

RESOLUTION NO. 12-56

RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST (I) CONSENTING TO THE PREPAYMENT BY THE BAYONNE MUNICIPAL UTILITIES AUTHORITY OF CERTAIN LOANS EXTENDED TO IT BY THE TRUST; (II) CONSENTING TO THE PREPAYMENT BY THE CITY OF BAYONNE REDEVELOPMENT AGENCY OF CERTAIN LOANS EXTENDED TO IT BY THE TRUST; AND (III) AUTHORIZING THE PARTIAL DEFEASANCE OF CERTAIN OUTSTANDING BONDS OF THE TRUST

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 projects that Borrowers may lawfully undertake or acquire and for which they are authorized by law to borrow funds; and

WHEREAS, on November 4, 1999, the Trust issued its "Environmental Infrastructure Bonds, Series 1999A", dated October 15, 1999, in the original aggregate principal amount of \$52,410,000 (the "Series 1999A Bonds"), in accordance with the provisions of (i) the "Environmental Infrastructure Bond Resolution, Series 1999A" of the Trust, duly adopted by the Trust on September 20, 1999 (the "Original 1999A Bond Resolution"), (ii) the Act and (iii) all other applicable law; and

WHEREAS, on June 22, 2006, the Trust issued its "Environmental Infrastructure Refunding Bonds, Series 2006B (1999A Financing Program)" (the "Series 2006B Refunding Bonds"), dated June 22, 2006, in the original aggregate principal amount of \$33,000,000, pursuant to the terms and provisions of the Original 1999A Bond Resolution, as supplemented by a resolution of the Trust adopted on March 23, 2006 and entitled "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2006B (1999A Financing Program) of the New Jersey Environmental Infrastructure Trust" (the "2006B Supplemental Bond Resolution"; the Original 1999A Bond Resolution as supplemented by the 2006B Supplemental Bond Resolution shall be referred to herein as the "1999A Bond Resolution"), for the purpose of refunding a portion of the Series 1999A Bonds; and

WHEREAS, on November 9, 2000, the Trust issued its "Environmental Infrastructure Bonds, Series 2000B (AMT)", dated October 15, 2000, in the original aggregate principal amount of \$6,905,000 (the "Series 2000B Bonds"), in accordance with the provisions of (i) the "Environmental Infrastructure Bond Resolution, Series 2000B" of the Trust, duly adopted by the Trust on September 18, 2000 (the "Original 2000B Bond Resolution"), (ii) the Act and (iii) all other applicable law; and

WHEREAS, on August 18, 2010, the Trust issued a portion (the "Series 2000B Allocable Portion of the Series 2010B Refunding Bonds") of its "Environmental Infrastructure Refunding Bonds, Series 2010B (AMT)", dated August 18, 2010, in the original aggregate principal amount of \$5,315,000 (the "Series 2010B Refunding Bonds"), pursuant to the terms and provisions of the Original 2000B Bond Resolution, as supplemented by a resolution of the Trust adopted on July 8, 2010 and entitled "Supplemental Bond Resolution Authorizing the Issuance of Environmental

Infrastructure Refunding Bonds, Series 2010B (AMT) of the New Jersey Environmental Infrastructure Trust” (the “2010B Supplemental Bond Resolution”; the Original 2000B Bond Resolution as supplemented by the 2010B Supplemental Bond Resolution shall be referred to herein as the “2000B Bond Resolution”), for the purpose of refunding a portion of the Series 2000B Bonds; and

WHEREAS, on November 7, 2002, the Trust issued its “Environmental Infrastructure Bonds, Series 2002A”, dated October 15, 2002, in the original aggregate principal amount of \$90,310,000 (the “Series 2002A Bonds”), in accordance with the provisions of (i) the “Environmental Infrastructure Bond Resolution, Series 2002A” of the Trust, duly adopted by the Trust on September 16, 2002 (the “Original 2002A Bond Resolution”), (ii) the Act and (iii) all other applicable law; and

WHEREAS, on September 26, 2007, the Trust issued its “Environmental Infrastructure Refunding Bonds, Series 2007B (2002A Financing Program)” (the “Series 2007B Refunding Bonds”), dated September 26, 2007, in the original aggregate principal amount of \$37,440,000, pursuant to the terms and provisions of the Original 2002A Bond Resolution, as supplemented by a resolution of the Trust adopted on January 11, 2007 and entitled “Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2007B (2002A Financing Program) of the New Jersey Environmental Infrastructure Trust” (the “2007B Supplemental Bond Resolution”), for the purpose of refunding a portion of the Series 2002A Bonds; and

WHEREAS, on August 18, 2010, the Trust issued a portion (the “Series 2002A Allocable Portion of the Series 2010A Refunding Bonds”) of its “Environmental Infrastructure Refunding Bonds, Series 2010A, dated August 18, 2010, in the original aggregate principal amount of \$68,750,000 (the “Series 2010A Refunding Bonds”), pursuant to the terms and provisions of the Original 2002A Bond Resolution, as supplemented by the 2007B Supplemental Bond Resolution and a resolution of the Trust adopted on July 8, 2010 and entitled “Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2010A of the New Jersey Environmental Infrastructure Trust” (the “2010A Supplemental Bond Resolution”; the Original 2002A Bond Resolution as supplemented by the 2007B Supplemental Bond Resolution and the 2010A Supplemental Bond Resolution shall be referred to herein as the “2002A Bond Resolution”), for the purpose of refunding a portion of the Series 2002A Bonds; and

WHEREAS, on November 9, 2006, the Trust issued its “Environmental Infrastructure Bonds, Series 2006A”, dated November 9, 2006, in the original aggregate principal amount of \$148,850,000 (the “Series 2006A Bonds”), in accordance with the provisions of (i) the “Environmental Infrastructure Bond Resolution, Series 2006A” of the Trust, duly adopted by the Trust on September 19, 2006 (the “Original 2006A Bond Resolution”), (ii) the Act and (iii) all other applicable law; and

WHEREAS, on August 18, 2010, the Trust issued a portion (the “Series 2006A Allocable Portion of the Series 2010A Refunding Bonds”) of the Series 2010A Refunding Bonds, pursuant to the terms and provisions of the Original 2006A Bond Resolution, as supplemented by the 2010A Supplemental Bond Resolution (the Original 2006A Bond Resolution, as supplemented by the 2010A Supplemental Bond Resolution and the “Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2012A-R of the New Jersey Environmental Infrastructure Trust”, adopted by the Trust on July 12, 2012, shall be referred to herein as the “2006A Bond Resolution”), for the purpose of refunding a portion of the Series 2006A Bonds; and

WHEREAS, on November 8, 2007, the Trust issued its “Environmental Infrastructure Bonds, Series 2007A”, dated November 8, 2007, in the original aggregate principal amount of \$216,105,000 (the “Series 2007A Bonds”), in accordance with the provisions of (i) the “Environmental Infrastructure Bond Resolution, Series 2007A” of the Trust, duly adopted by the Trust on September 18, 2007 (the “2007A Bond Resolution”), (ii) the Act and (iii) all other applicable law; and

WHEREAS, on November 6, 2008, the Trust issued its “Environmental Infrastructure Bonds, Series 2008A”, dated November 6, 2008, in the original aggregate principal amount of \$128,450,000 (the “Series 2008A Bonds”), in accordance with the provisions of (i) the “Environmental Infrastructure Bond Resolution, Series 2008A” of the Trust, duly adopted by the Trust on September 16, 2008 (the “2008A Bond Resolution”), (ii) the Act and (iii) all other applicable law; and

WHEREAS, on December 2, 2009, the Trust issued its “Environmental Infrastructure Bonds, Series 2009A”, dated December 2, 2009, in the original aggregate principal amount of \$61,945,000 (the “Series 2009A Bonds”), in accordance with the provisions of (i) the “Environmental Infrastructure Bond Resolution, Series 2009A” of the Trust, duly adopted by the Trust on October 8, 2009 (the “2009A Bond Resolution”), (ii) the Act and (iii) all other applicable law; and

WHEREAS, on March 10, 2010, the Trust issued its “Environmental Infrastructure Bonds, Series 2010A”, dated March 10, 2010, in the original aggregate principal amount of \$127,595,000 (the “Series 2010A Bonds”; the Series 2006B Refunding Bonds, the Series 2000B Allocable Portion of the Series 2010B Refunding Bonds, the Series 2007B Refunding Bonds, the Series 2002A Allocable Portion of the Series 2010A Refunding Bonds, the Series 2006A Bonds, the Series 2006A Allocable Portion of the Series 2010A Refunding Bonds, the Series 2007A Bond, the Series 2008A Bonds, the Series 2009A Bonds and the Series 2010A Bonds shall be referred to collectively herein as the “Prior Bonds”), in accordance with the provisions of (i) the “Environmental Infrastructure Bond Resolution, Series 2010A” of the Trust, duly adopted by the Trust on January 28, 2010 (the “2010A Bond Resolution”; the 1999A Bond Resolution, the 2000B Bond Resolution, the 2002A Bond Resolution, the 2003A Bond Resolution, the 2006A Bond Resolution, the 2007A Bond Resolution, the 2008A Bond Resolution, the 2009A Bond Resolution and the 2010A Bond Resolution shall be referred to collectively herein as the “Prior Bond Resolutions”), (ii) the Act and (iii) all other applicable law; and

WHEREAS, the Trust and the Bayonne Municipal Utilities Authority (the “BMUA”) have entered into that certain Loan Agreement, dated as of November 1, 1999 (the “1999A Loan Agreement”), pursuant to the terms of which the Trust has made a loan to the BMUA (the “1999A Loan”), from a portion of the proceeds of the Series 1999A Bonds, to finance a portion of the Project defined and described in the 1999A Loan Agreement; and

WHEREAS, the Trust and the BMUA have entered into that certain Loan Agreement, dated as of November 1, 2000 (the “2000B Loan Agreement”), pursuant to the terms of which the Trust has made a loan to the BMUA (the “2000B Loan”), from a portion of the proceeds of the Series 2000B Bonds, to finance a portion of the Project defined and described in the 2000B Loan Agreement; and

WHEREAS, the Trust and the BMUA have entered into that certain Loan Agreement, dated as of November 1, 2002 (the “2002A Loan Agreement”), pursuant to the terms of which the Trust

has made a loan to the BMUA (the “2002A Loan”), from a portion of the proceeds of the Series 2002A Bonds, to finance a portion of the Project defined and described in the 2002A Loan Agreement; and

WHEREAS, the Trust and the City of Bayonne Redevelopment Agency (the “BLRA”) have entered into that certain Loan Agreement, dated as of November 1, 2006 (the “2006A Loan Agreement”), pursuant to the terms of which the Trust has made a loan to the BLRA (the “2006A Loan”), from a portion of the proceeds of the Series 2006A Bonds, to finance a portion of the Project defined and described in the 2006A Loan Agreement; and

WHEREAS, the Trust and the BMUA have entered into that certain Loan Agreement, dated as of November 1, 2007 (the “2007A BMUA Loan Agreement”), pursuant to the terms of which the Trust has made a loan to the BMUA (the “2007A BMUA Loan”), from a portion of the proceeds of the Series 2007A Bonds, to finance a portion of the Project defined and described in the 2007A BMUA Loan Agreement; and

WHEREAS, the Trust and the BLRA have entered into that certain Loan Agreement, dated as of November 1, 2007 (the “2007A BLRA Loan Agreement”), pursuant to the terms of which the Trust has made a loan to the BLRA (the “2007A BLRA Loan”), from a portion of the proceeds of the Series 2007A Bonds, to finance a portion of the Project defined and described in the 2007A BLRA Loan Agreement; and

WHEREAS, the Trust and the BLRA have entered into that certain Loan Agreement, dated as of November 1, 2008 (the “2008A Loan Agreement”), pursuant to the terms of which the Trust has made a loan to the BLRA (the “2008A Loan”), from a portion of the proceeds of the Series 2008A Bonds, to finance a portion of the Project defined and described in the 2008A Loan Agreement; and

WHEREAS, the Trust and the BMUA have entered into that certain Loan Agreement, dated as of December 1, 2009 (the “2009A Loan Agreement”), pursuant to the terms of which the Trust has made a loan to the BMUA (the “2009A Loan”), from a portion of the proceeds of the Series 2009A Bonds, to finance a portion of the Project defined and described in the 2009A Loan Agreement; and

WHEREAS, the Trust and the BMUA have entered into two Loan Agreements, each dated as of March 1, 2010 (the “2010A Loan Agreements”; the 1999A Loan Agreement, the 2000B Loan Agreement, the 2006A Loan Agreement, the 2007A BMUA Loan Agreement, the 2007A BLRA Loan Agreement, the 2008A Loan Agreement, the 2009A Loan Agreement and the 2010A Loan Agreements shall be referred to collectively herein as the “Loan Agreements”), pursuant to the terms of which the Trust has made a loan to the BMUA (the “2010A Loan” ; the 1999A Loan, the 2000B Loan, the 2006A Loan, the 2007A BMUA Loan, the 2007A BLRA Loan, the 2008A Loan, the 2009A Loan and the 2010A Loan shall be referred to collectively herein as the “Loans”), from a portion of the proceeds of the Series 2010A Bonds, to finance a portion of the respective Projects defined and described in each 2010A Loan Agreement; and

WHEREAS, the BMUA and the BLRA have informed the Trust that they intend to implement the management of their respective Projects by private operators pursuant to one or more management contracts, which shall constitute a “private business use” pursuant to the Internal Revenue Code of 1986, as the same may from time to time be amended or supplemented, and the regulations promulgated thereunder (the “Code”); and

WHEREAS, in order to ensure that the Prior Bonds continue to comply with the provisions of the Code, it is necessary for the Trust to implement a remedial action with respect to a portion of the Prior Bonds in accordance with the Code; and

WHEREAS, the BMUA and the BLRA have provided written notice to the Trust that they desire to implement such remedial action by prepaying in full all of the Loans, which written notice complies with the requirements of Section 3.07 of each of the Loan Agreements; and

WHEREAS, pursuant to Section 3.07 of each of the Loan Agreements, the prior written approval of the Trust is a condition precedent to such prepayment; and

WHEREAS, pursuant to Section 8.07 of each of the Prior Bond Resolutions, upon the prepayment, in whole or in part, of any Loan (as such term is defined in each of the Prior Bond Resolutions, and which includes the applicable Loans as defined in this Resolution), the Trust shall elect to apply such prepayment either (i) to the redemption of Bonds or (ii) to the defeasance of Bonds in accordance with Section 12.01 of the Bond Resolution; and

WHEREAS, pursuant to the respective Prior Bond Resolutions: (i) no Series 1999A Bonds, Series 2000B Bonds or 2002A Bonds remain Outstanding (as defined in each respective Prior Bond Resolution); (ii) the Series 2006B Refunding Bonds, the Series 2007B Refunding Bonds and the Series 2010B Refunding Bonds are not subject to redemption prior to maturity; and (iii) the Series 2006A Bonds, the Series 2007A Bonds, the Series 2008A Bonds, the Series 2009A Bonds, the Series 2010A Bonds and the Series 2010A Refunding Bonds are subject to redemption at the option of the Trust prior to maturity on or after the respective dates set forth in the respective Prior Bond Resolutions; and

WHEREAS, pursuant to Section 12.01(2) of each of the Prior Bond Resolutions, a portion of each respective series of Prior Bonds shall be deemed to have been paid, upon deposit with the Trustee (as defined in each respective Prior Bond Resolution) of moneys or Investment Securities (as defined in each respective Prior Bond Resolution) sufficient to pay the principal, interest and/or redemption price of such portion of the applicable series of Prior Bonds when due, subject to other conditions set forth in Section 12.01(2) of each respective Prior Bond Resolution; and

WHEREAS, it is the desire of the Trust to (i) approve the prepayment of the Loans by the BMUA and the BLRA (as applicable), and (ii) effectuate the defeasance of that portion of each series of the Prior Bonds that relates to the applicable Loan(s), all in furtherance of the successful implementation of a remedial action with respect to a portion of the Prior Bonds in order to ensure that the Prior Bonds continue to comply with the provisions of the Code.

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

Section 1. The Board hereby approves the request by each of the BMUA and the BLRA that they be permitted by the Trust to prepay their respective Loans pursuant to, and in satisfaction of, the applicable provisions of each respective Loan Agreement, including, without limitation, Section 3.07 of each respective Loan Agreement.

Section 2. The Board hereby authorizes the defeasance, pursuant to, and in accordance with, the provisions of Section 12.01(2) of the each of the Prior Bond Resolutions, of that portion of

each series of the Outstanding Prior Bonds that relates to each of the Loans, provided that the BMUA and the BLRA shall pay, from any available source, any and all costs relating to such defeasance.

Section 3. The Chairman, the Vice Chairman and the Executive Director of the Trust (each an “Authorized Officer”) are each hereby authorized and directed to (i) execute such certificates, instruments or other documents, in such form and with such terms and conditions as are consistent with the terms and provisions of this Resolution and the Prior Bond Resolutions, and as any Authorized Officer, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, determines to be necessary, convenient or desirable to effect the transactions contemplated hereby in a manner consistent herewith, and (ii) take such other actions as any 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 and/or to comply with the provisions of the Prior Bond Resolutions.

Section 4. 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: October 19, 2012

Motion Made By: Ms. Kreipke

Motion Seconded By: Ms. Siekerka

Ayes: 7

Nays: 0

Abstentions: 0