

RESOLUTION NO. 13-45

RESOLUTION AUTHORIZING THE AMENDMENT TO AND PREPAYMENT OF THE LOAN AGREEMENT, DATED AS OF MAY 30, 2012, BY AND BETWEEN THE TRUST AND BYRAM HOMEOWNERS ASSOCIATION WATER COMPANY, INC.

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, the Trust and Byram Homeowners Association Water Company, Inc. ("Byram"), a business corporation created and existing under the laws of the State, have entered into that certain Loan Agreement, dated as of May 30, 2012 (the "Trust Loan Agreement"), pursuant to the terms of which the Trust made a loan to Byram in the original principal amount of \$146,497 (the "Trust Loan"), from funds available to the Trust pursuant to its direct loan program (and not from the proceeds of tax-exempt bonds issued by the Trust), to finance a portion of the costs of the projects described in Exhibit A-1 to the Trust Loan Agreement (collectively, the "Project"); and

WHEREAS, simultaneously with the execution and delivery of the Trust Loan Agreement, Byram and the State, acting by and through the New Jersey Department of Environmental Protection (the "NJDEP"), entered into that certain Loan Agreement, dated as of May 30, 2012 (the "Fund Loan Agreement"; the Trust Loan Agreement and the Fund Loan Agreement shall be referred to collectively herein as the "Loan Agreements"), pursuant to the terms of which the State made a loan to Byram in the original principal amount of \$422,588 (the "Fund Loan"; the Trust Loan and the Fund Loan shall be referred to collectively herein as the "Loans"), from amounts available to the State, to finance a portion of the costs of the Project; and

WHEREAS, in connection with the execution and delivery of the Loan Agreements, and in satisfaction of the respective provisions thereof, on the date of execution and delivery of the Loan Agreements, Byram deposited into a Special Security Fund (the "Security Fund"), held by the Trust on behalf of the Trust and the State, the amount of \$30,000, of which \$7,500 was allocable to the Trust Loan and \$22,500 was allocable to the Fund Loan; and

WHEREAS, the Loan Agreements require that Byram deposit into the Security Fund an additional \$30,000, in four quarterly installments commencing August 1, 2012, of which \$7,500 was to be allocable to the Trust Loan and \$22,500 was to be allocable to the Fund Loan; and

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WHEREAS, Byram has not made any of such quarterly deposits into the Security Fund; and

WHEREAS, Byram has requisitioned and received \$41,212 of the proceeds of the Trust Loan and \$123,640 of the proceeds of the Fund Loan; and

WHEREAS, Byram did not make the debt service payments due and payable with respect to the Loans on February 1, 2013; and

WHEREAS, such payment obligations of Byram to the Trust and NJDEP, respectively, were satisfied from amounts on deposit in the Security Fund; and

WHEREAS, the amounts remaining on deposit in the Security Fund were insufficient to satisfy in full the amounts due and payable with respect to the Loans on August 1, 2013; and

WHEREAS, pursuant to the Loan Agreements (i) the failure of Byram to timely pay debt service on, and administrative fees with respect to, the Loans, (ii) the failure of Byram to make the quarterly deposits into the Security Fund, and (iii) the failure of Byram to levy and collect rates and other charges in an amount sufficient to timely pay its debts, constitute, or with the giving of notice and the passage of time would constitute, Events of Default pursuant to the respective terms of the Loan Agreements; and

WHEREAS, as a result of (i) discussions between representatives of Byram and representatives of the Trust, and (ii) discussions between representatives of the Trust and representatives of the NJDEP, the Executive Director of the Trust has recommended that the Trust agree to (a) a restructuring of the debt service amortization schedule with respect to the Loans, which restructuring resets the amortization obligations of Byram with respect to the Trust Loan in a manner that reduces such amortization obligations by the amount of the Prepayment (as defined and referenced in subsequent clause (b), below) of the Trust Loan, and applies prior payments by Byram that exceed the revised amortization schedule as a credit to be applied to the revised amortization obligations of Byram, all as provided in the Schedule 1 attached hereto and made a part hereof (collectively, the "Restructuring"), (b) a partial prepayment of the Trust Loan in the amount equal to the undrawn proceeds of the Trust Loan (which shall be accompanied by a corresponding partial prepayment to the NJDEP of the Fund Loan) (the "Prepayment"), and (c) a reduction from \$60,000 to \$19,000 and required to be deposited by Byram into the Security Fund as a result of the Prepayment, such reduction (1) being proportionately reflective of the reduction in outstanding principal amount of the Loans as a result of the Prepayment and (2) in the amount of \$19,000 as indicated above (collectively, the "Security Fund Re-Sizing"); and

WHEREAS, pursuant to Section 3.07 of the Trust Loan Agreement, the prior written approval of the Trust is a condition precedent to the Prepayment with respect to the Trust Loan; and

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WHEREAS, the Restructuring and the Security Fund Re-Sizing must be implemented pursuant to the execution and delivery by Byram and the Trust of an Amendment No. 1 to Trust Loan Agreement, by and between Byram and the Trust (the “Amendment”); and

WHEREAS, it is the desire of the Trust to (i) approve the Prepayment of the Trust Loan, and (ii) approve the execution and delivery by the Trust of the Amendment in order to implement the Restructuring and the Security Fund Re-Sizing.

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 authorizes the execution and delivery by the Trust of the Amendment, for the purposes of implementing the Restructuring and the Security Fund Re-Sizing, such Amendment to be substantially in the form attached hereto as Exhibit A and made a part hereof, 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 of the Amendment by such Authorized Officer.

Section 2. The Authorized Officers are each hereby severally authorized and directed to 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 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.

Section 3. Upon execution of the Amendment by the Authorized Officer, the Secretary and the Assistant Secretary of the Trust are hereby 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.

Section 4. With respect to the Prepayment, the Board hereby approves the request by Byram that it be permitted by the Trust to partially prepay the Trust Loan pursuant to, and in satisfaction of, the applicable provisions of the Trust Loan Agreement, including, without limitation, Section 3.07 of the Trust Loan Agreement, from proceeds of the Trust Loan that have not been requisitioned by Byram and that currently are on deposit with the Trust.

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Section 5. The Authorized Officers are each hereby severally authorized and directed to 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.

Section 6. This Resolution shall take effect immediately, subject to the provisions of the Act.

Adopted Date: August 8, 2013

Motion Made By: Mr. Chebra

Motion Seconded By: Mr. Ellis

Ayes: 6

Nays: 0

Abstentions: 0

SCHEDULE 1

**Byram Homeowners Association
Debt Service Schedule**

Date	Adjusted Schedule			
	Scheduled Debt and Reserve Payment	Scheduled Fee Payment (DEP and EIT)	Scheduled Payment	Balance Due
5/30/2012	\$ -	\$ -	\$ -	\$ -
8/1/2012	\$ -	\$ -	\$ -	\$ -
11/1/2012	\$ -	\$ -	\$ -	\$ -
2/1/2013	\$ -	\$ -	\$ -	\$ -
5/1/2013	\$ -	\$ -	\$ -	\$ -
8/1/2013	\$ -	\$ 95.93	\$ 95.93	\$ 95.93
2/1/2014	\$ 4,279.20	\$ 95.93	\$ 4,375.13	\$ 2,856.08
8/1/2014	\$ 4,279.20	\$ 95.93	\$ 4,375.13	\$ 4,375.13
2/1/2015	\$ 4,279.20	\$ 95.93	\$ 4,375.13	\$ 4,375.13
8/1/2015	\$ 4,279.20	\$ 95.93	\$ 4,375.13	\$ 4,375.13
2/1/2016	\$ 4,279.20	\$ 95.93	\$ 4,375.13	\$ 4,375.13
8/1/2016	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
2/1/2017	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
8/1/2017	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
2/1/2018	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
8/1/2018	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
2/1/2019	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
8/1/2019	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
2/1/2020	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
8/1/2020	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
2/1/2021	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
8/1/2021	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
2/1/2022	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
8/1/2022	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
2/1/2023	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
8/1/2023	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
2/1/2024	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
8/1/2024	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
2/1/2025	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
8/1/2025	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
2/1/2026	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
8/1/2026	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
2/1/2027	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
8/1/2027	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
2/1/2028	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
8/1/2028	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
2/1/2029	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09
8/1/2029	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 2,675.43
2/1/2030	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ -
8/1/2030	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ -
2/1/2031	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ -
8/1/2031	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ -
Total	\$ 154,051.20	\$ 2,308.09	\$ 156,359.29	\$ 135,840.24

DSR Credit

DSR used

DSR used

DSR used

DSR used

DSR used

Prior Payments \$ 45,954.05

EXHIBIT A

FORM OF AMENDMENT NO. 1 TO TRUST LOAN AGREEMENT

SCHEDULE 1

**Byram Homeowners Association
Debt Service Schedule**

Date	Adjusted Schedule				
	Scheduled Debt and Reserve Payment	Scheduled Fee Payment (DEP and EIT)	Scheduled Payment	Balance Due	
5/30/2012	\$ -	\$ -	\$ -	\$ -	
8/1/2012	\$ -	\$ -	\$ -	\$ -	
11/1/2012	\$ -	\$ -	\$ -	\$ -	
2/1/2013	\$ -	\$ -	\$ -	\$ -	
5/1/2013	\$ -	\$ -	\$ -	\$ -	
8/1/2013	\$ -	\$ 95.93	\$ 95.93	\$ 95.93	
2/1/2014	\$ 4,279.20	\$ 95.93	\$ 4,375.13	\$ 2,856.08	DSR Credit
8/1/2014	\$ 4,279.20	\$ 95.93	\$ 4,375.13	\$ 4,375.13	
2/1/2015	\$ 4,279.20	\$ 95.93	\$ 4,375.13	\$ 4,375.13	
8/1/2015	\$ 4,279.20	\$ 95.93	\$ 4,375.13	\$ 4,375.13	
2/1/2016	\$ 4,279.20	\$ 95.93	\$ 4,375.13	\$ 4,375.13	
8/1/2016	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
2/1/2017	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
8/1/2017	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
2/1/2018	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
8/1/2018	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
2/1/2019	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
8/1/2019	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
2/1/2020	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
8/1/2020	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
2/1/2021	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
8/1/2021	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
2/1/2022	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
8/1/2022	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
2/1/2023	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
8/1/2023	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
2/1/2024	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
8/1/2024	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
2/1/2025	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
8/1/2025	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
2/1/2026	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
8/1/2026	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
2/1/2027	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
8/1/2027	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
2/1/2028	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
8/1/2028	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
2/1/2029	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 4,335.09	
8/1/2029	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ 2,675.43	DSR used
2/1/2030	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ -	DSR used
8/1/2030	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ -	DSR used
2/1/2031	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ -	DSR used
8/1/2031	\$ 4,279.20	\$ 55.89	\$ 4,335.09	\$ -	DSR used
Total	\$ 154,051.20	\$ 2,308.09	\$ 156,359.29	\$ 135,840.24	

Prior Payments \$ 45,954.05

Resolution No. 13-45 Attachment

AMENDMENT NO. 1 TO

LOAN AGREEMENT

DATED AS OF MAY 30, 2012

BY AND BETWEEN

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

AND

BYRAM HOMEOWNERS ASSOCIATION WATER COMPANY, INC.

(Projects 1904009-001/002/003/004/005)

DATED AS OF _____, 2013

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN AGREEMENT

THIS AMENDMENT NO. 1 TO LOAN AGREEMENT DATED AS OF MAY 30, 2012 (the "Amendment") is made and entered into as of _____, 2013, by and between the NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST (the "Trust"), a public body corporate and politic with corporate succession, and BYRAM HOMEOWNERS ASSOCIATION WATER COMPANY, INC. (the "Borrower"), a business corporation duly created and validly existing under the laws of the State of New Jersey (all terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement (as hereinafter defined));

WITNESSETH THAT:

WHEREAS, the Borrower and the Trust entered into that certain Loan Agreement, dated as of May 30, 2013 (the "Loan Agreement"), pursuant to which the Trust agreed to make a loan to the Borrower (the "Loan") to finance a portion of the Project; and

WHEREAS, the Trust made the Loan to the Borrower from certain available funds as described in the Loan Agreement to finance a portion of the Cost of the Project; and

WHEREAS, in connection with the execution and delivery of the Loan Agreement, and in satisfaction of the provisions thereof, on the date of execution and delivery of the Loan Agreements, the Borrower deposited into the Special Security Fund, held by the Trust, the amount of \$7,500; and

WHEREAS, the Loan Agreement required that the Borrower deposit into the Special Security Fund an additional \$7,500, in four quarterly installments commencing August 1, 2012; and

WHEREAS, the Borrower has not made any of such quarterly deposits into the Special Security Fund; and

WHEREAS, the Borrower did not make the debt service payment due and payable with respect to the Loan on February 1, 2013; and

WHEREAS, such payment obligation of the Borrower to the Trust was satisfied from amounts on deposit in the Special Security Fund; and

WHEREAS, the amounts remaining on deposit in the Special Security Fund were insufficient to satisfy in full the amount due and payable with respect to the Loan on August 1, 2013; and

WHEREAS, pursuant to the Loan Agreement, (i) the failure of the Borrower to timely pay debt service on, and administrative fees with respect to, the Loan, (ii) the failure of the Borrower to make the quarterly deposits into the Special Security Fund, and (iii) the failure of the Borrower to levy and collect rates and other charges in an amount sufficient to timely pay its

debts, constitute, or with the giving of notice and the passage of time would constitute, Events of Default pursuant to the terms of the Loan Agreement; and

WHEREAS, the Trust has agreed to (a) a restructuring of the debt service amortization schedule with respect to the Loan, which restructuring resets the amortization obligations of the Borrower with respect to the Loan in a manner that reduces such amortization obligations by the amount of the Prepayment (as defined and referenced in clause (b), below) of the Loan, and applies prior payments by the Borrower that exceed the revised amortization schedule as a credit to be applied to the revised amortization obligations of the Borrower, all as provided in Exhibit A attached hereto and made a part hereof (collectively, the “Restructuring”), (b) a partial prepayment of the Loan in the amount equal to the undrawn proceeds of the Loan (the “Prepayment”), and (c) a reduction in the amount required to be deposited by the Borrower into the Special Security Fund as a result of the Prepayment, such reduction (1) being proportionately reflective of the reduction in outstanding principal amount of the Loan as a result of the Prepayment and (2) in the amount indicated in Exhibit B attached hereto and made a part hereof (collectively, the “Security Fund Re-Sizing”); and

WHEREAS, the Restructuring and the Security Fund Re-Sizing shall be implemented pursuant to the execution and delivery of this Amendment.

NOW, THEREFORE, for and in consideration of the award of the Loan by the Trust, the Borrower and the Trust agree to amend the Loan Agreement, as follows:

SECTION 1. Exhibit A-2 to the Loan Agreement is hereby deleted and replaced in its entirety with the specimen bond attached hereto as Exhibit A.

SECTION 2. Exhibit F to the Loan Agreement is hereby deleted and replaced in its entirety with the specimen bond attached hereto as Exhibit B.

SECTION 3. A new subsection (g) is hereby inserted into Section 3.03 of the Loan Agreement and shall read as follows:

“(g) Upon thirty (30) days prior written notice to the Borrower, an Authorized Officer of the Trust may, in the sole discretion of such Authorized Officer, prescribe the particular method by which payments pursuant to, and in satisfaction of, this Section 3.03 shall be made by the Borrower. In the absence of any such written notice to the Borrower by an Authorized Officer of the Trust pursuant to this subsection (g), the payments required pursuant to, and in satisfaction of, this Section 3.03 shall be implemented via the automatic debit by the Trust of the respective amounts of such payments, as required by this Section 3.03, from an account that shall be identified by the Borrower in writing and recorded on file with the Trust.”

SECTION 4. All other provisions of the Loan Agreement shall remain in full force and effect

SECTION 5. The Borrower hereby represents that, after giving effect to the transactions set forth in this Amendment, it is not in default under any of the terms or provisions of the Loan Agreement, as amended by this Amendment, as of the date hereof.

IN WITNESS WHEREOF, the Trust and the Borrower have caused this First Amendment to Loan Agreement to be executed, sealed and delivered as of the date first above written.

**NEW JERSEY ENVIRONMENTAL
INFRASTRUCTURE TRUST**

[SEAL]

ATTEST:

By: _____
Warren H. Victor
Chairman

David E. Zimmer
Assistant Secretary

**BYRAM HOMEOWNERS
ASSOCIATION WATER
COMPANY, INC.**

[SEAL]

ATTEST:

By: _____

Clerk

EXHIBIT A

Amended and Restated Exhibit A-2

EXHIBIT B

Amended and Restated Exhibit F

Special Security Fund

The Borrower agrees to establish for the benefit of the Trust a Special Security Fund (the "Special Security Fund") to be held by the Trust as additional security for the Borrower's obligations to the Trust under this Loan Agreement and the Borrower Bond. The Special Security Fund shall be invested by the Trust in accordance with the investment policies of the Trust, and interest earnings derived therefrom shall accrue to the benefit of the Borrower. On the date hereof, the Borrower shall deposit into the Special Security Fund the amount of \$2,375. Thereafter, the Borrower shall deposit funds into the Special Security Fund at least quarterly, commencing August 1, 2012, in equal installments of \$593.75, until such funds on deposit therein equal \$4,750, which final quarterly deposit shall occur no later than May 1, 2013. Notwithstanding any provision of this Loan Agreement to the contrary, except for the administrative allowance and up to 50% of the planning and design allowance (each as provided in the Regulations), which may be the subject of a requisition of the Borrower at any time, no requisition may be submitted by the Borrower pursuant to the terms of this Loan Agreement except at the times and up to the monetary limits set forth in this Exhibit F. Once funds have been deposited into the Special Security Fund, the Borrower may requisition up to the same percentage of eligible Project Costs that the Borrower has deposited in the Special Security Fund as measured against the total requirement of \$4,750. For example, if the Borrower has deposited an aggregate amount equal to \$2,375, the Borrower may requisition only up to 50% of the eligible Project Costs authorized under this Loan Agreement (provided that the Borrower has also met the other requirements of this Loan Agreement). The balance on deposit in the Special Security Fund shall be used to satisfy the final debt service obligations payable with respect to the Borrower Bond.

**RESOLUTION No. 13-45
attachment**

AMENDMENT NO. 1 TO

LOAN AGREEMENT

DATED AS OF MAY 30, 2012

BY AND BETWEEN

**THE STATE OF NEW JERSEY
ACTING BY AND THROUGH
THE DEPARTMENT OF ENVIRONMENTAL PROTECTION**

AND

BYRAM HOMEOWNERS ASSOCIATION WATER COMPANY, INC.

(Projects 1904009-001/002/003/004/005)

DATED AS OF _____, 2013

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN AGREEMENT

THIS AMENDMENT NO. 1 TO LOAN AGREEMENT DATED AS OF MAY 30, 2012 (this “Amendment”) is made and entered into as of _____, 2013, by and between THE STATE OF NEW JERSEY ACTING BY AND THROUGH THE DEPARTMENT OF ENVIRONMENTAL PROTECTION (the “State”), a public body corporate and politic with corporate succession, and BYRAM HOMEOWNERS ASSOCIATION WATER COMPANY, INC. (the “Borrower”), a business corporation duly created and validly existing under the laws of the State of New Jersey (all terms not otherwise defined herein shall have the meaning ascribed to those terms in the Loan Agreement (as hereinafter defined));

WITNESSETH THAT:

WHEREAS, the Borrower and the State entered into that certain Loan Agreement dated as of May 30, 2013 (the “Loan Agreement”) pursuant to which the State agreed to make a loan to the Borrower (the “Loan”) to finance a portion of the Project; and;

WHEREAS, the State made the Loan to the Borrower from certain available funds as described in the Loan Agreement to finance a portion of the Cost of the Project; and

WHEREAS, in connection with the execution and delivery of the Loan Agreement, and in satisfaction of the provisions thereof, on the date of execution and delivery of the Loan Agreement, the Borrower deposited into the Special Security Fund, held by the Trust on behalf of the State, the amount of \$22,500; and

WHEREAS, the Loan Agreement required that the Borrower deposit into the Special Security Fund an additional \$22,500, in four quarterly installments commencing August 1, 2012; and

WHEREAS, the Borrower has not made any of such quarterly deposits into the Special Security Fund; and

WHEREAS, the Borrower did not make the debt service payment due and payable with respect to the Loan on February 1, 2013; and

WHEREAS, such payment obligation of the Borrower to the State was satisfied from amounts on deposit in the Special Security Fund; and

WHEREAS, the amounts remaining on deposit in the Special Security Fund were insufficient to satisfy in full the amount due and payable with respect to the Loan on August 1, 2013; and

WHEREAS, pursuant to the Loan Agreement, (i) the failure of the Borrower to timely pay debt service on, and administrative fees with respect to, the Loan, (ii) the failure of the Borrower to make the quarterly deposits into the Special Security Fund, and (iii) the failure of the Borrower to levy and collect rates and other charges in an amount sufficient to timely pay its

debts, constitute, or with the giving of notice and the passage of time would constitute, Events of Default pursuant to the terms of the Loan Agreement; and

WHEREAS, the State has agreed to (a) a restructuring of the debt service amortization schedule with respect to the Loan, which restructuring resets the amortization obligations of the Borrower with respect to the Loan in a manner that reduces such amortization obligations by the amount of the Prepayment (as defined and referenced in clause (b), below) of the Loan, and applies prior payments by the Borrower that exceed the revised amortization schedule as a credit to be applied to the revised amortization obligations of the Borrower, all as provided in Exhibit A attached hereto and made a part hereof (collectively, the “Restructuring”), (b) a partial prepayment of the Loan in the amount equal to the undrawn proceeds of the Loan (the “Prepayment”), and (c) a reduction in the amount required to be deposited by the Borrower into the Special Security Fund as a result of the Prepayment, such reduction (1) being proportionately reflective of the reduction in outstanding principal amount of the Loan as a result of the Prepayment and (2) in the amount indicated in Exhibit B attached hereto and made a part hereof (collectively, the “Security Fund Re-Sizing”); and

WHEREAS, the Restructuring and the Security Fund Re-Sizing shall be implemented pursuant to the execution and delivery of this Amendment.

NOW, THEREFORE, for and in consideration of the award of the Loan by the State, the Borrower and the State agree to amend the Loan Agreement, as follows:

SECTION 1. Exhibit A-2 to the Loan Agreement is hereby deleted and replaced in its entirety with the specimen bond attached hereto as Exhibit A.

SECTION 2. Exhibit F to the Loan Agreement is hereby deleted and replaced in its entirety with the specimen bond attached hereto as Exhibit B.

SECTION 3. A new subsection (e) is hereby inserted into Section 3.03 of the Loan Agreement and shall read as follows:

“(e) Upon thirty (30) days prior written notice to the Borrower, an Authorized Officer of the State may, in the sole discretion of such Authorized Officer, prescribe the particular method by which payments pursuant to, and in satisfaction of, this Section 3.03 shall be made by the Borrower. In the absence of any such written notice to the Borrower by an Authorized Officer of the State pursuant to this subsection (e), the payments required pursuant to, and in satisfaction of, this Section 3.03 shall be implemented via the automatic debit by the State of the respective amounts of such payments, as required by this Section 3.03, from an account that shall be identified by the Borrower in writing and recorded on file with the State.”

SECTION 4. All other provisions of the Loan Agreement shall remain in full force and effect

SECTION 5. The Borrower hereby represents that, after giving effect to the transactions set forth in this Amendment, it is not in default under any of the terms or provisions of the Loan Agreement, as amended by this Amendment, as of the date hereof.

IN WITNESS WHEREOF, the State and the Borrower have caused this First Amendment to Loan Agreement to be executed, sealed and delivered as of the date first above written.

**THE STATE OF NEW JERSEY,
ACTING BY AND THROUGH THE
NEW JERSEY DEPARTMENT OF
ENVIRONMENTAL PROTECTION**

[SEAL]

ATTEST:

By: _____
Michele N. Siekerka, Esq.
Assistant Commissioner
Water Resource Management,
Department of Environmental
Protection

Eugene J. Chebra, P.E.
Acting Assistant Director,
Municipal Finance and Construction Element,
Department of Environmental Protection

**BYRAM HOMEOWNERS
ASSOCIATION WATER
COMPANY, INC.**

[SEAL]

ATTEST:

By: _____

Clerk

EXHIBIT A

Amended and Restated Exhibit A-2

EXHIBIT B

Amended and Restated Exhibit F

Special Security Fund

The Borrower agrees to establish for the benefit of the Trust a Special Security Fund (the "Special Security Fund") to be held by the Trust, on behalf of the State, as additional security for the Borrower's obligations to the State under this Loan Agreement and the Borrower Bond. The Special Security Fund shall be invested by the Trust in accordance with the investment policies of the Trust, and interest earnings derived therefrom shall accrue to the benefit of the Borrower. On the date hereof, the Borrower shall deposit into the Special Security Fund the amount of \$7,125. Thereafter, the Borrower shall deposit funds into the Special Security Fund at least quarterly, commencing August 1, 2012, in equal installments of \$1,781.25, until such funds on deposit therein equal \$14,250, which final quarterly deposit shall occur no later than May 1, 2013. Notwithstanding any provision of this Loan Agreement to the contrary, except for the administrative allowance and up to 50% of the planning and design allowance (each as provided in the Regulations), which may be the subject of a requisition of the Borrower at any time, no requisition may be submitted by the Borrower pursuant to the terms of this Loan Agreement except at the times and up to the monetary limits set forth in this Exhibit F. Once funds have been deposited into the Special Security Fund, the Borrower may only requisition up to the same percentage of eligible Project Costs that the Borrower has deposited in the Special Security Fund as measured against the total requirement of \$14,250. For example, if the Borrower has deposited an aggregate amount equal to \$7,125, the Borrower may requisition only up to 50% of the eligible Project Costs authorized under this Loan Agreement (provided that the Borrower has also met the other requirements of this Loan Agreement). The balance on deposit in the Special Security Fund shall be used to satisfy the final debt service obligations payable with respect to the Borrower Bond.