

RESOLUTION NO. 10-43

**RESOLUTION OF
THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
AUTHORIZING AN AUTHORIZED OFFICER OF THE TRUST
TO CONSENT ON BEHALF OF THE TRUST, AS BONDHOLDER,
TO A SUPPLEMENTAL RESOLUTION AUTHORIZING THE ISSUANCE OF SEWER
REVENUE BONDS, SERIES 2010 OF THE LAMBERTVILLE MUNICIPAL UTILITIES
AUTHORITY**

WHEREAS, the New Jersey Environmental Infrastructure Trust (the “Trust”), a public body corporate and politic duly created and existing pursuant to the New Jersey Environmental Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the “State”), as amended and supplemented (the “Act”), is authorized, pursuant to Sections 5(m) and 9(a) of the Act, to make and contract to make loans pursuant to loan agreements with local government units and public water utilities (each a “Borrower”) to finance a portion of the cost of environmental infrastructure system projects that Borrowers may lawfully undertake or acquire and for which they are authorized by law to borrow funds; and

WHEREAS, on November 7, 2002, in connection with the annual Environmental Infrastructure Financing Program (the “Financing Program”) of the Trust and the State, acting by and through the New Jersey Department of Environmental Protection (the “NJDEP”), the Trust issued its Environmental Infrastructure Bonds, Series 2002A, in the original aggregate principal amount of \$90,310,000 (the “Series 2002A Bonds”), pursuant to a resolution of the Trust entitled “Environmental Infrastructure Bond Resolution, Series 2002A”, adopted on September 16, 2002 (the “Original 2002A Resolution”), as supplemented by (i) a resolution of the Trust entitled “Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2007B (2002A Financing Program) of the New Jersey Environmental Infrastructure Trust”, adopted by the Trust on January 11, 2007 (the “2007B Supplemental Refunding Resolution”), and (ii) a resolution of the Trust entitled “Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2010A of the New Jersey Environmental Infrastructure Trust”, adopted by the Trust on July 8, 2010 (the “2010A Supplemental Refunding Resolution”; the Original 2002A Resolution, as amended and supplemented by the 2007B Supplemental Refunding Resolution and the 2010A Supplemental Refunding Resolution, shall be referred to herein as the “2002A Resolution”); and

WHEREAS, on September 26, 2007, the Trust 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”), pursuant to the Original 2002A Resolution, as supplemented by the 2007B Supplemental Refunding Resolution, for the purpose of advance refunding a portion of the Series 2002A Bonds; and

WHEREAS, on August 4, 2010, the Trust issued its Environmental Infrastructure Refunding Bonds, Series 2010A in the original aggregate principal amount of \$68,570,000 (the

“Series 2010A Refunding Bonds”), pursuant to the 2002A Resolution, for the purpose of advance refunding a portion of the Series 2002A Bonds; and

WHEREAS, the Trust and The Lambertville Sewerage Authority, as predecessor in interest to The Lambertville Municipal Utilities Authority (the “Authority”), a public body corporate and politic created and existing pursuant to the laws of the State, have entered into that certain Loan Agreement, dated as of November 1, 2002 (the “2002 Loan Agreement”), pursuant to the terms of which the Trust has made a loan to the Authority (the “2002 Loan”), from a portion of the proceeds of the Series 2002A Bonds (a portion of which were refunded with proceeds of the Series 2007B Refunding Bonds and a portion of which were refunded with the proceeds of the Series 2010A Refunding Bonds), to finance a portion of the Project as defined and described in the 2002 Loan Agreement; and

WHEREAS, to evidence and secure the repayment of the 2002 Loan pursuant to the 2002 Loan Agreement, the Authority issued to the Trust its Lambertville Sewerage Authority Sewer Revenue Bonds, Series 2002A, in the aggregate principal amount of \$945,000 (the “2002 Trust Loan Bond”), pursuant to a resolution of the Authority entitled “Resolution Authorizing the Issuance of Sewer Revenue Bonds of The Lambertville Sewerage Authority,” adopted on February 16, 1982, as supplemented and amended (the “Authority Bond Resolution”); and

WHEREAS, simultaneously with the extension of the 2002 Loan by the Trust to the Authority, the NJDEP extended a loan to the Authority (the “2002 Fund Loan”), pursuant to a Loan Agreement, dated as of November 1, 2002, by and between the NJDEP and the Authority (the “2002 Fund Loan Agreement”); and

WHEREAS, to evidence and secure the repayment of the 2002 Fund Loan pursuant to the 2002 Fund Loan Agreement, the Authority issued to the State its Lambertville Sewerage Authority Sewer Revenue Bonds, Series 2002B, in the aggregate principal amount of \$919,179 (the “2002 Fund Loan Bond”), pursuant to the Authority Bond Resolution; and

WHEREAS, on November 6, 2003, in connection with the Financing Program of the Trust and the State, acting by and through the NJDEP, the Trust issued its Environmental Infrastructure Bonds, Series 2003A, in the original aggregate principal amount of \$66,420,000 (the “Series 2003A Bonds”), pursuant to a resolution of the Trust entitled “Environmental Infrastructure Bond Resolution, Series 2003A”, adopted on September 15, 2003, as supplemented by the 2010A Supplemental Refunding Resolution (as so amended and supplemented, the “2003A Resolution”); and

WHEREAS, on August 4, 2010, the Trust issued the Series 2010A Refunding Bonds pursuant to the 2003A Resolution, for the purpose of advance refunding a portion of the Series 2003A Bonds; and

WHEREAS, the Trust and the Authority have entered into that certain Loan Agreement, dated as of November 1, 2003 (the “2003 Loan Agreement”), pursuant to the terms of which the Trust has made a loan to the Authority (the “2003 Loan”), from a portion of the proceeds of the Series 2003A Bonds (a portion of which were refunded with proceeds of the Series 2010A

Refunding Bonds), to finance a portion of the Project as defined and described in the 2003 Loan Agreement; and

WHEREAS, to evidence and secure the repayment of the 2003 Loan pursuant to the 2003 Loan Agreement, the Authority issued to the Trust its Lambertville Sewerage Authority Sewer Revenue Bonds, Series 2003A, in the aggregate principal amount of \$690,000 (the “2003 Trust Loan Bond”), pursuant to the Authority Bond Resolution; and

WHEREAS, simultaneously with the extension of the 2003 Loan by the Trust to the Authority, the NJDEP extended a loan to the Authority (the “2003 Fund Loan”), pursuant to a Loan Agreement, dated as of November 1, 2003, by and between the NJDEP and the Authority (the “2003 Fund Loan Agreement”); and

WHEREAS, to evidence and secure the repayment of the 2003 Fund Loan pursuant to the 2003 Fund Loan Agreement, the Authority issued to the State its Lambertville Sewerage Authority Sewer Revenue Bonds, Series 2003B, in the aggregate principal amount of \$628,500 (the “2003 Fund Loan Bond”), pursuant to the Authority Bond Resolution; and

WHEREAS, on March 10, 2010, in connection with the Financing Program of the Trust and the State, acting by and through the NJDEP (the “2010A Financing Program”), the Trust issued its Environmental Infrastructure Bonds, Series 2010A, in the original aggregate principal amount of \$127,595,000 (the “Series 2010A Bonds”), pursuant to a resolution of the Trust entitled “Environmental Infrastructure Bond Resolution, Series 2010A”, adopted on January 28, 2010; and

WHEREAS, the Trust and the Authority have entered into that certain Loan Agreement, dated as of March 1, 2010 (the “2010A Loan Agreement”), pursuant to the terms of which the Trust has made a loan to the Authority (the “2010A Loan”), from a portion of the proceeds of the Series 2010A Bonds, to financing a portion of the Project as defined and described in the 2010A Loan Agreement; and

WHEREAS, to evidence and secure the repayment of the 2010A Loan pursuant to the 2010A Loan Agreement, the Authority issued to the Trust its Lambertville Sewerage Authority Sewer Revenue Bonds, Series 2010-1A, in the aggregate principal amount of \$1,740,000 (the “2010 Trust Loan Bond”); and

WHEREAS, on January 29, 2010, the NJDEP extended a loan to the Authority (the “2010A Fund Loan”), pursuant to a Loan Agreement, dated as of January 29, 2010, by and between the NJDEP and the Authority (the “2010A Fund Loan Agreement”); and

WHEREAS, to evidence and secure the repayment of the 2010A Fund Loan pursuant to the 2010A Fund Loan Agreement, the Authority issued to the State its Lambertville Sewerage Authority Sewer Revenue Bonds, Series 2010-1B, in the aggregate principal amount of \$5,340,000 (the “2010A Fund Loan Bond”), pursuant to the Authority Bond Resolution; and

WHEREAS, on March 10, 2010, \$3,560,000 of the principal amount of the 2010A Fund Loan was forgiven by the State, thereby decreasing the outstanding amount of the 2010A Fund Loan Bond to \$1,780,000; and

WHEREAS, the Authority has informed the Trust that the 2002 Trust Loan Bond, the 2002 Fund Loan Bond, the 2003 Trust Loan Bond, the 2003 Fund Loan Bond, the 2010A Trust Loan Bond and the 2010A Fund Loan Bond (collectively, the “Outstanding Bonds”) are the only obligations currently outstanding pursuant to the Authority Bond Resolution; and

WHEREAS, the Financing Program does not require borrowers that are authority borrowers (the “Authority Borrowers”) that are participating in the Financing Program to secure the bonds thereof that are issued to the Trust and the State, respectively, with a debt service reserve fund established pursuant to the respective bond resolution or indenture of such Authority Borrowers; and the creditworthiness assessment performed by the Trust and the State pursuant to the Financing Program with respect to any Authority Borrower participating in the Financing Program is made without regard to the existence or non-existence of a debt service reserve fund established by such Authority Borrowers pursuant to the respective bond resolution or indenture requirements thereof; and

WHEREAS, notwithstanding Financing Program policy as described in the preceding recital, many Authority Borrowers have established a debt service reserve fund in satisfaction of requirements established by the respective bond resolution or indenture of such Authority Borrowers; and

WHEREAS, the Outstanding Bonds issued by the Authority currently are secured by a debt service reserve fund (the “Debt Service Reserve Fund”) established pursuant to the provisions of the Authority Bond Resolution and funded in a manner and in an amount as required by the provisions of the Authority Bond Resolution (the “Debt Service Reserve Requirement”); and

WHEREAS, pursuant to Financing Program policy, (i) given the fact that the Authority has not entered into a full faith and credit general obligation service agreement with a municipality and (ii) given the prior establishment by the Authority of the Debt Service Reserve Fund pursuant to the Authority Bond Resolution for the purpose of securing the Outstanding Bonds (and notwithstanding the fact that 100% of the Outstanding Bonds are held by the Trust and the State, respectively, through the Financing Program), the Proposed 2010B Program Bonds (as hereinafter defined) cannot be issued on a subordinated basis, junior to the Outstanding Bonds, and, therefore, must be secured by the Debt Service Reserve Fund; and

WHEREAS, in connection with its participation in the 2010A Financing Program, the Authority adopted its “Supplemental Resolution Authorizing the Issuance of Sewer Revenue Bonds, Series 2009 of The Lambertville Municipal Utilities Authority and Amending the Authority’s 1982 Bond Resolution,” on August 4, 2009 (the “2009 Supplemental Authority Resolution”), the form of which is attached hereto as Exhibit A, which 2009 Supplemental Authority Resolution provided for an amendment to the Authority Bond Resolution, approved by the written consent of the holders of 100% of the Outstanding Bonds (such holders consisting of

the Trust and the State) to modify the Debt Service Reserve Requirement so as to permit the funding of the Debt Service Reserve Fund with respect to the 2010A Trust Loan Bond and the 2010A Fund Loan Bond over a three (3) year period as described therein, provided that no Additional Bonds (as defined in the Authority Bond Resolution) shall be issued, other than the 2010A Trust Loan Bond and the 2010A Fund Loan Bond, unless and until the three (3) year funding of the Debt Service Reserve Fund is completed in satisfaction of the provisions of the Debt Service Reserve Requirement (the “Restriction on Additional Bonds”); and

WHEREAS, the 2009 Supplemental Authority Resolution approved the issuance of the 2010A Trust Loan Bond and the 2010A Fund Loan Bond for the purpose of financing costs of certain projects described therein, including, without limitation, the acquisition of a combination sewer cleaner (the “Acquisition”); and

WHEREAS, as a result of a determination of the NJDEP, based upon objective criteria, the Acquisition was not included in the Project financed with the proceeds of the 2010A Trust Loan Bond and the 2010A Fund Loan Bond; and

WHEREAS, the Authority now wishes to finance the Acquisition, and the financing of the Acquisition has been duly approved by the Authority and the Trust and the NJDEP; and

WHEREAS, in connection with its proposed participation in the Trust’s Financing Program pursuant to which the Trust will issue its “Environmental Infrastructure Bonds, Series 2010B”, on or about December 2, 2010 (the “2010B Financing Program”), pursuant to a resolution of the Trust entitled “Environmental Infrastructure Bond Resolution, Series 2010B”, to be adopted by the Trust on or about October 14, 2010, the Authority adopted its “Supplemental Resolution Authorizing the Issuance of Sewer Revenue Bonds, Series 2010 of The Lambertville Municipal Utilities Authority,” on August 3, 2010 (the “2010 Supplemental Authority Resolution”), the form of which is attached hereto as Exhibit B, pursuant to which the Authority proposes to issue bonds to the Trust and the State, respectively, in the aggregate principal amount not to exceed \$450,000, in connection with the anticipated 2010B Financing Program (the “Proposed 2010B Program Bonds”); and

WHEREAS, the Proposed 2010B Program Bonds would constitute Additional Bonds pursuant to the Authority Bond Resolution; and

WHEREAS, prior to the issuance of the Proposed 2010B Program Bonds and as a condition precedent to such issuance, holders of 100% of the Outstanding Bonds must provide (i) their written consent to the provisions of the 2010 Supplemental Authority Resolution and (ii) their written waiver to the Restriction on Additional Bonds, solely with respect to the issuance of the Proposed 2010B Program Bonds; and

WHEREAS, the Authority, through its bond counsel, has submitted a written request to the Trust and the NJDEP seeking (i)(a) the consent of the Trust, as holder of the 2002 Trust Loan Bond, the 2003 Trust Loan Bond, and the 2010A Trust Loan Bond, and (b) the consent of the State, as holder of the 2002 Fund Loan Bond, the 2003 Fund Loan Bond and the 2010A Fund Loan Bond, to the 2010 Supplemental Authority Resolution, and (ii)(a) the waiver of the Trust,

as holder of the 2002 Trust Loan Bond, the 2003 Trust Loan Bond, and the 2010A Trust Loan Bond, and (b) the waiver of the State, as holder of the 2002 Fund Loan Bond, the 2003 Fund Loan Bond and the 2010A Fund Loan Bond, to the Restriction on Additional Bonds, solely with respect to the issuance of the Proposed 2010B Program Bonds; and

WHEREAS, the 2010 Supplemental Authority Resolution also provides for the funding of the Debt Service Reserve Fund in full by the Authority with respect to the Proposed 2010B Program Bonds and upon the issuance of the Proposed 2010B Program Bonds; and

WHEREAS, it is the desire of the Trust (i) to consent to the 2010 Supplemental Authority Resolution and (ii) to waive the Restriction on Additional Bonds, solely with respect to the issuance of the Proposed 2010B Program Bonds, due to the fact that such 2010 Supplemental Authority Resolution is consistent with current Financing Program policies as it enables the Authority (x) to issue the Proposed 2010B Program Bonds on parity with the Outstanding Bonds and (y) to finance the Acquisition as originally contemplated by the 2009 Supplemental Authority Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Trust (the “Board”), as follows:

Section 1. The Board hereby (i) consents to the 2010 Supplemental Authority Resolution and (ii) waives the Restriction on Additional Bonds, solely with respect to the issuance of the Proposed 2010B Program Bonds, due to the fact that such 2010 Supplemental Authority Resolution is consistent with current Financing Program policies as it enables the Authority (x) to issue the Proposed 2010B Program Bonds on parity with the Outstanding Bonds and (y) to finance the Acquisition as originally contemplated by the 2009 Supplemental Authority Resolution.

Section 2. The Chairman, the Vice Chairman and the Acting Executive Director of the Trust (each an “Authorized Officer”) are hereby severally authorized to evidence the consent and waiver of the Trust as provided in Section 1 hereof by the execution and delivery of the consent and waiver certificate in the form attached as Exhibit C hereto; provided, however, that the execution and delivery of such consent and waiver certificate by an Authorized Officer shall be conditioned upon the consent in writing to the 2010 Supplemental Authority Resolution and the waiver in writing to the Restriction on Additional Bonds by the NJDEP, in the form of an appropriate consent and waiver certificate.

Section 3. The Acting Executive Director and any other Authorized Officer are hereby severally authorized and directed to (i) execute such other certificates, instruments or other documents, in such form and with such terms and conditions as the Acting Executive Director, or any other Authorized Officer, after consultation with Bond Counsel to the Trust, deems necessary, convenient or desirable to effect the transactions contemplated hereby, and (ii) take such other actions as the Acting Executive Director, or any other Authorized Officer, in their respective sole discretion after consultation with Bond Counsel to the Trust, deems necessary, convenient or desirable to effect the transactions contemplated hereby.

Section 4. This Resolution shall take effect immediately, subject to the provisions of the Act.

Adopted Date: September 23, 2010

Motion Made By: Mr. Barrack

Motion Seconded By: Mr. Plonski

Ayes: 7

Nays: 0

Abstentions: 0

EXHIBIT A

EXHIBIT B

EXHIBIT C