage Amount” means the amount of money, if any, remaining in the Revenue Fund on the first day of any Bond Year and on March 1 of such Bond Year, after giving effect to the transfers to be made therefrom on such first day or March 1, as applicable, of such Bond Year as required pursuant to subsections (1), (2), (3), and (4) of Section 5.05 of the Bond Resolution, that have been previously transferred into the Revenue Fund from the Trust Bonds Security Account.]

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

“Debt Service Reserve Fund” means the fund so designated and established by Article V of the Bond Resolution.

“Debt Service Reserve Requirement” means, as of any date of calculation with respect to the Series {SERIES} Bonds, an 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 {SERIES} Bonds and Outstanding Refunding Bonds; and (b) principal or Sinking Fund Installments, as the case may be, of the Outstanding Series {SERIES} 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 {SERIES} Bonds and Outstanding Refunding Bonds payable beginning in such Bond Year and each succeeding Bond Year thereafter until the maturity of the Outstanding Series {SERIES} 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 {SERIES} Bonds and Outstanding Refunding Bonds; {or (iii) the sum of 10% of the “proceeds” of the Series {SERIES} Bonds, but only if such Series {SERIES} Bonds are Outstanding and if any Refunding Bonds are Outstanding, 10% of the “proceeds” of Refunding Bonds within the meaning of Section 148(d) of the Code}.

“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 a particular Series of Bonds.

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

“Event of Default” means any occurrence or event designated as such in the Bond Resolution.

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

“General Fund” means the fund so designated and established by Article V of the Bond Resolution.

“Interest Account” means the account within the Debt Service Fund so designated and established by Article V of the Bond Resolution.

“Interest Payment Date” means each September 1 and March 1, commencing September 1, {YEAR}.

“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 optional 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, the short-term obligations of which are rated in the highest rating category for short term obligations by each Rating Agency.

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

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

(ii) Pre-refunded municipal securities rated in the highest rating category for municipal securities by each Rating Agency.

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

(h) Investment in money market funds rated in the highest rating category for money market funds by each Rating Agency (including money 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 each Rating Agency.

(j) Repurchase agreements with any transferor with debt rated in the highest rating category for debt obligations by each Rating Agency or commercial paper rated in the highest rating category for commercial paper by each Rating Agency, and where the transferor meets one of the following 2 tests (all opinions to be rendered below must be acceptable to bond counsel to the Trust):

(i) The transferor falls under the jurisdiction of the Securities Investor Protection Corp. (SIPC) or the United States Bankruptcy Code, 11 U.S.C. § 101 *et seq*. (the "Bankruptcy Code"), provided that:

(A) An opinion is rendered that the repurchase agreement is a "repurchase agreement" as defined under the Bankruptcy Code. The code requires, among other things, that:

(I) The term of such repurchase agreement is no more than one year or due on demand; and

(II) The repurchase securities must be either direct obligations of, or fully guaranteed as to principal and interest by, the United States or any United States agency, certificates of deposit, or eligible banker's acceptances;

(B) An opinion is rendered that the transferee has a first perfected security interest in the repurchase securities, any substituted securities, and all proceeds thereof;

(C) Each Rating Agency receives representations they can respectively rely on that there is or will be a written agreement governing every repurchase agreement transaction;

(D) Each Rating Agency receives representations they can respectively rely on that the transferee or third party acting as its agent has possession of the repurchase security or that the securities have been transferred to the transferee in accordance with applicable State and federal laws (other than by means of entries on the transferor's books);

(E) Each Rating Agency receives representations they can respectively rely on that the transferee of any repurchase securities has not knowledge of any fraud involved in the repurchase agreement transaction;

(F) Each Rating Agency receives representations they can respectively rely on that all securities taken under the repurchase agreement are free and clear of any third-party liens or claims;

(G) The market value of the collateral is maintained at levels acceptable to each Rating Agency. The Trustee may rely on guidelines for such levels set forth in publications of general circulation by each Rating Agency for securities rated in the highest rating category; and

(H) Failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral.

(ii) The transferor is subject to the Financial Institution Reform, Recovery and Enforcement Act of 1989 (FIRREA), provided that:

(A) An opinion is rendered that the repurchase agreement satisfies the definitions set forth in FIRREA; FIRREA requires, among other things, that the agreement satisfy the definition under the Bankruptcy Code (see j(i)(A) above), except that the securities which may be subject to such agreement may also include 'mortgage-related securities,' any mortgage loan and any interest in any mortgage loan;

(B) Each Rating Agency receives assurance that all other requirements under FIRREA have been met as outlined by the FDIC and RTC in a policy statement dated Dec. 12, 1989, as the same may be amended, supplemented, modified or superseded from time to time;

(C) An opinion is rendered that the transferee has a first perfected security interest in the repurchase securities, any substituted securities, and all proceeds thereof;

(D) Each Rating Agency receives representations they can respectively rely on that there is or will be a written agreement governing every repurchase transaction;

(E) Each Rating Agency receives representations they can respectively rely on that the transferee or third party acting solely as agent for the transferee has possession of the repurchase securities or that the securities have been transferred to the transferee in accordance with applicable State and federal laws (other than by means of entries on the transferor's books)

(F) Each Rating Agency receives, representations they can respectively rely on that the transferee, in accepting securities from the transferor, is not in any way acting to defraud the transferor, nor does the transferee have any prior knowledge to the effect that either the transferor is insolvent or may become insolvent as result of completing any such repurchase agreement transaction;

(G) Each Rating Agency receives representations they can respectively rely on that all securities taken under the repurchase agreement are free and clear of any third-party liens or claims;

(H) The market value of the collateral is maintained at levels acceptable to each Rating Agency. The Trustee may rely on guidelines for such levels set forth in publications of general circulation by each Rating Agency for securities rated in the highest rating category; and

(I) Failure to maintain the requisite collateral percentage will require the Trustee to liquidate the collateral.

(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 the 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, as such Loan Agreement may be amended, modified or supplemented from time to time in accordance with the provisions thereof and of the Bond Resolution.

"Loan Closing" means the date on which an executed Loan Agreement is delivered pursuant to the 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.

["Loan Servicer" means the Loan Servicer for the Loans and Fund Loans (as defined in the Applicable Loan Agreements) duly appointed and designated as such pursuant to the Loan Servicing Agreement and its successors as Loan Servicer under the Loan Servicing Agreement.

"Loan Servicing Agreement" means the Loan Servicing and Trust Bonds Security Agreement, dated as of the date of the Loan Closing, by and among the Trust, the State of New Jersey, acting by and through the Treasurer of the State of New Jersey on behalf of the Department, and the Loan Servicer relating to the Series {SERIES} [Bonds.]

"Operating Expense Fund" means the fund so designated and established by Article V of the Bond Resolution.

"Outstanding," or "outstanding" means, when used with reference to Bonds of any Series, as of any particular date all Bonds of such Series theretofore, or thereupon being, authenticated and delivered by the Trustee under the 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 the Bond Resolution; 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 the Bond Resolution.

"Paying Agent" means the Paying Agent appointed pursuant to the Bond Resolution, and its successors.

"Principal Account" means the account within the Debt Service Fund so designated and established by Article V of the Bond Resolution.

"Project Fund" means the fund so designated and established by Article V of the Bond Resolution.

"Project Loan Account" means any of the accounts within the Project Fund so designated and established by Article V of the Bond Resolution.

"Rebate Fund" means the fund so designated and established by Article V of the Bond Resolution.

"Redemption Account" means the Account within the Debt Service Fund so designated and established pursuant to Article V of the Bond Resolution.

"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 the Bond Resolution.

"Refunding Bonds" means all Bonds authenticated and delivered pursuant to the Bond Resolution.

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

"Revenues" means all (i) Loan Repayments and State Loan Repayments that [(A) are held by the Loan Servicer or the Trustee and (B) upon receipt by the Loan Servicer, were deposited into a Trust Bonds Security Account] <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 defined therein) in accordance with the terms of the Master Program Trust Agreement and (iii) proceeds derived from the foregoing including, without limitation, investment income received by the Trust on such Loan Repayments and State Loan Repayments; provided, however, that Revenues shall not include payments of the Administrative Fee payable to the Trust under the Loan Agreements nor any administrative fee included as part of any State Loan Repayment.

"Revenue Fund" means the fund so designated and established by Article V of the Bond Resolution.

"Series" means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the 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, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

"Sinking Fund Installments", with respect to any Series of Bonds, shall have the meaning, if any, specified in the Bond Resolution or the Applicable Supplemental Resolution.

"SRF", with respect to any Fund, Account or Subaccount established under the 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 Loan Repayment" means any payment by a Borrower of the principal on the companion zero interest loan made by the State of New Jersey, acting by and through the Department, to finance in part such Borrower's Project.

"Supplemental Resolution" means any resolution or resolutions of the Trust amending, modifying or supplementing the 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 the Bond Resolution.

{"Tax Certificate", 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 {SERIES} 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.

["Trust Bonds Security Account" means the account so designated and established pursuant to the Loan Servicing Agreement.]

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

"Trust Estate" means (i) all right, title and interest of the Trust in, to and under the Loan Agreements relating to the Series {SERIES} Bonds, except for the Trust's right, title and interest in [those certain Loan Repayments, including without limitation,] the Administrative Fee, [that are held by the Loan Servicer and that upon receipt by the Loan Servicer, were not deposited in the Trust Bonds Security Account], (ii) any other Revenues not included within clause (i) of this definition, whether held by the Trustee or the Loan Servicer, and (iii) all funds, accounts and subaccounts established by the Bond Resolution, other than the Project Loan Accounts in the Project Fund, the Administrative Fee Account and the Cost of Issuance Account in the Operating Expense Fund and the Rebate Fund , including investments, if any, thereof, as the same are pledged and assigned, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution.
(Section 1.01)

Bond Resolution and Bonds Constitute a Contract; Pledge of Trust Estate

With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Bond Resolution by those who shall hold the same from time to time: (i) the 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 and the duties, covenants, obligations and agreements set forth in the Bond Resolution to be observed and performed by or on behalf of the Trust 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 under the Bond Resolution; (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 the Bond Resolution all in accordance with the provisions thereof and under the Bond Resolution, does under the Bond Resolution 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 under the Bond Resolution 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 regardless of whether held by the Loan Servicer or the Trustee], 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; and (v) the Bonds shall be special obligations of the Trust payable solely from and secured by a pledge of the Trust Estate as provided under the Bond Resolution 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 amount 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 by the Bond Resolution. (Section 1.04)

Authorization of Bonds; Designation of Bonds of Series

Neither the State 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 2.01)

Creation of Funds and Accounts

The Bond Resolution establishes the following funds and accounts which (other than the Operating Expense Fund, the Project Fund and the Rebate Fund) is pledged to, and charged with, the payment of the principal or Redemption Price of and interest on the Applicable Series of Bonds as the same shall become due:

	Funds and Accounts	Held by
(1)	Debt Service Fund	Trustee
	Interest Account	
	Capitalized Interest Account	
	Principal Account	
	Redemption Account	
(2)	Debt Service Reserve Fund	Trustee
(3)	General Fund	Trustee
(4)	Operating Expense Fund	Trust
	Administrative Fee Account	
	Costs of Issuance Account	
(5)	Project Fund	Trustee
	Project Loan Accounts	
(6)	Rebate Fund	Trust
(7)	Revenue Fund	Trustee

The Debt Service Reserve Fund, the General Fund, the Revenue Fund and each account in the Debt Service Fund and the Project Fund shall be further divided into SRF and non-SRF components, as applicable. The proceeds, including accrued interest, of the Bonds shall be received by the Trustee and applied simultaneously with the delivery of such Bonds as follows: (i) a sum equal to the amount of accrued interest on the Bonds from the Dated Date thereof to their date of delivery shall be deposited into the Interest Account of the Debt Service Fund; (ii) an amount set forth in a certificate of an Authorized Officer of the Trust which, together with the investment earnings thereon, will be applied to the payment of a portion of the interest that will accrue on the Bonds from the date of their delivery to and including March 1 of the following calendar year , with respect to the Bonds shall be deposited into the Capitalized Interest Account of the Debt Service Fund for those Borrowers that are Capitalizing Interest; (iii) a sum equal to each Borrower's pro rata share of the Costs of Issuance shall be deposited into the Costs of Issuance Account of the Operating Expense Fund; (iv) there shall be no moneys deposited into the Rebate Fund; and (v) the remaining balance of the proceeds of the Bonds shall be deposited into the Project Loan Accounts of the Project Fund in the amounts set forth in a certificate of an Authorized Officer of the Trust. (Sections 2.03 and 5.01)

Revenues

[All Revenues shall be promptly deposited in the Revenue Fund and all transfers from such Fund shall be made only in accordance with Article V of the Bond Resolution.]

<The Trustee shall, as agent for the Trust and the State, perform the following duties and services:

1. The Trustee shall diligently use its best efforts to 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 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 2004A Bonds under the Bond Resolution.

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

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

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

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

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

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

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

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 Section 5.04 of the Bond Resolution 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 Section 5.04 of the Bond Resolution 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(1) of the 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) of the Bond Resolution.>

Revenue Fund

(a) On or prior to each Interest Payment Date, the Trustee shall transfer from amounts in the Revenue Fund to the Interest Account in the Debt Service Fund, the amount which, together with the amounts, if any, already on deposit in the Interest Account (other than investment earnings on amounts that have been received in the Interest Account since the immediately preceding Interest Payment Date) and the amounts, if any, on deposit in the Capitalized Interest Account and designated for use on such Interest Payment Date, is equal to the interest due and payable on the Bonds on such Interest Payment Date;

(b) 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 Revenue Fund to the Principal Account in the Debt Service Fund, the amount equal to the principal, including Sinking Fund Installments, if any, due and payable on the Bonds on such September 1.

(c) 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 Revenue Fund (1) to the Redemption Account in the Debt Service Fund an amount equal to the Redemption Price due and payable on all Bonds to be redeemed on such redemption date and (2) to the Interest Account in the Debt Service Fund an amount equal to the interest accrued and not paid and to accrue on such Bonds to such redemption date. Money received from a Borrower prior to the date that is six months prior to the first optional

redemption date for the Applicable Series of Bonds 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 the first optional redemption date for the Applicable Series of Bonds.

(d) 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 Debt Service Reserve Fund.
(Section 5.05)

Application of Moneys in the Project Fund

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. The Trustee shall make payments from a Project Loan Account in the amounts, at the times, in the manner and on the other terms and conditions set forth in the Bond Resolution. 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.

The Trust shall file with the Trustee a Certificate, signed by an Authorized Officer of the Trust, with respect to each Project Loan Account when the Trust has approved all requisitions to be paid from such Project Loan Account that are eligible to be approved under the Regulations. Such Certificate shall state: (a) that the proceeds of the Loan have been fully disbursed to the extent allowed by the Regulations and (b) 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.

Except as described in the Bond Resolution, 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 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 of the Bond Resolution, 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 or Restricted Investments made necessary to effect such early disbursement, shall be borne solely by any such Borrower.
(Section 5.02)

Application of Moneys in the Operating Expense Fund

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 the 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 accordance with the provisions of the Tax Certificate.

The [Loan Servicer] <Trustee> shall deposit in the Administrative Fee Account the Administrative Fees (i) received by the [Loan Servicer] <Trustee> on behalf of the Trust pursuant to the Loan Agreements, (ii) deposited by the [Loan Servicer] <Trustee> in the Trust Administration Account as defined in and pursuant to the [Loan Servicing Agreement] <Bond Resolution> and (iii) paid over to the Trust in accordance with the [Loan Servicing Agreement] <Bond Resolution>. 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 the Bond Resolution [and the Loan Servicing Agreement] 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 5.03)

Application of Moneys in the Debt Service Fund

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 the Bond Resolution or a Supplemental Resolution relating to a Series of Bonds.

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.

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 5.06)

Application of Moneys in the Debt Service Reserve Fund

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 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 of the Bond Resolution.

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

After any transfer made pursuant to the preceding paragraph and upon the cancellation of all Bonds and any Refunding Bonds in accordance with the Bond Resolution, 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.

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 which 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 and the Loan Servicer of the Trust's consent to such prepayment, where applicable, and 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 which is funded with Bond proceeds allocable to such Reserve Capacity Borrower shall be transferred (i) to the Debt Service Fund for redemption or payment of the Bonds attributable to such Borrower's Loan or (ii) in accordance with a Certificate of an Authorized Officer of the Trust to effect the defeasance of Bonds attributable to such Borrower's Loan in accordance with the Bond Resolution, in either case to be applied (along with the interest earnings thereon) as a credit to the final Trust Bond Loan Repayments of such Reserve Capacity Borrower. Prior to any such transfer described herein, investments held in the Debt Service Reserve Fund shall be liquidated to the extent necessary in order to provide for the transfer described herein.

Whenever any Borrower which is not a Reserve Capacity Borrower and which 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 and the Loan Servicer of the Trust's consent to such prepayment , where applicable, and 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.

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.

Investment of the Debt Service Reserve Fund shall be valued annually, at the market value thereof, exclusive of accrued interest. Notwithstanding anything to the contrary in the Bond Resolution, if a decline in the market value of securities on deposit in the Debt Service Reserve Fund causes the marked to market amount on deposit in the Debt Service Reserve Fund to be below the Debt Service Reserve Requirement, such deficiency shall be restored by retaining all or a portion of each Borrower's Allocable Share of interest earnings thereon until the Debt Service Reserve Requirement has been met. When and to the extent market conditions change thereafter, any such retained investment earnings (and not the corpus of the Debt Service Reserve Fund) not needed to satisfy the Debt Service Reserve Requirement shall be credited to the Trust Bond Loan Repayments of the Borrowers in accordance with their Allocable Share as set forth in the Bond Resolution. Investments purchased with funds on deposit in the Debt Service Reserve Fund shall have a term to maturity of not greater than five years.
(Section 5.07)

Application of Moneys in the General Fund

On the first day of each Bond Year commencing September 1, 1996, the Trustee shall deposit in the General Fund all moneys then remaining in the Revenue Fund, except those moneys identified as credits under Section 5.10 of the Bond Resolution to be transferred to the Interest Account on the second day of such Bond Year [and except for those Coverage Amounts remaining in the Revenue Fund after giving effect to the transfers to be made therefrom on the first day of such Bond Year as required pursuant to clause (ii) below that have been previously transferred into the Revenue Fund from the Trust Bonds Security Account]; provided, however, that (i) to the extent such date is a valuation date, the moneys then on deposit in the Debt Service Reserve Fund shall be at least equal to the Debt Service Reserve Requirement, (ii) all transfers from the Revenue Fund as described above shall have been made, and (iii) all funds required to be on deposit in the Revenue Fund are on deposit in the Revenue Fund. Moneys on deposit in the General Fund which shall not be required to be transferred to the Interest Account in the Debt Service Fund, may be applied by the Trust, upon written requisition from the Trust to the Trustee, in accordance with the Act for any of its corporate purposes.
(Section 5.08)

Investments

All moneys in any of the funds and accounts created under the Bond Resolution, other than the Operating Expense Fund, 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 the Bond Resolution. The Trustee may conclusively rely upon such written direction of <an Authorized Officer of> the Trust as to any and all investments. Moneys in the Operating Expense Fund and the Rebate Fund shall be invested by the Trust in accordance with the provisions of the Bond Resolution.

Moneys in all funds and accounts created under the 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 under the Bond Resolution, 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.

Commencing September 1, in the year immediately following the issuance of the initial Series of Bonds, and on each Interest Payment Date thereafter through and including the last date on which interest is to be paid on any Bonds from the Capitalized Interest Account, 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 the Bond Resolution to the Capitalized Interest Account to be applied to the payment of a portion of the interest due on the Bonds on such Interest Payment Date. On the day immediately following each such Interest Payment Date, the Trustee shall transfer the balance of the net earnings from the investment of moneys in the Debt Service Reserve Fund to the Interest Account in the Debt Service Fund and apply such amounts as credits against the Interest Portion of the next succeeding Trust Bond Loan Repayment due on any such 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 each Schedule II attached to the Bond Resolution; provided, however, that (i) the amount to be applied as a credit for each SRF Borrower as determined in the preceding clause of this sentence shall not exceed the product of the amount of such balance of net earnings and a fraction, the numerator of which shall equal the product of the amount of said Borrower's Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule II-A) times the Debt Service Reserve Requirement attributable to all SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as of the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all SRF Borrowers, less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such Borrowers which have not been repaid as of the last day of such Bond Year; (ii) that the amount to be applied as a credit for each non-SRF Borrower as determined above shall not exceed the product of the amount of such balance of net earnings and a fraction, the numerator of which shall equal the product of the amount of said Borrower's Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule II-B) times the Debt Service Reserve Requirement attributable to all non-SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as of the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all non-SRF Borrowers, less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such Borrowers which have not been repaid as of the last day of such Bond Year; and (iii) that during any period 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 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 [and the Loan Servicer] in writing of all such net earnings so transferred. Such writings shall set forth the net earnings for each such fund or account created under the Bond Resolution.

Except as provided in the immediately preceding paragraph regarding the transfer of earnings from the Debt Service Reserve Fund during the capitalized interest period, (i) all net earnings received in the first Bond Year and through September 1 in the year immediately following the initial issuance of the Bonds, from investment of moneys in any fund or account created under the Bond Resolution, 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 in the Interest Account in the Debt Service Fund on September 2 of such year; (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 the Bond Resolution other than the funds and accounts excepted in (i) above, shall be deposited or retained in 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 the Bond Resolution, other than the funds and accounts excepted in (i) and (ii) above, shall be deposited or retained in 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 of the Bond Resolution, 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 [and the Loan Servicer] in writing of all such net earnings so transferred. Such writings shall set forth the net earnings for each such fund or account created under the Bond Resolution. The [Loan Servicer, pursuant to the Loan Servicing Agreement,] <Trustee> 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.
(Section 5.10)

{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 6.03)}

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 paragraph 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 evidence 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 the 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 8.03)

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, the 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, any Holder of any Bonds or their agents or representatives duly authorized in writing. The Trust shall cause such books and accounts to be audited annually within ninety (90) days after the end of its fiscal year by a nationally recognized independent certified public accountant selected by the Trust. Annually within thirty (30) days after the receipt by the Trust of the report of such audit, a signed copy of such report shall be furnished to the Trustee. Such report shall include at least: (i) a statement of all funds and accounts (including investments thereof) held by the Trustee pursuant to the provisions of the Bond Resolution; (ii) a statement of the Revenues collected in connection with the Bond Resolution; (iii) a statement whether the balance in the Debt Service Reserve Fund meets the Debt Service Reserve Requirement established under the 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 the Bond Resolution was obtained, or if knowledge of any such default was obtained, a statement thereof.
(Section 8.04)

{Tax Rebate

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.

Any amounts required to be set aside for rebate 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 the Bond Resolution.
(Section 8.06)}

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

Defaults; Events of Default

Any of the following events shall be and constitute an "Event of Default" under the Bond Resolution:

(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) certain events of bankruptcy or insolvency; or

(d) 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 the Bond Resolution or the Bonds, 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 the Bond Resolution.
(Section 9.01)

Remedies

If an Event of Default 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 the 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 the 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 the 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, 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 the Bond Resolution as the Trustee shall deem most expedient in the interests of the Holders of Bonds.

Anything in the Bond Resolution to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds in default then Outstanding and 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 the 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 the Bond Resolution.

All moneys received by the Trustee pursuant to any right or remedy given or action taken 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 under the Bond Resolution), shall be applied first, to the payment of the principal and interest then due and unpaid upon the Bonds in default, and second, to the payment of the principal then due and unpaid upon the Bond in default to the persons entitled thereto, without any discrimination or privilege.

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 the Bond Resolution or for the execution of any trust hereof or for the appointment of a receiver or any other remedy under the Bond Resolution, 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 described above 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 described above, 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 the Bond Resolution, and to any action or cause of action for the enforcement of the Bond Resolution or for the appointment of a receiver or for any remedy under the Bond Resolution. 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 the Bond Resolution by his or their action or to enforce any right under the Bond Resolution except in the manner provided in, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Bond Resolution and for the equal and ratable benefit of the Holders of all Bonds then Outstanding; provided, however, that nothing contained in the 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 to the respective Holders thereof at the time and place, from the source and in the manner expressed in the Bonds and in the Bond Resolution and the Applicable Supplemental Resolution.

In case the Trustee or a Holder of a Bond in default shall have proceeded to enforce any right under the 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 under the Bond Resolution, respectively, and all rights, remedies and powers of the Trustee and the Holders shall continue as if no such proceedings have been taken.
(Sections 9.02, 9.03, 9.04, 9.05, 9.07 and 9.08)

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 the Bond Resolution. No such waiver shall extend to any subsequent or other Event of Default, or impair any rights consequent thereon.
(Section 9.09)

The Fiduciaries

The Trustee may at any time resign and be discharged of the duties and obligations created by the 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. The Trustee may be removed at any time 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. So long as no Event of Default, or an event which, with notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing, the Trustee may be removed at any time for just cause by a resolution of the Trust filed with the Trustee. In case at any time the Trustee shall resign or be removed or shall become incapable of acting or certain events of bankruptcy or insolvency shall occur, the Trust or a court competent jurisdiction shall appoint a successor. Any successor 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 and 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 the Bond Resolution.

Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the 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, the Trustee and signed by an Authorized Officer of the Trust. Any successor Paying Agent shall be appointed by the Trust with the 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 the Bond Resolution. (Sections 10.07, 10.08, 10.09 and 10.13)

Amendments and Supplemental Resolutions

The Trust may adopt Supplemental Resolutions to close the Bond Resolution against, or provide limitations and restrictions contained in the Bond Resolution on, the authentication and delivery of Bonds; to add to the duties, covenants, obligations and agreements of the Trust in the Bond Resolution, other duties, covenants, obligations and agreements to be observed and performed by the Trust which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect; to add to the limitations and restrictions in the Bond Resolution, other limitations and restrictions to be observed by the Trust which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect; to authorize Bonds of a Series and, in connection therewith, specify and determine the matters relative to such Bonds, including whether to issue Bonds in book entry forms, which are not contrary to or inconsistent with the 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; to confirm as further assurance, any security interest, pledge or assignment under the Bond Resolution, and the subjection of the Revenues or of any other monies, securities or funds to any security interest, pledge or assignment created or to be created by the Bond Resolution; to modify any of the provisions of the Bond Resolution in any other respect whatsoever, 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; to modify any of the provisions of the Bond Resolution in any respect provided that the modifications affect only Bonds issued subsequent to the date of such modifications; 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}.

The Trust may adopt Supplemental Resolutions to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provisions in the Bond Resolution; to insert such provisions clarifying matters or questions arising under the Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution as theretofore in effect; or to make any other modification or amendment of the Bond Resolution which will not have a material adverse effect on the interests of Bondholders.

Any modification or amendment of the 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 by a Supplemental Resolution, with the written consent given as provided in the Bond Resolution of (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. 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 its written assent thereto. For the purposes of this paragraph, a Series shall be deemed to be affected by a modification or amendment of the 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 the 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 paragraph, the Holders of any Bonds may include the initial Holders thereof, regardless of whether such Bonds are being held for resale.
(Sections 11.01, 11.02 and 11.06)

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 the 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 {and (b) the Trustee first obtains an opinion of Bond Counsel to the effect that such supplement will not adversely affect the exclusion from gross income of the interest on the Series {SERIES} Bonds for federal income tax purposes}.
(Section 11.12)

Defeasance of the Bonds

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 the 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.

Bonds (which can be an entire series of 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 Agent (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 the immediately preceding paragraph. Subject to applicable provisions of the Bond Resolution, Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid if (a) in case any of said Bonds are to be redeemed on any date prior to their stated maturities, the Trust shall have given to the Trustee instructions in writing accepted by the Trustee to mail notice of redemption of such Bonds (other than Bonds of a Series which have been purchased by the Trustee at the written direction of the Trust or purchased or otherwise acquired by the Trust and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee (i) either moneys in an amount which shall be sufficient or Investment Securities (including any Investment Securities issued or held in book-entry form on the books of the

Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Series of Bonds on or prior to the redemption date or maturity date thereof, as the case may be, (ii) a defeasance opinion of Bond Counsel, and (iii) a verification report of an independent nationally recognized verification agent as to the matters set forth in clause (i), and (c) in the event such Series of Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Trust shall have given the Trustee in form satisfactory to it instructions to mail, as soon as practicable, a notice to the Holders of such Bonds at their last addresses appearing upon the registry books at the close of business on the last business day on 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 and stating such maturity or redemption date upon which moneys are expected to be available for the payment of the principal or Redemption Price, if applicable, on such Series of Bonds.

Except as otherwise provided in the Bond Resolution, neither Investment Securities nor moneys deposited with the Trustee as described in this paragraph 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 the 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 the Bond Resolution. As used in this paragraph, Investment Securities shall mean and include only (a) such securities as are described in clause (i) of the definition of "Investment Securities" which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or (b) upon compliance with the applicable provisions of the Bond Resolution, such securities as are described in clause (i) 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.

{Notwithstanding any other provision in Article XII of the 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 such Bonds for federal income tax purposes shall survive the defeasance of the Bonds.}
(Section 12.01)

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SUMMARY OF THE MASTER PROGRAM TRUST AGREEMENT

The following is a general summary of certain provisions of the Master Program Trust Agreement (the "Agreement") made as of the 1st day of November, 1995 by and among the I-Bank, the State, U.S. Bank Trust National Association (as successor to State Street Bank and Trust Company, N.A.), as Master Program Trustee thereunder, The Bank of New York (NJ), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to First Union National Bank), in several capacities thereunder, as the same may be amended and supplemented from time to time in accordance with its terms. This summary is not to be considered a full statement of the terms of the Agreement and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Copies of the Agreement may be obtained from the I-Bank upon request. The section references shown below in parenthesis are to particular sections of the Agreement.

Definitions

The following are definitions in summary form of certain terms contained in the Agreement and used therein:

"Authorized Officer" shall mean (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 of the Trust by resolution to act on behalf of the Trust under the Agreement; 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, its Vice Chairman or its Executive Director; (ii) in the case of the State, the Governor of the State, the State Treasurer, any designee thereof duly authorized in writing by either the Governor of the State or the State Treasurer, or any successor thereto, (iii) in the case of the Master Program Trustee, any person or persons authorized in accordance with all applicable law 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 and evidenced by the corporate resolution or duly authorized executive order authorizing such person or persons or class of persons to act on behalf of the Master Program Trustee; and (iv) in the case of any Future Trustee, Future Loan Servicer, Ineligible Future Trustee or Ineligible Future Loan Servicer, any person or persons authorized in accordance with all applicable law 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 and evidenced by the corporate resolution authorizing such person or persons or class of persons to act on behalf of any such Future Trustee, Future Loan Servicer, Ineligible Future Trustee or Ineligible Future Loan Servicer.

"**Borrowers"** shall mean government units within the State that have participated in and will in the future participate in the New Jersey Wastewater Treatment Financing Program.

"Coverage Financing Programs" shall mean collectively, or individually, as the case may be, Coverage Providing Financing Programs or Coverage Receiving Financing Programs.

"**Coverage Providing Financing Programs**" shall mean the Prior Financing Programs, the 1995 Financing Program, all Future Financing Programs and all Ineligible Future Financing Programs (i.e., all Financing Programs other than the Excluded Financing Programs).

"**Coverage Providing Fund Loan Agreements**" shall mean the loan agreements entered into and to be entered into by the State and the Borrowers for the Coverage Providing Financing Programs in

accordance with the terms of all applicable law, pursuant to which the State has agreed and will agree to make loans to such Borrowers for the purpose of financing Trust Projects.

"**Coverage Receiving Financing Programs**" shall mean the 1995 Financing Program and all Future Financing Programs (i.e. all Financing Programs other than the Excluded Financing Programs and the Ineligible Future Financing Programs.

"**Coverage Receiving Trust Bonds**" shall mean the 1995 Trust Bonds and the Future Trust Bonds.

"**DEP**" shall mean the Department of Environmental Protection of the State (under such designation, under its former designation, the Department of Environmental Protection and Energy, or under the designation of any successor entity).

"**Excluded Financing Programs**" shall mean Excluded Future Financing Programs and the Prior Excluded Financing Programs.

"**Excluded Future Financing Programs**" shall mean the Financing Programs for all years to come beginning in 1996, within the meaning of and for the purposes set forth in the Agreement.

"**Excluded Future Trust Bond Resolution**" shall mean any bond resolution of the Trust adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Excluded Future Trust Bonds.

"**Excluded Future Trust Bonds**" shall mean the Trust Bonds issued to finance Trust Loans in Excluded Future Financing Programs.

"**Excluded Fund Loan Agreements**" shall mean the loan agreements entered into and to be entered into by the State and the Borrowers for the Excluded Financing Programs in accordance with the terms of all applicable law, pursuant to which the State has agreed and will agree to make loans to such Borrowers for the purpose of financing Trust Projects.

"**Excluded Trust Bonds**" shall mean annual revenue bonds to be issued by the Trust in one or more series for Excluded Financing Programs.

"**Excluded Trust Bond Resolution**" shall mean all bond resolutions of the Trust adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Excluded Trust Bonds.

"**Financing Program**" shall mean the New Jersey Wastewater Treatment Trust Financing Program (each Financing Program may be referred to herein as the "Financing Program" preceded by the year or the years and letter designation (i.e. for Financing Programs under which more than one series of the Trust Bonds are to be issued in any single annual period) of such Financing Program).

"**Financing Program Deficiency**" shall mean, for the Coverage Receiving Financing Programs only (i.e., a Financing Program Deficiency cannot occur for any Prior Financing Program, any Ineligible Future Financing Program or any Excluded Financing Program), that deficiency in the applicable Trustee's receipt of moneys from the affected Loan Servicer as more particularly defined in Section 8(c) of the Agreement.

"**Fund Loan Agreements**" shall mean the Coverage Providing Fund Loan Agreements (i.e., the Prior Fund Loan Agreements, the 1995 Fund Loan Agreements, the Future Fund Loan Agreements, the Ineligible Future Fund Loan Agreements) and the Excluded Fund Loan Agreements, all in accordance with the terms of all applicable law, pursuant to which the State has agreed or will agree, as the case may be, to make a loan to such Borrowers for the purpose of financing Trust Projects.

"**Future Financing Programs**" shall mean the Financing Programs for all years to come beginning in 1996, within the meaning of and for the purposes set forth in the Agreement.

"**Future Fund Loan Agreements**" shall mean the loan agreements to be entered into by the State and the Borrowers for the Future Financing Programs in accordance with the terms of all applicable law, pursuant to which the State will agree to make a loan to such Borrowers for the purpose of financing Trust Projects.

"**Future Loan Servicers**" shall mean the Loan Servicers under the Future Loan Servicing Agreements.

"**Future Loan Servicing Agreements**" shall mean the Loan Servicing and Trust Bonds Security Agreements to be entered into for all Future Financing Programs.

"**Future Trust Bonds**" shall mean annual revenue bonds to be issued by the Trust in one or more series for all Future Financing Programs.

"**Future Trust Bond Resolution**" shall mean all bond resolutions of the Trust adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Future Trust Bonds.

"**Future Trust Loan Agreements**" shall mean the loan agreements to be entered into by the Trust and the Borrowers for the Future Financing Programs in accordance with the terms of all applicable law, including without limitation the Act, pursuant to which the Trust will agree to make a loan to such Borrowers from a portion of the proceeds of Future Trust Bonds for the purpose of financing Trust Projects.

"**Future Trustees**" shall mean the trustees for all Future Trust Bonds.

"**Ineligible Future Financing Programs**" shall mean shall mean the Financing Programs for all years to come beginning in 1996, within the meaning of and for the purposes set forth in the Agreement.

"**Ineligible Future Fund Loan Agreements**" shall mean the loan agreements to be entered into by the State and the Borrowers for the Ineligible Future Financing Programs in accordance with the terms of all applicable law, pursuant to which the State will agree to make a loan to such Borrowers for the purpose of financing Trust Projects.

"**Ineligible Future Loan Servicers**" shall mean the Loan Servicers for each Loan Servicing and Trust Bonds Security Agreement to be entered into for Ineligible Future Financing Programs.

"**Ineligible Future Loan Servicing Agreements**" shall mean the Loan Servicing and Trust Bonds Security Agreements to be entered into for Ineligible Future Financing Programs.

"**Ineligible Future Trust Bonds**" shall mean annual revenue bonds to be issued by the Trust in one or more series for Ineligible Future Financing Programs.

"**Ineligible Future Trust Bond Resolution**" shall mean all bond resolutions of the Trust adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Ineligible Future Trust Bonds.

"**Ineligible Future Trustees**" shall mean the trustees of all Trust Bonds issued to finance Ineligible Future Financing Programs.

"**Ineligible Future Trust Loan Agreements**" shall mean the loan agreements to be entered into by the Trust and the Borrowers for the Ineligible Future Financing Programs in accordance with the terms of all applicable law, including without limitation the Act, pursuant to which the Trust will agree to make a loan to such Borrowers from a portion of the proceeds of Ineligible Future Trust Bonds for the purpose of financing Trust Projects.

"**Loan Servicers**" shall mean the Ineligible Future Loan Servicers, the Prior Loan Servicers, the 1995 Loan Servicer and the Future Loan Servicers.

"**Loan Servicing Agreements**" shall mean Ineligible Future Loan Servicing Agreements, Prior Loan Servicing Agreements, the 1995 Loan Servicing Agreement and Future Loan Servicing Agreements.

"**March 2nd Payment Subaccount**" shall mean the March 2nd Payment Subaccount within the Master Program Trust Account created in accordance with the provisions of Section 3 of the Agreement.

"**Master Program Trust Account**" shall mean the account to be held by the Master Program Trustee, in trust as additional security for the Holders of Coverage Receiving Trust Bonds.

"**New Jersey National Bank**" shall mean New Jersey National Bank of West Trenton, New Jersey, or any successor thereto, in its capacity as New Jersey National Bank, as Prior Loan Servicer, New Jersey National Bank, as Prior Trustee, the 1995 Trustee and to the extent New Jersey National Bank is appointed by the Trust as a Future Loan Servicer, Future Trustee, Ineligible Future Loan Servicer or Ineligible Future Trustee for a specific Future Financing Program or Ineligible Future Financing Program, as the case may be, the Future Loan Servicer, Future Trustee, Ineligible Future Loan Servicer or Ineligible Future Trustee, as the case may be.

"**1995 Trust Bonds**" shall mean the annual revenue bonds to be issued by the Trust in one or more series for the 1995 Financing Program.

"**1995 Trust Bond Resolution**" shall mean all bond resolutions of the Trust adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of 1995 Trust Bonds.

"**1995 Fund Loan Agreements**" shall mean the loan agreements entered into simultaneously with the Agreement by the State and the Borrowers for the 1995 Financing Program in accordance with the terms of all applicable law, pursuant to which the State has agreed to make a loan to such Borrowers for the purpose of financing Trust Projects.

"**1995 Loan Servicing Agreement**" shall mean the Loan Servicing and Trust Bonds Security Agreement entered into for the 1995 Financing Program.

"**1995 Trust Loan Agreements**" shall mean the loan agreements entered into simultaneously with the Agreement by the Trust and the Borrowers for the 1995 Financing Program in accordance with the terms of all applicable law, including without limitation the Act, pursuant to which the Trust has

agreed to make a loan to such Borrowers from a portion of the proceeds of the 1995 Trust Bonds for the purpose of financing Trust Projects.

"**Notice of Financing Program Deficiency**" shall mean, for the Coverage Receiving Financing Programs only (i.e., a Preliminary Notice of Financing Program Deficiency should not be distributed for any Prior Financing Program, any Ineligible Future Financing Program or any Excluded Financing Program), that written notice of a Financing Program Deficiency as more particularly defined in the Agreement.

"**Outstanding**" shall mean all Trust Bonds that are Outstanding under the terms of the applicable Trust Bond Resolution authorizing the issuance of such Trust Bonds.

"**Preliminary Notice of Financing Program Deficiency**" shall mean, for the Coverage Receiving Financing Programs only (i.e., a Preliminary Notice of Financing Program Deficiency should not be distributed for any Prior Financing Program, any Ineligible Future Financing Program or any Excluded Financing Program), that written notice of a potential Financing Program Deficiency as more particularly defined in the Agreement.

"**Prior Bond Insurers**" shall mean the respective Bond Insurers, if any, as defined in the respective Prior Loan Servicing Agreements.

"**Prior Excluded Financing Programs**" shall mean annual Financing Programs for 1987 and 1988 and the Financing Program pursuant to which bonds of the Trust issued under the 1987 Financing Program have been refunded.

"**Prior Excluded Trust Bond Resolution**" shall mean all bond resolutions of the Trust adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Prior Excluded Trust Bonds.

"**Prior Excluded Trust Bonds**" shall mean the Trust Bonds issued to finance Trust Loans in Prior Excluded Financing Programs.

"**Prior Financing Programs**" shall mean the Financing Programs from 1989 through and including 1994.

"**Prior Loan Servicing Agreements**" shall mean each Loan Servicing and Trust Bonds Security Agreement executed by the Trust, the State and each Prior Loan Servicer in connection with each Prior Financing Program.

"**Prior Trust Bonds**" shall mean the annual revenue bonds issued by the Trust, a portion of the proceeds of which were used to fund Trust Loans for each Prior Financing Program.

"**Rating Agency**" shall mean individually, or collectively, as the case may be, of the nationally recognized rating agencies that have published ratings for any of the Coverage Receiving Bonds.

"Regulations" means the rules and regulations now or hereafter promulgated by the Trust pursuant to the Act, including the regulations entitled "Wastewater Treatment Trust Procedures and Requirements" (N.J.A.C. 7:22-4.1 *et seq.*), and "Determination of Allowable Costs for Wastewater Treatment Fund and Wastewater Treatment Trust Financial Assistance" (N.J.A.C. 7:22-5.1 *et seq.*), as the same may from time to time be amended and supplemented.

"**Schedule AG-2**" shall mean the schedule attached to the Agreement as Appendix A thereto, as more fully described in Section 8(a) thereof.

"**September 2nd Payment Subaccount**" shall mean the September 2nd Payment Subaccount within the Master Program Trust Account created in accordance with the provisions of the Agreement.

"**Special Coverage Amount**" shall mean that additional amount of debt service coverage to be made available for Coverage Receiving Trust Bonds from funds of or otherwise due the Trust or the State, as the case may be, at the times and in the amounts set forth in the Agreement, which amount, if required, shall be expressed in a certificate of an Authorized Officer of the Trust or of the Trust and the State, as the case may be, detailed in the Agreement (i) as a percentage of Coverage Receiving Trust Bonds, (ii) as a whole number or (iii) through some other objective formula.

"**Special Coverage Subaccounts**" shall mean individually or collectively, as the case may be, the Special Coverage Subaccounts respectively created in the March 2nd Payment Subaccount and the September 2nd Payment Subaccount within the Master Program Trust Account, created in accordance with the provisions of the Agreement.

"**Subaccounts**" shall mean individually or collectively, as the case may be, the March 2nd Payment Subaccount and the Special Coverage Subaccount therein and the September 2nd Payment Subaccount and the Special Coverage Subaccount therein, all within the Master Program Trust Account, created in accordance with the provisions of the Agreement.

"**Trust Bond Resolution**" shall mean all bond resolutions of the Trust adopted in accordance with all applicable law, including without limitation the Act, authorizing the issuance of any series of Trust Bonds.

"**Trust Bonds**" shall mean collectively, or individually, as the case may be, the Prior Trust Bonds, the 1995 Trust Bonds, the Future Trust Bonds, the Ineligible Future Trust Bonds and the Excluded Trust Bonds.

"**Trust Bonds Security Account**" shall mean collectively, or individually, as the case may be, the Trust Bonds Security Account established under each Loan Servicing Agreement, amounts on deposit in which are to be held by the respective Loan Servicers in trust for the Holders of the series of Trust Bonds for which each such Loan Servicing Agreement was entered into.

"**Trust Projects**" shall mean wastewater treatment projects and other projects authorized presently or to be authorized in the future under the Act for local, so long as funding is available, government units within the State that have participated in and will in the future participate in the New Jersey Wastewater Treatment Financing Program.

"**Trustees**" shall mean collectively or individually, as the case may be, the Prior Trustees, the 1995 Trustee, the Future Trustees and the Ineligible Future Trustees.

"**Wastewater Treatment Fund**" shall mean the fund established and held by the State under the State Revolving Fund Loan Program created by the United States Environmental Protection Agency pursuant to the Federal Water Quality Act of 1987, as amended from time to time, or any successor program, from which the State makes Fund Loans. (Section 1)

Trust Agreement, Pledge, Security Agreement and Subordinate Liens

The Master Program Trustee shall hold all moneys and securities deposited in the Master Program Trust Account and all Subaccounts under the Agreement in trust for the benefit of the Holders of all Coverage Receiving Trust Bonds in accordance with the terms thereof. Accordingly, in exercising its duties and obligations under the Agreement, the Master Program Trustee shall act as a fiduciary for the benefit of such Bondholders.

To the extent the moneys and securities on deposit in the Master Program Trust Account are not needed to make timely payment of debt service to the Holders of the Coverage Receiving Trust Bonds in accordance with the term of the Agreement, The Master Program Trustee shall hold all moneys and securities deposited in the Master Program Trust Account and all Subaccounts thereunder in trust for the benefit of the Trust and State in accordance with the terms thereof. Accordingly, in exercising its duties and obligations under the Agreement, the Master Program Trustee shall act as a fiduciary for the benefit of the Trust and the State.

The pledge made in the Agreement and the duties, covenants, obligations and agreements set forth therein to be observed and performed by or on behalf of the Master Program Trustee shall be for the equal and ratable benefit, protection and security of the Holders of any and all of the Coverage Receiving Trust 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 with respect to their security interest in and to the Master Program Trust Account and all Subaccounts therein, except as expressly provided in or permitted by the Agreement. The Master Program Trustee, as security for the payment of the principal and redemption premium, if any, of, and the interest on, the Coverage Receiving Trust Bonds and as security for the observance and performance of any other duty, covenant, obligation or agreement of the Master Program Trustee under the Agreement all in accordance with the provisions thereof, does grant a security interest in and further does grant, bargain, sell, convey, pledge, assign and confirm to the respective Trustees of the Coverage Receiving Trust Bonds the moneys and securities in the Master Program Trust Account and all Subaccounts therein. The pledge made by the Agreement is valid and binding from the time when the pledge is made and the Master Program Trust Account and all Subaccounts therein shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and regardless of whether held by the Master Program Trustee or the respective Trustees, and the lien of such pledge shall be valid and binding as against all parties having claims arising under the Agreement against the Master Program Trustee irrespective of whether such parties have notice thereof.

The Agreement shall constitute a security agreement under the New Jersey Uniform Commercial Code with respect to the funds and securities in the Master Program Trust Account and all Subaccounts therein and the Master Program Trustee will execute and deliver to the Trustees of all Coverage Receiving Trust Bonds on demand, and irrevocably appoints such respective Trustees, or any officer of any such Trustees, the attorney-in-fact of the Master Program Trustee to execute, deliver and file such financing statements and other instruments as such Trustees or the Trust may require in order to perfect and maintain such security interest under the New Jersey Uniform Commercial Code upon the funds and securities in the Master Program Trust Account and all Subaccounts therein.

Except for the pledge of the funds and securities in the Master Program Trust Account and all Subaccounts therein made for the benefit of the Holders of the Coverage Receiving Trust Bonds, the Master Program Trustee shall not grant and all of the parties to the Agreement shall not cause the Master Program Trustee to grant to any party any rights or interest in and to any such funds and securities in the Master Program Trust Account and all Subaccounts therein, which interest is on a parity basis with or is superior to the lien established by the Agreement for the benefit of the Holders of the Coverage Receiving

Trust Bonds (now existing and to be created). Notwithstanding the foregoing, with the written consent of the Trust, the Master Program Trustee may and at the written direction of the Trust, the Master Program Trustee shall grant an interest in and to such funds and securities in the Master Program Trust Account and all Subaccounts therein, which interest is subordinate to the lien established by the Agreement for the benefit of the Holders of the Coverage Receiving Trust Bonds (now existing and to be created). This subordinate lien in and to such funds and securities in the Master Program Trust Account and all Subaccounts therein may be established without the need to obtain the consent of the Trustees for or the Holders of any series of Coverage Receiving Trust Bonds, which Trustees and Holders shall have no right to preclude the establishment of such subordinate liens. (Section 2)

Resignation

The Master Program Trustee may at any time resign and be discharged of the duties and obligations created under the Agreement by giving not less than sixty (60) days' written notice to all the parties to the Agreement and mailing notice thereof to the Trustees of all Coverage Receiving Trust Bonds then Outstanding (for distribution by such Trustees to the Holders of the Coverage Receiving Trust Bonds), specifying the date when such resignation shall take effect and if known, setting forth the name and address of the successor Master Program Trustee and the name and phone number of a contact person for the Master Program Trustee. To the extent not included in the notice distributed by the predecessor Master Program Trustee, this latter information shall be mailed to the parties to the Agreement and to such Trustees (for distribution by such Trustees to the Holders of the Coverage Receiving Trust Bonds) by the successor Master Program Trustee promptly upon its having accepted the rights, duties and obligations of Master Program Trustee. Such resignation shall take effect upon the day specified in such notice unless previously a successor Master Program Trustee shall have been appointed by the Trust, in which event such resignation shall take effect on the appointment of such successor Master Program Trustee immediately after transfer of the duties and obligations of Master Program Trustee under the Agreement (including without limitation, the transfer of all moneys and securities on deposit in the Master Program Trust Account) to the successor Master Program Trustee, or unless a successor Master Program Trustee shall not have been appointed by the Trust, in which event such resignation shall not take effect until immediately after a successor Master Program Trustee is appointed and has transferred the duties and obligations of Master Program Trustee under the Agreement (including without limitation, the transfer of all moneys and securities on deposit in the Master Program Trust Account) to the successor Master Program Trustee. (Section 2)

Removal

The Master Program Trustee may be removed at any time: (i) by an instrument or concurrent instruments in writing, filed with the Master Program Trustee, and signed by the Holders of a majority in principal amount of the Coverage Receiving Trust Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any such Trust Bonds held by or for the account of the Trust, (ii) upon a determination by the Trust, in its sole discretion, that the compensation charged by the Master Program Trustee is excessive for the duties, obligations and other services to be performed under the Agreement, by a resolution of the Trust filed with the Master Program Trustee or (iii) for just cause, by a resolution of the Trust filed with the Master Program Trustee. Promptly upon having accepted the rights, duties and obligations of Master Program Trustee, the successor Master Program Trustee shall mail a copy of any such instrument or resolution to the Holders of all Coverage Receiving Trust Bonds then Outstanding along with the name and address of the successor Master Program Trustee and the name and phone number of a contact person for the Master Program Trustee. (Section 2)

Appointment of Successor Master Program Trustee

In case at any time the Master Program 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 Master Program Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Master Program 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 Master Program Trustee within forty-five (45) days, then a successor may be appointed by the Holders of a majority in the aggregate of the principal amount of the Coverage Receiving Trust Bonds then Outstanding, excluding any such Trust 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 Master Program Trustee, notification thereof being given to the Trust, the State, the predecessor Master Program Trustee and any existing Loan Servicers and Trustees.

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

Any Master Program Trustee appointed under the provisions of this caption in succession to the Master Program Trustee shall be a bank or trust company or national banking association or corporation in good standing, doing business and having its principal office in the State or any contiguous state, 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 or corporation willing and able to accept the office of Master Program Trustee on reasonable and customary terms and authorized by corporate action and by law to perform all the duties imposed upon it by the Agreement, and authorized by corporate action and by law to make the representations and warranties of Master Program Trustee under the Agreement (except that any representations and warranties therein relating to the Master Program Trustee's organization and existence in the State of New York shall relate to the state of organization and existence of any successor Master Program Trustee). (Section 2)

Transfer of Rights and Property to Successor Master Program Trustee

Any successor Master Program Trustee appointed under the Agreement shall execute, acknowledge and deliver to its predecessor Master Program Trustee, and also to the Trust, an instrument accepting such appointment, and thereupon such successor Master Program 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 Master Program Trustee, with like effect as if originally named as Master Program Trustee; but the Master Program Trustee ceasing to act shall nevertheless, on the written request of the Trust or of the successor Master Program 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 Master Program Trustee all the right, title and interest of the predecessor Master Program Trustee in and to any property held by it under the Agreement, and shall pay over, assign and deliver to the successor Master Program Trustee any money or other property subject to the trusts and conditions set forth in the Agreement. Should any deed, conveyance or instrument in writing from the Trust be required by such successor Master Program

Trustee for more fully and certainly vesting in and confirming to such successor Master Program 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. (Section 2)

Creation of Master Program Trust Account; Records

The Master Program Trustee is directed to establish as a single account with two subaccounts and two further subaccounts therein to be held in trust for the benefit of the Holders of the Coverage Receiving Trust Bonds and secondarily, the Trust and the State, all in accordance with the terms and conditions of the Agreement, the "Coverage Receiving Financing Program Master Program Trust Account," which account may be referred to in the Agreement or in any document relating to any Coverage Receiving Financing Program as the "Master Program Trust Account." All moneys received from the Loan Servicers in accordance with the terms of the Loan Servicing Agreements for deposit in the Master Program Trust Account shall be immediately deposited in the Master Program Trust Account and held, invested and disbursed strictly in accordance with the terms of the Agreement. Within the Master Program Trust Account, the Master Program Trustee shall create a "March 2nd Payment Subaccount" and a "September 2nd Payment Subaccount." Upon receipt of a Certificate of an Authorized Officer of the Trust and the State in accordance with the Agreement or a certificate of an Authorized Officer of the Trust in accordance with the Agreement, the Master Program Trustee shall create a "Special Coverage Subaccount" within each of the March 2nd and September 2nd Payment Subaccounts. Amounts to be deposited by the Master Program Trustee in the Master Program Trust Account under the Agreement shall be deposited in the Master Program Trust Account and shall not be deposited in any Subaccount unless and until expressly authorized and directed thereunder. Amounts to be deposited by the Master Program Trustee in any Subaccount specified in the Agreement shall be deposited in any such Subaccount and shall not be deposited in the Master Program Trust Account or any other Subaccount unless and until expressly authorized and directed thereunder. (Section 3)

Future Financing Programs, Ineligible Future Financing Programs and Excluded Future Financing Programs

The Trust shall exclusively determine whether each Financing Program (including without limitation Financing Programs pursuant to which Trust Bonds issued under any prior Financing Program are to be refunded, subject to the limitation set forth below) pursuant to which a series of Trust Bonds is to be issued for the years 1996 and thereafter shall be a Future Financing Program, an Ineligible Future Financing Program or an Excluded Future Financing Program, which determination shall be made by the Trust in accordance with all applicable law, and with the interests of the Trust's statutory objectives and with the best interests of the Financing Program and its Participants in mind; provided, however, that the Trust shall not include a series of Trust Bonds in a Future Financing Program if such inclusion would cause the coverage ratios provided by all Coverage Providing Financing Programs (assuming such inclusion) for the benefit of all Coverage Receiving Financing Programs (assuming such inclusion) to drop below the coverage ratios established for pool programs rated in the highest rating category by Standard & Poor's Corporation. Such determination shall be dispositively evidenced by the Trust's delivery of a fully authorized and executed certificate delivered to the Master Program Trustee and the State in substantially the form attached to the Agreement. Notwithstanding any other provision to the contrary, for all Financing Programs that are to refund Trust Bonds issued under any prior Coverage Providing Financing Program, the Trust must determine that such new Financing Program shall be either a Future Financing Program or an Ineligible Future Financing Program. (Section 4)

Investment by the Master Program Trustee of Moneys on Deposit in the Master Program Trust Account

All moneys deposited by the Master Program Trustee in the Master Program Trust Account shall be invested by the Master Program Trustee in Investment Securities as directed in writing by an Authorized Officer of the Trust; provided however, that the Trust shall not direct investments of moneys on deposit in the Master Program Trust Account in any manner that would cause any series of Coverage Receiving Trust Bonds that when issued, the interest on which is excludable from the gross income of the Holders thereof, to lose such exclusion. Should the Trust fail to deliver to the Master Program Trustee written instructions as to the investment of moneys on deposit in the Master Program Trust Account, the Master Program Trustee shall invest all of such moneys in Investment Securities described in clause (a) of the definition thereof that otherwise conform with the terms of the Agreement and that will mature or be subject to tender or other return conveyance to the Master Program Trustee at a known value that is at least equal to the principal amount invested by the Master Program Trustee at the option of the Master Program Trustee, as holder of such investment, no later than the March 1 or September 1 immediately following the date of any such investment. The Master Program Trustee may rely on the representations of an Authorized Officer of the Trust that any such investment is made in accordance with the terms and conditions of the Agreement. (Section 7)

Payments by Master Program Trustee from Master Program Trust Account and its Subaccounts

(a) Appendix A; Scheduled Deposits in the Master Program Trust Account.

(i) Attached to the Agreement is a series of schedules, one for each respective Coverage Providing Financing Program, of the amounts of and the dates on which all payments of principal are scheduled to be made by Borrowers under all Coverage Providing Fund Loan Agreements entered into with respect to each such Coverage Providing Financing Program. Each such schedule contained in Appendix A-1 to the Agreement shall at all times equal the aggregate of all amounts set forth in Exhibit A-2 to all such Coverage Providing Fund Loan Agreements. To the extent applicable, such schedules shall also note that a particular Coverage Providing Financing Program is also a Coverage Receiving Financing Program.

In addition, attached to the Agreement as the last schedule of Appendix A-1 shall be a single schedule that aggregates each such prior schedule set forth in Appendix A-1. This aggregate schedule shall inform the Master Program Trustee of the exact cumulative amount of all Fund Loan repayments to be made by Borrowers in all Coverage Providing Financing Programs on any given date for which any such Fund Loan repayments are due. To the extent all Borrowers in all Coverage Providing Financing Programs are timely making their respective Fund Loan repayments, the amounts received by the Master Program Trustee from time to time from the Loan Servicers for such Coverage Providing Financing Programs for deposit in the Master Program Trust Account shall equal the amounts set forth in the aggregate final schedule of Appendix A-1.

Attached to the Agreement as Appendix A-2 is an aggregate compilation for all Coverage Providing Financing Programs of the aggregate payments of principal scheduled to be made by Borrowers under all Coverage Providing Fund Loan Agreements to provide additional security to the Holders of all Outstanding Coverage Receiving Trust Bonds on each March 1 and September 1 that such Coverage Receiving Trust Bonds are scheduled to be Outstanding in accordance with the terms of the Agreement. The schedule contained in Appendix A-2 to the Agreement shall at all times equal the aggregate of all amounts set forth in Exhibit A-2 to all Coverage Providing Fund Loan Agreements as of each such March 1 and September 1, and such schedule shall be used by the Master Program Trustee to make the calculations required by Sections 8(f)(ii)(A)(I) and 8(f)(iii)(A)(I) thereof.

The schedules set forth as Appendix A-1 and Appendix A-2 to the Agreement may sometimes be collectively referred to therein as Appendix A or Schedule AG-2 thereto. Promptly upon the execution and delivery of a new Coverage Providing Fund Loan Agreement or the amendment of Exhibit A-2 to an existing Coverage Providing Fund Loan Agreement, the Trust shall deliver to the Master Program Trustee a revised Schedule AG-2 to the Agreement reflecting any such new or amended Coverage Providing Fund Loan Agreements, certified as to its authenticity and accuracy by an Authorized Officer of the Trust in substantially the form of Appendix B thereto. Upon receipt thereof, the Master Program Trustee shall replace the existing Schedule AG-2 to the Agreement with the revised Schedule AG-2 thereto and shall refer to and be entitled to rely upon the revised Schedule AG-2 thereto for all purposes thereunder.

(ii) Pursuant to the terms of Section 3(c)(iv) of each Loan Servicing Agreement for every Coverage Providing Financing Program, the Loan Servicers for each such Coverage Providing Financing Program shall transfer to the Master Program Trustee for immediate deposit in the Master Program Trust Account (and not the Subaccounts therein until subsequently transferred to the Subaccounts pursuant to the terms of the Agreement) the Borrower Fund Loan repayments for such Coverage Providing Financing Programs in the amounts and at the times set forth in Appendix A-1 to the Agreement. Any such amounts so deposited in the Master Program Trust Account shall provide additional security to the Holders of the Outstanding Coverage Receiving Trust Bonds through the transfer of certain amounts on deposit in the Master Program Trust Account to certain Trustees for such Coverage Receiving Trust Bonds in the amounts and at the times set forth in the Agreement.

(b) Preliminary Notice of Financing Program Deficiency for Coverage Receiving Financing Programs. On the fifteenth (15th) day of the month (or the first Business Day thereafter if such date is not a Business Day) preceding each March 1 and September 1 for all years in which any Coverage Receiving Trust Bonds are Outstanding, each Trustee for any such Trust Bonds that does not have sufficient moneys on deposit in the Revenue Fund and the Debt Service Fund (as such terms are defined in the Trust Bond Resolution authorizing the issuance of any such Trust Bonds) to pay the principal of and interest on such Trust Bonds due on any such March 1 or September 1 shall promptly notify (the "Preliminary Notice of Financing Program Deficiency") via telecopy with first class mail follow up to the Trust, the State, the Loan Servicer for the affected Coverage Receiving Financing Program and the Master Program Trustee of any such deficiency. If as of any such fifteenth (15th) day the Master Program Trustee has not received the full amount of Fund Loan repayments for any given Coverage Receiving Financing Program set forth on Appendix A-1 to the Agreement and the Master Program Trustee has not received a Preliminary Notice of Financing Program Deficiency, the Master Program Trustee shall immediately notify the Trust, the State, and each of the Loan Servicer and the Trustee for such affected Coverage Receiving Financing Program, and any such Loan Servicer and Trustee shall verify that the issuance of a Preliminary Notice of Financing Program Deficiency was not warranted notwithstanding the reduced amount of Fund Loan repayments actually received by the Master Program Trustee under any such Coverage Receiving Financing Program.

Conversely, to the extent the Loan Servicer for the affected coverage Receiving Financing Program has mistakenly or otherwise withheld any such moneys from any such Trustee or has received moneys in the interim that are required to be deposited in such Loan Servicer's Trust Bonds Security Account under the applicable Loan Servicing Agreement, any such Loan Servicer shall immediately contact such Trustee and immediately thereupon forward such moneys to such Trustee for deposit in such Revenue Fund. Promptly thereafter, such Loan Servicer shall notify the Trust, the State, the affected Trustee and the Master Program Trustee of such action.

All moneys received by the Loan Servicer for the affected Coverage Receiving Financing Program (after a Preliminary Notice of Financing Program Deficiency has been issued) through and

including the close of business on the third Business Day immediately preceding each such March 1 and September 1 (or the next Business Day if such days are not Business Days) shall be immediately paid to the Trustee for any such Coverage Receiving Financing Program for deposit in such Trustee's Revenue Fund; provided however, that to the extent such Loan Servicer has, prior to the close of business on such third immediately preceding Business Day, received and paid over (i) to the Trustee in the aggregate an amount sufficient to satisfy the requirement of the Trust Bonds Security Account set forth in the applicable section of such Loan Servicing Agreement (i.e. a requirement in the 1995 Loan Servicing Agreement or the applicable Future Loan Servicing Agreement, as the case may be, similar to the requirements of Section 3(c)(i) and 3(c)(iii) of the Prior Loan Servicing Agreements), (ii) to the Trust in the aggregate an amount sufficient to satisfy the administrative fees due and owing to the Trust under the 1995 Trust Loan Agreement or the applicable Future Trust Loan Agreement, as the case may be (i.e. a requirement in the 1995 Loan Servicing Agreement or the applicable Future Loan Servicing Agreement, as the case may be, similar to the requirement of Section 3(c)(ii) of the Prior Loan Servicing Agreements), and (iii) to the State in the aggregate an amount sufficient to satisfy any administrative fees due and owing the State under the 1995 Fund Loan Agreement or the applicable Future Fund Loan Agreement, as the case may be (i.e. a requirement in the 1995 Loan Servicing Agreement, as the case may be, similar to the requirements of Section 3(c)(v) of certain Prior Loan Servicing Agreements), any such excess amounts received by such Loan Servicer shall be immediately transferred to the Master Program Trustee for immediate deposit in the Master Program Trust Account. The Loan Servicer shall notify the Trust, the State, the Master Program Trustee and the affected Trustee of all such amounts received and paid by the Loan Servicer after the distribution of the Preliminary Notice of Financing Program Deficiency.

(c) Allocation of and reimbursement for Financing Program Deficiencies for Coverage Receiving Financing Programs. No later than 9:30 a.m. on the second Business Day immediately preceding each March 1 and September 1 (or the next Business Day if such days are not Business Days) for all years in which the Coverage Receiving Trust Bonds are Outstanding, the Trustee for any such Trust Bonds that does not have sufficient moneys on deposit as of the close of business on the immediately preceding Business Day in the Revenue Fund and the Debt Service Fund (as such terms are defined in the Trust Bond Resolution authorizing the issuance of any such Trust Bonds) to pay the principal of and interest on such Trust Bonds due on any such March 1 or September 1 shall promptly notify (the "Notice of Financing Program Deficiency") via telecopy with first class mail follow up to the Trust, the State, the Loan Servicer for the affected Financing Program and the Master Program Trustee of the existence and the amount of any such deficiency (a "Financing Program Deficiency"). The Master Program Trustee shall review each Notice of Financing Program Deficiency, immediately confirm the terms thereof with the affected Trustee and based upon the terms set forth in the Notice of Financing Program Deficiency as confirmed (or such revised terms upon such review, as the case may be), take the following action.

(i) To the extent the Master Program Trustee has timely received only one (1) Notice of Financing Program Deficiency, the Master Program Trustee shall, no later than 1:00 p.m. on the Business Day immediately preceding any such March 1 or September 1 (or the next Business Day if such days are not Business Days), pay the affected Trustee from funds on deposit in the Master Program Trust Account (including all Subaccounts therein) the amount of the Financing Program Deficiency. If the amount on deposit in the Master Program Trust Account is less than the Financing Program Deficiency, the Master Program Trustee shall pay all such moneys on deposit in the Master Program Trust Account to the affected Trustee.

(ii) To the extent the Master Program Trustee has timely received more than one (1) Notice of Financing Program Deficiency and the aggregate Financing Program Deficiencies are less than or equal to the amount on deposit in the Master Program Trust Account, the Master

Program Trustee shall, no later than 1:00 p.m. on the Business Day immediately preceding any such March 1 or September 1 (or the next Business Day if such days are not Business Days), pay the affected Trustees from funds on deposit in the Master Program Trust Account (including all Subaccounts therein) the respective amounts of each such Financing Program Deficiency.

(iii) To the extent the Master Program Trustee has timely received more than one (1) Notice of Financing Program Deficiency and the aggregate Financing Program Deficiencies are greater than the amount on deposit in the Master Program Trust Account (including all Subaccounts therein), the Master Program Trustee shall,

(A) no later than 5:00 p.m. on the second Business Day immediately preceding any such March 1 or September 1 (or the next Business Day if such days are not Business Days), make an allocation of the amounts on deposit in the Master Program Trust Account (including all Subaccounts therein) as follows:

each affected Trustee shall be entitled to an amount equal to their allocable share of the moneys available in the Master Program Trust Account (including all Subaccounts therein) determined by multiplying the sum of such moneys available by a fraction, the numerator of which is their Financing Program Deficiency, and the denominator of which is the sum of all Financing Program Deficiencies set forth in all Notices of Financing Program Deficiencies timely received by the Master Program Trustee as of 5:00 p.m. on any such second Business Day immediately preceding any such March 1 or September 1 (or the next Business Day if such days are not Business Days); and

(B) no later than 1:00 p.m. on the Business Day immediately preceding any such March 1 or September 1 (or the next Business Day if such days are not Business Days), pay the affected Trustees from funds on deposit in the Master Program Trust Account (including all Subaccounts therein) the respective allocable amounts of each such Financing Program Deficiency as determined in subclause (A) above.

(iv) To the extent the Master Program Trustee is required to make payments from the Master Program Trust Account (including all Subaccounts therein) to certain Trustees for Coverage Receiving Financing Programs in accordance with the terms above, the Master Program Trustee shall make such payments *FIRST*, from the Master Program Trust Account (and not the Subaccounts therein), *SECOND*, to the extent necessary, from the March 2nd Payment Subaccount or the September 2nd Payment Subaccount (and not the Subaccounts therein), as the case may be, and *THIRD*, to the extent necessary, from the applicable Special Coverage Subaccounts.

(d) Amounts received by the Loan Servicer in Coverage Receiving Financing Programs after the issuance of the Notice of Financing Program Deficiency. Any past due Fund Loan repayments or past due Trust Loan repayments (including the payment of late charges thereon), the overdue nature of which caused the issuance of a Notice of Program Deficiency, received by any such Loan Servicer after the issuance of the Notice of Program Deficiency shall upon receipt of such amounts by any such Loan Servicer be promptly paid to the Master Program Trustee for deposit in the Master Program Trust Account. The Master Program Trustee shall immediately notify in writing the Trust and the State of such receipt. All such amounts, together with the interest thereon, shall be distributed by the Master Program Trustee from the Master Program Trust Account and its Subaccounts in accordance with the terms of the Agreement.

(e) Periodic Transfer of all amounts on deposit in the Master Program Trust Account from Coverage Providing Financing Programs.

(i) All amounts on deposit in the Master Program Trust Account (from deposits made therein under Coverage Providing Financing Programs) on each March 1 and each September 1 (or the next Business Day if such days are not Business Days) for all years in which any Coverage Receiving Trust Bonds are Outstanding shall provide additional security for the Holders of any such Coverage Receiving Trust Bonds through the transfer by the Master Program Trustee of all or a portion of such funds to certain Trustees for any such Coverage Receiving Trust Bonds at the times and in the amounts set forth in the Agreement.

(ii) All amounts on deposit in the Master Program Trust Account (from deposits made therein under Coverage Providing Financing Programs but excluding all amounts in the Subaccounts) on the Business Day immediately succeeding each March 1 (or the next Business Day if such day is not a Business Day) for all years in which any Coverage Receiving Trust Bonds are Outstanding shall be promptly transferred by the Master Program Trustee from the Master Program Trust Account to the September 2nd Payment Subaccount for disbursement *FIRST*, to the extent needed to satisfy Financing Program Deficiencies to the affected Trustee on the immediately following September 1st (or the next Business Day is such day is not a Business Day) in accordance with the terms of the Agreement and *SECOND*, to the extent not so required, to the parties and for disbursement on the immediately following September 2 (or the next Business Day is such day is not a Business Day) in accordance with the Agreement.

(iii) All amounts on deposit in the Master Program Trust Account (from deposits made therein under Coverage Providing Financing Programs but excluding all amounts in the Subaccounts) on the Business Day immediately succeeding each September 1 (or the next Business Day if such day is not a Business Day) for all years in which any Coverage Receiving Trust Bonds are Outstanding shall be promptly transferred by the Master Program Trustee from the Master Program Trust Account to the March 2nd Payment Subaccount for disbursement *FIRST*, to the extent needed to satisfy Financing Program Deficiencies to the affected Trustees on the immediately following March 1st (or the next Business Day is such day is not a Business Day) in accordance with the terms of the Agreement and *SECOND*, to the extent not so required, to the parties and for disbursement on the immediately following March 2 (or the next Business Day is such day is not a Business Day) in accordance with the Agreement.

(f) <u>Distributions from the March 2nd and September 2nd Payment Subaccounts</u>.

(i) All amounts on deposit in the March 2nd Payment Subaccount and the September 2nd Payment Subaccount of the Master Program Trust Account on each March 1 and each September 1 (or the next Business Day if such days are not Business Days) for all years in which any Coverage Receiving Trust Bonds are Outstanding shall provide additional security for the Holders of any such Coverage Receiving Trust Bonds through the transfer by the Master Program Trustee of all or a portion of such funds to certain Trustees for any such Coverage Receiving Trust Bonds at the times and in the amounts set forth in the Agreement.

(ii) All amounts on deposit in the September 2nd Payment Subaccount of the Master Program Trust Account (other than the amounts on deposit in the Special Coverage Subaccount within the September 2nd Payment Subaccount) on the September 2 referred to in Section 8(e)(ii) of the Agreement or on the September 2 immediately following the September 1 referred to in Section 8(f)(iii)(A) of the Agreement, as the case may be (or the next Business Day if such day is not a Business Day), shall be transferred on such September 2 (or the next Business Day if such

day is not a Business Day) to the following parties in the following amounts and in the following order:

(A) Unless the Master Program Trustee has received a certificate of an Authorized Officer of each of the Trust and the State precluding the retention of amounts otherwise due the State in the Master Program Trust Account (and its Subaccounts) in accordance with this subclause (A), retained by the Master Program Trustee for transfer to the March 2nd Payment Subaccount of the Master Program Trust Account to provide additional security for the Holders of all Outstanding Coverage Receiving Trust Bonds on the immediately following March 1 through the subsequent transfer by the Master Program Trustee of all or a portion of such funds to certain Trustees for any such Coverage Receiving Trust Bonds at the times and in the amounts set forth in Sections 8(c) and 8(f)(i) of the Agreement, that amount, if any, equal to the difference between

(I) the amount that is scheduled for deposit in the Master Program Trust Account from Coverage Providing Financing Programs according to Appendix A-2 to the Agreement (excluding any amounts scheduled for deposit in the Subaccounts) on the September 1 (or the next Business Day if such day is not a Business Day) immediately preceding the September 2 referred to above (or the next Business Day if such day is not a Business Day); and

(II) the amount that is actually on deposit in the Master Program Trust Account (excluding any amounts scheduled for deposit in the Subaccounts and after any payment from the Master Program Trust Account to certain Trustees for Coverage Receiving Financing Programs in accordance with the terms of Sections 8(c) and 8(e)(i) of the Agreement) on any such September 1 (or the next Business Day if such day is not a Business Day);

(B) To the Trust in the amount of any past due administrative fees and/or late charges owed to the Trust under the 1995 Trust Loan Agreement or any Future Trust Loan Agreement, provided that the Trust notify the Master Program Trustee in writing (via telecopy or otherwise) of any such deficiency no later than 9:30 a.m. on such September 2 (or the next Business Day if such day is not a Business Day);

(C) To the extent the Master Program Trustee has received a certificate of an Authorized Officer of each of the Trust and the State setting forth that portion of the Special Coverage Amount, if any, in effect for the immediately following March 1 (or the next Business Day if such day is not a Business Day) that is not to be funded with an equity contribution of the Trust, retained by the Master Program Trustee for transfer to the Special Coverage Subaccount within the March 2nd Payment Subaccount of the Master Program Trust Account to provide additional security for the Holders of the Coverage Receiving Trust Bonds for the immediately following March 1 (or the next Business Day if such day is not a Business Day) in an amount equal to the Special Coverage Amount; and

(D) To the State the balance of all such amounts on deposit in the September 2nd Payment Subaccount (other than the amounts on deposit in the Special Coverage Subaccount within the September 2nd Payment Subaccount) *FIRST* for repayment of its Fund Loans for deposit in the Wastewater Treatment Fund, *SECOND* for repayment of any administrative fees owed to the State under any Coverage Providing Fund Loan Agreements for any authorized purpose under applicable law, *THIRD* for payment of any

late charges owed to the State under any Coverage Providing Fund Loan Agreement for any authorized purpose under applicable law and *FOURTH* as payment for any interest income on amounts on deposit in the Master Program Trust Account and the September 2nd Payment Subaccount (i.e. excluding the Special Coverage Subaccount therein) that have not been previously distributed in accordance with the terms of the Agreement for any authorized purpose under applicable law.

(iii) All amounts on deposit in the March 2nd Payment Subaccount of the Master Program Trust Account (other than the amounts on deposit in the Special Coverage Subaccount within the March 2nd Payment Subaccount) on the March 2 referred to in Section 8(e)(iii) of the Agreement or on the March 2 immediately following the March 1 referred to in Section 8(f)(ii)(A) of the Agreement, as the case may be (or the next Business Day if such day is not a Business Day) shall be transferred on such March 2 (or the next Business Day if such day is not a Business Day) to the following parties in the following amounts and in the following order:

(A) Unless the Master Program Trustee has received a certificate of an Authorized Officer of each of the Trust and the State precluding the retention of amounts otherwise due the State in the Master Program Trust Account (and its Subaccounts) in accordance with this subclause (A), retained by the Master Program Trustee for transfer to the September 2nd Payment Subaccount of the Master Program Trust Account to provide additional security for the Holders of all Outstanding Coverage Receiving Trust Bonds on the immediately following September 1 through the subsequent transfer by the Master Program Trustee of all or a portion of such funds to certain Trustees for any such Coverage Receiving Trust Bonds at the times and in the amounts set forth in Sections 8(c) and 8(f)(i) of the Agreement, that amount, if any, equal to the difference between

(I) the amount that is scheduled for deposit in the Master Program Trust Account from Coverage Providing Financing Programs according to Appendix A-2 to the Agreement (excluding any amounts scheduled for deposit in the Subaccounts) on the March 1 (or the next Business Day if such day is not a Business Day) immediately preceding the March 2 referred to in Section 8(f)(iii) above (or the next Business Day if such day is not a Business Day); and

(II) the amount that is actually on deposit in the Master Program Trust Account (excluding any amounts scheduled for deposit in the Subaccounts and after any payment from the Master Program Trust Account to certain Trustees for Coverage Receiving Financing Programs in accordance with the terms of Sections 8(c) and 8(e)(i) of the Agreement) on any such March 1 (or the next Business Day if such day is not a Business Day);

(B) To the Trust in the amount of any past due administrative fees owed to the Trust under the 1995 Trust Loan Agreement or any Future Trust Loan Agreement, provided that the Trust notify the Master Program Trustee in writing (via telecopy or otherwise) of any such deficiency no later than 9:30 a.m. on such March 2 (or the next Business Day if such day is not a Business Day);

(C) To the extent the Master Program Trustee has received a certificate of an Authorized Officer of each of the Trust and the State setting forth that portion of the Special Coverage Amount, if any, in effect for the immediately following September 1 (or the next Business Day if such day is not a Business Day) that is not to be funded with an equity contribution of the Trust, retained by the Master Program Trustee for transfer to

the Special Coverage Subaccount within the September 2nd Payment Subaccount of the Master Program Trust Account to provide additional security for the Holders of the Coverage Receiving Trust Bonds for the immediately following September 1 (or the next Business Day if such day is not a Business Day) in an amount equal to the Special Coverage Amount; and

(D) To the State the balance of all such amounts on deposit in the March 2nd Payment Subaccount (other than the amounts on deposit in the Special Coverage Subaccount within the March 2nd Payment Subaccount) *FIRST* for repayment of its Fund Loans for deposit in the Wastewater Treatment Fund, *SECOND* for repayment of any administrative fees owed to the State under any Coverage Providing Fund Loan Agreements for any authorized purpose under applicable law, *THIRD* for payment of any late charges owed to the State under any Coverage Providing Fund Loan Agreement for any authorized purpose under applicable law and *FOURTH* as payment for any interest income on amounts on deposit in the Master Program Trust Account and the March 2nd Payment Subaccount (i.e. excluding the Special Coverage Subaccount therein) that have not been previously distributed in accordance with the terms of the Agreement for any authorized purpose under applicable law.

(g) Optional contributions from the Trust to the Special Coverage Subaccounts within the March 2nd and September 2nd Payment Subaccounts.

(i) From March 2 through and including the immediately following September 1 of any year in which Coverage Receiving Trust Bonds are Outstanding, the Master Program Trustee shall deposit in the Special Coverage Subaccount within the September 2nd Payment Subaccount of the Master Program Trust Account that portion of the Special Coverage Amount, if any, in effect for any such September 1 funded with an equity contribution of the Trust as so designated and as set forth in an accompanying certificate of an Authorized Officer of the Trust to provide additional security for the Holders of the Coverage Receiving Trust Bonds for any such September 1 in an amount equal to all or a portion of the Special Coverage Amount;

(ii) From September 2 through and including the immediately following March 1 of any years in which Coverage Receiving Trust Bonds are Outstanding, the Master Program Trustee shall deposit in the Special Coverage Subaccount within the March 2nd Payment Subaccount of the Master Program Trust Account that portion of the Special Coverage Amount, if any, in effect for any such March 1 funded with an equity contribution of the Trust as so designated and as set forth in an accompanying certificate of an Authorized Officer of the Trust to provide additional security for the Holders of the Coverage Receiving Trust Bonds for any such March 1 in an amount equal to all or a portion of the Special Coverage Amount; and

(iii) Any other entity (whether a party to the Agreement or otherwise) desiring to make a deposit in any Special Coverage Subaccount for all or a portion of the Special Coverage Amount shall make any such deposit through the Trust in accordance with the terms of the Agreement to the same extent as if the source of any such equity contribution were to be the general revenues of the Trust, and any such entity shall have no rights, duties or obligations under the Agreement, except as such entity shall cause the Trust to act on its behalf.

(h) Distributions from the Special Coverage Subaccounts within the March 2nd and September 2nd Payment Subaccounts.

(i) All amounts on deposit in the Special Coverage Subaccounts within the March 2nd Payment Subaccount and the September 2nd Payment Subaccount of the Master Program Trust Account on each March 1 and each September 1 (or the next Business Day if such days are not Business Days) for all years in which any Coverage Receiving Trust Bonds are Outstanding shall provide additional security for the Holders of any such Coverage Receiving Trust Bonds through the transfer by the Master Program Trustee of all or a portion of such funds to certain Trustees for any such Coverage Receiving Trust Bonds at the times and in the amounts set forth in Section 8(c) of the Agreement.

(ii) All amounts on deposit in the Special Coverage Subaccount within the September 2nd Payment Subaccount of the Master Program Trust Account on the September 2 (or the next Business Day if such day is not a Business Day) immediately following the September 1 referred to in Section 8(f)(iii)(C) of the Agreement, on the September 2 (or the next Business Day if such day is not a Business Day) immediately following the September 1 referred to in Section 8(g)(i) of the Agreement or on the September 2 (or the next Business Day if such day is not a Business Day) immediately following the September 1 referred to in Section 8(h)(iii)(A) of the Agreement, as the case may be, shall be transferred on such September 2 (or the next Business Day if such day is not a Business Day) to the following parties in the following amounts and in the following order:

(A) An amount equal to the Special Coverage Amount in effect, if any, for the immediately following March 1 (or the next Business Day if such day is not a Business Day) as so designated and as set forth in a certificate of an Authorized Officer of the Trust shall be retained by the Master Program Trustee for transfer to the Special Coverage Subaccount within the March 2nd Payment Subaccount to provide additional security for the Holders of the Coverage Receiving Trust Bonds on the immediately following March 1 (or the next Business Day if such day is not a Business Day); and

(B) Any balance in the Special Coverage Subaccount within the September 2nd Payment Subaccount (including all investment earnings credited to such Subaccount) after the transfer, if any, referred to in clause (A) above, shall be transferred *FIRST* to the Trust in the amount of its proportionate contribution to such Special Coverage Subaccount and *SECOND* to the State, in either case, for their respective use for any authorized purpose under applicable law.

(iii) All amounts on deposit in the Special Coverage Subaccount within the March 2nd Payment Subaccount of the Master Program Trust Account on the March 2 (or the next Business Day if such day is not a Business Day) immediately following the March 1 referred to in Section 8(f)(ii)(C) of the Agreement, on the March 2 (or the next Business Day if such day is not a Business Day) immediately following the March 1 referred to in Section 8(g)(ii) of the Agreement or on the March 2 (or the next Business Day if such day is not a Business Day) immediately following the September 1 referred to in Section 8(h)(ii)(A) of the Agreement, as the case may be, shall be transferred on such March 2 (or the next Business Day if such day is not a Business Day) to the following parties in the following amounts and in the following order:

(A) An amount equal to the Special Coverage Amount in effect, if any, for the immediately following September 1 (or the next Business Day if such day is not a Business Day) as so designated and as set forth in a certificate of an Authorized Officer of the Trust shall be retained by the Master Program Trustee for transfer to the Special Coverage Subaccount within the September 2nd Payment Subaccount to provide additional security for the Holders of the Coverage Receiving Trust Bonds on the

immediately following September 1 (or the next Business Day if such day is not a Business Day); and

(B) Any balance in the Special Coverage Subaccount within the March 2nd Payment Subaccount (including all investment earnings credited to such Subaccount) after the transfer, if any, referred to in clause (A) above, shall be transferred *FIRST* to the Trust in the amount of its proportionate contribution to such Special Coverage Subaccount and *SECOND* to the State, in either case, for their respective use for any authorized purpose under applicable law.

(iv) No Recourse. To the extent the State does not receive all amounts owed to the State under all Coverage Providing Fund Loan Agreements in accordance with the terms of the Agreement from payments by the Master Program Trustee from the Master Program Trust Account and its subaccounts, the State shall have no recourse against the Trust or the Master Program Trustee (except to the extent the Master Program Trustee has improperly held such payments from the State by not following the explicit directions for such payment set forth in the Agreement) for such deficiency, and the State shall only be entitled to whatever remedies it may pursue under the applicable Coverage Providing Fund Loan Agreements, the deficient Fund Loan repayments pursuant to which shall have caused any such deficiency to the State. (Section 8)

Events of Default

(a) Generally. If any of the following events occur, it is defined as and declared to be and to constitute an "Event of Default" under the Agreement:

(i) failure by the Master Program Trustee, any Loan Servicer or Trustee to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under the Agreement, 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 Master Program Trustee, such Loan Servicer or such Trustee by the Trust, unless the Trust shall agree in writing to an extension of such time prior to its expiration;

(b) Remedies.

(i) Whenever an Event of Default referred to in Section 10(a) of the Agreement shall have occurred and be continuing, the Master Program Trustee, any such Loan Servicer or any such Trustee, as the case may be, acknowledges any rights of the Bondholders to direct any and all remedies in accordance with the terms of the affected Trust Bond Resolution, and the Master Program Trustee, any such Loan Servicer or any such Trustee, as the case may be, also acknowledges that the Trust shall have the right to take any action permitted or required pursuant to the affected Trust Bond Resolution and to take whatever other action at law or in equity may appear necessary or desirable to enforce the performance and observance of any duty, covenant, obligation or agreement of the Master Program Trustee, any such Loan Servicer or any such Trustee, as the case may be, under the Agreement.

(ii) Whenever an Event of Default referred to in Section 10(a) of the Agreement shall have occurred other than as a result of action or inaction of any such Trustee and be continuing, the Master Program Trustee or the Loan Servicer, as the case may be, acknowledges the rights of any such Trustee and any rights of any such Bondholders to direct any and all remedies in accordance with the terms of the affected Trust Bond Resolution, and any such Master Program Trustee or any such Loan Servicer, as the case may be, also acknowledges that the Trust shall

have the right to take, or to direct any such Trustee to take, any action permitted or required pursuant to the affected Trust Bond Resolution and to take whatever other action at law or in equity may appear necessary or desirable to enforce the performance and observance of any duty, covenant, obligation or agreement of the Master Program Trustee, any such Loan Servicer or any such Trustee, as the case may be, under the Agreement.

(c) Amendments, Supplements, Modifications and Assignment. Except for all amendments or supplements to the Agreement contemplated by Sections 4, 8(a) and 9 of the Agreement and by Appendices A, B and C thereof, except for the assignment by the State contemplated below and except for the occurrence of future events contemplated therein (none of which shall require the consent of any party to the Agreement or any approvals required under any applicable Trust Bond Resolution), the Agreement may not be amended, supplemented, modified or assigned without the prior written consent of the Trust, the State, the Master Program Trustee, all of the then existing Trustees and all of then existing Loan Servicers and without the satisfaction of all terms and conditions set forth in the applicable Trust Bond Resolutions that must be satisfied in order to amend the Agreement; provided however, that the then existing Trustees shall not consent to any such amendment or supplement to the Agreement unless any such amendment or supplement to the Agreement would satisfy the purposes and conditions for an amendment or supplement to the respective Trust Bond Resolutions under which the respective Trustees are vested with power to act as Trustee for their respective series of Trust Bonds; and provided further however, that notwithstanding any provision to the contrary in the Agreement or in any other document, instrument or certificate executed or official action adopted in connection with any Financing Program by any entity, the State may assign all or a portion of its rights, duties and obligations under the Agreement to the Trust without any such prior consent of any such parties and without the satisfaction of any conditions in any Trust Bond Resolution. (Section 10)

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SUMMARY OF THE I-BANK CONTINUING DISCLOSURE AGREEMENT

The following are certain excerpts of certain provisions of the I-Bank Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") by and among the I-Bank, the Applicable Refunding Fiduciary and the Master Program Trustee. These excerpts are not to be considered a full statement of the terms of the Continuing Disclosure Agreement and, accordingly, are qualified by reference thereto and are subject to the full text thereof. In addition to the terms defined in Section 1.2 below, capitalized terms used in the Continuing Disclosure Agreement shall, unless the context clearly requires otherwise, have the same meanings as such terms are given in the "SUMMARY OF THE REFUNDING PROGRAM BOND RESOLUTIONS". Copies of the executed Continuing Disclosure Agreement may be obtained from the I-Bank or the Applicable Refunding Fiduciary upon request. The section references shown at the beginning of each excerpt are to particular sections of the Continuing Disclosure Agreement.

Section 1.2 Additional Definitions. The following additional terms shall have the meanings specified below:

"Annual Report" means Financial Statements and Operating Data provided at least annually with respect to the I-Bank.

"Auditor" means an independent certified public accountant, a registered municipal accountant or such other accountant as shall be permitted or required under State law in accordance with GAAS.

"Bondholder" or **"Holder"** or any similar term, when used with reference to the Bonds, means any person who shall be the registered owner of any outstanding Bonds, including holders of beneficial interests in the Bonds.

"Bond Disclosure Event" means any event described in Section 2.1(c) of this Agreement.

"Bond Disclosure Event Notice" means the notice to each National Repository or the MSRB and the State Depository, if any, as provided in Section 2.4(c) of this Agreement.

"Dissemination Agent" means an entity acting in its capacity as Dissemination Agent under this Agreement or any successor Dissemination Agent designated in writing by the I-Bank that has filed a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

"**Financial Obligation**" means a (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"Financial Statements" means the audited financial statements for each Fiscal Year, if and when available, relating to the Bonds and the Master Program Trust Account, which shall be prepared in accordance with GAAP. Currently, no audited financial statements are completed with respect to the Bonds or the Master Program Trust Account.

"Fiscal Year" means the fiscal year of the I-Bank as determined by the I-Bank from time to time pursuant to State law. As of the date of this Agreement, the Fiscal Year of the I-Bank begins on July 1 of each calendar year and closes on June 30 of the immediately succeeding calendar year.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America, consistently applied, as modified by governmental accounting standards and mandated State statutory principles applicable to the I-Bank as may be in effect from time to time.

"GAAS" means generally accepted auditing standards as in effect from time to time in the United States of America, consistently applied, as modified by governmental auditing standards and mandated State statutory principles applicable to the I-Bank as may be in effect from time to time.

"MSRB" means the Municipal Securities Rulemaking Board.

"National Repository" means a "nationally recognized municipal securities information repository" within the meaning of Rule 15c2-12. As of the date of this Agreement, the National Repository designated by the SEC in accordance with Rule 15c2-12 is EMMA.

"Operating Data" means, generally, certain financial and statistical information relating to the Bonds and the Master Program Trust Account, substantially in the form included as the "Master Program Trust Agreement Schedule" to the audited financial statements of the I-Bank, attached as Appendix A to the Final Official Statement.

"Repository" means each National Repository and each State Depository, if any.

"State Depository" means any public or private repository or entity designated by the State as a state information depository for purposes of Rule 15c2-12. As of the date of this Agreement, there is no State Depository.

Section 2.1 Continuing Disclosure Covenants of I-Bank. The I-Bank agrees that it will provide or, if the I-Bank has appointed or engaged a Dissemination Agent, shall cause the Dissemination Agent to provide:

(a) Not later than two hundred twenty-five (225) days after the end of each Fiscal Year, commencing with the first Fiscal Year of the I-Bank ending after January 1, 2020 (which will end on June 30, 2020), an Annual Report to each Repository.

(b) Not later than fifteen (15) days prior to the date of each Fiscal Year specified in Section 2.1(a) hereof, a copy of the Annual Report, complete to the extent required in Section 2.1(a) hereof, to the Refunding Fiduciary and the Dissemination Agent (if the I-Bank has appointed or engaged a Dissemination Agent).

(c) In a timely manner, not in excess of ten business days after the occurrence of the applicable event, to each National Repository or to the MSRB and the State Depository, if any, notice, in Prescribed Form, of any of the following events with respect to the Bonds (each a "Bond Disclosure Event"), with a copy of such notice to the Refunding Fiduciary (for informational purposes only):

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) Modifications to the rights of Bondholders, if material;

(viii) Bond calls (other than regularly scheduled mandatory sinking fund redemptions for which notice of redemption has been given to the Bondholders as required pursuant to the provisions of the Resolution), if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of any Obligated Person;

(xiii) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor to the Refunding Fiduciary or the Master Program Trustee, appointment of an additional Refunding Fiduciary or Master Program Trustee, or the change of name of the Refunding Fiduciary or the Master Program Trustee, if material; and

(xv) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect Bondholders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

Section 2.2 Reserved.

Section 2.4 Responsibilities and Duties of I-Bank, Dissemination Agent and Trustee. (a) If fifteen (15) days prior to the date specified in Section 2.1(a) hereof the Refunding Fiduciary has not received a copy of the Annual Report, complete to the extent required in Section 2.1(a) hereof, the Refunding Fiduciary shall contact the I-Bank to provide notice of the I-Bank's obligations pursuant to Sections 2.1(a), 2.1(b) and 2.4(d)(ii) hereof.

(b) If the Refunding Fiduciary, by the date specified in Section 2.1(a) hereof, has not received a written report from the I-Bank, as required by Section 2.4(d)(ii) hereof, indicating that an Annual Report, complete to the extent required in Section 2.1(a) hereof, has been provided to the Repositories by the date specified in Section 2.1(a) hereof, the Refunding Fiduciary shall send a notice to each National Repository or to the MSRB and the State Depository, if any, in substantially the form attached hereto as **Exhibit B** together with any standard forms or cover sheets that may be required by the MSRB as of the date thereof, with a copy thereof to the I-Bank.

(c) If the I-Bank has determined that a Bond Disclosure Event has occured, the I-Bank shall file promptly a notice of such occurrence with each National Repository or with the MSRB and the State Depository, if any (the "Bond Disclosure Event Notice"), in a form determined by the I-Bank together with any standard forms or cover sheets that may be required by the MSRB as of the date thereof; *provided*, that the Bond Disclosure Event Notice pertaining to the occurrence of a Bond Disclosure Event described in Section 2.1(c)(viii) (Bond calls) or 2.1(c)(ix) (defeasances) need not be given under this Section 2.4(c) any earlier than the time when the notice (if any) of such Bond Disclosure Event shall be given to Holders of affected Bonds as provided in Sections 4.05 and 12.01 of the Resolution, respectively. The obligations of the I-Bank to provide the notices required under this Agreement are in addition to, and not in substitution of, any of the obligations (if any) of the Refunding Fiduciary to provide notices of events of default to Bondholders under Article IX of the Resolution. The I-Bank shall file a copy of each Bond Disclosure Event Notice with the Refunding Fiduciary (for informational purposes only).

(d) The I-Bank shall or, if the I-Bank has appointed or engaged a Dissemination Agent, shall cause the Dissemination Agent to:

(i) determine each year, prior to the date for providing the Annual Report, the name and address of each National Repository and each State Depository, if any; and

(ii) by the date specified in Section 2.1(a) hereof, provide a written report to the Trustee (and, if a Dissemination Agent has been appointed, to the I-Bank), upon which said parties may rely, certifying that the Annual Report, complete to the extent required in Section 2.1(a) hereof, has been provided pursuant to this Agreement, stating the date it was provided and listing all of the Repositories to which it was provided.

Section 3.1 Remedies (a) The Refunding Fiduciary may, in reliance upon the advice of counsel (and at the request of the Holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds outstanding, after the provision of indemnity in accordance with Section 10.05 of the Resolution, shall), or any Bondholder may, for the equal benefit and protection of all Bondholders similarly situated, take whatever action at law or in equity against the I-Bank and any of its respective officers, agents and employees necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the I-Bank under this Agreement, and may compel the I-Bank or any of its respective officers, agents and employees (except for the Dissemination Agent with respect to the obligations, agreements and covenants of the I-Bank) to perform and carry out its duties under this Agreement; *provided*, that no person or entity shall be entitled to recover monetary damages hereunder

under any circumstances; and *provided, further*, that any Bondholder, acting for the equal benefit and protection of all Bondholders similarly situated, may pursue specific performance only with respect to the failure to file the Annual Reports and Bond Disclosure Event Notices required by this Agreement, and may not pursue specific performance in challenging the adequacy of Annual Reports that have been filed pursuant to the provisions hereof.

(b) In case the Refunding Fiduciary or any Bondholder shall have proceeded to enforce its rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Bondholder, as the case may be, then and in every such case the I-Bank, the Refunding Fiduciary and any Bondholder, as the case may be, shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the I-Bank, the Trustee and any Bondholder shall continue as though no such proceeding had been taken.

(c) A failure by the I-Bank to perform its respective obligations under this Agreement shall not be deemed an event of default under either the Resolution or any I-Bank Loan Agreement, as the case may be, and the sole remedy under this Agreement in the event of any failure by the I-Bank to comply with this Agreement shall be as set forth in Section 3.1(a) of this Agreement.

Section 4.2 I-Bank and Bondholders. Each Bondholder is hereby recognized as being a third-party beneficiary hereunder, and each may enforce, for the equal benefit and protection of all Bondholders similarly situated, any such right, remedy or claim conferred, given or granted hereunder in favor of the Trustee, to the extent permitted in Section 3.1(a) hereof.

Section 4.9 Amendments, Changes and Modifications. (a) Except as otherwise provided in this Agreement, subsequent to the initial issuance of the Bonds and prior to their payment in full (or provision for payment thereof having been made in accordance with the provisions of the Resolution), this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the parties hereto.

(b) Without the consent of any Bondholders, the I-Bank, the Refunding Fiduciary and the Master Program Trustee at any time and from time to time may enter into any amendments or modifications to this Agreement for any of the following purposes:

(i) to add to the covenants and agreements of the I-Bank hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the I-Bank by this Agreement;

(ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices or legal requirements followed by or applicable to the I-Bank or the Program, to reflect changes in the identity, nature or status of the I-Bank or the Program or in the business, structure or operations of the I-Bank or the Program, or to reflect any mergers, consolidations, acquisitions or dispositions made by or affecting the I-Bank or the Program; *provided*, that any such modification shall not be in contravention of Rule 15c2-12 as then in effect at the time of such modification; or

(iii) to cure any ambiguity herein, to correct or supplement any provision hereof that may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Agreement, any of which, in each case, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering, after

taking into account any amendments or interpretations of Rule 15c2-12 as well as any changes in circumstances;

provided, that prior to approving any such amendment or modification, the Trustee, in reliance upon an opinion of Bond Counsel (as defined in the Resolution) to the I-Bank, determines that such amendment or modification does not adversely affect the interests of the Bondholders in any material respect.

(c) Upon entering into any amendment or modification required or permitted by this Agreement that materially affects the interests of the Bondholders, the I-Bank shall deliver to each of the Repositories written notice of any such amendment or modification.

(d) The I-Bank, the Refunding Fiduciary and the Master Program Trustee shall be entitled to rely exclusively upon an opinion of Bond Counsel to the I-Bank to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.9.

Section 4.10 Amendments Required by Rule 15c2-12. The I-Bank, the Refunding Fiduciary and the Master Program Trustee each recognize that the provisions of this Agreement are intended to enable compliance with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof or the promulgation of a successor rule, statute or regulation thereto, a change in this Agreement shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery of an opinion of Bond Counsel to the I-Bank addressed to the I-Bank, the Refunding Fiduciary and the Master Program Trustee to the effect that such amendments shall be permitted or necessary to assure continued compliance with Rule 15c2-12 as so amended or interpreted, then the I-Bank, the Refunding Fiduciary and the Master Program Trustee shall amend this Agreement to comply with and be bound by any such amendment to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and shall provide written notice of such amendment as required by Section 4.9(c) hereof.

Section 4.12. Commencement and Termination of Continuing Disclosure Obligations. The obligations of the I-Bank and the Refunding Fiduciary hereunder and the consent of the Master Program Trustee set forth in Section 2.6 hereof shall be in full force and effect from the date of issuance of the Bonds, and shall continue in effect until the date either (i) the Bonds are no longer outstanding in accordance with the terms of the Resolution or (ii) the Program no longer remains a material "obligated person" (as the term "obligated person" is defined in Rule 15c2-12) as a result of an interpretation of Rule 15c2-12, and, in the case of clause (ii), only after the I-Bank delivers written notice to such effect to each National Repository or to the MSRB and the State Depository, if any.

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APPENDIX F

SUMMARY OF THE REFUNDING PROGRAM I-BANK LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE REFUNDING PROGRAM BORROWERS), THE REFUNDING PROGRAM FUND LOAN AGREEMENTS AND THE OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS

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SUMMARY OF THE REFUNDING PROGRAM I-BANK LOAN AGREEMENTS (INCLUDING THE CONTINUING DISCLOSURE AGREEMENTS FOR THE REFUNDING PROGRAM BORROWERS)

The following is a general summary of certain provisions of the Refunding Program I-Bank Loan Agreements executed in connection with the Loans awarded to (i) those Borrowers which are municipalities (the "General Obligation I-Bank Loan Agreements"), (ii) those Borrowers which are municipal, county or regional sewerage or utilities authorities (the "Special Obligation I-Bank Loan Agreements"), and (iii) those Borrowers which are private water companies (the "Private Obligation I-Bank Loan Agreements"). Unless otherwise indicated by the bracketed language set forth herein (which highlights the variations between certain corresponding provisions of the Special Obligation I-Bank Loan Agreements, the General Obligation I-Bank Loan Agreements and the Private Obligation I-Bank Loan Agreements), this summary applies equally in all other respects to each form of the I-Bank Loan Agreement. Exceptions to a specific I-Bank Loan Agreement are delineated as follows: {General Obligation I-Bank Loan Agreement}, [Special Obligation I-Bank Loan Agreement] and <Private Obligation I-Bank Loan Agreement>. The summary is not to be considered a full statement of the terms of either the General Obligation I-Bank Loan Agreements, the Special Obligation I-Bank Loan Agreements or the Private Obligation I-Bank Loan Agreements and, accordingly, is qualified by reference thereto and is subject to the full text of such agreements. A copy of the General Obligation I-Bank Loan Agreements, the Special Obligation I-Bank Loan Agreements and the Private Obligation I-Bank Loan Agreements may be obtained from the I-Bank upon request. The section references listed below in parentheses reference particular sections of the General Obligation I-Bank Loan Agreements, which, unless otherwise noted, also correspond to the Special Obligation I-Bank Loan Agreements and the Private Obligation I-Bank Loan Agreements.

Definitions

The capitalized terms used in the I-Bank Loan Agreements shall, unless the context clearly requires otherwise, have the same meanings as such terms are given in the "SUMMARY OF THE REFUNDING PROGRAM BOND RESOLUTIONS" In addition, the following terms as used in I-Bank Loan Agreements shall, unless the context clearly requires otherwise, have the following meanings:

"Event of Default" means any occurrence or event specified as an Event of Default under the Trust Loan Agreement.

"Fund Loan" means the loan made to the Borrower by the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection, pursuant to the loan agreement by and between the Borrower and the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection, to finance or refinance a portion of the Cost of the Project.

["Service Agreement" means, collectively, the written contractual arrangements entered into by and between the Borrower and each Underlying Government Unit as amended and supplemented, a copy of each of which is attached to the respective Special Obligation Trust Loan Agreement as Exhibit F-2.]

"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 Environmental Infrastructure Facilities project for which the Borrower is making the borrowing under the Trust Loan Agreement.

(Section 1.01)

Particular Covenants of the Borrower

Full Faith and Credit Pledge. {The Borrower irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the punctual payment of the principal of and the interest on the Loan and the Borrower Bond according to their respective terms.

The Trust may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to promptly pay to the Trust in full any Loan Repayments when due, an amount sufficient to satisfy such deficiency shall be paid by the New Jersey State Treasurer to the Trust from State-aid payable to the Borrower.}

[Under the Special Obligation Trust Loan Agreement, the Borrower irrevocably pledges (i) the revenues of its Environmental Infrastructure System, to the extent provided in the Borrower's bond resolution and (ii) moneys payable pursuant to any Service Agreement.

In addition, under the Special Obligation Trust Loan Agreement, the Trust may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to promptly pay to the Trust in full any Loan Repayments when due, an amount sufficient to satisfy such deficiency shall be paid by the New Jersey State Treasurer to the Trust from State aid payable to any municipality that has entered into a Service Agreement with the Borrower.

In addition, under the Special Obligation Trust Loan Agreement, in no event shall the Borrower be required to make payments under the Special Obligation Trust Loan Agreement from any revenues or receipts not derived from its Environmental Infrastructure System nor pledged pursuant to the Special Obligation Trust Loan Agreement as discussed above. Except as has been disclosed to the Trust in writing, the net or gross revenues, as the case may be, 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 the Special Obligation Trust 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.]

<Under the Private Obligation Trust Loan Agreement, the Borrower unconditionally promises to make the punctual payment of the principal of and the interest on the Loan and the Borrower Bond according to their respective terms.>

Performance under Loan Agreement; Rates. {The Borrower covenants and agrees (i) to comply with all applicable State of New Jersey and federal laws, rules and regulations in the performance of the Loan Agreement; (ii) to cooperate with the Trust in the observance and performance of the respective duties, covenants, obligations and agreements of such Borrower and the Trust under the Loan Agreement; and (iii) to establish, levy and collect rents, rates and other charges for the products and services provided by its Environmental Infrastructure System, which rents, rates and other charges shall be at least sufficient to comply with all covenants pertaining thereto contained in, and all other provisions of, any bond ordinance, resolution, trust indenture or other security agreement, if any, relating to any bonds, notes or other evidences of indebtedness issued or to be issued by the Borrower.}

[<The Borrower covenants and agrees (i) to comply with all applicable State of New Jersey and federal laws, rules and regulations in the performance of the Special Obligation Trust 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 such Borrower and the Trust under the Special Obligation Trust 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 such 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, (C) to pay the debt service requirements on any bonds, notes or other evidences of indebtedness, whether now outstanding or incurred in the future, secured by such revenues or other receipts and issued to finance improvements to the Environmental Infrastructure System and to make any other payments required by the laws of the State of New Jersey, (D) to generate funds sufficient to fulfill the terms of all other contracts and agreements made by the Borrower, including, without limitation, the Special Obligation Trust Loan Agreement and the Borrower Bond and (E) to pay all other amounts payable from or constituting a lien or charge on the revenues of its Environmental Infrastructure System.>]

Completion of a 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 so accomplish such completion on or before the estimated Project completion date set forth in the Loan Agreement; (ii) to comply with the terms and provisions set forth as General Administrative and Special Requirements in an exhibit to the Loan Agreement; 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.

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 assign the Loan Agreement and the Borrower Bond in accordance with Section 4.02 of the Loan Agreement and its rights and interests under the Loan Agreement and the Borrower Bond 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 the Loan Agreement and the Borrower Bond; and (ii) the Trust shall by appropriate action determine, in its sole discretion, that such sale, lease, abandonment or other disposition will not adversely affect the Trust's ability to meet its duties, covenants, obligations and agreements under the Bond Resolution, and will not adversely affect the value of the Loan Agreement and the Borrower Bond as security for the payment of Bonds and interest thereon or adversely affect the excludability from gross income for federal income tax purposes of interest on Bonds then outstanding or which could be issued in the future.

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 which would result in the loss of the exclusion of the interest on any Trust Bonds now or hereinafter 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, which action or omission 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, which use or action or omission would cause the Trust Bonds (assuming solely for this purpose that the proceeds of the Trust Bonds in the hands of 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 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 establish to the satisfaction of the Trust, prior to the issuance of the Trust Bonds, that such refinancing of indebtedness will not adversely effect the exclusion from gross income for federal income tax purposes of interest on the Trust Bonds and the Borrower has provided to the Trust an opinion of bond counsel approved by the Trust, in form and substance satisfactory to the Trust to that effect.

(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 a Cost 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 proceeds of the Trust Bonds to reimburse such expenditure complies with the requirements of Treasury Regulations Section 1.150-2 necessary to enable the reimbursement allocation to be treated as an expenditure of proceeds of the Trust Bonds for purposes of applying Sections 103 and 141-150 of the Code, or (B) such proceeds of the Trust Bonds will be used for "refinancing of indebtedness" which 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 which complies with the requirements of Treasury Regulations Section 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 Cost of the Borrower's Project which does not constitute a "capital expenditure" within the meaning of Treasury Regulations Section 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 which would cause the Trust Bonds to be considered "federally guaranteed" within the meaning of Section 149(b) of the Code or considered "hedge bonds" within the meaning of Section 149(g) of the Code.

(viii) The Borrower shall not issue any debt obligations which (A) are sold at substantially the same time as the Trust Bonds which finance or refinance the Loan made to the Borrower, (B) are sold pursuant to the same plan of financing as the Trust Bonds which 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 which finance or refinance the Loan made to the Borrower.

(ix) Neither the Borrower nor any "related party" (within the meaning of Treasury Regulations Section 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 which 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) [(A)] The Borrower will not have a reserve or replacement fund (within the meaning of Section 148(d)(1) of the Code) allocable to the Borrower Bond evidencing the Loan.

[(B) The Borrower has a reserve or replacement fund (within the meaning of Section 148(d)(1) of the Code) which is allocable to the Borrower Bond evidencing the Loan and such reserve or replacement fund is financed with indebtedness of the Borrower the interest on which is excluded from gross income for purposes of federal income taxation. Accordingly, such amounts held in the reserve or replacement fund are not allocable to the Borrower Bond evidencing the Loan as "gross proceeds" of the Trust Bonds in accordance with Treasury Regulations Section 1.148-6(b) and therefore are not subject to yield restriction to the yield on the Trust Bonds, unless and until such amounts have been reallocated to the Trust Bonds as "gross proceeds" of the Trust Bonds in accordance with Treasury Regulations Section 1.148-6(b) or successor Treasury Regulations applicable to the Trust Bonds. Upon becoming "gross proceeds" of the Trust Bonds such amounts shall be invested by the Borrower solely in United States Treasury Securities - State and Local Government Series at a yield not in excess of the yield on the Trust Bonds.]

(xii) No "gross proceeds" of the Trust Bonds held by the Borrower (other than amounts in a "bona fide debt service fund") will be held in a "commingled fund" (as such terms are defined in Treasury Regulations Section 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 5 percent of the "net sale proceeds" (within the meaning of Treasury Regulations Section 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 Section 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 allocable to the portion of the Loan used to finance reserve capacity, if any) and investment earnings thereon will be spent prior to the period ending 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 Section 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 Section 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) and only when such contract complies with Rev. Proc. 97-13, 1997-1 C.B. 632, or successor provisions applicable to the Trust Bonds.]}

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.

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 system 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.

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 promulgated pursuant to the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto ("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 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 the Underlying Government Unit][and the 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 further covenants that the Borrower shall execute and deliver the Continuing Disclosure Agreement, in the form attached to the Loan Agreement 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 Securities and Exchange Commission 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 the Underlying Government Unit][and the Indirect Underlying Government Unit], in satisfaction of the requirements set forth in Rule 15c2-12 and Rule 10b-5, including the provision of certificates and written representations of the Borrower evidencing its compliance with Rule 15c2-12 and Rule 10b-5. (Section 2.02)

The Loan and Loan Term Pursuant to the Loan Agreement

The Trust agrees to loan and disburse to the Borrower, and the Borrower agrees to borrow and accept from the Trust, the Loan in the principal amount as set forth in the Loan Agreement, provided, however, that (i) the Trust shall be under no obligation to make the Loan if the Borrower does not deliver a Borrower Bond and other required documents to the Trust on the Loan Closing or an Event of Default has occurred and is continuing under the Bond Resolution or the Loan Agreement. Although the Trust intends to disburse the Loan proceeds at the times and in the amounts set forth in a disbursement schedule attached to the Loan Agreement, 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 plus the Borrower's allocable share of (i) capitalized interest, if any, during the Project construction period and (ii) certain costs of issuance,

bond insurance premium and underwriter's discount for all Bonds issued prior to such date and (iii) that portion of Debt Service Reserve Fund attributable to the cost of funding reserve capacity for the Project 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 Trust and Trustee shall not be required to disburse any Loan proceeds to the Borrower under the Loan Agreement, unless

(i) the proceeds of Bonds shall be available for disbursement, as determined solely by the Trust;

(ii) in accordance with the "Environmental Infrastructure Bond Act of 1985," P.L. 1985, c. 329 and the regulations promulgated pursuant thereto from time to time, including the regulations entitled "Environmental Infrastructure Procedures and Requirements" (*N.J.A.C.* 7:22-3.1 *et seq.*), the Borrower shall have timely applied for, shall have been awarded and shall have closed a Fund Loan for that portion of the Allowable Cost of the Project in an amount not in excess of the amount of Allowable Costs of the Project covered by the Loan from the Trust (the term "Allowable Costs" having the meaning as defined in the Regulations);

(iii) the Borrower shall have funds available [<on hand>] to pay for the greater of that portion of the total costs of the Project which (a) is not eligible to be funded from the Fund Loan or the Loan, or (b) that portion of the total costs of the Project which 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 which with the passage of time or service of notice would constitute an Event of Default, shall have occurred and be continuing.
(Sections 3.01 and 3.02)

Amounts Payable

The Borrower shall repay the Loan in installments payable to the Trustee. The principal of the Loan shall be amortized annually on August 1, commencing August 1, ____[1]; and the interest on the Loan shall be paid semiannually on February 1 and August 1, commencing August 1, ____[2], in accordance with the Loan Agreement. Each Loan Repayment made to the Trustee pursuant to the Borrower Bond shall be deemed to be a credit against the corresponding obligation of the Borrower to make Loan Repayments and any such payment made to the Trustee shall fulfill the Borrower's obligation to pay such amount under the Loan Agreement and under the Borrower Bond. Each Loan Repayment shall be applied first to the Interest Portion then due and payable on the Loan, then to the principal of the Loan, then to the payment of the Administrative Fee and finally to the payment of any late charges due thereunder.

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[1] The respective Refunding Program Borrowers began amortizing the principal of their respective Loans in different years. As of the date of this Official Statement, all Refunding Program Borrowers have commenced the amortization of the principal of their respective Loans.

[2] The respective Refunding Program Borrowers began paying interest on their respective Loans in different years. As of the date of this Official Statement, all Refunding Program Borrowers have commenced the payment of interest on their respective Loans.

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

In addition to the Trust Bond Loan Repayments payable under the Loan Agreement, the Borrower shall pay one-half of the Administrative Fee to the Trustee on such dates as set forth in the Loan Agreement.

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

[In the event that the Borrower fails or is unable to promptly pay to the Trust in full any Loan Repayment or any other payment required under the Loan Agreement when due, the Borrower shall take all measures permitted by its Service Agreement with the Underlying Government Unit to enforce prompt payment by the Underlying Government Unit of its obligations in accordance with the terms of the Service Agreement in order to satisfy such deficiency. The amount so paid to the Trustee shall be deemed to be a credit against the obligations of the Borrower under this Section 3.03 and any such payment made to the Trustee shall fulfill the Borrower's obligation to pay such amount under the Loan Agreement and the Borrower Bond. Each such payment so made to the Trustee shall be applied first to the Interest Portion then due and payable, second, to the extent available, to the principal of the Loan then due and payable, third, to the extent available, to the Administrative Fee, fourth, to the extent available, to the payment of any late charges incurred hereunder and finally, to the extent available, to any other payment required under the Loan Agreement. (Section 3.03)]

Amounts on Deposit in Project Loan Account after Completion of Project Draws.

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

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

If the Borrower fails to provide the certificate described in either of the two immediately preceding paragraphs, when due, or if such certificate, or any other certificate provided by the Borrower to the Trust pursuant to the Trust Loan Agreement, states that the Borrower does not require all or any portion of the amount on deposit in the Project Loan Account to complete the Project, such amounts on deposit in the Project Loan Account which are not certified by an Authorized Officer of the Borrower as being required to complete the Project ("Excess Project Funds") shall be applied as follows:

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

If the Excess Project Funds are greater than the greater of (A) $250,000 or (B) the amount of Loan Repayments due from the Borrower to the Trust in the next succeeding calendar year, the Excess Project Funds shall be applied by the Trust as a prepayment of the Borrower's Loan Repayments, and shall be applied to the principal payments (including premium, if any) on the Loan in inverse order of their maturity. (Section 3.03A)

Unconditional Obligations

The obligation of the Borrower to make the Loan Repayments and all other payments required under the Loan Agreement and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained in the Loan Agreement 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 Bonds remain outstanding or any Loan Repayments remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State of New Jersey 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, the 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, the Trustee or any other party or parties; provided, however, that payments under the Loan Agreement 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 Bonds by the Trust, including payment from moneys drawn by the Trustee from the Debt Service Reserve Fund (as defined in the Bond Resolution), does not constitute payment of the amounts due under the 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 under the Loan Agreement, the Borrower agrees to (i) replenish such moneys so transferred, and (ii) replenish 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 further acknowledges that its duties, covenants, obligations and agreements under the Loan Agreement shall survive the discharge of the Bond Resolution applicable to the Bonds and payment of the principal of, redemption premium, if any, and interest on the Bonds, until the Borrower can take no action or fail to take any action,

which action or failure could adversely affect the exclusion of interest on the Bonds from gross income of the owners thereof for federal income taxation, at which time such duties, covenants, obligations and agreements under the Loan Agreement shall, except for those set forth in the Loan Agreement, terminate. (Sections 3.04 and 3.05)

Options to Prepay Trust Bond Loan Repayments

The Borrower may prepay Trust Bond Loan Repayments, in whole or in part (but if in part, in the amount of $100,000 or any integral multiple of $100,000), upon prior written notice to the Trust and the Trustee not less than 90 days in addition to the number of days advance notice to the Trustee required for any optional redemption of the Bonds, to the Trust and the Trustee and upon payment by the Borrower to the Trustee of the principal amount of the Trust Bond Loan Repayments to be prepaid, plus the Interest Portion to accrue on such amount to the date of the optional redemption of the Bonds allocable to such Trust Bond Loan Repayment to be prepaid; provided, however, that 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 Bonds are not adversely affected by such prepayments, and (iii) upon the prior written approval of the Trust. In addition, if at the time of such prepayment, the Bonds may only be redeemed at the option of the Trust upon payment of a premium, the Borrower shall add to its prepayment an amount, as determined by the Trust, equal to such premium allocable to the Bonds to be redeemed as a result of the Borrower's prepayment. Prepayments shall be applied first to the accrued Interest Portion of the Loan to be prepaid and then to principal payments (including premium, if any) on the Loan in inverse order of their maturity. (Section 3.07)

Assignment and Transfer by Trust

The Borrower expressly acknowledges that, other than the provisions with respect to General Administrative and Special Requirements, all right, title and interest of the Trust in, to and under the Loan Agreement and the Borrower Bond has been assigned to the Trustee as security for the Bonds as provided in the Bond Resolution, and that if any Event of Default shall occur, the Trustee, or any Bond Insurer, if applicable, pursuant to the Bond Resolution, shall be entitled to act under the Loan Agreement in the place and stead of the Trust.

Neither the 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, agreements and obligations under the 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 performance or observance of any duties, covenants, obligations or agreements of the Borrower under the 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 Bonds nor the exclusion of interest on the Bonds from gross income for purposes of federal income taxation under Section 103(a) of the Code. (Sections 4.01 and 4.02)

Events of Default

Events of Default under the Loan Agreement include, but not exclusively, failure by the Borrower to pay, or cause to be paid, any Trust Bond Loan Repayment required to be paid under the Loan Agreement when due, which failure shall continue for a period of 15 days, [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), the payment of which are secured by gross revenues of the Environmental Infrastructure System;] failure by the Borrower to pay or cause to be paid, the Administrative Fee, any

late charge incurred thereunder 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 the Loan Agreement, other than the obligation to make Trust Bond Loan Repayments or the covenant to meet General Administrative and Special Requirements, which failure shall continue for a period of 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, in which case 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; any representation made by or on behalf of the Borrower contained in the Loan Agreement, or in any instrument furnished in compliance with or with reference to the Loan Agreement or the Loan, is false or misleading in any material respect; certain events of bankruptcy or insolvency; and generally a failure by the Borrower to pay its debts as such debts become due. (Section 5.01)

Remedies on Default

Whenever an Event of Default shall have occurred and be continuing, 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 under the Loan Agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the Borrower under the Loan Agreement.

Whenever an Event of Default referred to in Section 5.01(a) under the Loan Agreements shall have occurred and be continuing, the Trust shall have the right to declare, or to direct the Trustee to declare, all Trust Bond Loan Repayments and all other amounts due thereunder (including, without limitation, payments under the Borrower Bond) together with the prepayment premium, if any, calculated pursuant to Section 3.07 of the respective Loan Agreement 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 5.03)

Amendments, Supplements and Modifications

The Loan Agreement may not be amended, supplemented or modified without the prior written consent of the Trust and the Borrower and without satisfaction of all conditions set forth in the Bond Resolution. (Section 6.04)

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SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENTS
FOR THE REFUNDING PROGRAM BORROWERS
(EXHIBIT H TO THE REFUNDING PROGRAM I-BANK LOAN AGREEMENTS)

The following is a general summary of certain provisions of the form of the Continuing Disclosure Agreement, which form is attached to each Refunding Program I-Bank Loan Agreement and made a part thereof. Unless otherwise indicated by the bracketed language set forth herein (which highlights the variations between certain provisions of the form of the Continuing Disclosure Agreement relevant for the Special Obligation Refunding Program Borrowers and the corresponding provisions thereof relevant for the General Obligation Refunding Program Borrowers and Private Obligation Refunding Program Borrowers), this summary applies equally in all other respects to each of the Special Obligation Refunding Program Borrowers, the General Obligation Refunding Program Borrowers and the Private Obligation Refunding Program Borrowers. Exceptions to a specific Continuing Disclosure Agreement are delineated as follows: {Series 2012A Continuing Disclosure Agreement, Series 2012B Continuing Disclosure Agreement and Series 2012C Continuing Disclosure Agreement}. The summary is not to be considered a full statement of the terms of the form of Continuing Disclosure Agreement and, accordingly, is qualified by reference thereto and is subject to the full text of such agreement. A copy thereof may be obtained from the I-Bank upon request. The section references listed below in parentheses reference particular sections of the Continuing Disclosure Agreement.

Definitions

"Annual Report" means Financial Statements and Operating Data provided at least annually with respect to the Borrower [and the Underlying Government Unit].

"Bondholder" or "holder" or "Holder" or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any Outstanding Bond, including holders of beneficial interests in the Bonds.

"Dissemination Agent" means an entity acting in its capacity as Dissemination Agent under the Continuing Disclosure Agreement, or any successor Dissemination Agent designated in writing by the Borrower and which has filed a written acceptance of such designation.

"Financial Statements" means the audited financial statements of the Borrower [and the Underlying Government Unit] for each Fiscal Year and includes balance sheets, statements of changes in fund balances and statements of current funds, revenues, expenditures and other charges or statements which convey similar information.

"Fiscal Year" means the fiscal year of the Borrower as determined by the Borrower from time to time pursuant to State law. As of the date of the Continuing Disclosure Agreement, the Fiscal Year of the Borrower begins on _____ of each calendar year and closes on the following _____.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America, consistently applied, as modified by governmental accounting standards and mandated State statutory principles applicable to the Borrower [and the Underlying Government Unit] as may be in effect from time to time.

"GAAS" means generally accepted auditing standards as in effect from time to time in the United States of America, consistently applied, as modified by governmental accounting standards and mandated State statutory principles applicable to the Borrower [and the Underlying Government Unit] as may be in effect from time to time.

"Borrower Bond" means the general obligation bond authorized, executed, attested and delivered by the Borrower to the Trust to evidence the Trust Loan.

"MSRB" means the Municipal Securities Rulemaking Board.

"National Repository" means a "nationally recognized municipal securities information repository" within the meaning of Rule 15c2-12.

"Operating Data" means the financial and statistical information of the Borrower [and the Underlying Government Unit] of the type included in the Final Official Statement under the heading "**APPENDIX A**", a copy of which is attached to the Continuing Disclosure Agreement as Exhibit A.

"Repository" means each National Repository and each State Repository, if any.

"Resolution" means the resolution entitled "Environmental Infrastructure Bond Resolution, Series ____", as adopted by the Board of Directors of the Trust on September __, ____.

"Rule 15c2-12" shall mean the rule promulgated pursuant to the Securities Exchange Act of 1934 and codified at 17 C.F.R. §240.15c2-12), as the same may be further amended and supplemented from time to time or any successor provision thereto.

"State Repository" means any public or private repository or entity designated by the State as a state information depository for purposes of Rule 15c2-12. As of the date of the Continuing Disclosure Agreement, there is no State Repository.

"Underlying Government Unit" means _____, which has entered into a service agreement with the Borrower.

Continuing Disclosure Covenants of the Borrower.

The Borrower agrees that it will provide, or, if the Borrower has appointed or engaged a Dissemination Agent, shall cause the Dissemination Agent to provide:

(a) Not later than two hundred twenty-five (225) days after the end of each Fiscal Year, commencing with the first Fiscal Year of the Borrower ending after January 1, ____ (which is currently scheduled to end on _____), an Annual Report to each Repository and to the Trust; provided that the Financial Statements of the Borrower may be submitted separately from the balance of the Annual Report and later than the date required herein for the filing of the Annual Report if the Financial Statements of the Borrower are not available by that date, but only if the unaudited financial statements of the Borrower are included in the Annual Report; [provided further that the Financial Statements of the Underlying Government Unit may be submitted separately from the balance of the Annual Report and later than the date required herein for the filing of the Annual Report if the fiscal year of the Underlying Governmental Unit does not coincide with the Fiscal Year of the Borrower, provided that the most recent audited financial statements of the Underlying Government Unit are included with the Annual Report and that the audited financial statement of the Underlying Government Unit are submitted no later than two hundred twenty-five (225) days after the end if its fiscal year].

(b) Not later than fifteen (15) days prior to the date of each year specified in subsection 0, a copy of the Annual Report to the Trustee and the Dissemination Agent, if the Borrower has appointed or engaged a Dissemination Agent;

(c) In a timely manner, not in excess of ten business days after the occurrence of the applicable event, to the Trust, notice of any of the following events with respect to the Local Unit Bond (each a "Borrower Bond Disclosure Event"):

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Borrower Bond, or other material events affecting the tax status of the Bonds;

(vii) Modifications to the rights of the holder of the Local Unit Bond, if material;

(viii) Borrower Bond calls, if material, and tender offers;

(ix) Borrower Bond Defeasances;

(x) Release, substitution or sale of property securing repayment of the Borrower Bond, if material;

(xi) Rating changes;

{(xiii) Bankruptcy, insolvency, receivership or similar event of the Borrower or the Underlying Government Unit;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the Underlying Government Unit, or the sale of all or substantially all of the assets of the Borrower or the Underlying Government Unit other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor to the Borrower's Trustee, appointment of an additional Borrower Trustee, or the change of name of the Borrower's Trustee, if material.}

Continuing Disclosure Representations.

The Borrower represents and warrants that: (a) Financial Statements shall be prepared according to GAAP; (b) Financial Statements shall be audited by an independent certified public accountant or a registered municipal accountant or such other accountant as shall be permitted or required under State law in accordance with GAAP. (Section 2.2)

Responsibilities and Duties of the Borrower, the Dissemination Agent and the Trustee

(a) If fifteen (15) Business Days prior to the date specified in subsection 0, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Borrower to determine if the Borrower is in compliance herewith.

(b) If the Trustee is unable to verify that an Annual Report has been provided to the Repositories and to the Trust by the date specified above, the Trustee shall send a notice to each Repository or the MSRB, with a copy thereof to the Trust and the Borrower.

(c) Whenever the Borrower or the Dissemination Agent (if one has been appointed or engaged by the Borrower) obtains knowledge of the occurrence of any Borrower Bond Disclosure Event, the Borrower or the Dissemination Agent (if one has been appointed or engaged by the Borrower) shall file promptly a notice of such occurrence with the Trust (the "Borrower Bond Disclosure Event Notice") in a form determined by the Borrower; provided, that the Borrower Bond Disclosure Event Notice pertaining to the occurrence of a Borrower Bond Disclosure Event described in Section (c)(viii) (Borrower Bond calls) or (c)(ix) (defeasances) above need not be given any earlier than the time when the notice (if any) of such Borrower Bond Disclosure Event shall otherwise be required to be given to the holder of the Local Unit Bond as provided in any resolution, ordinance or agreement of the Borrower.

(d) If the Borrower or the Dissemination Agent (if one has been appointed or engaged by the Borrower) has determined that a Borrower Bond Disclosure Event has occured, the Borrower or the Dissemination Agent (if one has been appointed or engaged by the Borrower) shall promptly notify the Trust in writing.

(e) The Dissemination Agent (if one has been appointed or engaged by the Borrower) shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and

(ii) file a written report with the Borrower certifying that the Annual Report has been provided pursuant to the Continuing Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided. (Section 2.4)

Responsibilities and Duties of the Trust.

(a) The Trust agrees that it will provide in a timely manner to the Trustee and to each National Repository or to the MSRB and to the State Repository, if any, notice of any of the following events with respect to the Bonds (each, a "Bond Disclosure Event"), if material:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material

notices or determinations with respect to the tax status of the Borrower Bond, or other material events affecting the tax status of the Bonds;

(vii) Modifications to the rights of the holder of the Borrower Bond, if material;

(viii) Borrower Bond calls, if material, and tender offers;

(ix) Borrower Bond Defeasances;

(x) Release, substitution or sale of property securing repayment of the Borrower Bond, if material;

(xi) Rating changes;

{(xii) Bankruptcy, insolvency, receivership or similar event of the Borrower or the Underlying Government Unit;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the Underlying Government Unit, or the sale of all or substantially all of the assets of the Borrower or the Underlying Government Unit other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor to the Borrower's Trustee, appointment of an additional Borrower Trustee, or the change of name of the Borrower's Trustee, if material.}

(b) If the Trust has determined a Bond Disclosure Event has occurred, the Trust shall promptly notify the Trustee in writing and shall further report the occurrence of such Bond Disclosure Event pursuant to subsection 2.6(d).

(c) If the Trust has determined it necessary to report the occurrence of a Bond Disclosure Event, the Trust shall file promptly a notice of such occurrence with each National Repository or with the MSRB and the State Repository, if any (the "Bond Disclosure Event Notice") in the form determined by the Trust; provided, that the Bond Disclosure Event Notice pertaining to the occurrence of a Bond Disclosure Event described in clauses 2.6(a)(viii) (optional or special redemptions of the Bonds) or 2.6(a)(ix) (defeasances) need not be given under this subsection any earlier than the time when the notice (if any) of such Bond Disclosure Event shall be given to Holders of affected Bonds as provided in Sections 4.05 and 12.01 of the Bond Resolution, respectively. The obligations of the Trust to provide the notices required under the Continuing Disclosure Agreement are in addition to, and not in substitution of, any of the obligations (if any) of the Trustee to provide notices of events of default to Holders under Article IX of the Bond Resolution. The Trust shall file a copy of each Bond Disclosure Event Notice with the Trustee, for informational purposes only. (Section 2.6)

Remedies upon Disclosure Default.

(a) The Trustee may in reliance upon the advice of counsel (and at the request of the Holders of at least twenty-five percent (25%) in aggregate principal amount of outstanding Bonds, and after provision of indemnity in accordance with Section 10.05 of the Bond Resolution, shall), or any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the Borrower and the Trust and any of their respective officers, agents and employees which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Borrower and the Trust under the

Continuing Disclosure Agreement and may compel the Borrower or the Trust or any of their respective officers, agents or employees, (except for the Dissemination Agent with respect to the obligations, agreements and covenants of the Borrower), to perform and carry out their duties under the Continuing Disclosure Agreement; provided, that no person or entity shall be entitled to recover monetary damages under the Continuing Disclosure Agreement under any circumstances; and provided further that any Bondholder, acting for the equal benefit and protection of all Bondholders similarly situated, may pursue specific performance only with respect to the filing of Annual Reports, Borrower Bond Disclosure Event Notices and Bond Disclosure Event Notices as required by the Continuing Disclosure Agreement, and may not pursue specific performance in challenging the adequacy of Annual Reports which have been filed pursuant to the provisions of the Continuing Disclosure Agreement.

(b) In case the Trustee or any Bondholder shall have proceeded to enforce its rights under the Continuing Disclosure Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Bondholder, as the case may be, then and in every such case the Borrower, the Trust, the Trustee and any Bondholder, as the case may be, shall be restored respectively to their several positions and rights under the Continuing Disclosure Agreement, and all rights, remedies and powers of the Borrower, the Trust, the Trustee and any Bondholder shall continue as though no such proceeding had been taken.

(c) A failure by the Trust or the Borrower to perform their respective obligations under the Continuing Disclosure Agreement shall not be deemed an event of default under either the Bond Resolution or the Trust Loan Agreement, as the case may be, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure by the Trust or the Borrower to comply with the Continuing Disclosure Agreement shall be as set forth in subsection 3.1(a) of the Continuing Disclosure Agreement. (Section 3.1)

The Trust and the Bondholders.

(a) The Trust may enforce any such right, remedy or claim conferred, given or granted under the Continuing Disclosure Agreement in favor of the Trustee or the Holders of the Bonds.

(b) Each Bondholder is recognized as being a third-party beneficiary under the Continuing Disclosure Agreement and each may enforce, for the equal benefit and protection of all Bondholders similarly situated, any such right, remedy or claim conferred, given or granted under the Continuing Disclosure Agreement in favor of the Trustee. (Section 4.2)

Amendments, Changes and Modifications.

(a) Except as otherwise provided in the Continuing Disclosure Agreement, subsequent to the initial issuance of the Borrower Bond and prior to either (i) its payment in full (or provision for payment thereof having been made in accordance with the provisions of the Trust Loan Agreement) or (ii) a determination by the Trust that the Borrower no longer remains a material "obligated person" (as the term "obligated person" is defined in Rule 15c2-12(f)(10), with materiality being determined by the Trust in its sole discretion pursuant to criteria set forth in the Bond Resolution, the Notice of Sale, the Preliminary Official Statement and the Final Official Statement) with respect to the Bonds, the Continuing Disclosure Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the parties thereto.

(b) Without the consent of any Bondholders, the Borrower, the Trustee and the Trust at any time and from time to time may enter into any amendments or modifications to the Continuing Disclosure Agreement for any of the following purposes:

(i) to add to covenants and agreements of the Borrower or the Trust thereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Borrower or the Trust by the Continuing Disclosure Agreement;

(ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Borrower or to reflect changes in the identity, nature or status of the Borrower or in the business, structure or operations of the Borrower or any mergers, consolidations, acquisitions or dispositions made by or affecting the Borrower; provided that any such modification shall not be in contravention of Rule 15c2-12 as then in effect at the time of such modification; or

(iii) to cure any ambiguity, to correct or supplement any provision thereof which may be inconsistent with any other provision thereof, or to include any other provisions with respect to matters or questions arising under the Continuing Disclosure Agreement which, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification.

provided, that prior to approving any such amendment or modification, the Borrower, the Trustee and the Trust determine that such amendment or modification does not adversely affect the interests of the Holders of the Bonds in any material respect.

(c) Upon entering into any amendment or modification required or permitted by the Continuing Disclosure Agreement, the Trust shall deliver to each of the Repositories written notice of any such amendment or modification.

(d) The Borrower, the Trustee and the Trust shall be entitled to rely exclusively upon an opinion of Bond Counsel to the Trust (as defined in the Bond Resolution) to the effect that such amendments or modifications comply with the conditions and provisions of this caption. (Section 4.9)

Amendments Required by Rule 15c2-12.

The Borrower, the Trustee and the Trust each recognize that the provisions of the Continuing Disclosure Agreement are intended to enable the Participating Underwriter to comply with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof or the promulgation of a successor rule, statute or regulation thereto, a change in the Continuing Disclosure Agreement shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery of an opinion of Bond Counsel to the Trust to the effect that such amendments shall be permitted or necessary to assure continued compliance by the Participating Underwriter with Rule 15c2-12 as so amended or interpreted, then the Borrower, the Trustee and the Trust shall amend the Continuing Disclosure Agreement to comply with and be bound by any such amendment to the Continuing Disclosure Agreement to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and provide the written notice of such amendment as required by paragraph (c) of the immediately preceding caption. (Section 4.10)

Termination of Borrower's Continuing Disclosure Obligations.

The Continuing Disclosure Agreement shall be in full force and effect from the date thereof and shall continue in effect until the date either (A) the Borrower Bond is no longer outstanding in accordance with the terms of the documents under which it was issued or (B) the Borrower no longer remains a material "obligated person" (as the term "obligated person" is defined in Rule 15c2-12(f)(10), with materiality being determined by the Trust in its sole discretion pursuant to criteria set forth in the Bond Resolution, the Notice of Sale, the Preliminary Official Statement

and the Final Official Statement) with respect to the Bonds, and in either event, only after the Trust delivers to each of the Repositories written notice to such effect. (Section 4.12)

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SUMMARY OF THE REFUNDING PROGRAM FUND LOAN AGREEMENTS AND OTHER COVERAGE PROVIDING FUND LOAN AGREEMENTS

The following is a general summary of certain provisions of the Fund Loan Agreements executed in connection with the Fund Loans awarded to (i) those Borrowers which are municipalities (the "General Obligation Fund Loan Agreements"), (ii) those Borrowers which are municipal, county or regional sewerage or utilities authorities (the "Special Obligation Fund Loan Agreements"), and (iii) those Borrowers which are private water companies (the "Private Obligation Fund Loan Agreements"). Unless otherwise indicated by the bracketed language set forth herein (which highlights the variations between certain corresponding provisions of the Special Obligation Fund Loan Agreements, the General Obligation Fund Loan Agreements and the Private Obligation Fund Loan Agreements), this summary applies equally in all other respects to both forms of the Fund Loan Agreements, relating to each of the Refunding Series Financing Programs and other Coverage Providing Financing Programs. Exceptions to a specific Fund Loan Agreement are delineated as follows: {General Obligation Fund Loan Agreement}, [Special Obligation Fund Loan Agreement] and <Private Obligation Fund Loan Agreement>. In addition, certain language herein is bracketed ("⟨ ⟩") if such language is applicable for Fund Loans funded from proceeds of State Bonds. The summary is not to be considered a full statement of the terms of either the General Obligation Fund Loan Agreements, the Special Obligation Fund Loan Agreements or the Private Obligation Fund Loan Agreements, and, accordingly, is qualified by reference thereto and is subject to the full text of such agreements. A copy of both the General Obligation Fund Loan Agreements, the Special Obligation Fund Loan Agreements and the Private Obligation Fund Loan Agreements relating to the Refunding Series Financing Programs and other Coverage Providing Financing Programs may be obtained from the I-Bank upon request. The section references listed below in parentheses reference particular sections of the General Obligation Fund Loan Agreements, which, unless otherwise noted, also correspond to the Special Obligation Fund Loan Agreements and the Private Obligation Fund Loan Agreements.

Definitions

The capitalized terms used in the Fund Loan Agreements shall, unless the context clearly requires otherwise, have the same meanings as such terms are given in the "SUMMARY OF THE REFUNDING PROGRAM BOND RESOLUTIONS" and "SUMMARY OF THE REFUNDING PROGRAM I-BANK LOAN AGREEMENTS". In addition, the following terms as used in the Fund Loan Agreements shall, unless the context clearly requires otherwise, have the following meanings:

[{"Bond Act" means, as applicable, (i) the Marine Protection, Research and Sanctuaries Act of 1972, 33 U.S.C. 1401 et seq., as the same may from time to time be amended and supplemented, (ii) the Water Supply Bond Act of 1981, P.L. 1981, c. 261, as the same may from time to time be amended and supplemented, (iii) the New Jersey Environmental Infrastructure Trust Act, P.L. 1985, c. 329, as the same may from time to time be amended and supplemented, (iv) the Stormwater Management and Combined Sewer Overflow Abatement Bond Act of 1989, P.L. 1989, c. 181, as the same may from time to time be amended and supplemented, and (v) the Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992, P.L. 1992, c. 88, as the same may from time to time be amended and supplemented.}]

"Borrower Fund Loan Bond" means the [general obligation bond] [revenue bond] authorized, executed, attested and delivered by the Borrower to the State and authenticated on behalf of the Borrower to evidence the Fund Loan.

[{"CWSRF Loan" means that portion of the Loan made by the State from the loan program established pursuant to the Water Quality Act of 1987 to assist sponsors of wastewater treatment and stormwater management facilities to finance the cost of infrastructure improvement.}]

[{"DWSRF Loan" means that portion of the Loan made by the State from the loan program established to assist publicly owned and privately owned community drinking water systems and nonprofit noncommunity drinking water systems to finance the costs of infrastructure needed to achieve or maintain compliance with the Safe Drinking Water Act and to promote the public health objectives of said Act. }]

"Event of Default" means any occurrence or event specified as an Event of Default under the Fund Loan Agreement.

"Fund Loan" means a loan by the State to a Borrower, pursuant to a Fund Loan Agreement, to finance or refinance a portion of the Cost of such Borrowers Project. The principal amount of each Fund Loan shall be the principal amount specified in the applicable Borrower Fund Loan Bond issued in connection with the Applicable Fund Loan Agreement.

"Fund Loan Administrative Fee" means an annual fee of up to one percent (1.0%) of the initial principal amount of the Fund Loan or such lesser amount, if any, as may be authorized by any act of the State Legislature and as the State may approve from time to time.

"Fund Loan Agreement" means a loan agreement that is entered into by and between the State of New Jersey and a Borrower, as such Loan Fund Agreement may be amended, modified or supplemented from time to time in accordance with the provisions thereof.

"Fund Loan Repayments" means the repayments of the principal amount of the Fund Loan payable by the Borrower pursuant to the Fund Loan Agreement, including payments payable under the Borrower Fund Loan Bond, but excluding the Fund Loan Administrative Fee.

Particular Covenants of the Borrower

Full Faith and Credit Pledge. {Under the General Obligation Fund Loan Agreement, the Borrower irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the punctual payment of the principal of and the interest on the Fund Loan and the Borrower Fund Loan Bond according to their respective terms.}

[Under the Special Obligation Fund Loan Agreement, the Borrower irrevocably pledges (i) the revenues of its Environmental Infrastructure System, to the extent provided in the Borrower's bond resolution and (ii) moneys payable pursuant to any Service Agreement.

In addition, under the Special Obligation Fund Loan Agreement, in no event shall the Borrower be required to make payments under the Special Obligation Fund Loan Agreement from any revenues or receipts not derived from its Environmental Infrastructure System nor pledged pursuant to the Special Obligation Fund Loan Agreement as discussed above. Except as has been disclosed to the State in writing, the net or gross revenues, as the case may be, 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 Fund Loan Repayments under the Special Obligation Fund Loan Agreement and the Borrower Fund Loan 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.]

<Under the Private Obligation Fund Loan Agreement, the Borrower unconditionally and irrevocably pledges its full faith and credit in accordance with the terms of and to the extent provided in the Borrower Bond Resolution for the punctual payment of the principal of and the interest on the Fund Loan and the Borrower Fund Loan Bond according to their respective terms.>

Performance under Fund Loan Agreement; Rates. {The Borrower covenants and agrees (i) to comply with all applicable State of New Jersey and federal laws, rules and regulations in the performance of the Fund Loan Agreement; (ii) to cooperate with the State in the observance and performance of the respective duties, covenants, obligations and agreements of such Borrower and the State under the Fund Loan Agreement; and (iii) to establish, levy and collect rents, rates and other charges for the products and services provided by its Environmental Infrastructure System, which rents, rates and other charges shall be at least sufficient to comply with all covenants pertaining thereto contained in, and all other provisions of, any bond ordinance, resolution, trust indenture or other security agreement, if any, relating to any bonds, notes or other evidences of indebtedness issued or to be issued by the Borrower.}

[<The Borrower covenants and agrees (i) to comply with all applicable State of New Jersey and federal laws, rules and regulations in the performance of the Special Obligation Fund Loan Agreement; (ii) to maintain its Environmental Infrastructure System in good repair and operating condition; (iii) to cooperate with the State in the observance and performance of the respective duties, covenants, obligations and agreements of such Borrower and the State under the Special Obligation Fund 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 such 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, (C) to pay the debt service requirements on any bonds, notes or other evidences of indebtedness, whether now outstanding or incurred in the future, secured by such revenues or other receipts and issued to finance improvements to the Environmental Infrastructure System and to make any other payments required by the laws of the State of New Jersey, (D) to generate funds sufficient to fulfill the terms of all other contracts and agreements made by the Borrower, including, without limitation, the Special Obligation Fund Loan Agreement and the Borrower Fund Loan Bond and (E) to pay all other amounts payable from or constituting a lien or charge on the revenues of its Environmental Infrastructure System.>]

Completion of a 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 so accomplish such completion on or before the estimated Project completion date set forth in the Fund Loan Agreement; (ii) to comply with the terms and provisions set forth as General Administrative and Special Requirements in an exhibit to the Fund Loan Agreement; 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.

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 State 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 assign the Fund Loan Agreement and the Borrower Fund Loan Bond in accordance with Section 4.02 of the Fund Loan Agreement and its rights and interests under the Fund Loan Agreement and the Borrower Fund Loan Bond 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 the Fund Loan Agreement and the Borrower Fund Loan Bond; [and (ii) if the Fund Loan is funded from the proceeds of State Bonds, the State shall by appropriate action determine, in its sole discretion, that such sale, lease, abandonment or other disposition will not adversely affect the excludability from gross income for federal income tax purposes of interest on State Bonds then outstanding or which could be issued in the future].

{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 which would result in the loss of the exclusion of the interest on any State Bonds now or hereinafter 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, which action or omission would cause its Borrower Fund Loan Bond or the State Bonds (assuming solely for this purpose that the proceeds of the State Bonds loaned to the Borrower represent all of the proceeds of the State 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 State, the Borrower shall not (A) permit any of the proceeds of the State Bonds loaned to the Borrower or the Project financed or refinanced with the proceeds of the State 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 State 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 State 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 State Bonds (or amounts replaced with such proceeds) or any other funds or take any action or omit to take any action, which use or action or omission would cause the State Bonds (assuming solely for this purpose that the proceeds of the State Bonds in the hands of the Borrower represent all of the proceeds of the State 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 State Bonds to pay the principal of or 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 establish to the satisfaction of the State, prior to the issuance of the State Bonds, that such refinancing of indebtedness will not adversely effect the exclusion from gross income for federal income tax purposes of interest on the State Bonds and the Borrower has provided to the State an opinion of bond counsel approved by the State, in form and substance satisfactory to the State to that effect.

(v) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the State Bonds to reimburse the Borrower for an expenditure with respect to a Cost of the Borrower's Project paid by the Borrower prior to the issuance of the State Bonds unless (A) the allocation by the Borrower of proceeds of the State Bonds to reimburse such expenditure complies with the requirements of Treasury Regulations Section 1.150-2 necessary to enable the reimbursement allocation to be treated as an expenditure of proceeds of the State Bonds for purposes of applying Sections 103 and 141-150 of the Code, or (B) such proceeds of the State Bonds will be used for "refinancing of indebtedness" which 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 which complies with the requirements of Treasury Regulations Section 1.150-2.

(vi) The Borrower shall not directly or indirectly use or permit the use of any proceeds of the State Bonds to pay any Cost of the Borrower's Project which does not constitute a "capital expenditure" within the meaning of Treasury Regulations Section 1.150-1.

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

(viii) The Borrower shall not issue any debt obligations which (A) are sold at substantially the same time as the State Bonds which finance or refinance the Loan made to the Borrower, (B) are sold pursuant to the same plan of financing as the State Bonds which 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 State Bonds which finance or refinance the Loan made to the Borrower.

(ix) Neither the Borrower nor any "related party" (within the meaning of Treasury Regulations Section 1.150-1) shall purchase State Bonds in an amount related to the amount of the Loan.

(x) The Borrower will not issue or permit to be issued obligations which will constitute an "advance refunding" of the Borrower Fund Loan Bond within the meaning of Section 149(d)(5) of the Code without the express written consent of the State, which consent may only be delivered by the State after the State 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 State.

(xi) [(A)] The Borrower will not have a reserve or replacement fund (within the meaning of Section 148(d)(1) of the Code) allocable to the Borrower Fund Loan Bond evidencing the Loan.

[(B) The Borrower has a reserve or replacement fund (within the meaning of Section 148(d)(1) of the Code) which is allocable to the Borrower Fund Loan Bond evidencing the Loan and such reserve or replacement fund is financed with indebtedness of the Borrower the interest on which is excluded from gross income for purposes of federal income taxation. Accordingly, such amounts held in the reserve or replacement fund are not allocable to the Borrower Fund Loan Bond evidencing the Loan as "gross proceeds" of the State Bonds in accordance with Treasury Regulations Section 1.148-6(b) and therefore are not subject to yield restriction to the yield on the State Bonds, unless and until such amounts have been reallocated to the State Bonds as "gross proceeds" of the State Bonds in accordance with Treasury Regulations Section 1.148-6(b) or successor Treasury Regulations applicable to the State Bonds. Upon becoming "gross proceeds" of the State Bonds such amounts shall be invested by the Borrower solely in United States Treasury Securities - State and Local Government Series at a yield not in excess of the yield of on the State Bonds.]

[(C) The Borrower has a reserve or replacement fund (within the meaning of Section 148(d)(1) of the Code) which is allocable to the Borrower Fund Loan Bond evidencing the Loan and which is not financed with indebtedness of the Borrower the interest on which is excluded from gross income for purposes of federal income taxation. Accordingly, amounts held in the reserve or replacement fund allocable to the Borrower Fund Loan Bond evidencing the Loan shall be invested by the Borrower solely in United States Treasury Securities - State and Local Government Series at a yield not in excess of the yield on the State Bonds throughout the term of the Loan. Amounts in the reserve or replacement fund allocable to the Borrower Fund Loan Bond evidencing the Loan will be held in a segregated account and invested separately from any other monies so that such amounts will not be held in a "commingled fund" (within the meaning of Treasury Regulations Section 1.148-1(b)). The investment restrictions contained in this paragraph shall not apply in the event the Trust receives an opinion of Bond Counsel to the Trust to the effect

that non-compliance with such restrictions will not affect the exclusion from gross income of interest on the State Bonds.]

(xii) No "gross proceeds" of the State 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 Section 1.148-1(b)).

(xiii) Based upon all of the objective facts and circumstances in existence on the date of issuance of the State Bonds used to finance the Project, (A) within six months of the date of issuance of the State 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 5 percent of the "net sale proceeds" (within the meaning of Treasury Regulations Section 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 State or a "related party" (within the meaning of Treasury Regulations Section 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 and investment earnings thereon will be spent prior to the period ending 3 years subsequent to the date of issuance of the State 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 Section 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 Section 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 State Bonds, with a "governmental unit" (within the meaning of Section 141 of the Code) and only when such contract complies with Rev. Proc. 93-19, 1993-1 C.B. 526, or successor provisions applicable to the State Bonds.}

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.

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 system 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. (Section 2.02)

The Loan and Loan Term Pursuant to the Fund Loan Agreement.

The State agrees to loan and disburse to the Borrower and the Borrower agrees to borrow and accept from the State, the Fund Loan in the principal amount equal to the lesser of the loan commitment set forth in the Fund Loan Agreement or the amount as shall actually be disbursed to the Borrower from the Environmental Infrastructure Fund; provided, however, that the State shall be *under* no obligation to make the Fund Loan if the Borrower does not deliver to the State on the Fund Loan closing the Borrower Fund Loan Bond and such other documents and certificates as shall be required by the Fund Loan Agreement, and provided further that the obligation of the State to make such Fund Loan or to disburse any Fund Loan proceeds under the Fund Loan Agreement shall be subject to the provisions set forth in this caption. Although the State intends to make the Fund Loan to the Borrower in the full amount of such loan commitment at the times and up to the amounts set forth in the Fund Loan Agreement to pay a portion of the Cost of the Project, from time to time there may not be a sufficient {[amount]} <Federal Funds> on deposit in the State Fund to make the Fund Loan and disbursement in such amount. In such event, the Borrower agrees that the amount actually disbursed to the Borrower shall constitute the principal amount of the Fund Loan if such amount shall be different from that set forth in the Fund Loan Agreement by reason of an adjustment pursuant to N.J.A.C. 7:22-3.26 and the appropriations act of the New Jersey State Legislature authorizing the expenditure of moneys to finance a portion of the Cost of the Project.

The Borrower shall have no legal or equitable interest in ⟨(if the Fund Loan is funded from proceeds of State Bonds) the *proceeds* of the State Bonds or in any amounts from time to time on deposit in the funds and accounts applicable to the State Bonds created by the Bond Act and the bond proceedings of the State of New Jersey authorizing the form, execution, issuance and delivery of the State Bonds;⟩ the federal funds received by and available to the State pursuant to the Water Quality Act of 1987; or in moneys from repayments of loans previously made from the Environmental Infrastructure Fund by the State, such repayments having been deposited into the Environmental Infrastructure Fund.

The Borrower shall use the proceeds of the Fund Loan strictly in accordance with the covenants set forth in the Fund Loan Agreement.

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

⟨The payment obligations created under the Fund Loan Agreement and the obligations to pay the principal of the Borrower Fund Loan Bond, *interest* on the Borrower Fund Loan Bond and other amounts due under the Borrower Fund Loan 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, including without limitation moneys payable pursuant to the Service Agreement in respect of debt service on the Borrower Fund Loan Bond⟩.

The State shall effectuate the Fund Loan to the Borrower by making one or more disbursements of amounts on deposit in the Environmental Infrastructure Fund to the Borrower. Before each and every disbursement of the proceeds of the Fund Loan by the State to the Borrower, the Borrower shall in accordance with the procedures set forth in the Regulations submit to the State a requisition executed by an Authorized Officer of the Borrower.

The State shall not be under any obligation to disburse any Fund Loan proceeds to the Borrower under the Fund Loan Agreement, unless:

(i) the Fund Loan closing shall have occurred on the date established therefor by the State;

(ii) there shall be {[moneys]} <Federal Funds> available {[in the State Fund]} from time to time to fund the Fund Loan, as determined solely by the State;

(iii) in accordance with the New Jersey Environmental Infrastructure Trust Act, P.L. 1985, c. 334, as amended, (N.J.S.A. 58:11B-1 *et seq.*) and the regulations promulgated pursuant thereto from time to time, including the regulations entitled "Environmental Infrastructure Trust Procedures and Requirements" (N.J.A.C. 7:22-4.1 *et seq.*), the Borrower shall have timely applied for, shall have been awarded, and, prior to or simultaneously with the Fund Loan closing, shall have closed a Loan from the Trust 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 covered by the Fund Loan from the State, plus the amount of: (A) capitalized interest during the Project construction period, if any, (B) the cost of funding reserve capacity for the Project, if any, as well as that portion of the Debt Service Reserve Fund (as defined in the Loan Agreement) attributable to the cost of funding such reserve capacity for the Project, and (C) certain issuance expenses related thereto, including, if applicable, a municipal bond insurance policy premium;

(iv) the Borrower shall have on hand moneys to pay for the greater of (A) that portion of the total costs of the Project which is not eligible to be funded from the Loan from the Trust or the Fund Loan, or (B) that portion of the total costs of the Project which exceeds the actual amounts of the loan commitments made by the State and the Trust, respectively, for the Fund Loan and the Loan from the Trust; and

(v) no Event of Default, nor any event which with the passage of time or service of notice would constitute an Event of Default, shall have occurred and be continuing under the Fund Loan Agreement. (Section 3.01 and 3.02)

Amounts Payable.

(a) The Borrower shall repay the Fund Loan at zero-interest in principal installments payable to the Trustee semi-annually on February 1 and August 1, commencing August 1, ____[3], in accordance with the Fund Loan Agreement, as the same may be amended or modified by the State, in particular, without limitation, to make any adjustments to the amount of the Fund Loan in accordance with the definition thereof; provided, however, that the amount of any reduction in the principal amount of the Fund Loan pursuant to N.J.A.C. 7:22-3.26 shall be credited to the principal payments set forth in the Fund Loan Agreement in inverse order of their maturity. The obligations of the Borrower under the Borrower Fund Loan Bond shall be deemed to be amounts payable under this caption. Each payment made to the Trustee pursuant to the Borrower Fund Loan Bond shall be deemed to be a credit against the corresponding obligation of the Borrower under this caption and any such payment made to the Trustee shall fulfill the Borrower's obligation to pay such amount under the Fund Loan Agreement and under the Borrower Fund Loan Bond. Each payment made to the Trustee pursuant to this caption shall be applied to the principal of the Fund Loan.

(b) In addition to the principal payments on the Fund Loan required by paragraph (a), above, the Borrower shall pay a late charge for any such payment that is received by the Trustee later than the tenth (10th) day following its due date, 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 actually paid; provided, however, that such late charge payable on the Fund Loan shall not be in excess of the maximum interest rate permitted by law.

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[3] These semi-annual principal repayment dates commence in different years with respect to the various Coverage Providing Financing Programs.

{(c) In the event that the Borrower fails or is unable to promptly pay to the State in full any Fund Loan Repayment when due, the Borrower shall take all measures permitted by its Service Agreement with the Underlying Government Unit to enforce prompt payment by the Underlying Government Unit of its obligations in accordance with the terms of the Service Agreement in order to satisfy such deficiency. The amount so paid to the Trustee shall be deemed to be a credit against the obligations of the Borrower under this caption and any such payment made to the Trustee shall fulfill the Borrower's obligation to pay such amount under the Fund Loan Agreement and the Borrower Fund Loan Bond. Each such payment so made to the Trustee shall be applied to the principal of the Fund Loan.}

(d) In addition to the Fund Loan Repayments payable under subsections (a) and (b) hereof, the Borrower shall pay one-half of the Fund Loan Administrative Fee, if any, to the Trustee semi-annually on each February 1 and August 1, commencing on the February 1 next succeeding the date of the Fund Loan Agreement, or such later date as the State authorizes, during the term of this Fund Loan. (Section 3.03)

Unconditional Obligations.

The obligation of the Borrower to make the Fund Loan Repayments and all other payments required under the Fund Loan Agreement and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained therein 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 Fund 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 of New Jersey or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the State to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Project or the Fund Loan Agreement or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might otherwise have against the State, the Trustee or any other party or parties; provided, however, that payments under the Fund Loan Agreement 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 Fund Loan Agreements.

[If the Applicable Fund Loan is funded from proceeds of State Bonds, the Borrower acknowledges that (a) payment of the State Bonds by the State does not constitute payment of the amounts due under the Fund Loan Agreement and the Borrower Fund Loan Bond, and (b) its duties, covenants, obligations and agreements under the Fund Loan Agreement shall survive the payment of the principal of, redemption premium, if any, and interest on the State Bonds until the Borrower can take no action or fail to take any action, which action or failure could adversely affect the exclusion from gross income of interest on the State Bonds for purposes of federal income taxation, at which time such duties, covenants, obligations and agreements hereunder shall, except for those set forth in Section 3.06(a) of the Fund Loan Agreement, terminate.] (Sections 3.04 and 3.05)

Options to Prepay Fund Loan Repayments.

The Borrower may prepay the Fund Loan Repayments, in whole or in part, upon not less than ninety (90) days' prior written notice to the State; provided, however, that any such full or partial prepayment may only be made (i) if the Borrower is not then in arrears under its Loan from the Trust, (ii) if the Borrower is contemporaneously making a full or partial prepayment of the Loan from the Trust such that after the prepayment of the Fund Loan and the Loan from the Trust, the Trust gives its consent required under Loan Agreement and (iii) upon the prior written approval of the State. Prepayments shall be applied to the principal payments on the portion of the Fund Loan to be prepaid in inverse order of their maturity. (Section 3.07)

Assignment and Transfer by the State.

The Borrower approves and consents to any assignment or transfer of the Fund Loan Agreement and the Borrower Fund Loan Bond that the State deems to be necessary in connection with the Environmental Infrastructure loan program of the State under the Bond Act, including {if the Fund Loan is funded from proceeds of State Bonds, any refunding of the State Bonds or} the issuance of additional State Bonds.

Neither the Fund Loan Agreement nor the Borrower Fund Loan Bond may be assigned by the Borrower for any reason, unless the following conditions shall be satisfied: (i) the State 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 the Fund Loan Agreement and, to the extent permitted under applicable law, the Borrower Fund Loan Bond; (iii) immediately after such assignment, the assignee shall not be in default in the performance or observance of any duties, covenants, obligations or agreements of the Borrower under the Fund Loan Agreement or the Borrower Fund Loan Bond[; and (iv) if the Loan was made from the proceeds of the State Bonds, the State 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 State Bonds or the exclusion of interest on the State Bonds from gross income for purposes of federal income taxation under Section 103(a) of the Code]. (Sections 4.01 and 4.02)

Events of Default.

Events of Default under the Fund Loan Agreement shall include: (a) failure by the Borrower to pay, or cause to be paid, any Fund Loan Repayment required to be paid under the Fund Loan Agreement 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 Fund Loan and the Borrower Fund Loan Bond), after giving effect to the applicable grace period, the payment of which is secured by the Revenues of the Environmental Infrastructure System; (c) failure by the Borrower to pay, or cause to be paid, any late charges incurred under the Fund Loan Agreement 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 the Fund Loan Agreement, other than as referred to in paragraph (a) hereof or other than the obligations of the Borrower contained in Section 2.02(d)(ii) and in Exhibit F to the Fund Loan Agreement, 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 State, unless the State 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 State 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 the Fund Loan Agreement, or in any instrument furnished in compliance with or with reference to the Fund Loan Agreement or the Fund 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 the Fund Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal; or the Borrower shall become insolvent or bankrupt or 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 State and specified on Exhibit F attached to the Fund Loan Agreement and made a part thereof. (Section 5.01)

Remedies on Default.

Whenever an Event of Default shall have occurred and be continuing, the State shall have the right to take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Fund Loan Agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the Borrower thereunder.

In addition, if an Event of Default shall have occurred and be continuing, the State shall have the right to declare all Fund Loan Repayments and all other amounts due under the Fund Loan Agreement (including, without limitation, payments under the Borrower Fund Loan Bond) to be immediately due and payable, and upon notice to the Borrower the same shall become immediately due and payable by the Borrower without further notice or demand. (Section 5.03)

Amendments, Supplements and Modifications.

The Fund Loan Agreement may not be amended, supplemented or modified without the prior written consent of the State and the Borrower. (Section 6.04)

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APPENDIX G

NEW JERSEY STATUTES PERTAINING TO CERTAIN LOCAL GOVERNMENT UNITS

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NEW JERSEY STATUTES PERTAINING TO CERTAIN LOCAL GOVERNMENT UNITS

A. Introduction

New Jersey's local finance system is regulated by various statutes designed to assure that all municipal governments and municipal or county utilities and sewerage authorities remain on a sound financial basis. Regulatory and remedial statutes are enforced by the Division of Local Government Services (the "Division") in the Department of Community Affairs. The following summaries do not purport to be complete, and reference should be made to the statutes referred to for a complete statement of the provisions thereof.

B. Municipal Financial Management

Set forth below is a summary of various statutory requirements relevant to the municipal budget process.

The Local Budget Law

State Budget Requirements: Under the Local Budget Law, constituting Chapter 4 of Title 40A of the New Jersey Statutes (the "Local Budget Law"), every municipality must adopt a budget for each fiscal year in the form required by the Division. Most municipalities in the State operate on a calendar fiscal year, *i.e.*, from January 1 to December 31. By virtue of the enactment of Chapter 75 of the Pamphlet Laws of 1991 of the State, certain municipalities operate on a State fiscal year, *i.e.*, July 1 to June 30. Items of revenue and appropriation are examined by the Director of the Division (the "Director") prior to final adoption of the budget. Revenue items are only permitted to be included in the budget in such amounts as may be reasonably expected to be realized in cash during the fiscal year. Appropriation items must be set forth in the form required by the Local Budget Law, and appropriations for certain purposes such as debt service, any preceding year's cash deficit and reserve for uncollected taxes are subject to the Director's approval in accordance with the requirements of the Local Budget Law. Upon adoption, the budget constitutes an appropriation for the purposes stated therein and an authorization of the amount to be raised by taxation. The amount to be raised by taxation as stated in the municipal budget shall be the amount to be raised by taxation for municipal purposes and for school purposes where school district costs are required to be included in the municipal budget.

The Director has no authority over individual operating appropriations unless a specific amount is required by law. However, the review functions, focusing on anticipated revenues, serve to protect the solvency of all local units.

The operating budgets of municipalities must be in balance, *i.e.*, the total of anticipated revenues must equal the total of appropriations. If in any year the municipality's expenditures exceed its realized revenues for that year, such excess (deficit) must then be raised in the succeeding year's budget.

Budget Process: The operating budget process includes submission of the budget to the governing body of the municipality, its approval by the governing body, its certification by the Director and its adoption thereafter by the governing body. The budget process usually consists of the review and, if appropriate, the modification of estimated appropriation requests of the operating directors and managers of the various municipal departments and agencies. Revenue estimates are made throughout the process to determine the amount of *ad valorem* taxes needed to balance the budget. Revenue estimates are provided by the various collecting agencies of the municipality and are based on previous years' receipts and instructions from the State as to what level of revenue to anticipate.

The governing body of each municipality is required to prepare and introduce an annual budget, after which it is advertised and reviewed at public hearings. Following introduction and initial approval of the budget, the governing body may amend the budget as it deems appropriate. If such amendments add a new item of appropriation in an amount in excess of 1% of the total amount of appropriations as stated in the approved budget, increase or decrease any item of appropriation by more than 10% or increase the amount to be raised by taxes by more than 5%, unless the same is made to include an emergency temporary appropriation only, the governing body must conduct a further public hearing with regard to such amendments. After the close of the hearing, and provided that the Director has approved the budget and any amendments thereto, the governing body may adopt the budget.

In order to provide for expenditures to be made in the period commencing with the beginning of a municipality's fiscal year and ending with adoption of the regular budget, temporary appropriations may be made by the governing body of the municipality through a resolution adopted within the first 30 days of the beginning of the municipality's fiscal year. Such temporary appropriations are normally made after the commencement of the fiscal year, and are generally limited to 25% of the total appropriations made for all purposes during the preceding fiscal year. Temporary appropriations required to be made for debt service, capital improvement funds and public assistance are not subject to this 25% limitation. All expenditures made against temporary appropriations must be provided for within the adopted budget.

Each municipality is required to forward to the County Board of Taxation (the "County Board") a certified copy of its operating budget, as adopted. Municipalities operating on a calendar fiscal year must transmit a copy of their budget to the County Board not later than 15 days following the adoption of the budget. Municipalities operating on the State fiscal year must transmit a copy of their budget to the County Board not later than 5 days following the adoption of the budget. In the event that the County Board has not received a copy of the budget resolution or other evidence showing the amount to be raised by taxation for the purposes of a taxing district, the County Board shall immediately notify the Director, who is authorized then to transmit to the County Board a certificate setting forth the amount required for the operation of the municipality for that fiscal year.

Capital Budget: In accordance with the Local Budget Law, each municipality must adopt and annually revise a six year capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures that the municipality may contemplate over the six-year period. Expenditures for capital purposes may be made either by ordinances adopted by the governing body of the municipality setting forth the items and the method of financing (including the authorization of bonds) or from the annual operating budget if the items were detailed.

The CAP Law

Sections 45.2 and 45.3 of Chapter 4 of Title 40A of the New Jersey Statutes (the "CAP Law") limit municipal expenditures. The CAP Law has been in effect since 1977 and has been amended several times. The CAP Law, as amended, generally limits increases of municipal appropriations over the previous year to no more than two and one-half percent (2.5%) or the index rate (the annual percentage increase in the U.S. Department of Commerce Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the year preceding the current year), whichever is less. However, certain expenditures, including, without limitation, expenditures for debt service, expenditures pursuant to any contract with respect to use, service or provision of any project, facility or public improvement for water or sewerage or payments on account of debt service therefore, expenditures mandated by federal or State law (after the effective date of the January 1, 1991 amendments) and capital expenditures, are excluded from the calculation of the permissible annual increase in municipal appropriations prescribed

under the CAP Law. Further, two procedures exist under which a municipality may increase the total amount of its municipal appropriations in excess of the applicable limitation: (i) by approval of the voters of the municipality; or (ii) to a limited extent, by adoption of an ordinance authorizing appropriations in excess of the applicable limitation.

Additionally, legislation constituting P.L. 2007, c. 62, effective on April 3, 2007, as amended by P.L. 2010, c. 44, effective on July 13, 2010, further amending the CAP Law, imposes a 2% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include, without limitation, increases required to be raised for debt service as defined by law (which includes the Borrower Bonds), extraordinary costs directly related to a declared emergency, and certain increases in pension contributions and health care costs over 2%. Voters may approve increases over 2% not otherwise permitted, by a vote of a majority of the voters voting on a public question. These amendments to the CAP Law do not limit the obligation of a Local Unit Borrower to levy *ad valorem* taxes upon all taxable real property within the Local Unit Borrower to pay debt service on its bonds or notes (which includes its Borrower Bonds). In addition, pursuant to Local Finance Notice Number 2011-36, issued on December 12, 2011 by the Division, the Division has made a determination that the amounts required to be paid by a Participant to a Special Obligation Borrower pursuant to a Borrower Service Agreement and necessary for a Special Obligation Borrower to meet its debt service obligations with respect to its Borrower Bonds may be considered the equivalent of municipal debt service and shall be treated as such for all purposes pursuant to the CAP Law.

The Local Fiscal Affairs Law

The Local Fiscal Affairs Law, constituting Chapter 5 of Title 40A of the New Jersey Statutes (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. The chief financial officer of every municipality must file with the Director a verified statement of the financial condition of the municipality and all constituent boards, committees or commissions as of the close of each fiscal year. For municipalities operating on a calendar fiscal year, this statement must be filed by February 10 following the close of the fiscal year. For municipalities operating on a State fiscal year, this statement must be filed not later than 21 days after the close of the State fiscal year.

An independent examination of the municipality's books, financial transactions and accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the municipality's financial procedures and must be filed with the Director following the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

C. Municipal Indebtedness

The Local Bond Law

Pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), a municipality may incur indebtedness, borrow money and authorize and issue negotiable obligations for financing any capital improvement or property that it may lawfully acquire or for any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financing). The power and obligation of any municipality to pay any and all bonds and notes issued pursuant to the Local Bond Law, including the Local Unit Bond issued to the New Jersey Infrastructure Bank (the “I-Bank”) to evidence the Loan, is unlimited, and the municipality shall levy *ad valorem* taxes upon all of the taxable property

within its boundaries, without limitation as to rate or amount, for the payment of the principal of and interest on such bonds or notes. Each municipality is required to include the total amount of interest and debt redemption charges payable on all of its general obligation indebtedness in its annual budget for the forthcoming fiscal year.

Enforcement of a claim for payment of principal of or interest on bonds and notes of any municipality will be subject to applicable provisions of federal bankruptcy laws and to statutory provisions, if any, heretofore or hereafter enacted by the Congress of the United States or by the Legislature of the State. Under State law, a county, municipality or other political subdivision may file a petition for readjustment of its debts under federal bankruptcy laws, but only after first receiving approval of the Local Finance Board in the Department of Community Affairs (the "Board").

A municipality has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes. Moreover, a municipality's net debt may not exceed 3.5% of the equalized valuation basis (as defined in the Local Bond Law) unless authorized by the Board. The authorization and issuance of municipal debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof and other related matters, are statutory. A municipality is not required to submit the proposed incurrence of indebtedness to a public referendum.

A municipality authorizes and issues obligations by adoption of a bond ordinance. Bond ordinances must be finally approved by the recorded affirmative vote of at least two-thirds of the full membership of the governing body of the municipality. The Local Bond Law requires publication and, in certain instances, posting of the ordinance. In addition, a public hearing must be held prior to the final passage of the bond ordinance. Under certain circumstances, the Board is required to approve or endorse an ordinance, in which case, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty days after the first publication thereof after final adoption. At the conclusion of the twenty-day estoppel period, all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded, except for constitutional matters. Moreover, pursuant to the terms of the Local Bond Law, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale, execution or delivery of such obligations by the municipality.

Bonds issued by a municipality under the Local Bond Law must mature within the average period of the useful lives of the purposes for which such bonds were issued as determined from the date of issuance of the bonds. Subject to certain exceptions, the authorization of obligations must usually be accompanied by a cash down payment of not less than 5% of the amount of obligations authorized. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for said purpose or by emergency resolution pursuant to the Local Budget Law. Per recent amendment of the Local Bond Law in 2015, the down payment requirement is no longer applicable to the authorization of obligations which involve environmental infrastructure projects funded by loans from the "New Jersey Infrastructure Bank," created pursuant to Chapter 11 of Title 58 of the New Jersey Statutes ("Infrastructure Trust Act"), or the State, acting by and through the Department of Environmental Protection.

The Municipal Qualified Bond Act

Bonds issued by a municipality, with the approval of the Board, may be further secured as "Qualified Bonds" pursuant to the Municipal Qualified Bond Act, constituting Chapter 3 of Title 40A of the New Jersey Statutes (the "Municipal Qualified Bond Act"). Pursuant to the Municipal Qualified Bond Act, a portion of State aid (the "Municipal Qualified Revenues") allocated to a municipality in amounts

sufficient to pay debt service on its Qualified Bonds is to be withheld by the State Treasurer and forwarded to the paying agent with respect to such Qualified Bonds (the "Municipal Paying Agent"), on or before the principal and interest payment dates for such Qualified Bonds, for deposit into accounts established for the purpose of paying debt service on such Qualified Bonds.

The Municipal Qualified Bond Act provides that the Municipal Qualified Revenues so withheld and paid or to be paid and held by the Municipal Paying Agent are deemed to be held in trust and exempt from being levied upon, taken, sequestered, or applied toward paying the debts of the City other than the payment of debt service on such Qualified Bonds of the applicable municipality issued for municipal purposes, water utility purposes, sewer utility purposes, or parking utility purposes entitled to the benefits of the Municipal Qualified Bond Act.

The Municipal Qualified Bond Act does not relieve a municipality of the obligation to include in its annual budget amounts necessary to pay, in each year, the principal or and interest on any such Qualified Bonds. Such budgeted amounts must be used to pay debt service on any such Qualified Bonds of the municipality in any year in which sufficient Municipal Qualified Revenues are not appropriated by the State. The State has covenanted in the Municipal Qualified Bond Act with the holders of Qualified Bonds that the State will not repeal, revoke, rescind, modify, or amend the provisions of the Municipal Qualified Bond Act in such a manner as to create any lien or charge on, or pledge, assignment, diversion, withholding payment or other use of, or deduction from, the Municipal Qualified Revenues of a municipality, which is prior or superior in right to the payment of debt service on the Qualified Bonds of such municipality.

The Municipal Qualified Bond Act does not contain a pledge or guarantee that any amounts payable to a Municipal Paying Agent will, in fact, be made or continued. Each such annual amount is subject to appropriation by the State. Moreover, the State is not required to continue to make appropriations of such amounts, nor is the State limited or prohibited from repealing or amending any law heretofore enacted for the payment or apportionment of such amounts or in the manner, time, or amount thereof. Further, the amount payable to the Municipal Paying Agent pursuant to the Municipal Qualified Bond Act does not constitute an additional source of revenue available to the applicable municipality.

D. Local Financing Authorities

The Local Authorities Fiscal Control Law

Under the Local Authorities Fiscal Control Law, constituting Chapter 5A of Title 40A of the New Jersey Statutes (the "Authorities Law"), local financing authorities are subject to regulation by the Division and the Board. The Authorities Law provides for State oversight of financial operations and debt of independent local authorities. The Authorities Law applies to all autonomous local public authorities such as municipal utilities authorities and sewerage authorities created by municipalities and counties.

The Board exercises approval power over the creation of new authorities as well as over the dissolution of authorities. The Board also reviews, conducts public hearings and issues findings and recommendations regarding any proposed project financing of an authority and any service agreement between a local government and an authority. The Board may prescribe minimum audit requirements to be followed by authorities in the conduct of their annual audits. In addition, the Director reviews and approves annual budgets of authorities. Per recent legislation constituting P.L. 2015, c. 95, effective on August 10, 2015 in amendment of the Infrastructure Trust Act, notes and bonds to be issued by authorities and other local government units to the I-Bank and State pursuant to the Infrastructure Trust Act are to be approved by the Director, notwithstanding any provisions in the Authorities Law to the contrary.

The Sewerage Authorities Cap Law

Pursuant to P.L. 2017, C. 290, effective on January 16, 2018, the Sewerage Authorities Law (N.J.S.A. 40:14A-1 *et seq*.) was further amended to provide as follows. Notwithstanding the provisions of any other law to the contrary, the budget of every regional sewerage authority created pursuant to the Sewerage Authorities Law shall be subject to the following provisions:

1. "(a) The percentage of growth in the fee-funded appropriations in the annual budget of a regional sewerage authority shall not exceed two percent per year; and the amount billed to the customers of the authority, or the amount billed to a local unit for its proportional share of the authority's expenses, as the case may be, shall not exceed that amount billed in the previous budget year to each customer or local unit, as the case may be, by more than two percent for a similar amount of use or service of the sewerage system. (b) A regional sewerage authority may add to the allowable growth in fee-funded appropriations in any one of the next three succeeding years, the amount of the difference between the maximum allowable increase in fee-funded appropriations for the current budget year pursuant to subparagraph (a) of this paragraph and the actual amount of fee-funded appropriations for the current budget year."

2. "The percentage of growth in the fee-funded appropriations in the annual budget of a regional sewerage authority shall be determined without consideration of any amounts appropriated by the authority for: (a) [among others identified by the amendment,] capital expenditures, including payment of principal or interest on bonds [such as the applicable Borrower Bonds] authorized or issued pursuant to [the Sewerage Authorities Law]…."

3. "Notwithstanding the limitations imposed by paragraph (1)[, above], a regional sewerage authority may apply to the Local Finance Board for a waiver to increase rents, rates, fees and charges to levels sufficient to compensate for loss or revenues due to reductions in the use or service of the sewerage system."

APPENDIX H-1

PROPOSED FORM OF APPROVING OPINION OF McCARTER & ENGLISH, LLP, BOND COUNSEL TO THE I-BANK, REGARDING THE SERIES 2020A-R1 REFUNDING BONDS

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APPENDIX H-1

PROPOSED FORM OF APPROVING OPINION OF McCARTER & ENGLISH, LLP, BOND COUNSEL TO THE I-BANK, REGARDING THE SERIES 2020A-R1 REFUNDING BONDS

[Letterhead of McCarter & English, LLP]

[Date of Closing]

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

Re: New Jersey Infrastructure Bank
Environmental Infrastructure Refunding Bonds, Series 2020A-R1
(2002A, 2003A, 2004A and 2006A Financing Programs) (Green Bonds)

Dear Members:

We have acted as Bond Counsel to the New Jersey Infrastructure Bank (the "I-Bank"), a public body corporate and politic under the laws of the State of New Jersey (the "State"), created pursuant to the "New Jersey Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State, as amended and supplemented (the "Act"), in connection with the issuance by the I-Bank of its $17,390,000 aggregate principal amount of "Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (2002A, 2003A, 2004A and 2006A Financing Programs) (Green Bonds)" (the "2020A-R1 Refunding Bonds"). The 2020A-R1 Refunding Bonds are being issued under and pursuant to (i) the Act, (ii) (a) with respect to the 2002A Allocable Portion as identified in the hereinafter defined Series 2020A-R1 Refunding Supplemental Bond Resolution (the "2002A Allocable Portion"), the "Environmental Infrastructure Bond Resolution, Series 2002A" of the I-Bank, duly adopted by the I-Bank on September 16, 2002 (the "Original 2002A Bond Resolution"), as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by (1) the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2007B (2002A Financing Program) of the New Jersey Environmental Infrastructure Trust", duly adopted by the I-Bank on January 11, 2007, (2) the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2010A of the New Jersey Environmental Infrastructure Trust", duly adopted by the I-Bank on July 8, 2010 (the "Series 2010A Refunding Supplemental Bond Resolution") and (3) the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2020A-R1 (2002A, 2003A, 2004A and 2006A Financing Programs) of the New Jersey Infrastructure Bank", duly adopted by the I-Bank on March 20, 2020, as the same will be amended and supplemented by a certificate of an authorized officer of the I-Bank dated the date of issuance of the Series 2020A-R1 Refunding Bonds (the "Series 2020A-R1 Refunding Supplemental Bond Resolution") (as so amended and supplemented from time to time, the "Series 2002A Bond Resolution"); (b) with respect to the 2003A Allocable Portion thereof as identified in the Series 2020A-R1 Refunding Supplemental Bond Resolution (the "2003A Allocable Portion"), the "Environmental Infrastructure Bond Resolution, Series 2003A" of the I-Bank, duly adopted by the I-Bank on September 15, 2003 (the "Original 2003A Bond Resolution"), as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by (1) the Series 2010A Refunding Supplemental Bond Resolution, (2) the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2012C-R (Federally Taxable) of the New Jersey Environmental Infrastructure Trust", duly adopted by the I-Bank on July 12, 2012, and (3) the Series 2020A-R1 Refunding Supplemental Bond Resolution (as so amended and supplemented from time to time, the "Series 2003A Bond Resolution"); (c) with respect to the 2004A Allocable Portion thereof as identified in

the Series 2020A-R1 Refunding Supplemental Bond Resolution (the "2004A Allocable Portion"), the "Environmental Infrastructure Bond Resolution, Series 2004A" of the I-Bank, duly adopted by the I-Bank on September 20, 2004 (the "Original 2004A Bond Resolution"), as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by (1) the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2007C (2004A Financing Program) of the New Jersey Environmental Infrastructure Trust", duly adopted by the I-Bank on January 11, 2007, (2) the Series 2010A Refunding Supplemental Bond Resolution, (3) the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2012A-R of the New Jersey Environmental Infrastructure Trust", duly adopted by the I-Bank on July 12, 2012 (the "Series 2012A-R Refunding Supplemental Bond Resolution"), and (4) the Series 2020A-R1 Refunding Supplemental Bond Resolution (as so amended and supplemented from time to time, the "Series 2004A Bond Resolution"); and (d) with respect to the 2006A Allocable Portion thereof as identified in the Series 2020A-R1 Refunding Supplemental Bond Resolution (the "2006A Allocable Portion"; the 2002A Allocable Portion, the 2003A Allocable Portion, the 2004A Allocable Portion and the 2006A Allocable Portion shall be referred to collectively herein as the "Refunding Program Allocable Portions"), the "Environmental Infrastructure Bond Resolution, Series 2006A" of the I-Bank, duly adopted by the I-Bank on September 19, 2006 (the "Original 2006A Bond Resolution"; the Original 2002A Bond Resolution, the Original 2003A Bond Resolution, the Original 2004A Bond Resolution and the Original 2006A Bond Resolution shall be referred to collectively herein as the "Original Refunding Program Bond Resolutions"), as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by (1) the Series 2010A Refunding Supplemental Bond Resolution, (2) the Series 2012A-R Refunding Supplemental Bond Resolution, and (3) the Series 2020A-R1 Refunding Supplemental Bond Resolution (as so amended and supplemented from time to time, the "Series 2006A Bond Resolution"; the Series 2002A Bond Resolution, the Series 2003A Bond Resolution, the Series 2004A Bond Resolution and the Series 2006A Bond Resolution shall be referred to collectively herein as "Refunding Program Bond Resolutions") and (iii) other applicable law. Unless otherwise noted, capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Refunding Program Bond Resolutions.

With respect to the 2002A Allocable Portion, the 2020A-R1 Refunding Bonds are being issued to provide funds that will finance (i) the current refunding (the "2020 Refunding of the 2002A Bonds to be Refunded") and (ii) the defeasance (the "2002A Bond Defeasance") of a portion (the "2002A Bonds to be Refunded") of the currently outstanding principal amount of the I-Bank's "Environmental Infrastructure Refunding Bonds, Series 2010A", issued on August 18, 2010 in the original aggregate principal amount of $68,570,000 (the "Series 2010A Refunding Bonds"), to the extent of the 2002A Allocable Portion thereof. The 2002A Bond Defeasance is scheduled to occur upon issuance of the 2020A-R1 Refunding Bonds. Therefore, upon issuance of the 2020A-R1 Refunding Bonds and upon the 2002A Bond Defeasance, the 2002A Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the Series 2002A Bond Resolution. However, the following Bonds, in addition to the 2002A Allocable Portion of the Series 2020A-R1 Refunding Bonds, shall remain outstanding pursuant to the terms of the Series 2002A Bond Resolution: (i) the 2002A Allocable Portion of the Series 2010A Refunding Bonds that does not constitute 2002A Bonds to be Refunded and shall not be the subject of the 2002A Bond Defeasance, which 2002A Allocable Portion of the Series 2010A Refunding Bonds matures on September 1, 2020 and currently remains outstanding in the principal amount of $40,000; and (ii) the I-Bank's "Environmental Infrastructure Refunding Bonds, Series 2007B (2002A Financing Program)", dated and issued on September 26, 2007 in the original aggregate principal amount of $37,440,000 (the "Series 2007B Refunding Bonds") maturing on September 1, 2020 through and including September 1, 2022 that currently remain outstanding in the principal amount of $14,490,000 (collectively, the "Remaining Outstanding Series 2002A Bonds"). The I-Bank's "Environmental Infrastructure Refunding Bonds, Series 2002A", dated October 15, 2002, in the original aggregate principal amount of $90,310,000 (the "Original 2002A Bonds") no longer remain outstanding pursuant to the terms of the Series 2002A Bond Resolution.

With respect to the 2003A Allocable Portion, the 2020A-R1 Refunding Bonds are being issued to provide funds that will finance (i) the current refunding (the "2020 Refunding of the 2003A Bonds to be Refunded") and (ii) the defeasance (the "2003A Bond Defeasance") of a portion (the "2003A Bonds to be Refunded") of the currently outstanding principal amount of the Series 2010A Refunding Bonds, to the extent of the 2003A Allocable Portion thereof. The 2003A Bond Defeasance is scheduled to occur upon issuance of the 2020A-R1 Refunding Bonds. Therefore, upon issuance of the 2020A-R1 Refunding Bonds and upon the 2003A Bond Defeasance, the 2003A Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the Series 2003A Bond

Resolution. However, the following Bonds, in addition to the 2003A Allocable Portion of the Series 2020A-R1 Refunding Bonds, shall remain outstanding pursuant to the terms of the Series 2003A Bond Resolution: (i) the 2003A Allocable Portion of the Series 2010A Refunding Bonds that does not constitute 2003A Bonds to be Refunded and shall not be the subject of the 2003A Bond Defeasance, which 2003A Allocable Portion of the Series 2010A Refunding Bonds matures on September 1, 2020 and currently remains outstanding in the principal amount of $2,860,000; and (ii) the I-Bank's "Environmental Infrastructure Refunding Bonds, Series 2012C-R (Federally Taxable)", dated and issued on August 23, 2012 in the original aggregate principal amount of $9,010,000 maturing on September 1, 2020 through and including September 1, 2023 that currently remain outstanding in the principal amount of $3,620,000 (collectively, the "Remaining Outstanding Series 2003A Bonds"). The I-Bank's "Environmental Infrastructure Refunding Bonds, Series 2003A", dated October 15, 2003, in the original aggregate principal amount of $66,420,000 (the "Original 2003A Bonds") no longer remain outstanding pursuant to the terms of the Series 2003A Bond Resolution.

With respect to the 2004A Allocable Portion, the 2020A-R1 Refunding Bonds are being issued to provide funds that will finance (i) the current refunding (the "2020 Refunding of the 2004A Bonds to be Refunded") and (ii) the defeasance (the "2004A Bond Defeasance") of a portion (the "2004A Bonds to be Refunded") of the currently outstanding principal amount of the Series 2010A Refunding Bonds, to the extent of the 2004A Allocable Portion thereof. The 2004A Bond Defeasance is scheduled to occur upon issuance of the 2020A-R1 Refunding Bonds. Therefore, upon issuance of the 2020A-R1 Refunding Bonds and upon the 2004A Bond Defeasance, the 2004A Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the Series 2004A Bond Resolution. However, the following Bonds, in addition to the 2004A Allocable Portion of the Series 2020A-R1 Refunding Bonds, shall remain outstanding pursuant to the terms of the Series 2004A Bond Resolution: (i) the 2004A Allocable Portion of the Series 2010A Refunding Bonds that does not constitute 2004A Bonds to be Refunded and shall not be the subject of the 2004A Bond Defeasance, which 2004A Allocable Portion of the Series 2010A Refunding Bonds matures on September 1, 2020 and currently remains outstanding in the principal amount of $280,000; (ii) Series 2007B Refunding Bonds maturing on September 1, 2020 through and including September 1, 2022 that currently remain outstanding in the principal amount of $20,765,000; and (iii) the Series 2004A Allocable Portion of the I-Bank's "Environmental Infrastructure Refunding Bonds, Series 2012A-R", dated and issued on August 23, 2012 in the original aggregate principal amount of $200,900,000 (the "Series 2012A-R Refunding Bonds") maturing on September 1, 2023 through and including September 1, 2024 that currently remain outstanding in the principal amount of $14,421,375 (collectively, the "Remaining Outstanding Series 2004A Bonds"). The I-Bank's "Environmental Infrastructure Refunding Bonds, Series 2004A", dated November 4, 2004, in the original aggregate principal amount of $115,270,000 (the "Original 2004A Bonds") no longer remain outstanding pursuant to the terms of the Series 2004A Bond Resolution.

With respect to the 2006A Allocable Portion, the 2020A-R1 Refunding Bonds are being issued to provide funds that will finance (i) the current refunding (the "2020 Refunding of the 2006A Bonds to be Refunded"; the 2020 Refunding of the 2002A Bonds to be Refunded, the 2020 Refunding of the 2003A Bonds to be Refunded, the 2020 Refunding of the 2004A Bonds to be Refunded and the 2020 Refunding of the 2006A Bonds to be Refunded shall be referred to collectively herein as the "2020 Refunding of the Refunding Program Bonds to be Refunded") and (ii) the defeasance (the "2006A Bond Defeasance"; the 2002A Bond Defeasance, the 2003A Bond Defeasance, the 2004A Bond Defeasance and the 2006A Bond Defeasance shall be referred to collectively herein as the "Refunding Program Bond Defeasances") of a portion (the "2006A Bonds to be Refunded"; the 2002A Bonds to be Refunded, the 2003A Bonds to be Refunded, the 2004A Bonds to be Refunded and the 2006A Bonds to be Refunded shall be referred to collectively herein as the "Refunding Program Bonds to be Refunded") of the currently outstanding principal amount of the Series 2010A Refunding Bonds, to the extent of the 2006A Allocable Portion thereof. The 2006A Bond Defeasance is scheduled to occur upon issuance of the 2020A-R1 Refunding Bonds. Therefore, upon issuance of the 2020A-R1 Refunding Bonds and upon the 2006A Bond Defeasance, the 2006A Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the Series 2006A Bond Resolution. However, the following Bonds, in addition to the 2006A Allocable Portion of the Series 2020A-R1 Refunding Bonds, shall remain outstanding pursuant to the terms of the Series 2006A Bond Resolution: the Series 2006A Allocable Portion of the Series 2012A-R Refunding Bonds maturing on September 1, 2020 through and including September 1, 2026 that currently remains outstanding in the principal amount of $57,403,271 (collectively, the "Remaining Outstanding Series 2006A Bonds"; the Remaining Outstanding Series 2002A Bonds, the Remaining Outstanding Series 2003A Bonds, the Remaining Outstanding Series 2004A Bonds and the Remaining Outstanding Series 2006A Bonds shall be referred to collectively herein as the "Remaining Outstanding

Refunding Program Bonds"). The I-Bank's "Environmental Infrastructure Refunding Bonds, Series 2006A", dated and issued on November 9, 2006 in the original aggregate principal amount of $148,850,000 (the "Original 2006A Bonds"; the Original 2002A Bonds, the Original 2003A Bonds, the Original 2004A Bonds and the Original 2006A Bonds shall be referred to collectively herein as the "Original Refunding Program Bonds") no longer remain outstanding pursuant to the terms of the Series 2006A Bond Resolution.

The respective Original Refunding Program Bonds originally were issued to finance or refinance the making of loans (respectively, the "2002A I-Bank Loans", the "2003A I-Bank Loans", the "2004A I-Bank Loans" and the "2006A I-Bank Loans", which shall be referred to collectively herein as the "Refunding Program Borrower I-Bank Loans") for certain costs of environmental infrastructure projects undertaken by various qualifying borrowers in the State (respectively, the "2002A Borrowers", the "2003A Borrowers", the "2004A Borrowers" and the "2006A Borrowers", which shall be referred to collectively herein as the "Refunding Program Borrowers"). In connection with the making of the respective Refunding Program Borrower I-Bank Loans, the I-Bank entered into a "Loan Agreement" with each 2002A Borrower, dated as of November 1, 2002 (each a "2002A I-Bank Loan Agreement"), each 2003A Borrower, dated as of November 1, 2003 (each a "2003A I-Bank Loan Agreement"), each 2004A Borrower, dated as of November 1, 2004 (each a "2004A I-Bank Loan Agreement"), and each 2006A Borrower, dated as of November 1, 2006 (each a "2006A I-Bank Loan Agreement"; the 2002A I-Bank Loan Agreements, the 2003A I-Bank Loan Agreements, the 2004A Trust I-Bank Agreements and the 2006A I-Bank Loan Agreements shall be referred to collectively herein as the "Refunding Program Borrower I-Bank Loan Agreements"). The 2002A I-Bank Loan repayment obligations of each 2002A Borrower pursuant to its respective 2002A I-Bank Loan Agreement are evidenced and secured by a bond (the "2002A Borrower I-Bank Loan Bond") issued by each such 2002A Borrower. The 2003A I-Bank Loan repayment obligations of each 2003A Borrower pursuant to its respective 2003A I-Bank Loan Agreement are evidenced and secured by a bond (the "2003A Borrower I-Bank Loan Bond") issued by each such 2003A Borrower. The 2004A I-Bank Loan repayment obligations of each 2004A Borrower pursuant to its respective 2004A I-Bank Loan Agreement are evidenced and secured by a bond (the "2004A Borrower I-Bank Loan Bond") issued by each such 2004A Borrower. The 2006A I-Bank Loan repayment obligations of each 2006A Borrower pursuant to its respective 2006A I-Bank Loan Agreement are evidenced and secured by a bond (the "2006A Borrower I-Bank Loan Bond"; the 2002A Borrower I-Bank Loan Bonds, the 2003A Borrower I-Bank Loan Bonds, the 2004A Borrower I-Bank Loan Bonds and the 2006A Borrower I-Bank Loan Bonds shall be referred to herein collectively as the "Refunding Program Borrower I-Bank Loan Bonds") issued by each such 2006A Borrower.

The 2020A-R1 Refunding Bonds are "Refunding Bonds" pursuant to the terms of (i) to the extent of the 2002A Allocable Portion, the Series 2002A Bond Resolution, (ii) to the extent of the 2003A Allocable Portion, the Series 2003A Bond Resolution, (iii) to the extent of the 2004A Allocable Portion, the Series 2004A Bond Resolution and (iv) to the extent of the 2006A Allocable Portion, the Series 2006A Bond Resolution.

Upon their issuance, the 2020A-R1 Refunding Bonds, to the extent of the 2002A Allocable Portion, shall be on parity with the Remaining Outstanding Series 2002A Bonds and shall be entitled to the same benefit and security of the Series 2002A Bond Resolution, including, without limitation, the pledge pursuant thereto of the "Trust Estate" (the "2002A Trust Estate"), as the Remaining Outstanding Series 2002A Bonds. Upon their issuance, the 2020A-R1 Refunding Bonds, to the extent of the 2003A Allocable Portion, shall be on parity with the Remaining Outstanding Series 2003A Bonds and shall be entitled to the same benefit and security of the Series 2003A Bond Resolution, including, without limitation, the pledge pursuant thereto of the "Trust Estate" (the "2003A Trust Estate"), as the Remaining Outstanding Series 2003A Bonds. Upon their issuance, the 2020A-R1 Refunding Bonds, to the extent of the 2004A Allocable Portion, shall be on parity with the Remaining Outstanding Series 2004A Bonds and shall be entitled to the same benefit and security of the Series 2004A Bond Resolution, including, without limitation, the pledge pursuant thereto of the "Trust Estate" (the "2004A Trust Estate"), as the Remaining Outstanding Series 2004A Bonds. Upon their issuance, the 2020A-R1 Refunding Bonds, to the extent of the 2006A Allocable Portion, shall be on parity with the Remaining Outstanding Series 2006A Bonds and shall be entitled to the same benefit and security of the Series 2006A Bond Resolution, including, without limitation, the pledge pursuant thereto of the "Trust Estate" (the "2006A Trust Estate"; the 2002A Trust Estate, the 2003A Trust Estate, the 2004A Trust Estate and the 2006A Trust Estate shall be referred to collectively herein as the "Refunding Program Trust Estates"), as the Remaining Outstanding Series 2006A Bonds.

The respective Refunding Program Trust Estates includes, *inter alia*, (i) the respective Refunding Program Borrower I-Bank Loan repayments and (ii) certain payments to be made pursuant to the Master Program Trust Agreement, dated as of November 1, 1995 (the "Master Program Trust Agreement"), by and among the I-Bank, the State, United States Trust Company of New York, as original master program trustee thereunder, The Bank of New York (NJ) (predecessor to The Bank of New York Mellon), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to U.S. Bank National Association), in several capacities thereunder, and as acknowledged and consented to by AMBAC Indemnity Corporation, Financial Guaranty Insurance Company and MBIA Insurance Corporation, as the same has been and in the future may be amended from time to time in accordance with the terms thereof. In accordance with 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, and entered into pursuant to the successor provisions set forth in the Master Program Trust Agreement, State Street Bank & Trust Company, N.A. (predecessor to U.S. Bank Trust National Association) became the master program trustee (the "Master Program Trustee") as of November 1, 2001.

In issuing the 2020A-R1 Refunding Bonds and in effecting (i) the 2020 Refunding of the Refunding Program Bonds to be Refunded and (ii) the respective Refunding Program Bond Defeasances, the respective Refunding Program Borrower I-Bank Loan Agreements and the respective Refunding Program Borrower I-Bank Loan Bonds have not been amended or supplemented. Pursuant to the respective Refunding Program Borrower I-Bank Loan Agreements, the respective Refunding Program Borrowers have acknowledged that the Refunding Program Borrower I-Bank Loans repayments of each such Refunding Program Borrower, as part of the respective Refunding Program Trust Estates, will be applied by the I-Bank to the payment of the principal of and interest on the 2020A-R1 Refunding Bonds, to the extent of the respective Refunding Program Allocable Portions, and the respective Remaining Outstanding Refunding Program Bonds. In effecting the 2020 Refunding of the Refunding Program Bonds to be Refunded, the I-Bank has determined that the respective Refunding Program Borrower I-Bank Loan repayments will be equal to or greater than the amounts necessary to pay the principal of and interest on the 2020A-R1 Refunding Bonds, to the extent of the applicable Allocable Portion, and the respective Remaining Outstanding Refunding Program Bonds.

Simultaneously with the issuance of the 2020A-R1 Refunding Bonds, the I-Bank, the 2020A-R1 Refunding Fiduciary (as hereinafter defined) and the Master Program Trustee have entered into that certain "I-Bank Continuing Disclosure Agreement", dated as of May 1, 2020 (the "Continuing Disclosure Agreement"; the Refunding Program Borrower I-Bank Loan Agreements, the Master Program Trust Agreement and the Continuing Disclosure Agreement shall be referred to collectively herein as the "I-Bank Documents"), relating to the 2020A-R1 Refunding Bonds.

The 2020A-R1 Refunding Bonds are dated and shall bear interest from the date of issuance thereof, and will mature on September 1 in the years and in the principal amounts, and bear interest at the respective rates per annum, as provided therein and in the Series 2020A-R1 Supplemental Refunding Bond Resolution.

Interest on the 2020A-R1 Refunding Bonds is payable on March 1 and September 1 in each year, commencing September 1, 2020, by check or draft mailed by, or so long as DTC (as hereinafter defined) or its nominee is the registered owner of all of the 2020A-R1 Refunding Bonds by wire sent by, U.S. Bank National Association, Edison, New Jersey (the "2020A-R1 Refunding Fiduciary"). Principal of the 2020A-R1 Refunding Bonds is payable upon the surrender thereof at the corporate trust office of the 2020A-R1 Refunding Fiduciary.

The 2020A-R1 Refunding Bonds are issued in fully registered form, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Purchases of the 2020A-R1 Refunding Bonds will be made in book-entry-only form (without certificates) in denominations of $5,000 each or any whole multiple thereof. So long as DTC or its nominee is the registered owner of the 2020A-R1 Refunding Bonds, payments of the principal of and interest on the 2020A-R1 Refunding Bonds will be made by the 2020A-R1 Refunding Fiduciary directly to Cede & Co., as nominee for DTC. Disbursal of such payments to the DTC participants is the responsibility of DTC, and disbursal of such payments to the beneficial owners of the 2020A-R1 Refunding Bonds is the responsibility of the DTC participants.

The 2020A-R1 Refunding Bonds are not subject to optional redemption or mandatory sinking fund redemption prior to their stated maturity dates.

In our capacity as Bond Counsel to the I-Bank, we have examined the Constitution and statutes of the State, including, without limitation, the Act, and such documents, records of the I-Bank and other instruments as we have deemed necessary to enable us to express the opinions set forth below, including, without limitation, original counterparts or certified copies of the Refunding Program Bond Resolutions, the Refunding Program Borrower I-Bank Loan Agreements, the Refunding Program Borrower I-Bank Loan Bonds, the Master Program Trust Agreement, the Continuing Disclosure Agreement and the other documents, including, without limitation, certifications of the I-Bank, listed in the closing index relating to the 2020A-R1 Refunding Bonds filed with the 2020A-R1 Refunding Fiduciary (the "Closing Index"). As to matters of fact, we have relied upon the representations and certifications of the I-Bank and, where we have deemed appropriate, representations or other certifications of public officials, as set forth in, *inter alia,* the I-Bank Documents, the Refunding Program Bond Resolutions and the certifications of the I-Bank identified in the Closing Index. Further, in expressing such opinions, we have relied upon the genuineness, truthfulness and completeness of the resolutions, documents, representations, certifications, records and instruments referred to above.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance and delivery of the 2020A-R1 Refunding Bonds in order to assure that interest on the 2020A-R1 Refunding Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. In the "Certificate as to Arbitrage and Instructions as to Compliance with Provisions of Section 103(a) of the Internal Revenue Code of 1986, as Amended" (the "2020 Tax Certificate"), which is being delivered in connection with the issuance of the 2020A-R1 Refunding Bonds (but which does not constitute a covenant under the Refunding Program Bond Resolutions), the I-Bank represents that it expects and intends to be able to comply with and will, to the extent permitted by law, comply with the provisions and procedures set forth in the 2020 Tax Certificate and will do and perform all acts and things necessary or desirable in order to assure that, under the Code as currently in force, interest on the 2020A-R1 Refunding Bonds will, for purposes of federal income taxation, be excluded from gross income of the owners thereof. Each Refunding Program Borrower has made certain tax covenants in its applicable Refunding Program Borrower I-Bank Loan Agreement, including, without limitation, a covenant not to take any action or fail to take any action that would cause interest on the Original Refunding Program Bonds and the 2020A-R1 Refunding Bonds to lose the exclusion from gross income under Section 103 of the Code. We have assumed, with your permission, continuing compliance (i) by the I-Bank with the provisions and procedures set forth in the 2020 Tax Certificate and (ii) by the Refunding Program Borrowers with the above referenced covenants in rendering our opinion with respect to the exclusion of interest on the 2020A-R1 Refunding Bonds from gross income for federal income tax purposes and with respect to interest on the 2020A-R1 Refunding Bonds not constituting an item of tax preference.

Based upon and subject to the foregoing and, with your permission, the further assumptions and qualifications set forth below, it is our opinion that:

1. The I-Bank has been duly created and is validly existing as a public body corporate and politic under the provisions of the Constitution and statutes of the State, including, without limitation, the Act, with power to adopt the Refunding Program Bond Resolutions, to enter into the Refunding Program Borrower I-Bank Loan Agreements and the Master Program Trust Agreement and to issue the 2020A-R1 Refunding Bonds.

2. The Series 2020A-R1 Supplemental Refunding Bond Resolution (i) has been duly and lawfully adopted by the I-Bank in accordance with the provisions of each of the Original Refunding Program Bond Resolutions and the Act, (ii) constitutes a "Supplemental Resolution" as defined in each of the Original Refunding Program Bond Resolutions, and (iii) is authorized or permitted by the provisions of each of the Original Refunding Program Bond Resolutions. The order, certificates and amounts of money that are delivered or paid, as the case may be, to the 2020A-R1 Refunding Fiduciary in accordance with the provisions of Section 2.04 of each of the Original Refunding Program Bond Resolutions constitute compliance with the conditions stated therein for the authentication and delivery of the 2020A-R1 Refunding Bonds as "Refunding Bonds" thereunder. The Refunding Program Bond Resolutions have been duly and lawfully adopted by the I-Bank, are in full force and effect, are valid and binding upon the I-Bank and are enforceable against the I-Bank in accordance with their respective terms, and no other authorization for the Refunding Program Bond Resolutions is required. The Refunding Program Bond Resolutions

create the valid pledge that they respectively purports to create of the respective Refunding Program Trust Estates, including, without limitation, payments made to the I-Bank pursuant to the respective Refunding Program Borrower I-Bank Loan Agreements.

3. The Master Program Trust Agreement has been duly and lawfully authorized, executed and delivered by the I-Bank, is in full force and effect, and is a valid and binding agreement enforceable against the I-Bank in accordance with its terms, and no other authorization by the I-Bank for the Master Program Trust Agreement is required. The Master Program Trust Agreement creates the valid pledge that it purports to create of the moneys and securities on deposit in the Master Program Trust Account (as defined therein) (and all subaccounts therein) to the extent and for the purposes set forth in the Master Program Trust Agreement.

4. The Refunding Program Borrower I-Bank Loan Agreements and the Continuing Disclosure Agreement have each been duly and lawfully authorized, executed and delivered by the I-Bank, are in full force and effect, and are each valid and binding agreements enforceable against the I-Bank in accordance with their respective terms, and no other authorization by the I-Bank for any of the Refunding Program Borrower I-Bank Loan Agreements or the Continuing Disclosure Agreement is required.

5. The I-Bank is duly authorized and entitled to issue the 2020A-R1 Refunding Bonds. The 2020A-R1 Refunding Bonds have been duly and validly authorized and issued by the I-Bank in accordance with applicable law, including, without limitation, the Act, and in accordance with the Refunding Program Bond Resolutions, are valid and binding obligations of the I-Bank enforceable against the I-Bank in accordance with their terms and the terms of the Refunding Program Bond Resolutions, and are entitled to the benefits of the Refunding Program Bond Resolutions, to the extent provided therein, and the Act. Neither the State nor any political subdivision thereof (other than the I-Bank, but solely to the extent of the applicable Refunding Program Trust Estate) is obligated to pay the principal of or interest on the 2020A-R1 Refunding Bonds, and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the 2020A-R1 Refunding Bonds. The I-Bank has no taxing power.

6. Under existing law, interest on the 2020A-R1 Refunding Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the 2020A-R1 Refunding Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. We express no opinion regarding any other federal income tax consequences arising with respect to the 2020A-R1 Refunding Bonds. Interest on the 2020A-R1 Refunding Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

In rendering the opinions set forth above, we note that the enforceability of rights or remedies with respect to the Refunding Program Bond Resolutions, the I-Bank Documents and the 2020A-R1 Refunding Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or remedies heretofore or hereafter enacted and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

In rendering the opinions contained in paragraph 3 above, we have relied upon the opinion, dated the date hereof, of independent counsel to the Master Program Trustee with respect to the due authorization, execution and delivery of the Master Program Trust Agreement by the Master Program Trustee.

In rendering the opinions contained in paragraphs 4 and 6 above, we have relied and continue to rely upon the respective opinions, dated the date of issuance of the Original Refunding Program Bonds, of independent counsel to each of the respective Refunding Program Borrowers with respect to (i) the due authorization, execution and delivery of the respective Refunding Program Borrower I-Bank Loan Agreements by each of such respective Refunding Program Borrowers and (ii) certain legal consequences concerning the intended use by the Refunding Program Borrowers of the proceeds of the loan financing provided by the I-Bank to such respective Refunding Program Borrowers, and we rely upon continued compliance with the covenants set forth in the respective Refunding Program Borrower I-Bank Loan Agreements by each of the Refunding Program Borrowers.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date hereof and are subject to any

amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or to any laws or judicial decisions hereafter enacted or rendered.

Our engagement by the I-Bank with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of any laws or judicial decisions hereafter enacted or rendered that impact on this opinion letter.

This opinion letter is being furnished solely to the person to whom this opinion letter is addressed and may not be relied upon by any other person without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

We have examined an executed 2020A-R1 Refunding Bond and, in our opinion, the form of said 2020A-R1 Refunding Bond and its execution are regular and proper.

Very truly yours,

APPENDIX H-2

PROPOSED FORM OF APPROVING OPINION OF McCARTER & ENGLISH, LLP, BOND COUNSEL TO THE I-BANK, REGARDING THE SERIES 2020C-R1 REFUNDING BONDS

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APPENDIX H-2

PROPOSED FORM OF APPROVING OPINION OF McCARTER & ENGLISH, LLP, BOND COUNSEL TO THE I-BANK, REGARDING THE SERIES 2020C-R1 REFUNDING BONDS

[Letterhead of McCarter & English, LLP]

[Date of Closing]

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

Re: New Jersey Infrastructure Bank
Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program)
(Federally Taxable) (Green Bonds)

Dear Members:

We have acted as Bond Counsel to the New Jersey Infrastructure Bank (the "I-Bank"), a public body corporate and politic under the laws of the State of New Jersey (the "State"), created pursuant to the "New Jersey Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State, as amended and supplemented (the "Act"), in connection with the issuance by the I-Bank of its $40,795,000 aggregate principal amount of "Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) (Federally Taxable) (Green Bonds)" (the "2020C-R1 Refunding Bonds"). The 2020C-R1 Refunding Bonds are being issued under and pursuant to (i) the Act, (ii) the "Environmental Infrastructure Bond Resolution, Series 2012A", adopted by the I-Bank on March 15, 2012 (the "Original 2012A Bond Resolution"), as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2020C-R1 (2012A Financing Program) (Federally Taxable) of the New Jersey Infrastructure Bank", adopted by the I-Bank on March 20, 2020, as further amended and supplemented by a certificate of an authorized officer of the I-Bank dated the date of issuance of the 2020C-R1 Refunding Bonds (the "Series 2020C-R1 Refunding Supplemental Bond Resolution") (as so amended and supplemented, the "2012A Bond Resolution"), and (iii) other applicable law. Unless otherwise noted, capitalized terms used but not defined herein shall have the meanings ascribed thereto in the 2012A Bond Resolution.

The 2020C-R1 Refunding Bonds are being issued to provide funds that will finance (i) the advance refunding (the "2020 Refunding of the 2012A Bonds to be Refunded") and (ii) the defeasance (the "2012A Bond Defeasance") of a portion of the currently outstanding principal amount (the "2012A Bonds to be Refunded") of the I-Bank's "Environmental Infrastructure Bonds, Series 2012A", issued on May 3, 2012, in the original aggregate principal amount of $67,765,000 (the "Original 2012A Bonds"). The 2012A Bond Defeasance is scheduled to occur upon issuance of the 2020C-R1 Refunding Bonds. Therefore, upon issuance of the 2020C-R1 Refunding Bonds and upon the 2012A Bond Defeasance, the 2012A Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the 2012A Bond Resolution. However, Original 2012A Bonds maturing on September 1, 2020 through and including September 1, 2021 and currently outstanding in the principal amount of $6,670,000, which Original 2012A Bonds shall not be the subject of the 2012A Bond Defeasance (the "Remaining Outstanding 2012A Bonds"), shall remain outstanding pursuant to the terms of the 2012A Bond Resolution.

The Original 2012A Bonds originally were issued to finance or refinance the making of loans (the "2012A I-Bank Loans") for certain costs of environmental infrastructure projects undertaken by various qualifying

borrowers in the State (the "2012A Borrowers"). In connection with the making of the respective 2012A I-Bank Loans, the I-Bank entered into a "Loan Agreement" with each 2012A Borrower, dated as of May 1, 2012 (each a "2012A I-Bank Loan Agreement"). The 2012A I-Bank Loan repayment obligations of each 2012A Borrower pursuant to its respective 2012A I-Bank Loan Agreement are evidenced and secured by a bond (the "2012A Borrower I-Bank Loan Bond") issued by each such 2012A Borrower.

The 2020C-R1 Refunding Bonds are "Refunding Bonds" pursuant to the terms of the 2012A Bond Resolution.

Upon their issuance, the 2020C-R1 Refunding Bonds shall be on parity with the Remaining Outstanding 2012A Bonds and shall be entitled to the same benefits and security of the 2012A Bond Resolution, including, without limitation, the pledge pursuant thereto of the "Trust Estate" (the "2012A Trust Estate"), as the Remaining Outstanding 2012A Bonds.

The 2012A Trust Estate includes, *inter alia*, (i) the 2012A I-Bank Loan repayments and (ii) certain payments to be made pursuant to the Master Program Trust Agreement, dated as of November 1, 1995 (the "Master Program Trust Agreement"), by and among the I-Bank, the State, United States Trust Company of New York, as original master program trustee thereunder, The Bank of New York (NJ) (predecessor to The Bank of New York Mellon), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to U.S. Bank National Association), in several capacities thereunder, and as acknowledged and consented to by AMBAC Indemnity Corporation, Financial Guaranty Insurance Company and MBIA Insurance Corporation, as the same has been and in the future may be amended from time to time in accordance with the terms thereof. In accordance with 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, and entered into pursuant to the successor provisions set forth in the Master Program Trust Agreement, State Street Bank & Trust Company, N.A. (predecessor to U.S. Bank Trust National Association) became the master program trustee (the "Master Program Trustee") as of November 1, 2001.

In issuing the 2020C-R1 Refunding Bonds and in effecting (i) the 2020 Refunding of the 2012A Bonds to be Refunded and (ii) the 2012A Bond Defeasance, the 2012A I-Bank Loan Agreements and the 2012A Borrower I-Bank Loan Bonds have not been amended or supplemented. Pursuant to the 2012A I-Bank Loan Agreements, the respective 2012A Borrowers have acknowledged that the 2012A I-Bank Loan repayments of each such 2012A Borrower, as part of the 2012A Trust Estate, will be applied by the I-Bank to the payment of the principal of and interest on the 2020C-R1 Refunding Bonds and the Remaining Outstanding 2012A Bonds. In effecting the 2020 Refunding of the 2012A Bonds to be Refunded, the I-Bank has determined that the respective 2012A I-Bank Loan repayments will be equal to or greater than the amounts necessary to pay the principal of and interest on the 2020C-R1 Refunding Bonds and the Remaining Outstanding 2012A Bonds.

Simultaneously with the issuance of the 2020C-R1 Refunding Bonds, the I-Bank, the Trustee (as hereinafter defined) and the Master Program Trustee have entered into that certain "I-Bank Continuing Disclosure Agreement", dated as of May 1, 2020 (the "Continuing Disclosure Agreement"; the 2012A I-Bank Loan Agreements, the Master Program Trust Agreement and the Continuing Disclosure Agreement shall be referred to collectively herein as the "I-Bank Documents"), relating to the 2020C-R1 Refunding Bonds.

The 2020C-R1 Refunding Bonds are dated and shall bear interest from the date of issuance thereof, and will mature on September 1 in the years and in the principal amounts, and bear interest at the respective rates per annum, as provided therein and in the Series 2020C-R1 Supplemental Refunding Bond Resolution.

Interest on the 2020C-R1 Refunding Bonds is payable on March 1 and September 1 in each year, commencing September 1, 2020, by check or draft mailed by, or so long as DTC (as hereinafter defined) or its nominee is the registered owner of all of the 2020C-R1 Refunding Bonds by wire sent by, U.S. Bank National Association, Edison, New Jersey (the "Trustee"). Principal of the 2020C-R1 Refunding Bonds is payable upon the surrender thereof at the corporate trust office of the Trustee.

The 2020C-R1 Refunding Bonds are issued in fully registered form, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated

depository for securities and clearing house for securities transactions. Purchases of the 2020C-R1 Refunding Bonds will be made in book-entry-only form (without certificates) in denominations of $5,000 each or any whole multiple thereof. So long as DTC or its nominee is the registered owner of the 2020C-R1 Refunding Bonds, payments of the principal of and interest on the 2020C-R1 Refunding Bonds will be made by the Trustee directly to Cede & Co., as nominee for DTC. Disbursal of such payments to the DTC participants is the responsibility of DTC, and disbursal of such payments to the beneficial owners of the 2020C-R1 Refunding Bonds is the responsibility of the DTC participants.

The 2020C-R1 Refunding Bonds are not subject to optional redemption or mandatory sinking fund redemption prior to their stated maturity dates.

In our capacity as Bond Counsel to the I-Bank, we have examined the Constitution and statutes of the State, including, without limitation, the Act, and such documents, records of the I-Bank and other instruments as we have deemed necessary to enable us to express the opinions set forth below, including, without limitation, original counterparts or certified copies of the 2012A Bond Resolution, the 2012A I-Bank Loan Agreements, the 2012A Borrower I-Bank Loan Bonds, the Master Program Trust Agreement, the Continuing Disclosure Agreement and the other documents, including, without limitation, certifications of the I-Bank, listed in the closing index relating to the 2020C-R1 Refunding Bonds filed with the Trustee (the "Closing Index"). As to matters of fact, we have relied upon the representations and certifications of the I-Bank and, where we have deemed appropriate, representations or other certifications of public officials, as set forth in, *inter alia,* the I-Bank Documents, the 2012A Bond Resolution and the certifications of the I-Bank identified in the Closing Index. Further, in expressing such opinions, we have relied upon the genuineness, truthfulness and completeness of the resolutions, documents, representations, certifications, records and instruments referred to above.

Based upon and subject to the foregoing and, with your permission, the further assumptions and qualifications set forth below, it is our opinion that:

1. The I-Bank has been duly created and is validly existing as a public body corporate and politic under the provisions of the Constitution and statutes of the State, including, without limitation, the Act, with power to adopt the 2012A Bond Resolution, to enter into the 2012A I-Bank Loan Agreements and the Master Program Trust Agreement and to issue the 2020C-R1 Refunding Bonds.

2. The Series 2020C-R1 Supplemental Refunding Bond Resolution (i) has been duly and lawfully adopted by the I-Bank in accordance with the provisions of the Original 2012A Bond Resolution and the Act, (ii) constitutes a "Supplemental Resolution" as defined in the Original 2012A Bond Resolution, and (iii) is authorized or permitted by the provisions of the Original 2012A Bond Resolution. The order, certificates and amounts of money that are delivered or paid, as the case may be, to the Trustee in accordance with the provisions of Section 2.04 of the Original 2012A Bond Resolution constitute compliance with the conditions stated therein for the authentication and delivery of the 2020C-R1 Refunding Bonds as "Refunding Bonds" thereunder. The 2012A Bond Resolution has been duly and lawfully adopted by the I-Bank, is in full force and effect, is valid and binding upon the I-Bank and is enforceable against the I-Bank in accordance with its terms, and no other authorization for the 2012A Bond Resolution is required. The 2012A Bond Resolution creates the valid pledge that it purports to create of the 2012A Trust Estate, including, without limitation, payments made to the I-Bank pursuant to the 2012A I-Bank Loan Agreements.

3. The Master Program Trust Agreement has been duly and lawfully authorized, executed and delivered by the I-Bank, is in full force and effect, and is a valid and binding agreement enforceable against the I-Bank in accordance with its terms, and no other authorization by the I-Bank for the Master Program Trust Agreement is required. The Master Program Trust Agreement creates the valid pledge that it purports to create of the moneys and securities on deposit in the Master Program Trust Account (as defined therein) (and all subaccounts therein) to the extent and for the purposes set forth in the Master Program Trust Agreement.

4. The 2012A I-Bank Loan Agreements and the Continuing Disclosure Agreement have each been duly and lawfully authorized, executed and delivered by the I-Bank, are in full force and effect, and are each valid and binding agreements enforceable against the I-Bank in accordance with their respective terms, and no other

authorization by the I-Bank for the 2012A I-Bank Loan Agreements or the Continuing Disclosure Agreement is required.

5. The I-Bank is duly authorized and entitled to issue the 2020C-R1 Refunding Bonds. The 2020C-R1 Refunding Bonds have been duly and validly authorized and issued by the I-Bank in accordance with applicable law, including, without limitation, the Act, and in accordance with the 2012A Bond Resolution, are valid and binding obligations of the I-Bank enforceable against the I-Bank in accordance with their terms and the terms of the 2012A Bond Resolution, and are entitled to the benefits of the 2012A Bond Resolution, to the extent provided therein, and the Act. Neither the State nor any political subdivision thereof (other than the I-Bank, but solely to the extent of the 2012A Trust Estate) is obligated to pay the principal of or interest on the 2020C-R1 Refunding Bonds, and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the 2020C-R1 Refunding Bonds. The I-Bank has no taxing power.

6. Under existing law, interest on the 2020C-R1 Refunding Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act. We express no opinion with respect to any exemption of interest on the 2020C-R1 Refunding Bonds from federal income taxation.

In rendering the opinions set forth above, we note that the enforceability of rights or remedies with respect to the 2012A Bond Resolution, the I-Bank Documents and the 2020C-R1 Refunding Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or remedies heretofore or hereafter enacted and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

In rendering the opinions contained in paragraph 3 above, we have relied upon the opinion, dated the date hereof, of independent counsel to the Master Program Trustee with respect to the due authorization, execution and delivery of the Master Program Trust Agreement by the Master Program Trustee.

In rendering the opinions contained in paragraph 4 above, we have relied upon the respective opinions, dated the date of issuance of the Original 2012A Bonds, of independent counsel to each of the respective 2012A Borrowers with respect to the due authorization, execution and delivery of the respective 2012A I-Bank Loan Agreements by each of such respective 2012A Borrowers.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or to any laws or judicial decisions hereafter enacted or rendered.

Our engagement by the I-Bank with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of any laws or judicial decisions hereafter enacted or rendered that impact on this opinion letter.

This opinion letter is being furnished solely to the person to whom this opinion letter is addressed and may not be relied upon by any other person without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

We have examined an executed 2020C-R1 Refunding Bond and, in our opinion, the form of said 2020C-R1 Refunding Bond and its execution are regular and proper.

Very truly yours,

APPENDIX H-3

PROPOSED FORM OF APPROVING OPINION OF McCARTER & ENGLISH, LLP, BOND COUNSEL TO THE I-BANK, REGARDING THE SERIES 2020C-R2 REFUNDING BONDS

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APPENDIX H-3

PROPOSED FORM OF APPROVING OPINION OF McCARTER & ENGLISH, LLP, BOND COUNSEL TO THE I-BANK, REGARDING THE SERIES 2020C-R2 REFUNDING BONDS

[Letterhead of McCarter & English, LLP]

[Date of Closing]

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

Re: New Jersey Infrastructure Bank
Environmental Infrastructure Refunding Bonds, Series 2020C-R2
(2012B and 2012C Financing Programs) (Federally Taxable) (Green Bonds)

Dear Members:

We have acted as Bond Counsel to the New Jersey Infrastructure Bank (the "I-Bank"), a public body corporate and politic under the laws of the State of New Jersey (the "State"), created pursuant to the "New Jersey Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State, as amended and supplemented (the "Act"), in connection with the issuance by the I-Bank of its $15,265,000 aggregate principal amount of "Environmental Infrastructure Refunding Bonds, Series 2020C-R2 (2012B and 2012C Financing Programs) (Federally Taxable) (Green Bonds)" (the "2020C-R2 Refunding Bonds"). The 2020C-R2 Refunding Bonds are being issued under and pursuant to (i) the Act, (ii) (a) with respect to the 2012B Allocable Portion as identified in the hereinafter defined Series 2020C-R2 Refunding Supplemental Bond Resolution (the "2012B Allocable Portion"), the "Environmental Infrastructure Bond Resolution, Series 2012B" of the I-Bank, duly adopted by the I-Bank on March 15, 2012 (the "Original 2012B Bond Resolution"), as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by the "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2020C-R2 (2012B and 2012C Financing Programs) of the New Jersey Infrastructure Bank", duly adopted by the I-Bank on March 20, 2020, as the same will be amended and supplemented by a certificate of an authorized officer of the I-Bank dated the date of issuance of the Series 2020C-R2 Refunding Bonds (the "Series 2020C-R2 Refunding Supplemental Bond Resolution") (as so amended and supplemented from time to time, the "Series 2012B Bond Resolution"); and (b) with respect to the 2012C Allocable Portion thereof as identified in the Series 2020C-R2 Refunding Supplemental Bond Resolution (the "2012C Allocable Portion"; the 2012B Allocable Portion and the 2012C Allocable Portion shall be referred to collectively herein as the "Refunding Program Allocable Portions"), the "Environmental Infrastructure Bond Resolution, Series 2012C" of the I-Bank, duly adopted by the I-Bank on March 15, 2012 (the "Original 2012C Bond Resolution"; the Original 2012B Bond Resolution and the Original 2012C Bond Resolution shall be referred to collectively herein as the "Original Refunding Program Bond Resolutions"), as the same may be amended and supplemented from time to time in accordance with the terms thereof, including, without limitation, as amended and supplemented by the Series 2020C-R2 Refunding Supplemental Bond Resolution (as so amended and supplemented from time to time, the "Series 2012C Bond Resolution"; the Series 2012B Bond Resolution and the Series 2012C Bond Resolution shall be referred to collectively herein as "Refunding Program Bond Resolutions") and (iii) other applicable law. Unless otherwise noted, capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Refunding Program Bond Resolutions.

With respect to the 2012B Allocable Portion, the 2020C-R2 Refunding Bonds are being issued to provide funds that will finance (i) the advance refunding (the "2020 Refunding of the 2012B Bonds to be Refunded") and (ii) the defeasance (the "2012B Bond Defeasance") of a portion (the "2012B Bonds to be Refunded") of the currently outstanding principal amount of the I-Bank's "Environmental Infrastructure Bonds, Series 2012B (AMT)", issued on May 3, 2012, in the original aggregate principal amount of $20,490,000 (the "Series 2012B Bonds"). The 2012B Bond Defeasance is scheduled to occur upon issuance of the 2020C-R2 Refunding Bonds. Therefore, upon issuance of the 2020C-R2 Refunding Bonds and upon the 2012B Bond Defeasance, the 2012B Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the Series 2012B Bond Resolution. However, the following Bonds, in addition to the 2012B Allocable Portion of the Series 2020C-R2 Refunding Bonds, shall remain outstanding pursuant to the terms of the Series 2012B Bond Resolution: Series 2012B Bonds maturing on September 1, 2020 through and including September 1, 2021 that currently remain outstanding in the principal amount of $1,925,000 (collectively, the "Remaining Outstanding Series 2012B Bonds").

With respect to the 2012C Allocable Portion, the 2020C-R2 Refunding Bonds are being issued to provide funds that will finance (i) the advance refunding (the "2020 Refunding of the 2012C Bonds to be Refunded"; the 2020 Refunding of the 2012B Bonds to be Refunded and the 2020 Refunding of the 2012C Bonds to be Refunded shall be referred to collectively herein as the "2020 Refunding of the Refunding Program Bonds to be Refunded") and (ii) the defeasance (the "2012C Bond Defeasance"; the 2012B Bond Defeasance and the 2012C Bond Defeasance shall be referred to collectively herein as the "Refunding Program Bond Defeasances") of a portion (the "2012C Bonds to be Refunded"; the 2012B Bonds to be Refunded and the 2012C Bonds to be Refunded shall be referred to collectively herein as the "Refunding Program Bonds to be Refunded") of the currently outstanding principal amount of the I-Bank's "Environmental Infrastructure Bonds, Series 2012C (Federally Taxable)", issued on May 3, 2012, in the original aggregate principal amount of $4,775,000 (the "Series 2012C Bonds"; Series 2012B Bonds and Series 2012C Bond shall be referred to collectively herein as the "Original Refunding Program Bonds"). The 2012C Bond Defeasance is scheduled to occur upon issuance of the 2020C-R2 Refunding Bonds. Therefore, upon issuance of the 2020C-R2 Refunding Bonds and upon the 2012C Bond Defeasance, the 2012C Bonds to be Refunded will no longer remain outstanding pursuant to the terms of the Series 2012C Bond Resolution. However, the following Bonds, in addition to the 2012C Allocable Portion of the Series 2020C-R2 Refunding Bonds, shall remain outstanding pursuant to the terms of the Series 2012C Bond Resolution: Series 2012C Bonds maturing on September 1, 2020 through and including September 1, 2021 that currently remain outstanding in the principal amount of $485,000 (collectively, the "Remaining Outstanding Series 2012C Bonds"; the Remaining Outstanding Series 2012B Bonds and the Remaining Outstanding Series 2012C Bonds shall be referred to collectively herein as the "Remaining Outstanding Refunding Program Bonds").

The respective Original Refunding Program Bonds originally were issued to finance the making of loans (respectively, the "2012B I-Bank Loans" and the "2012C I-Bank Loans", which shall be referred to collectively herein as the "Refunding Program Borrower I-Bank Loans") for certain costs of environmental infrastructure projects undertaken by various qualifying borrowers in the State (respectively, the "2012B Borrowers" and the "2012C Borrower", which shall be referred to collectively herein as the "Refunding Program Borrowers"). In connection with the making of the respective Refunding Program Borrower I-Bank Loans, the I-Bank entered into a "Loan Agreement" with each 2012B Borrower, dated as of May 1, 2012 (each a "2012B I-Bank Loan Agreement"), and the 2012C Borrower, dated as of May 1, 2012 (the "2012C I-Bank Loan Agreement"; the 2012B I-Bank Loan Agreements and the 2012C I-Bank Loan Agreement shall be referred to collectively herein as the "Refunding Program Borrower I-Bank Loan Agreements"). The 2012B I-Bank Loan repayment obligations of each 2012B Borrower pursuant to its respective 2012B I-Bank Loan Agreement are evidenced and secured by a bond (the "2012B Borrower I-Bank Loan Bond") of each such 2012B Borrower. The 2012C I-Bank Loan repayment obligations of the 2012C Borrower pursuant to its 2012C I-Bank Loan Agreement are evidenced and secured by a bond (the "2012C Borrower I-Bank Loan Bond"; the 2012B Borrower I-Bank Loan Bonds and the 2012C Borrower I-Bank Loan Bond shall be referred to herein collectively as the "Refunding Program Borrower I-Bank Loan Bonds") of the 2012C Borrower.

The 2020C-R2 Refunding Bonds are "Refunding Bonds" pursuant to the terms of (i) to the extent of the 2012B Allocable Portion, the Series 2012B Bond Resolution and (ii) to the extent of the 2012C Allocable Portion, the Series 2012C Bond Resolution.

Upon their issuance, the 2020C-R2 Refunding Bonds, to the extent of the 2012B Allocable Portion, shall be on parity with the Remaining Outstanding Series 2012B Bonds and shall be entitled to the same benefit and security of the Series 2012B Bond Resolution, including, without limitation, the pledge pursuant thereto of the "Trust Estate" (the "2012B Trust Estate"), as the Remaining Outstanding Series 2012B Bonds. Upon their issuance, the 2020C-R2 Refunding Bonds, to the extent of the 2012C Allocable Portion, shall be on parity with the Remaining Outstanding Series 2012C Bonds and shall be entitled to the same benefit and security of the Series 2012C Bond Resolution, including, without limitation, the pledge pursuant thereto of the "Trust Estate" (the "2012C Trust Estate"; the 2012B Trust Estate and the 2012C Trust Estate shall be referred to collectively herein as the "Refunding Program Trust Estates"), as the Remaining Outstanding Series 2012C Bonds.

The respective Refunding Program Trust Estates includes, *inter alia*, (i) the respective Refunding Program Borrower I-Bank Loan repayments and (ii) certain payments to be made pursuant to the Master Program Trust Agreement, dated as of November 1, 1995 (the "Master Program Trust Agreement"), by and among the I-Bank, the State, United States Trust Company of New York, as original master program trustee thereunder, The Bank of New York (NJ) (predecessor to The Bank of New York Mellon), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to U.S. Bank National Association), in several capacities thereunder, and as acknowledged and consented to by AMBAC Indemnity Corporation, Financial Guaranty Insurance Company and MBIA Insurance Corporation, as the same has been and in the future may be amended from time to time in accordance with the terms thereof. In accordance with 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, and entered into pursuant to the successor provisions set forth in the Master Program Trust Agreement, State Street Bank & Trust Company, N.A. (predecessor to U.S. Bank Trust National Association) became the master program trustee (the "Master Program Trustee") as of November 1, 2001.

In issuing the 2020C-R2 Refunding Bonds and in effecting (i) the 2020 Refunding of the Refunding Program Bonds to be Refunded and (ii) the respective Refunding Program Bond Defeasances, the Refunding Program Borrower I-Bank Loan Agreements and the respective Refunding Program Borrower I-Bank Loan Bonds have not been amended or supplemented. Pursuant to the respective Refunding Program Borrower I-Bank Loan Agreements, the respective Refunding Program Borrowers have acknowledged that the Refunding Program Borrower I-Bank Loans repayments of each such Refunding Program Borrower, as part of the respective Refunding Program Trust Estates, will be applied by the I-Bank to the payment of the principal of and interest on the 2020C-R2 Refunding Bonds, to the extent of the respective Refunding Program Allocable Portions, and the respective Remaining Outstanding Refunding Program Bonds. In effecting the 2020 Refunding of the Refunding Program Bonds to be Refunded, the I-Bank has determined that the respective Refunding Program Borrower I-Bank Loan repayments will be equal to or greater than the amounts necessary to pay the principal of and interest on the 2020C-R2 Refunding Bonds, to the extent of the applicable Allocable Portion, and the respective Remaining Outstanding Refunding Program Bonds.

Simultaneously with the issuance of the 2020C-R2 Refunding Bonds, the I-Bank, the 2020C-R2 Refunding Fiduciary (as hereinafter defined) and the Master Program Trustee have entered into that certain "I-Bank Continuing Disclosure Agreement", dated as of May 1, 2020 (the "Continuing Disclosure Agreement"; the Refunding Program Borrower I-Bank Loan Agreements, the Master Program Trust Agreement and the Continuing Disclosure Agreement shall be referred to collectively herein as the "I-Bank Documents"), relating to the 2020C-R2 Refunding Bonds.

The 2020C-R2 Refunding Bonds are dated and shall bear interest from the date of issuance thereof, and will mature on September 1 in the years and in the principal amounts, and bear interest at the respective rates per annum, as provided therein and in the Series 2020C-R2 Supplemental Refunding Bond Resolution.

Interest on the 2020C-R2 Refunding Bonds is payable on March 1 and September 1 in each year, commencing September 1, 2020, by check or draft mailed by, or so long as DTC (as hereinafter defined) or its nominee is the registered owner of all of the 2020C-R2 Refunding Bonds by wire sent by, U.S. Bank National Association, Edison, New Jersey (the "2020C-R2 Refunding Fiduciary"). Principal of the 2020C-R2 Refunding Bonds is payable upon the surrender thereof at the corporate trust office of the 2020C-R2 Refunding Fiduciary.

The 2020C-R2 Refunding Bonds are issued in fully registered form, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Purchases of the 2020C-R2 Refunding Bonds will be made in book-entry-only form (without certificates) in denominations of $5,000 each or any whole multiple thereof. So long as DTC or its nominee is the registered owner of the 2020C-R2 Refunding Bonds, payments of the principal of and interest on the 2020C-R2 Refunding Bonds will be made by the Trustee directly to Cede & Co., as nominee for DTC. Disbursal of such payments to the DTC participants is the responsibility of DTC, and disbursal of such payments to the beneficial owners of the 2020C-R2 Refunding Bonds is the responsibility of the DTC participants.

The 2020C-R2 Refunding Bonds are not subject to optional redemption or mandatory sinking fund redemption prior to their stated maturity dates.

In our capacity as Bond Counsel to the I-Bank, we have examined the Constitution and statutes of the State, including, without limitation, the Act, and such documents, records of the I-Bank and other instruments as we have deemed necessary to enable us to express the opinions set forth below, including, without limitation, original counterparts or certified copies of the Refunding Program Bond Resolutions, the Refunding Program Borrower I-Bank Loan Agreements, the Refunding Program Borrower I-Bank Loan Bonds, the Master Program Trust Agreement, the Continuing Disclosure Agreement and the other documents, including, without limitation, certifications of the I-Bank, listed in the closing index relating to the 2020C-R2 Refunding Bonds filed with the 2020C-R2 Refunding Fiduciary (the "Closing Index"). As to matters of fact, we have relied upon the representations and certifications of the I-Bank and, where we have deemed appropriate, representations or other certifications of public officials, as set forth in, *inter alia,* the I-Bank Documents, the Refunding Program Bond Resolutions and the certifications of the I-Bank identified in the Closing Index. Further, in expressing such opinions, we have relied upon the genuineness, truthfulness and completeness of the resolutions, documents, representations, certifications, records and instruments referred to above.

Based upon and subject to the foregoing and, with your permission, the further assumptions and qualifications set forth below, it is our opinion that:

1. The I-Bank has been duly created and is validly existing as a public body corporate and politic under the provisions of the Constitution and statutes of the State, including, without limitation, the Act, with power to adopt the Refunding Program Bond Resolutions, to enter into the Refunding Program Borrower I-Bank Loan Agreements and the Master Program Trust Agreement and to issue the 2020C-R2 Refunding Bonds.

2. The Series 2020C-R2 Supplemental Refunding Bond Resolution (i) has been duly and lawfully adopted by the I-Bank in accordance with the provisions of each of the Original Refunding Program Bond Resolutions and the Act, (ii) constitutes a "Supplemental Resolution" as defined in each of the Original Refunding Program Bond Resolutions, and (iii) is authorized or permitted by the provisions of each of the Original Refunding Program Bond Resolutions. The order, certificates and amounts of money that are delivered or paid, as the case may be, to the 2020C-R2 Refunding Fiduciary in accordance with the provisions of Section 2.04 of each of the Original Refunding Program Bond Resolutions constitute compliance with the conditions stated therein for the authentication and delivery of the 2020C-R2 Refunding Bonds as "Refunding Bonds" thereunder. The Refunding Program Bond Resolutions have been duly and lawfully adopted by the I-Bank, are in full force and effect, are valid and binding upon the I-Bank and are enforceable against the I-Bank in accordance with their respective terms, and no other authorization for the Refunding Program Bond Resolutions is required. The Refunding Program Bond Resolutions create the valid pledge that they respectively purport to create of the respective Refunding Program Trust Estates, including, without limitation, payments made to the I-Bank pursuant to the respective Refunding Program Borrower I-Bank Loan Agreements.

3. The Master Program Trust Agreement has been duly and lawfully authorized, executed and delivered by the I-Bank, is in full force and effect, and is a valid and binding agreement enforceable against the I-Bank in accordance with its terms, and no other authorization by the I-Bank for the Master Program Trust Agreement is required. The Master Program Trust Agreement creates the valid pledge that it purports to create of the moneys and securities on deposit in the Master Program Trust Account (as defined therein) (and all subaccounts therein) to the extent and for the purposes set forth in the Master Program Trust Agreement.

4. The Refunding Program Borrower I-Bank Loan Agreements and the Continuing Disclosure Agreement have each been duly and lawfully authorized, executed and delivered by the I-Bank, are in full force and effect, and are each valid and binding agreements enforceable against the I-Bank in accordance with their respective terms, and no other authorization by the I-Bank for any of the Refunding Program Borrower I-Bank Loan Agreements or the Continuing Disclosure Agreement is required.

5. The I-Bank is duly authorized and entitled to issue the 2020C-R2 Refunding Bonds. The 2020C-R2 Refunding Bonds have been duly and validly authorized and issued by the I-Bank in accordance with applicable law, including, without limitation, the Act, and in accordance with the Refunding Program Bond Resolutions, are valid and binding obligations of the I-Bank enforceable against the I-Bank in accordance with their terms and the terms of the Refunding Program Bond Resolutions, and are entitled to the benefits of the Refunding Program Bond Resolutions, to the extent provided therein, and the Act. Neither the State nor any political subdivision thereof (other than the I-Bank, but solely to the extent of the applicable Refunding Program Trust Estate) is obligated to pay the principal of or interest on the 2020C-R2 Refunding Bonds, and neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the 2020C-R2 Refunding Bonds. The I-Bank has no taxing power.

6. Under existing law, interest on the 2020C-R2 Refunding Bonds and net gains from the sale thereof are exempt from the tax imposed by the New Jersey Gross Income Tax Act. We express no opinion with respect to any exemption of interest on the 2020C-R2 Refunding Bonds from federal income taxation.

In rendering the opinions set forth above, we note that the enforceability of rights or remedies with respect to the Refunding Program Bond Resolutions, the I-Bank Documents and the 2020C-R2 Refunding Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or remedies heretofore or hereafter enacted and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

In rendering the opinions contained in paragraph 3 above, we have relied upon the opinion, dated the date hereof, of independent counsel to the Master Program Trustee with respect to the due authorization, execution and delivery of the Master Program Trust Agreement by the Master Program Trustee.

In rendering the opinions contained in paragraph 4 above, we have relied and continue to rely upon the respective opinions, dated the date of issuance of the Original Refunding Program Bonds, of independent counsel to each of the respective Refunding Program Borrowers with respect to the due authorization, execution and delivery of the respective Refunding Program Borrower I-Bank Loan Agreements by each of such respective Refunding Program Borrower.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date hereof and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions, or to any laws or judicial decisions hereafter enacted or rendered.

Our engagement by the I-Bank with respect to the opinions expressed herein does not require, and shall not be construed to constitute, a continuing obligation on our part to notify or otherwise inform the addressee hereof of the amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for this opinion letter or of any laws or judicial decisions hereafter enacted or rendered that impact on this opinion letter.

This opinion letter is being furnished solely to the person to whom this opinion letter is addressed and may not be relied upon by any other person without our prior written consent. This is only an opinion letter and not a warranty or guaranty of the matters discussed herein.

We have examined an executed 2020C-R2 Refunding Bond and, in our opinion, the form of said 2020C-R2 Refunding Bond and its execution are regular and proper.

Very truly yours,

APPENDIX I

GLOSSARY OF TERMS

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GLOSSARY OF DEFINED TERMS

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RESOLUTION NO. 20 - 41

RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK AUTHORIZING THE STATE FISCAL YEAR 2021 INTEREST RATE FOR THE WATER BANK CONSTRUCTION FINANCING PROGRAM

WHEREAS, the New Jersey Infrastructure Bank (the "I-Bank"), pursuant to and in accordance with (i) the "New Jersey Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same has been, and in the future may from time to time be, amended and supplemented (the "Act"), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 *et seq.*), as the same have been, and in the future may from time to time be, amended and supplemented (the "Regulations"), is authorized, pursuant to an interim financing program for the I-Bank's Water Bank (the "Water Construction Financing Program"), to make loans (each, a "Construction Loan") to eligible project sponsors (each, a "Borrower") for the purpose of financing the allowable costs of environmental infrastructure projects (each, a "Project"), provided that each such Construction Loan made by the I-Bank to any such Borrower satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9(d), and the Regulations, including, without limitation, N.J.A.C. 7:22-4.47; and

WHEREAS, pursuant to the provisions of N.J.A.C. 7:22-4.47, a proposed project sponsor is eligible to be a Borrower for an Interim Loan pursuant to the Interim Financing Program, provided all of the following conditions are satisfied in full: (i) the projects are listed on the project priority list developed in accordance with N.J.A.C. 7:22-4.8(a) for funding in the forthcoming State Fiscal Year; (ii) the proposed project sponsors have submitted a complete application for the project in accordance with N.J.A.C. 7:22-4.11; (iii) the projects have been certified for funding by the I-Bank in accordance with N.J.A.C. 7:22-4.13; (iv) the projects are in the fundable range in the forthcoming funding cycle given the projects' rank and the anticipated availability of Department of Environmental Protection (the "Department") and I-Bank monies; and (v) the proposed project sponsors have not previously received an Interim Loan through the Interim Financing Program for the same project scope; and

WHEREAS, the I-Bank duly adopted Resolutions authorizing the Water Bank Construction Financing Programs to provide funding for the implementation of the Interim Financing Program during an applicable State Fiscal Year (the "Authorizing Resolutions"); and

WHEREAS, pursuant to the terms and provisions of certain of the Authorizing Resolutions, each Construction Loan shall bear interest at a rate that shall be determined in accordance with the Interest Rate Calculation (the "Interest Rate Calculation") which shall be calculated in a manner consistent with the terms and provisions of the then-applicable Financial Plan, as prepared for each State Fiscal Year and as submitted to the State Legislature by the I-Bank, all pursuant to, and in satisfaction of the requirements of, sections 21, 21.1, 22 and 22.1 of the Act (the "Financial Plan"); and

WHEREAS, pursuant to the terms and provisions of the Authorizing Resolutions, all or any portion of such interest may be capitalized and included in the principal amount and the Interest Rate Calculation shall be reflective of the policy goals of the I-Bank as set forth in the Authorizing Resolution and the market as of the respective dates on which the Interest Rate Calculation is performed.

WHEREAS, on May 15, 2020, the Financial Plan was duly submitted to the State Legislature; and

WHEREAS, the SFY2021 Financial Plan directs that the I-Bank Board may delegate to the Executive Director the setting of the interest rates or calculation methodology on Construction Loans at the beginning of each calendar quarter during SFY2021, which shall mean July 1, 2020 through June 30, 2021, and that the rates be posted on the I-Bank website.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the New Jersey Infrastructure Bank (the "Board"), as follows:

Section 1. Interest Application. Interest shall not be charged until loan funds are utilized from a private Credit Instrument as defined in the Authorizing Resolutions.

Section 2. Interest Rate. In the event that a private Credit Instrument is utilized as a source for loan funds, interest will be charged on the outstanding principal amount equivalent to the rate required to cover the costs to the I-Bank of borrowing funds.

Section 3. Delegation as to Establishment of Rate. The Executive Director is hereby authorized and directed to calculate the Rate for each quarter of SFY2021 on the first business day of each quarter.

Section 4. Posting on Website. The interest rates on Construction Loans shall be posted on the I-Bank website.

Section 5. Report to the Board. At the meeting of the Board that is scheduled to occur during the month next succeeding the month during which the Interest Rate Calculation is set for each quarter of SFY2021, the Executive Director of the I-Bank shall provide a report to the Board concerning the details of the Interest Rate Charges.

Adopted Date:	June 11, 2020
Motion Made By:	Mr. Jack Kocsis
Motion Seconded By:	Mr. Mark Longo
Ayes:	7
Nays:	0
Abstentions:	0

RESOLUTION NO. 20 – 42

RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK AUTHORIZING THE INTEREST RATE FOR THE STATE FISCAL YEAR 2021 TRANSPORTATION BANK CONSTRUCTION FINANCING PROGRAM

WHEREAS, the New Jersey Infrastructure Bank (the "I-Bank"), pursuant to and in accordance with (i) the "New Jersey Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same has been, and in the future may from time to time be, amended and supplemented (the "Act"), and (ii) the policies established by the terms of the Transportation Financing Program Financial Plan (the "Financial Plan") submitted to the New Jersey State Legislature by the I-Bank, is authorized, pursuant to an interim transportation financing program for the I-Bank's Transportation Bank (the "Transportation Construction Financing Program"), to make loans (each, a "Construction Loan") to eligible project sponsors (each, a "Borrower") for the purpose of financing the allowable costs of transportation projects (each, a "Transportation Bank Project"), provided that each such Construction Loan made by the I-Bank to any such Borrower satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9(g), and any policy statements relating to the Transportation Construction Financing Program to be set forth in the Financial Plan; and

WHEREAS, pursuant to the provisions of the Act and the Financial Plan, a proposed project sponsor is eligible to be a Borrower for a Construction Loan for purposes of financing the allowable costs of the Transportation Bank Project of such Borrower pursuant to the Transportation Construction Financing Program, provided each of the following conditions are satisfied in full: (i) in satisfaction of the requirements of the Act (N.J.S.A. 58:11B-9(g)), the Transportation Bank Project is listed on the project priority lists for the related funding cycle that have been submitted to the State Legislature pursuant to N.J.S.A. 58:11B-20.2; (ii) in satisfaction of the requirements to be set forth in the Financial Plan, the proposed Borrower has submitted a complete application for the Transportation Bank Project; (iii) in satisfaction of the requirements to be set forth in the Financial Plan, the proposed Borrower has complied with the I-Bank's Credit Policy, as formally adopted by the I-Bank; (iv) in satisfaction of the requirements to be set forth in the Financial Plan, the Transportation Bank Project (or, at a minimum, an operable segment thereof) has been certified for funding pursuant to the terms of the Act; (v) the Transportation Bank Project is in the fundable range in the forthcoming funding cycle given the Transportation Bank Project's rank and the anticipated availability of I-Bank monies to fund transportation projects; and (vi) the proposed Borrower has not previously received a Construction Loan through the Transportation Construction Financing Program for the same Transportation Bank Project scope (exclusive of a Construction Loan made solely for the purpose of extending the term of a prior Construction Loan); and

WHEREAS, the I-Bank duly adopted Resolutions (the "Authorizing Resolutions") to provide funding for the implementation of the Transportation Bank Construction Loan Financing Program during applicable Fiscal Years; and

WHEREAS, pursuant to the terms and provisions of the Authorizing Resolutions, each Construction Loan shall bear interest at a rate that shall be determined in accordance with the Interest Rate Calculation (the "Interest Rate Calculation") which shall be calculated in a manner consistent with the terms and provisions of the then-applicable Financial Plan, as prepared for each State Fiscal Year and as submitted to the State Legislature by the I-Bank, all pursuant to, and in satisfaction of the requirements of, section 22.3 of the Act; and

WHEREAS, pursuant to the terms and provisions of the Authorizing Resolutions, all or any portion of such interest may be capitalized and included in the principal amount and the Interest Rate Calculation shall be reflective of the policy goals of the I-Bank as set forth in the Authorizing Resolutions and the market as of the respective dates on which the Interest Rate Calculation is performed.

WHEREAS, on June 1, 2020, the SFY2021 Financial Plan was duly submitted to the State Legislature; and

WHEREAS, the SFY2021 Financial Plan directs that the interest rates or calculation methodology on Construction Loans shall be set at the beginning of each quarter during SFY2021 as directed by the I-Bank Board, which shall mean July 1, 2020 through June 30, 2021.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the New Jersey Infrastructure Bank (the "Board"), as follows:

Section 1. Interest Rate. The Interest Rate Calculation Methodology shall be a fixed rate for each quarter of SFY2021 calculated as the product of (i) 0.5 and (ii) the sum of (a) the one-year MIG-1 rate and (b) 50 basis points. The resulting rate may be rounded up or down no more than a quarter percentage at the discretion of the Executive Director to account for market forces.

Section 2. Delegation as to Establishment of Rate. The Executive Director is hereby authorized and directed to calculate the Rate for each quarter of SFY2021 on the first business day of each quarter.

Section 3. Interest Cost. Interest will be charged on the outstanding principal amount as defined in the Authorizing Resolutions in accordance with the Interest Rate Calculation.

Section 4. Posting on Website. The quarterly interest rates on Construction Loans shall be posted on the I-Bank website.

Section 5. Report to the Board. At the subsequent meeting of the Board that is scheduled to occur after the setting of the interest rate for each quarter of SFY2021, the Executive Director of the I-Bank shall provide a report to the Board concerning the details of the Interest Rate Calculation.

Adopted Date:	June 11, 2020
Motion Made By:	Ms. Kimberly Holes
Motion Seconded By:	Mr. Mark Longo
Ayes:	7
Nays:	0
Abstentions:	0

RESOLUTION NO. 20 - 43

RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK APPROVING SFY2021 NJ WATER BANK CONSTRUCTION FINANCING PROGRAM LOANS TO PASSAIC VALLEY WATER COMMISSION, PASSAIC VALLEY SEWERAGE COMMISSION, AND GLOUCESTER COUNTY IMPROVEMENT AUTHORITY

WHEREAS, the New Jersey Infrastructure Bank (the "I-Bank"), in accordance with (i) the "New Jersey Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the "State") (codified at N.J.S.A. 58:11B-1 *et seq*.), as the same may from time to time be amended and supplemented (the "Act"), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 *et seq.*), as the same may from time to time be amended and supplemented (the "Regulations"), is authorized, pursuant to an interim financing program for the New Jersey Water Bank (the "Water Bank Construction Financing Program"), to make loans (each, a "Construction Loan") to eligible project sponsors (each, a "Borrower") for the purpose of financing the allowable costs of environmental infrastructure projects, provided that each such Construction Loan made by the I-Bank to any such Borrower satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9(d), and the Regulations, including, without limitation, N.J.A.C. 7:22-4.47; and

WHEREAS, pursuant to the terms and provisions of N.J.A.C. 7:22-4.47, a proposed project sponsor is eligible to be a Borrower for a Construction Loan for purposes of financing the allowable costs of the project of such Borrower pursuant to the Water Bank Construction Financing Program, provided each of the following conditions is satisfied in full: (i) the Project is listed on the project priority list that has been submitted to the State Legislature pursuant to N.J.S.A. 58:11B-20 or N.J.S.A. 58:11B-20.1 (the "Priority List"); (ii) the proposed Borrower has submitted a complete application for the Project in accordance with N.J.A.C. 7:22-4.11; (iii) the proposed Borrower has complied with the I-Bank's Credit Policy, as then in effect pursuant to formal adoption by the I-Bank; (iv) the Project has been certified for funding by the I-Bank in accordance with N.J.A.C. 7:22-4.13; (v) the Projects is in the fundable range in the forthcoming funding cycle given the Projects' rank and the anticipated availability of New Jersey Department of Environmental Protection (the "NJDEP") and I-Bank monies; and (vi) the proposed Borrower has not previously received a Construction Loan through the Water Construction Financing Program for the same project scope (exclusive of a Construction Loan made solely for the purpose of extending the term of a prior Construction Loan or for a Supplemental Short Term Loan pursuant to N.J.S.A. 58(11B-9(d)); and

WHEREAS, the I-Bank duly adopted Resolution No. 20-06 on February 20, 2020 entitled "Resolution of the New Jersey Infrastructure Bank Authorizing the Water Bank Construction Financing Program for State Fiscal Year 2021" (the "Authorizing Resolution") to provide funding for the implementation of the Water Bank Construction Financing Program during State Fiscal Year 2021 including the Construction Financing Program (the "Water Bank Construction Loan Program"); and

WHEREAS, it is the desire of the Board to authorize Water Bank Construction Loan Closings pursuant to the Water Bank Construction Loan Program for loan closings occurring in SFY2021; and

WHEREAS, pursuant to the terms and definitions of the Authorizing Resolution, the Authorized

Officers are each severally authorized, after consultation with Bond Counsel to the I-Bank and the Office of the Attorney General of the State, to approve the participation of a Borrower in the Water Bank Construction Loan Program, provided that such Borrower qualifies for such participation pursuant to the provisions of the Act and the Regulations and the terms of the Authorizing Resolution; and

WHEREAS, pursuant to Section 3 of the Authorizing Resolution, any Construction Loan approved by the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the Water Bank Construction Loan Program shall not exceed $15 million in principal amount (the "Construction Loan Limitation") unless a higher principal amount thereof is authorized by official action of the Board; and

WHEREAS, pursuant to Section 2 of the Authorizing Resolution, revisions and modifications may be made to terms and provisions of the Water Bank Construction Loan Program pursuant to further official action in the form of the adoption of a resolution by the Board of Directors of the I-Bank; and

WHEREAS, Passaic Valley Water Commission ("PVWC") has requested from the I-Bank a construction loan, in anticipation of a long-term loan from each of the I-Bank and the Department, to finance the planning, design and construction of Project No. 1605002-014, for the Levine Reservoir Water Storage Improvements - Phase 1 (the "PVWC Project"); and

WHEREAS, Passaic Valley Sewerage Commission ("PVSC") has requested from the I-Bank a construction loan, in anticipation of a long-term loan from each of the I-Bank and the Department, to finance the planning, design and construction of Project No. S340689-37, for Substation "M" Replacement and Headworks Reconstruction (the "PVSC Project"); and

WHEREAS, Gloucester County Improvement Authority ("GCIA") has requested from the I-Bank a construction loan, in anticipation of a long-term loan from each of the I-Bank and the Department, to finance the planning, design and construction of Project No. S342016-04, for Cell 15 Construction (the "GCIA Project"); and

WHEREAS, pursuant to the PVWC Project construction schedule, Construction Loans not to exceed two years for planning and three full fiscal years for construction will be made, all or a portion of which will be completed prior to the borrower's receipt of I-Bank and Department long-term New Jersey Environmental Infrastructure Financing Program loans, thereby resulting in PVWC's request for a construction loan in an amount not to exceed $26,100,000; and

WHEREAS, pursuant to the PVSC Project construction schedule, Construction Loans not to exceed two years for planning and three full fiscal years for construction will be made, all or a portion of which will be completed prior to the borrower's receipt of I-Bank and Department long-term New Jersey Environmental Infrastructure Financing Program loans, thereby resulting in PVSC's request for a construction loan in an amount not to exceed $105,000,000; and

WHEREAS, pursuant to the GCIA Project construction schedule, Construction Loans not to exceed two years for planning and three full fiscal years for construction will be made, all or a portion of which will be completed prior to the borrower's receipt of I-Bank and Department long-term New Jersey Environmental Infrastructure Financing Program loans, thereby resulting in GCIA's request for a

construction loan in an amount not to exceed $18,500,001; and

WHEREAS, with respect to the Authorizing Resolution's Construction Loan Limitations, any Construction Loan approved by any of the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the Water Bank Construction Loan Program shall not exceed $15 million in principal amount, subject to further official action in the form of the adoption of a resolution by the Board of Directors of the I-Bank, the I-Bank now desires, given the facts and circumstances set forth in the recitals hereto, to create as an exception to such limitation of Construction Loans, as part of the Water Bank Construction Loan Program, to the aforementioned project sponsors in amounts not to exceed the amount stated for the purpose of completing the PVWC Project, the PVSC Project, and the GCIA Project; and

WHEREAS, it is the desire of the I-Bank that, other than the Authorizing Resolution's Construction Loan Limitations described in the immediately preceding recital, the Borrowers shall comply with (i) all other requirements of the Applicable Authorizing Resolutions, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

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

Section 1. Notwithstanding the Authorizing Resolution's Construction Loan Limitations providing that all Construction Loans approved by an Authorized Officer, following the requisite consultations, and made by the I-Bank to Borrowers as part of the Water Bank Construction Loan Program, shall not exceed $15 million in principal amount, the Board of Directors of the I-Bank, given the facts and circumstances set forth in the recitals hereto, hereby authorizes, as an exception to the Construction Loan Limitations, Construction Loans, as part of the Water Bank Construction Loan Program, to PVWC, PVSC, and GCIA, for the stated projects in an amount not to exceed the amount stated for the purpose of completing the projects.

Project Sponsor	**Project #**	**Description**	**Total Authorized Loan Amount**
Passaic Valley Water Commission	1605002-014	Levine Reservoir Water Storage Improvements - Phase 1	$26,100,000
Passaic Valley Sewerage Authority	S340689-37	Substation "M" Replacement and Headworks Reconstruction	$105,000,000
Gloucester County Improvement Authority	S342016-04	Cell 15 Construction	$18,500,001

Section 2. Notwithstanding the stated loan amounts of $26,100,000 to PVWC, $105,000,000 to PVSC, and $18,500,001 to GCIA, the Water Bank Construction Loan Program funding commitment for the loan shall be limited to the operable segments certified, in amounts set forth in the Department's allowable cost determination for each such operable segment, and such funding commitment shall arise at the time of loan closing of the first such operable segment, and upon the NJDEP's allowable cost determination for each subsequent operable segment certified thereafter, recognizing that the terms

and conditions of the long-term New Jersey Environmental Infrastructure Financing Program loans for each said project shall reflect the terms and conditions of the financing program year in which construction is certified.

Section 3. Other than the exceptions created by the provisions of Section 1 of this Resolution, the Construction Loans made to the aforementioned Borrowers as part of the Water Bank Construction Loan Program shall comply fully with (i) each of the terms, provisions and conditions precedent set forth in the Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

Section 4. **Further Action.** Any Authorized Officer is hereby authorized and directed to take such other actions that such Authorized Officer, in his or her respective sole discretion after consultation with Legal Counsel, deems necessary, convenient or desirable to affect the transactions contemplated hereby.

Section 5. **Effective Date.** This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date:	June 11, 2020
Motion Made By:	Mr. Mark Longo
Motion Seconded By:	Ms. Kimberly Holmes
Ayes:	7
Nays:	0
Abstentions:	0

RESOLUTION NO. 20 - 44

RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK APPROVING CONSTRUCTION LOANS TO NEWARK CITY IN AMOUNT THAT SHALL NOT EXCEED $15 MILLION

WHEREAS, the New Jersey Infrastructure Bank (the "I-Bank"), in accordance with (i) the "New Jersey 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.), as the same may from time to time be amended and supplemented (the "Act"), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 et seq.), as the same may from time to time be amended and supplemented (the "Regulations"), is authorized, pursuant to an interim financing program (the "Interim Financing Program"), to make loans (each, an "Interim Loan") to eligible project sponsors (each, a "Borrower") for the purpose of financing the allowable costs of environmental infrastructure projects, provided that each such Interim Loan satisfies the requirements of the Regulations, including, without limitation, N.J.A.C. 7:22-4.47; and

WHEREAS, pursuant to the provisions of N.J.A.C. 7:22-4.47, a proposed project sponsor is eligible to be a Borrower for an Interim Loan pursuant to the Interim Financing Program, provided all of the following conditions are satisfied in full: (i) the projects are listed on the project priority list developed in accordance with N.J.A.C. 7:22-4.8(a); (ii) the proposed project sponsors have submitted a complete application for the project in accordance with N.J.A.C. 7:22-4.11; (iii) the projects have been certified for funding by the I-Bank in accordance with N.J.A.C. 7:22-4.13; (iv) the projects are in the fundable range in the forthcoming funding cycle given the projects' rank and the anticipated availability of Department of Environmental Protection (the "Department") and I-Bank monies; and (v) the proposed project sponsors have not previously received an Interim Loan through the Interim Financing Program for the same project scope; and

WHEREAS, the I-Bank duly adopted Resolution No. 20-06 on February 20, 2020 entitled "Resolution of the New Jersey Infrastructure Bank Authorizing the Water Bank Construction Financing Program for State Fiscal Year 2021" (the "Authorizing Resolution") to provide funding for the implementation of the Interim Financing Program during State Fiscal Year 2021 including the Construction Financing Program (the "Construction Loan Program"); and

WHEREAS, it is the desire of the Board of Directors of the I-Bank ("Board") to authorize Construction Loan Program loans (the "Construction Loans") pursuant to the Construction Loan Program for Construction Loan closings that occur in SFY2021; and

WHEREAS, pursuant to the terms and definitions of the Authorizing Resolution, the Authorized Officers are each severally authorized, after consultation with Bond Counsel to the I-Bank and the Office of the Attorney General of the State, to approve the participation of a Borrower in the Construction Loan Program, provided that such Borrower qualifies for such participation pursuant to the provisions of the Act and the Regulations and the terms of the Authorizing Resolution; and

WHEREAS, pursuant to Section 3 of the Authorizing Resolution, any Construction Loan approved by the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the Construction Loan Program shall not exceed $15 million in principal amount (the "Construction Loan Limitation") unless a higher principal amount thereof is authorized by official action of the Board; and

WHEREAS, pursuant to Section 5 of the Authorizing Resolution, revisions and modifications may be made to terms and provisions of the Construction Loan Financing Program pursuant to further official action in the form of the adoption of a resolution by the Board; and

WHEREAS, Newark City ("Newark") has requested financing for lead service line replacement projects throughout Newark in a number of phases as identified in section 1 below ("Newark Project"); and

WHEREAS, Newark previously received a construction loan from the I-Bank in the amount of $12,296,528 for Project No. 0714001-019 to fund Phase 1 of the Newark Project; and

WHEREAS, Newark has requested financing from the Water Bank in the amount of $12,000,000 to finance the planning, design and construction of Project No. 0714001-020 for Phase 2 of the Newark Project; and

WHEREAS, Newark has requested that the I-Bank assist in preserving the City's eligibility to obtain additional financing in the amount of $ 45,000,000 from the Water Bank to finance all or a portion of the planning, design and construction of Project No. 0714001-021 for Phases 5 through 10 of the Newark Project; and

WHEREAS, pursuant to the Newark Project construction schedule, Construction Loans not to exceed two years for planning and design and three full fiscal years for construction will be made to fund the Newark Project, all or a portion of which will be completed prior to Newark's receipt of I-Bank and Department long-term New Jersey Environmental Infrastructure Financing Program loans, thereby prompting Newark to request preservation of eligibility for Construction Loans in the aggregate amount not to exceed $69,500,000; and

WHEREAS, with respect to the Authorizing Resolution's Construction Loan Limitation providing that any Construction Loan approved by any of the Authorized Officers, following the requisite consultations, and made by the I-Bank to a Borrower as part of the Construction Loan Program shall not exceed $15 million in principal amount, subject to further official action in the form of the adoption of a resolution by the Board, the I-Bank now desires, given the facts and circumstances set forth in the recitals hereto, to create as an exception to such limitation upon Construction Loans, as part of the Construction Loan Program, and approve the aforementioned Construction Loans to Newark in an amount not to exceed the amount stated for the purpose of completing the Newark Project; and

WHEREAS, it is the desire of the I-Bank that, other than the Authorizing Resolution's Construction

Loan Limitation described in the immediately preceding recital, Newark shall comply with (i) all other requirements of the Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

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

Section 1. Notwithstanding the Authorizing Resolution's Construction Loan Limitation providing that all Construction Loans approved by the Authorized Officers, following the requisite consultations, and made by the I-Bank to Borrowers as part of the Construction Loan Program, shall not exceed $15 million in principal amount, the Board, given the facts and circumstances set forth in the recitals hereto, hereby authorizes, as an exception to the Construction Loan Limitation, a Construction Loan, as part of the Construction Loan Program, to Newark for the Newark Project in an amount not to exceed the amount stated for the purpose of completing the Newark Project provided that Newark satisfies creditworthiness and collateralization requirements in the form of either third party loan guarantees or an assignment of specific reserve cash flows.

Project #	**Description**	**Project Priority List**
0714001-019	Phase 1 - Lead Service Line Replacement	$ 12,500,000
0714001-020	Phase 2 – Lead Service Line Replacement	$ 12,000,000
0714001-021	Phases 5-10 Lead Service Line Replacement	$ 45,000,000
	Total Authorized Loan Amount:	$ 69,500,000

Section 2. Notwithstanding the stated aggregate Construction Loan amount of $69,500,000 to Newark, the Construction Financing Program funding commitment for each Construction Loan shall be limited to the operable segments certified, in amounts set forth in the Department's allowable cost determination for each such operable segment, and such funding commitment shall arise at the time of loan closing of the first such operable segment, and upon the Department's allowable cost determination for each subsequent operable segment certified thereafter, recognizing that the terms and conditions of the long-term New Jersey Environmental Infrastructure Financing Program loans for each said Newark Project shall reflect the terms and conditions of the financing program year in which construction is certified.

Section 3. Notwithstanding the individual Construction Loan amounts identified for each project number in section 1 above, the Board authorizes the total aggregated loan amount to be appropriated among the individual phases of the Newark project as the DEP shall certify.

Section 4. Other than the exceptions created by the provisions of Section 1 of this Resolution,

the Construction Loans made to Newark as part of the Construction Loan Program shall comply fully with (i) each of the terms, provisions and conditions precedent set forth in the Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

Adopted Date:	June 11, 2020
Motion Made By:	Mr. Mark Longo
Motion Seconded By:	Mr. Michael Kanef
Ayes:	7
Nays:	0
Abstentions:	0

SUMMARY OF ANNOUNCEMENTS:

Executive Director Zimmer summarized the substantive events and correspondence issued since the last I-Bank Board meeting.

- On **June 9, 2020**, Executive Director Zimmer, COO Fernandez, and Construction Project Manager Rolon participated on the FHWA webinar entitled "The Build America Bureau is Open for Business" regarding the TIFIA and RRIF federal financing programs;
- On **June 8, 2020**, Executive Director Zimmer participated in a webinar hosted by Greener By Design involving senior officials from Essex and Hudson County regarding potential Transportation Bank and Water Bank financing for the Essex-Hudson Greenway Rails-to-Trails project;
- On **June 4, 2020**, Executive Director Zimmer and Assistant Director and Legal and Compliance Officer Karp testified, video conference, in the Senate Environmental & Energy Committee in support of Water Bank appropriation bills (S-2498, S-2499) and the I-Bank's May Report concurrent resolution (SCR-115);
- On **June 2, 2020**, the I-Bank, with the assistance of Financial Advisor, PFM and Bond Counsel, McCarter & English, took advantage of historically low interest rates and sold three refunding bond issues totaling $73.45 million benefitting 117 participants;
- On **June 2, 2020**, Executive Director Zimmer participated in a planning call for the Governor's NJ Green Fund with Jonathan Ratner and Brain Sabina of NJ EDA and Evan Weiss, Senior Advisor in the Governor's Office
- On **June 2, 2020**, Executive Director Zimmer organized and participated in the first State working group conference call for the TIFIA RPI Program with Peter Mancaukas and Mark Sullivan, both of the Federal Highway Administration, Rhode Island Infrastructure Bank CEO, Jeff Diehl and Virginia Resource Authority Director of Financial Services, Sean Crumlish;
- On **May 28, 2020**, Executive Director Zimmer and COO Peterson, DEP's Messrs. Chebra, Hauch, and Jenkins participated on a conference call with senior officials of Newark's Water and Sewer Utilities Department and their legal representative to discuss potential financing for the paving components of the City's Lead Service Line replacement project initiative;
- On **May 27, 2020**, COO Robert Fernandez and Project Manager George Rolon presented in the Alliance For Action's webinar, informing participants how to access Transportation Bank funds through the I-Bank's NJ-Moves portal;
- On **May 22, 2020**, the I-Bank's Transportation Engineering Advisory Committee convened its second meeting. Minutes from the Committee's first two meetings are available on the I-Bank's website;
- On **May 19, 2020**, Executive Director Zimmer and CFO Kaltman participated on a call with their peers at NYS Environmental Facilities Corporation to discuss the two respective programs' concerns regarding borrower satisfaction of creditworthiness in the current environment;
- On **May 15, 2020**, Executive Director Zimmer participated on a call with George Hawkins and Andy Kricun of Moonshot Mission regarding New Revenue and Reduced Costs for Funding for Water Infrastructure; and
- Program staff participated in various conference calls to discuss pre-planning and prospective financing program participation with:

  Water Bank
  - NJ American (June 9)
  - City of East Orange (May 29)
  - Newark City (May 28)
  - Passaic Valley Water Commission (May 20)

  Transportation Bank
  - Raritan Township (June 01)
- Executive Director Zimmer continues to serve as a Steering Committee member and co-Chair of the

Jersey Water Works Asset Management, Counterintelligence Field Activity and Finance Committee;

- Assistant Director and Chief Legal & Compliance Officer Karp is serving as the point person for the I-Bank, holding regular meetings with counterparts at NJDOT and NJDEP regarding the development and adoption of Program regulations for the Transportation Bank and Water Bank respectively;
- Chief Operating Officer Peterson continues to hold regular meetings with BCUA and the DEP regarding development of funding coordination with the EDA and BCUA's overall Project status; and
- The next Board meeting is scheduled for **Thursday, July 9, 2020 at 10:00** am either here at the I-Bank or via gotomeeting, as will be noticed in advance.
-

A copy of the announcements is available on the I-Bank's webpage (located under "Board Information", "2020 Meetings". Select "Minutes", the announcements will be at the end of the file). https://www.njib.gov/nj/Board+Information.3.

SUMMARY OF CORRESPONDENCE:

During the past month, the I-Bank received or sent the noteworthy correspondence listed below. Pursuant to the I-Bank's Green Initiative, the agenda package does not include copies of the following correspondence. Board members should contact the I-Bank Administrative Assistant if they wish to receive hard copies.

- 5.02 Certificates were sent to the following Program borrowers:

2017A-1	Hoboken City	S340 635-05

form of the adoption of a resolution by the Board of Directors of the I-Bank, the I-Bank now desires, given the facts and circumstances set forth in the recitals hereto, to create an exception to such limitation on Construction Loans which are part of the SFY2020 Construction Loan Program, for loans represented by the Increased DW Project Construction Loan Amount and the Increased CW Project Construction Loan Amount stated for the purposes of completing the JCMUA DW Project and the JCMUA CW Project; and

WHEREAS, it is the desire of the I-Bank that, other than the SFY2020 Authorizing Resolution's Construction Loan Limitations described in the immediately preceding recital, the Borrower shall comply with (i) all other requirements of the SFY2020 Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

WHEREAS, it is the desire of the I-Bank to authorize the increases in Original DW Project Construction Loan Amount to be increased to the Increased DW Project Construction Loan Amount and the Original CW Project Construction Loan Amount to be increased to the Increased CW Project Construction Loan Amount and to further authorize closings on the above described increases in SFY 2021.

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

Section 1. The recitals set forth above are incorporated herein by reference as if set forth at length herein.

Section 2. Notwithstanding the SFY2020 Authorizing Resolution's Construction Loan Limitations providing that all Construction Loans approved by the Authorized Officers, following the requisite consultations, and made by the I-Bank to Borrowers as part of the SFY2020 Construction Loan Program, shall not exceed $15 million in principal amount, the Board of Directors of the I-Bank, given the facts and circumstances set forth in the recitals hereto, hereby authorizes, as an exception to the Construction Loan Limitations, increases in the Construction Loans, as part of the SFY2020 Construction Loan Program, to JCMUA for the stated projects in the amount not to exceed the amounts stated below for the purpose of completing such projects.

Project Sponsor	**Project #**	**Description**	**Previously Authorized Amount**	**Increase**	**Total Authorized Loan Amount***
Jersey City Municipal Utilities Authority	0906001-025	Phase 1 & 2 Water Main Replacement Project	$25,100,000	$6,900,000	$35,000,000
Jersey City Municipal Utilities Authority	S340928-24	Phase 1 & 2 Sewer Rehabilitation Project	$81,500,000	$26,500,000	$108,000,00

***As increased**.

Section 3. Notwithstanding the stated increased loan amounts of $32,000,000 and $108,000,000 to JCMUA, the SFY2020 Construction Loan Program funding commitment for the loan shall be limited to the operable segments certified, in amounts set forth in the Department's allowable cost determination for each such operable segment, and such funding commitment shall arise at the time of loan closing of the first such operable segment, and upon the NJDEP's allowable cost determination for each subsequent operable segment certified thereafter, recognizing that the terms and conditions of the long-term New Jersey Environmental Infrastructure Financing Program loans for each said project shall reflect the terms and conditions of the financing program year in which construction is certified.

Section 4. Other than the exceptions created by the provisions of Section 2 of this Resolution, Construction Loans made to the aforementioned Borrower as part of the SFY2020 Construction Loan Program shall comply fully with (i) each of the terms, provisions and conditions precedent set forth in the SFY2020 Authorizing Resolution, (ii) all applicable requirements of the Act, and (iii) all applicable requirements of the Regulations.

Section 5. The Secretary of the I-Bank is hereby deemed an Authorized Officer as defined in Section 2 of the SFY2020 Authorizing Resolution.

Section 6. **Further Action.** Any Authorized Officer is hereby authorized and directed to take such other actions that such Authorized Officer, in his or her respective sole discretion after consultation with Legal Counsel, deems necessary, convenient or desirable to affect the transactions contemplated hereby.

Section 7. **Effective Date.** This Resolution shall become effective in accordance with the terms of Section 4(i) of the Act (N.J.S.A. 58:11B-4(i)).

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

Agenda Item 8E

RESOLUTION NO. 20 - xx

RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE AUTHORZING THE AWARD OF A CONTRACT FOR I.T. MANAGED SERVICES PROVIDER

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

WHEREAS, at its May 14, 2020 meeting, the Board of Directors of the I-Bank ("Board") approved Resolution No. 20-37 authorizing the Executive Director to prepare and distribute a Request for Proposals ("RFP") for the appointment of an I.T. Managed Services Provider ("I.T. MSP") for a contract term of September 1, 2020 through August 31, 2022;

WHEREAS, the I-Bank distributed an RFP for the appointment of an I.T. MSP for the period of September 1, 2020 through August 31, 2022 with an option for two additional one year periods upon approval of the Board in accordance with the I-Bank Policy No. 4.00 Purchase of Goods and Services;

WHEREAS, the RFP solicited proposals and enumerated the criteria and associated weights to be applied in the evaluation process;

WHEREAS, the I-Bank received nine proposals, one of which was deemed to be non-compliant with the requirements of the RFP;

WHEREAS, the Executive Director of the I-Bank appointed an Evaluation Committee ("Committee") consisting of three I-Bank staff members to individually rank the proposals;

WHEREAS, the Committee members independently reviewed and ranked the proposals;

WHEREAS, Committee members' rankings were tabulated, the two firms with the highest technical rankings were invited to make video presentation, after considerations of Best-And-Final-Offers (BAFOs) the Committee recommended that the contract for I.T. MSP be awarded to Domain Computer Services ("DCS");

WHEREAS, the Executive Director has reviewed the Committee's recommendation and recommends that the I-Bank engage DCS to serve as I-Bank's IT Managed Services Provider.

NOW THEREFORE, BE IT RESOLVED that the I-Bank selects and appoints DCS as I.T. MSP, which appointment shall be for a period of September 1, 2020 through August 31, 2022 with the option to extend for two one-year periods upon approval by the Board (the "contract term") and contingent upon the subsequent execution by all parties of an agreement in a form consistent with the RFP and the accepted terms of DCS proposal, subject to approval by the Attorney General; and

BE IT FURTHER RESOLVED, the Executive Director is hereby authorized to send a confirming letter to DSC confirming its appointment as the I-Bank's IT MSP for the contract term described above; and

BE IT FURTHER RESOLVED, the Chairperson, Vice-Chairperson, or Secretary of the I-Bank is hereby authorized to execute an agreement, substantially in the form of the agreement authorized by the Attorney General, with DCS. The terms and conditions of that agreement shall include but not be limited to:

a. The provision of services as outlined in the I-Bank's RFP distributed on June 1, 2020, and the proposal submitted by DCS on June 26, 2020;
b. The payment for all services as detailed in the proposal submitted by DCS dated June 26, 2020 as modified by DCS's best and final offer submitted on July 30, 2020; and
c. Such other terms and conditions as may be contemplated by the RFP and the materials enclosed therewith as deemed necessary and appropriate by the Chairperson, Vice-Chairperson, or Secretary of the I-Bank.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

Agenda Item 8F

RESOLUTION NO. 20 - xx

RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK AUTHORIZING THE ISSUANCE OF A REQUEST FOR PROPOSALS FOR A MANAGED SECURITY SERVICES PROVIDER

WHEREAS, pursuant to Section 5 of the New Jersey 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 New Jersey Infrastructure Bank ("I-Bank") is authorized to enter agreements necessary to the performance of its duties; and

WHEREAS, the services of an Information Technology Managed Security Services Provider ("I.T. MSSP") are needed to assure the security of the I-Bank's existing computer, internet servers and computer networks; and

NOW THEREFORE BE IT RESOLVED, that the I-Bank Board of Directors ("Board") hereby authorizes the Executive Director, in consultation with counsel, to prepare and distribute a Request for Proposals for an I.T. MSSP as may be determined in accordance with the provisions of I-Bank Policy and Procedure 4.00, "Purchase of Goods and Services"; and

BE IT FURTHER RESOLVED, that the Executive Director is further authorized to establish a committee to review all proposals in accordance with the I-Bank's Policy and Procedures and to make a report and recommendation to the Executive Director as to the selection of an I.T. MSSP for a contract period of two years with options for two additional one-year terms each upon further approval by the Board; and

BE IT FURTHER RESOLVED that the Executive Director is authorized to take all other actions consistent with approved procedures to procure the services of an I.T. MSSP.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

Agenda Item 8G

RESOLUTION NO. 20 - xx

RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK AUTHORIZING THE ISSUANCE OF A REQUEST FOR PROPOSALS FOR ARBITRAGE COMPLIANCE SERVICES

WHEREAS, pursuant to Section 5 of the New Jersey 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 New Jersey Infrastructure Bank ("I-Bank") is authorized to enter agreements necessary to the performance of its duties; and

WHEREAS, as an issuer of tax-exempt government bonds, there is a need for the I-Bank to engage a firm to perform arbitrage compliance services.

NOW THEREFORE BE IT RESOLVED, that the I-Bank Board of Directors ("Board") hereby authorizes the Executive Director, in consultation with counsel, to prepare and distribute a Request for Proposals for a provider of arbitrage compliance services as may be determined in accordance with the provisions of I-Bank Policy and Procedure 4.00, "Purchase of Goods and Services" for a contract period of two years with options for two additional one-year terms upon approval by the Board; and

BE IT FURTHER RESOLVED, that the Executive Director is further authorized to establish a committee to review all proposals in accordance with the I-Bank's Policy and Procedures and to make a report and recommendation to the Executive Director for concurrence and presentation to the Board as to the selection of an Arbitrage Compliance Services Provider; and the Executive Director shall in turn recommend to the Board the firm to be selected to serve as the Arbitrage Rebate Compliance Services Provider; and

BE IT FURTHER RESOLVED that the Executive Director is authorized to take all other actions consistent with approved procedures to facilitate the procurement of the services of an Arbitrage Compliance Services Provider.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

Agenda Item 8H

RESOLUTION NO. 20 - xx

RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK
AUTHORIZING AND ADOPTING A DOMESTIC VIOLENCE AND CRIMINAL CONDUCT POLICY

WHEREAS, the New Jersey Infrastructure Bank ("I-Bank"), pursuant to and in accordance with the New Jersey 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.), as the same may from time to time be amended and supplemented ("Act") and pursuant to Section IX of its By-Laws is authorized to enact and amend policies; and

WHEREAS, N.J.S.A. §11A:1-6a directs the Civil Service Commission to develop a uniform domestic violence policy and requires all public employers in New Jersey to adopt a uniform domestic violence policy regardless of whether a public employer is subject to the provisions of Title 11A, Civil Service, of the New Jersey Statutes; and

WHEREAS, the Civil Service Commission developed such a uniform Statewide Domestic Violence Policy for public employers which, in accordance with N.J.S.A. §11A:1-6a, may be modified to suit any unique needs of the public employer; and

WHEREAS, the I-Bank deems the enactment of a domestic violence and criminal conduct policy as integral to its commitment to providing a safe and secure working environment; and

NOW THEREFORE BE IT RESOLVED, the I-Bank Board of Directors ("Board") through this Resolution authorizes and approves (i) the adoption of I-Bank Policy No. 3.06 titled "Domestic Violence and Criminal Conduct Policy" through the Policy Statement attached to and incorporated with this Resolution as Exhibit A, with such immaterial modifications to the Policy Statement as the Executive Director of the I-Bank shall approve, following consultation with the Office of the Attorney General of the State, and (ii) the implementation of the Policy Statement pursuant to its terms; and

BE IT FURTHER RESOLVED, the Executive Director's authority to amend the Domestic Violence and Criminal Conduct Policy is limited to immaterial modifications, clarification of ambiguous or inconsistent provisions, grammatical corrections, correction of obvious omissions and/or errors, and conformity of the Domestic Violence and Criminal Conduct Policy with State practices or long-standing I-Bank practices.

Adopted Date:

Motion Made By:

Motion Seconded By:

Ayes:

Nays:

Abstentions:

EXHIBIT A
DOMESTIC VIOLENCE AND CRIMINAL CONDUCT POLICY

Agenda Item 9

RESOLUTION NO. 20 - xx

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 Infrastructure Bank (I-Bank) convene an executive session regarding contract negotiations, personnel matters and advice from counsel.

BE IT FURTHER RESOLVED, 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: