

## **RESOLUTION NO. 13-18**

### **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 CERTAIN PROPOSED AMENDMENTS TO THE GENERAL BOND RESOLUTION OF THE TWO RIVERS WATER RECLAMATION 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 9, 2000, 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 2000A, in the original aggregate principal amount of \$89,640,000 (the “Series 2000 Bonds”), pursuant to a resolution of the Trust entitled “Environmental Infrastructure Bond Resolution, Series 2000A”, adopted on September 18, 2000, as supplemented by (i) a resolution of the Trust entitled “Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2006A (2000A Financing Program) of the New Jersey Environmental Infrastructure Trust”, adopted by the Trust on March 23, 2006, 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 (as so amended and supplemented, the “2000A Resolution”); and

**WHEREAS**, on June 22, 2006, the Trust issued its Environmental Infrastructure Refunding Bonds, Series 2006A (2000A Financing Program), in the original aggregate principal amount of \$39,580,000 (the “Series 2006A Refunding Bonds”), pursuant to the 2000A Resolution, for the purpose of advance refunding a portion of the Series 2000 Bonds; and

**WHEREAS**, on August 18, 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 2000A Resolution, a portion (the “2000A Allocable Portion of the Series 2010A Refunding Bonds”) of the proceeds of which was used for the purpose of currently refunding a portion of the Series 2000 Bonds; and

**WHEREAS**, the Trust and the Two Rivers Water Reclamation Authority (formerly known as the Northeast Monmouth Regional Sewerage 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, 2000 (the "Loan Agreement"), pursuant to the terms of which the Trust has made a loan to the Authority (the "Loan"), from a portion of the proceeds of the Series 2000 Bonds (a portion of which was refunded with proceeds of the Series 2006A Refunding Bonds and a portion of which was refunded with proceeds of the 2000A Allocable Portion of the Series 2010A Refunding Bonds), to finance a portion of the Project as defined and described in the Loan Agreement; and

**WHEREAS**, to evidence and secure the repayment of the Loan pursuant to the Loan Agreement, the Authority issued to the Trust its Sewer System Revenue Bond, Parity Series 2000 in the aggregate principal amount of \$26,715,000 (the "Trust Loan Bond"), pursuant to a resolution of the Authority, adopted January 17, 1978, entitled "Resolution Authorizing the Issuance of Revenue Bonds of the Northeast Monmouth Regional Sewerage Authority", as amended and supplemented (the "Authority Bond Resolution"); and

**WHEREAS**, simultaneously with the extension of the Loan by the Trust to the Authority, the State, acting by and through the NJDEP, extended a loan to the Authority (the "Fund Loan"), pursuant to a Loan Agreement, dated as of November 1, 2000, by and between the State and the Authority (the "Fund Loan Agreement"); and

**WHEREAS**, to evidence and secure the repayment of the Fund Loan pursuant to the Fund Loan Agreement, the Authority issued to the State its Sewer System Revenue Bond, Parity Series 2000 in the aggregate principal amount of \$22,642,977 (the "Fund Loan Bond"), pursuant to the Authority Bond Resolution; and

**WHEREAS**, the Trust Loan Bond and the Fund Loan Bond are the only obligations currently outstanding pursuant to the Authority Bond Resolution; and

**WHEREAS**, the Authority recently has submitted a written request to the Trust seeking the consent of the Trust, as holder of the Trust Loan Bond, to a certain proposed amendment to the Authority Bond Resolution (the "Proposed Amendment"), which Proposed Amendment is attached hereto as Exhibit A; and

**WHEREAS**, if implemented, the Proposed Amendment would amend and restate and, therefore, expand the definition of "Investment Obligations" pursuant to the Authority Bond Resolution, as set forth in the Proposed Amendment; and

**WHEREAS**, the Proposed Amendment will not result in any material diminishment of the security for the Trust Loan Bond; and

**WHEREAS**, it is the desire of the Trust to consent to the Proposed Amendment, due to the fact that the Proposed Amendment would not result in any material diminishment of the security for the Trust Loan Bond.

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

**Section 1.** The Board hereby consents to the Proposed Amendment in the form presented to the Trust and attached as Exhibit A hereto, due to the fact that the Proposed Amendment will not result in any material diminishment of the security for the Trust Loan Bond.

**Section 2.** The Chairman, the Vice Chairman and the Executive Director of the Trust (each an “Authorized Officer”) are hereby severally authorized and directed to evidence the consent of the Trust to the Proposed Amendment by the execution of a consent certificate in such form as may be approved by an Authorized Officer, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State.

**Section 3.** The 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 Executive Director, or any other Authorized Officer, 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 (ii) take such other actions as the Executive Director, or any other Authorized Officer, in their 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.

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

Adopted Date: April 11, 2013

Motion Made By: Mr. Chebra

Motion Seconded By: Mr. Requa

Ayes: 6

Nays: 0

Abstentions: 0

**EXHIBIT A**  
**FORM OF PROPOSED AMENDMENT**

**SUPPLEMENTAL AND AMENDING RESOLUTION OF THE TWO RIVERS WATER RECLAMATION AUTHORITY, AUTHORIZING THE AMENDMENT OF THE DEFINITION OF “INVESTMENT OBLIGATIONS” IN THE RESOLUTION ENTITLED, “RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS OF THE NORTHEAST MONMOUTH REGIONAL SEWERAGE AUTHORITY”, AS AMENDED AND SUPPLEMENTED AND MAKING CERTAIN OTHER DETERMINATIONS IN RELATION THERETO.**

**WHEREAS**, the Two Rivers Water Reclamation Authority, (the "Authority"), formerly known as the Northeast Monmouth County Regional Sewerage Authority, is a public body corporate and politic of the State of New Jersey, organized and existing under the provisions of the Sewerage Authorities Law (N.J.S.A. 40:14A-1 et seq.), constituting Chapter 138 of the Pamphlet Laws of 1946 of the State of New Jersey, and the acts amendatory thereof and supplemental thereto (the “Act”), created by virtue of parallel ordinances of the Member Municipalities (as defined herein) duly adopted by their respective governing bodies in the single calendar year; and

**WHEREAS**, the Authority owns and operates a wastewater treatment and disposal facility (the "System"), serving (A) the Boroughs of Fair Haven, Little Silver, Monmouth Beach, Oceanport, Shrewsbury and West Long Branch (collectively, the “Member Municipalities”) pursuant to an agreement, dated as of June 20, 1967, by and among the Member Municipalities (the “Agreement”); (B) the Boroughs of Red Bank, Rumson, Eatontown, Tinton Falls, Sea Bright and the Township of Shrewsbury (collectively, the “Customer Municipalities”) pursuant to respective Customer Agreements by and between the Authority and each of the Customer Municipalities (collectively, the “Customer Agreements”); and (C) the United States Government installation Fort Monmouth/Camp Wood (“Fort Monmouth”) pursuant to a certain Utility Contract by and between the Authority and Fort Monmouth (the “Utility Contract”); and

**WHEREAS**, on January 17, 1978, the Authority adopted a resolution entitled, "Resolution Authorizing the Issuance of Revenue Bonds of the Northeast Monmouth Regional Sewerage Authority", as amended and supplemented (the "General Bond Resolution") providing for the issuance of revenue bonds by the Authority; and

**WHEREAS**, the General Bond Resolution defines the Authority’s “Investment Obligations” as follows:

“Investment Obligations” means to the extent permitted by law (a) any direct and general obligation of, or any obligation fully and unconditionally guaranteed by the United States of America; (b) any bond, debenture, note or participation certificate issued by any of the following Federal agencies: Federal Home Loan Bank Systems, Export-Import Bank, Tennessee Valley Authority, Federal Notational Mortgage Association (to the extent guaranteed by the Government National Mortgage Association), Government National Mortgage Association,

Farmers Home Administration, Federal Financing Bank, Student Loan Marketing Association and U.S. Postal Service; (c) negotiable or non-negotiable certificates of deposit issued by any bank, trust company or national banking association, which certificates of deposit, except in the case of certificates of deposit issued by a bank, trust company or national banking association in New Jersey or having a capital stock and surplus of more than \$50,000,000, shall be continuously secured by obligations described in subparagraphs (a) (b) or (d) of this definition, which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and shall be lodged with the Trustee, as custodian, by the bank, trust company or national banking association issuing such certificates of deposit; (d) full faith and credit obligations of any State, provided that at the time of purchase such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency; (e) repurchase agreements with any bank, trust company or national banking association, either located in New Jersey or having a capital stock and surplus of more than \$50,000,000, with respect to any of the obligations described in subparagraphs (a), (b) or (d) above; or (f) deposits in interest bearing accounts in any bank, trust company or national banking association located in New Jersey or having a capital stock and surplus of more than \$50,000,000; provided that only subparagraph (a) shall be considered to be an Investment Obligation for purposes of Sections 508(6) and 1201”; and

**WHEREAS**, the definition of “Investment Obligations” pursuant to the General Bond Resolution is unduly restrictive and does not permit the full range of investments available to the Authority under Federal and New Jersey State law; and

**WHEREAS**, the Authority would like to amend such definition so that it may invest in any instrument, obligation, security or other financial investment permitted by Federal and New Jersey State law, all as set forth herein; and

**WHEREAS**, such amendment requires the consent of the New Jersey Environmental Infrastructure Trust as the sole bondholders of the Authority bonds;

**NOW THEREFORE, BE IT RESOLVED BY THE TWO RIVERS WATER RECLAMATION AUTHORITY, as follows:**

1. The Authority hereby amends the definition “Investment Obligations” as defined in the General Bond Resolution to the following definition:

“Investment Obligations” means to the extent permitted by Federal and New Jersey State law, (i) any obligations of the United States of America, or of any state of the United States of America or any political subdivision thereof or of any agency or instrumentality of any such state or political subdivision, that shall be rated as an investment grade obligation, (ii) or any other investment permitted by law; provided that only direct and general obligation of, or any obligation fully and unconditionally guaranteed by the United States of America shall be considered to be an Investment Obligation for purposes of Sections 508(6) and 1201.”

2. This amending and supplementing resolution shall become effective upon the receipt of the consent to such amendment described herein from the New Jersey Environmental Infrastructure Trust as sole bondholder of the Authority's bonds and compliance with Sections 803 and 904 of the General Bond Resolution of the Authority.