

RESOLUTION NO. 14 - 47

RESOLUTION OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST APPROVING A WAIVER WITH RESPECT TO THE DEBT SERVICE RESERVE FUND ESTABLISHED PURSUANT TO THE GENERAL BOND RESOLUTION OF THE NORTH JERSEY DISTRICT WATER SUPPLY COMMISSION

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 4, 1999, 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 1999A, in the original aggregate principal amount of \$52,410,000 (the "Series 1999A Bonds"), pursuant to a resolution of the Trust entitled "Environmental Infrastructure Bond Resolution, Series 1999A", adopted by the Trust on September 20, 1999, as supplemented by a resolution of the Trust entitled "Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2006B (1999A Financing Program) of the New Jersey Environmental Infrastructure Trust", adopted by the Trust on March 23, 2006 (as so amended and supplemented, the "1999A Resolution"); and

WHEREAS, on June 22, 2006, the Trust issued its Environmental Infrastructure Refunding Bonds, Series 2006B (1999A Financing Program), in the original aggregate principal amount of \$33,000,000 (the "Series 2006B Refunding Bonds"), pursuant to the 1999A Resolution, for the purpose of advance refunding a portion of the Series 1999 Bonds; and

WHEREAS, on November 9, 2000, the Trust issued its Environmental Infrastructure Bonds, Series 2000A, in the original aggregate principal amount of \$89,640,000 (the "Series 2000A 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" (the "2010A Supplemental Resolution"), 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 2000A 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 2000A Bonds; and

WHEREAS, on November 6, 2003, 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” of the Trust, duly adopted by the Trust on September 15, 2003, as supplemented by (i) the 2010A Supplemental Resolution, and (ii) a resolution of the Trust entitled “Supplemental Bond Resolution Authorizing the Issuance of Environmental Infrastructure Refunding Bonds, Series 2012C-R (Federally Taxable) of the New Jersey Environmental Infrastructure Trust”, adopted by the Trust on July 12, 2012 (as so amended and supplemented, the “2003A Resolution”);

WHEREAS, on August 18, 2010, the Trust issued the Series 2010A Refunding Bonds, a portion (the “2003A Allocable Portion of the Series 2010A Refunding Bonds”) of the proceeds of which was used for the purpose of advance refunding a portion of the Series 2003A Bonds; and

WHEREAS, on August 23, 2012, the Trust issued its Environmental Infrastructure Refunding Bonds, Series 2012C-R (Federally Taxable), in the original aggregate principal amount of \$9,010,000 (the “Series 2012C-R Refunding Bonds”), pursuant to the 2003A Resolution, the proceeds of which were used for the purpose of currently refunding a portion of the Series 2003A Bonds; and

WHEREAS, on November 9, 2006, the Trust issued its “Environmental Infrastructure Bonds, Series 2006A”, in the original aggregate principal amount of \$148,850,000 (the “Series 2003A Bonds”), pursuant to a resolution of the Trust entitled “Environmental Infrastructure Bond Resolution, Series 2006A” of the Trust, duly adopted by the Trust on September 19, 2006, as supplemented by (i) the 2010A Supplemental Resolution, and (ii) a resolution of the Trust entitled “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 (as so amended and supplemented, the “2006A Resolution”); and

WHEREAS, on August 18, 2010, the Trust issued the Series 2010A Refunding Bonds, a portion (the “2006A Allocable Portion of the Series 2010A Refunding Bonds”) of the proceeds of which was used for the purpose of advance refunding a portion of the Series 2006A Bonds; and

WHEREAS, on August 23, 2012, the Trust issued its Environmental Infrastructure Refunding Bonds, Series 2012A-R, in the original aggregate principal amount of \$200,900,000

(the "Series 2012A-R Refunding Bonds"), pursuant to the 2006A Resolution, a portion (the "2006A Allocable Portion of the Series 2012A-R Refunding Bonds") of the proceeds of which was used for the purpose of advance refunding a portion of the Series 2006A Bonds; and

WHEREAS, the Trust and the North Jersey District Water Supply Commission (the "NJDWSC"), 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, 1999 (the "1999 Loan Agreement"), pursuant to the terms of which the Trust has made a loan to the NJDWSC (the "1999 Loan"), from a portion of the proceeds of the Series 1999A Bonds (a portion of which was refunded with proceeds of the Series 2006B Refunding Bonds), to finance a portion of the Project as defined and described in the 1999 Loan Agreement; and

WHEREAS, the Trust and the NJDWSC have entered into that certain Loan Agreement, dated as of November 1, 2000 (the "2000 Loan Agreement"), pursuant to the terms of which the Trust has made a loan to the NJDWSC (the "2000 Loan"), from a portion of the proceeds of the Series 2000A 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 2000 Loan Agreement; and

WHEREAS, the Trust and the NJDWSC 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 NJDWSC (the "2003 Loan"), from a portion of the proceeds of the Series 2003A Bonds (a portion of which was refunded with proceeds of the Series 2003A Allocable Portion of the Series 2010A Refunding Bonds and a portion of which was refunded with proceeds of the Series 2012C-R Refunding Bonds), to finance a portion of the Project as defined and described in the 2003 Loan Agreement; and

WHEREAS, the Trust and the NJDWSC have entered into that certain Loan Agreement, dated as of November 1, 2006 (the "2006 Loan Agreement"; the 1999 Loan Agreement, the 2000 Loan Agreement, the 2003 Loan Agreement and the 2006 Loan Agreement shall be referred to collectively herein as the "Loan Agreements"), pursuant to the terms of which the Trust has made a loan to the NJDWSC (the "2006 Loan"), from a portion of the proceeds of the Series 2006A Bonds (a portion of which was refunded with proceeds of the 2006A Allocable Portion of the Series 2010A Refunding Bonds and a portion of which was refunded with proceeds of the 2006A Allocable Portion of the Series 2012A-R Refunding Bonds), to finance a portion of the Project as defined and described in the 2006 Loan Agreement; and

WHEREAS, to evidence and secure the repayment of the 1999 Loan pursuant to the 1999 Loan Agreement, the NJDWSC issued to the Trust two bonds, including its Wanaque North Project Revenue Bond, Series 1999-1 (the "1999 Trust Loan Bond"), pursuant to a resolution of the NJDWSC entitled "General Bond Resolution of the North Jersey District Water Supply Commission Securing One or More Series of Wanaque North Project Revenue Bonds", as amended and supplemented (the "NJDWSC Bond Resolution"); and

WHEREAS, to evidence and secure the repayment of the 2000 Loan pursuant to the 2000 Loan Agreement, the NJDWSC issued to the Trust two bonds, including its Wanaque North Project Revenue Bond, Series 2000-1 (the “2000 Trust Loan Bond”), pursuant to the NJDWSC Bond Resolution; and

WHEREAS, to evidence and secure the repayment of the 2003 Loan pursuant to the 2003 Loan Agreement, the NJDWSC issued to the Trust two bonds, including its Wanaque North Project Revenue Bond, Series 2003-1 (the “2003 Trust Loan Bond”), pursuant to the NJDWSC Bond Resolution; and

WHEREAS, to evidence and secure the repayment of the 2006 Loan pursuant to the 2006 Loan Agreement, the NJDWSC issued to the Trust two bonds, including its Wanaque North Project Revenue Bond, Series 2006-1 (the “2006 Trust Loan Bond”; the 1999 Trust Loan Bond, the 2000 Trust Loan Bond, the 2003 Trust Loan Bond and the 2006 Trust Loan Bond shall be referred to collectively herein as the “Trust Loan Bonds”), pursuant to the NJDWSC Bond Resolution; and

WHEREAS, the Trust does not require borrowers participating in the Financing Program to secure their bonds issued to the Trust and the State with a debt service reserve fund; and

WHEREAS, the NJDWSC Bond Resolution established a debt service reserve fund thereunder (the “NJDWSC Reserve Fund”), but states that the Debt Service Reserve Requirement (as defined in the NJDWSC Bond Resolution) with respect to bonds issued to the Trust and the State in connection with the Financing Program shall be \$0,00; and

WHEREAS, the Loan Agreements state that no debt service reserve fund of the NJDWSC is allocable to the Trust Loan Bonds; and

WHEREAS, notwithstanding the foregoing, and at the request of the underwriters with respect to certain refunding bonds that the NJDWSC expects to issue and sell to such underwriters, the NJDWSC has submitted a written request to the Trust on July 11, 2014, seeking the written waiver of the Trust, as holder of the Trust Loan Bonds, with respect to any right or entitlement it may have in the NJDWSC Reserve Fund with respect to the Trust Loan Bonds (the “Waiver”); and

WHEREAS, because the Loan Agreements state that no debt service reserve fund of the NJDWSC is allocable to the Trust loan Bonds, the Waiver will not result in any material diminishment of the security for the Trust Loan Bonds; and

WHEREAS, it is the desire of the Trust to provide the Waiver, due to the fact that the Waiver would not result in any material diminishment of the security for the Trust Loan Bonds.

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

Section 1. The Board hereby waives any right or entitlement it may have in the NJDWSC Reserve Fund with respect to the Trust Loan Bonds, due to the fact that such Waiver will not result in any material diminishment of the security for the Trust Loan Bonds.

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 Waiver by the execution of a 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: August 14, 2014

Motion Made By: Christine Campbell

Motion Seconded By: Dan Kennedy

Ayes: 7

Nays: 0

Abstentions: 0