

RESOLUTION NO. 10 - 56

**RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
AUTHORIZING DIRECT LOANS TO CERTAIN BORROWERS PARTICIPATING IN THE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM**

WHEREAS, pursuant to Section 5(m) and Section 9(a) of the New Jersey Environmental Infrastructure Trust Act, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey (the "State"), as amended and supplemented (N.J.S.A. 58:11B-1 *et seq.*) (the "Act"), the New Jersey Environmental Infrastructure Trust, a public body corporate and politic under the laws of the State, created pursuant to the Act (the "Trust"), is authorized to make and contract to make loans (each a "Trust Loan") to project sponsors (each a "Project Sponsor") to finance a portion of the costs of the respective environmental infrastructure system projects thereof (each a "Project"), which Project Sponsors may lawfully undertake or acquire and for which they are authorized by law to borrow funds, subject to such terms and conditions as the Trust shall determine to be consistent with the Act and the purposes of the Trust; and

WHEREAS, the Project Sponsors set forth in Schedule I attached hereto (each a "Direct Loan Borrower" and, collectively, the "Direct Loan Borrowers") have sought financial assistance from the Trust in connection with the respective Projects thereof that bear the corresponding numeric designations set forth in Schedule I attached hereto (each a "Direct Loan Project" and, collectively, the "Direct Loan Projects"); and

WHEREAS, it currently is estimated by each Direct Loan Borrower that the portion of the total cost of its respective Direct Loan Project to be financed by the Trust will be less than or equal to \$150,000, and, in connection with such cost, each Direct Loan Borrower seeks financial assistance from the Trust in the form of a Trust Loan (each a "Direct Trust Loan" and, collectively, the "Direct Trust Loans") in a principal amount not to exceed the amount set forth under the heading "Maximum Trust Loan Amount" in Schedule I attached hereto with respect to the respective and corresponding Direct Loan Project of each such Direct Loan Borrower (each a "Maximum Trust Loan Amount"), with additional financial assistance to be provided to each Direct Loan Borrower for the balance of the cost of its respective Direct Loan Project in the form of a loan (each a "NJDEP Loan" and, collectively, the "NJDEP Loans") from the State, acting by and through the New Jersey Department of Environmental Protection (the "NJDEP"); and

WHEREAS, as an alternative to the funding of the Direct Trust Loans from proceeds of bonds to be issued by the Trust as part of its annual Environmental Infrastructure Financing Program (the "Financing Program"), it is in the administrative interests of the Trust, given the low principal amount of each Direct Trust Loan and the nature of each Direct Loan Project, that the Trust fund the Direct Trust Loans as so-called direct loans as part of the direct loan initiative of the Trust (the "Direct Loan Program") from (i) investment earnings available to the Trust for such purposes and/or (ii) operating funds of the Trust that are not required for, or committed to, the operation of the Trust for fiscal years 2011 and 2012 (collectively, the "Available Funds"); and

WHEREAS, on June 8, 2006, the Board of Directors of the Trust (the "Board") adopted a resolution entitled "Amended and Restated Resolution of the New Jersey Environmental Infrastructure Trust Relating to the Direct Loan Program and Certain Policies Regarding the Administration Thereof and the Granting of Direct Loans" (the "Direct Loan Policy Resolution"), which Direct Loan Policy Resolution sets forth the Direct Loan Program Criteria (as such term is defined in the Direct Loan Policy

Resolution) for use by the Trust for the purpose of identifying a Project that shall be appropriate for funding through the Direct Loan Program of the Trust, and such Direct Loan Program Criteria, either one of which, or both collectively, may be deemed by the Board to be determinative, include the following: (i) the loan by the Trust to the Project Sponsor pursuant to the Direct Loan Program shall not exceed \$150,000; and (ii) the Project Sponsor shall be the subject of economic hardship and/or shall lack administrative staff and/or expertise in matters relating to the completion and the financing of the Project; and

WHEREAS, each Direct Loan Borrower and the Direct Loan Project thereof satisfies clause (i) of the Direct Loan Program Criteria, due to the fact that the principal amount of each Direct Trust Loan therefor is expected to be less than or equal to \$150,000; and

WHEREAS, each Direct Trust Loan shall be extended by the Trust to each Direct Loan Borrower, and each Direct Loan Borrower shall repay its Direct Trust Loan to the Trust, pursuant to the terms and provisions of a loan agreement (each a “Direct Trust Loan Agreement” and, collectively, the “Direct Trust Loan Agreements”), by and between the Trust and such Direct Loan Borrower; and

WHEREAS, the rate of interest to be paid by each Direct Loan Borrower to the Trust with respect to the repayment of its Direct Trust Loan shall be calculated in the following manner (the “Interest Rate Calculation”), so as to achieve an objectively determined rate of interest that is reflective of the policy goals as set forth in the Direct Loan Policy Resolution, this Resolution and the market as of the date of closing for each Direct Trust Loan: (i) the interest rate as determined, on the date of closing for each Direct Trust Loan, by the Municipal Market Advisors pursuant to their MMD Index, (ii) plus (or minus) the number of basis points by which the interest rate on the most recently issued tax-exempt (non-AMT) Environmental Infrastructure Bonds issued by the Trust to provide new financing for Projects (the “Bonds”) exceeded (or was less than) the MMD Index on the date on which such Bonds were sold, and (iii) with such determination being made as a scale for each year of the life of such Direct Trust Loan and thereupon converted into an average rate based upon the weighted average maturity schedule, thereby establishing level debt service comparable to the amortization of a mortgage loan; and

WHEREAS, it is the desire of the Trust, subject to the terms and provisions of the Act, the Direct Loan Policy Resolution and this Resolution, to authorize each Direct Trust Loan to the respective Direct Loan Borrower (as identified in Schedule I attached hereto and made a part hereof) for the purpose of financing a portion of the cost of the respective Direct Loan Project thereof (as identified in Schedule I attached hereto and made a part hereof), pursuant to the respective terms and provisions of the respective Direct Trust Loan Agreement.

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

Section 1. The Board hereby approves the making of each Direct Trust Loan to the respective Direct Loan Borrower (as identified in Schedule I attached hereto and made a part hereof), as part of the Direct Loan Program of the Trust, for the purpose of financing a portion of the cost of the respective Direct Loan Project thereof (as identified in Schedule I attached hereto and made a part hereof), provided that (i) the principal amount of each Direct Trust Loan shall not exceed the applicable Maximum Trust Loan Amount with respect to such Direct Loan Project (as identified in Schedule I attached hereto and made a part hereof), (ii) each Direct Trust Loan shall be funded solely from the Available Funds, (iii) each Direct Trust Loan shall comply fully with the provisions of the Act, the Direct Loan Policy Resolution and this Resolution, (iv) each Direct Trust Loan shall be made by the Trust to the respective Direct Loan Borrower, and the repayment thereof shall be made by such Direct Loan Borrower to the Trust, pursuant to the terms and provisions of a Direct Trust Loan Agreement, in substantially the form attached hereto as Exhibit A and made a part hereof (with respect to a municipal Direct Loan

Borrower) or in substantially the form attached hereto as Exhibit B and made a part hereof (with respect to a private water company Direct Loan Borrower), with such revisions and modifications thereto as shall be approved by the Chairman, the Vice Chairman or the Executive Director of the Trust (each an "Authorized Officer") after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, such approval to be evidenced by the execution thereof by such Authorized Officer, and (v) the payment of interest on each Direct Trust Loan by the respective Direct Loan Borrower shall be calculated pursuant to the Interest Rate Calculation.

Section 3. Each Authorized Officer is hereby severally authorized and directed to execute (i) each Direct Trust Loan Agreement and (ii) any certificates, instruments or documents contemplated therein or otherwise related to the making of the Direct Trust Loans by the Trust to each respective Direct Loan Borrower.

Section 4. Upon execution of each Direct Trust Loan Agreement by an Authorized Officer, the Secretary and the Assistant Secretary of the Trust are each hereby severally authorized and directed, where required, to affix the corporate seal of the Trust, and to attest to the signature of such Authorized Officer, thereon and on any certificates, instruments or documents contemplated therein or related thereto and to the making of the Direct Trust Loan by the Trust to such Direct Loan Borrower.

Section 5. Any Authorized Officer is hereby authorized and directed to take such other actions that such Authorized Officer, in his respective sole discretion after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, deems necessary, convenient or desirable to effect the transactions contemplated hereby.

Adopted Date: November 18, 2010

Motion Made By: Ms. Kreipke

Motion Seconded By: Mr. Plonski

Ayes: 6

Nays: 0

Abstentions: 0

SCHEDULE I

DIRECT LOAN BORROWERS

<u>Direct Loan Borrower</u>	<u>Direct Loan Project No.</u>	<u>Maximum Trust Loan Amount</u>
Borough of Madison	S340715-04B-1	\$110,000
Borough of Waldwick	S340195-01	\$130,000
Lake Tamarack Water Corporation	1911003-002	\$40,000

EXHIBIT A

EXHIBIT B