

RESOLUTION NO. 16 - 22

**AMENDED AND RESTATED RESOLUTION
AUTHORIZING VARIOUS SHORT-TERM FINANCING PROGRAMS
FOR STATE FISCAL YEAR 2017**

WHEREAS, the New Jersey Environmental Infrastructure Trust (the "Trust"), pursuant to and in accordance with (i) the "New Jersey Environmental Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same has been, and in the future may from time to time be, amended and supplemented (the "Act"), and (ii) the regulations promulgated pursuant to the Act (N.J.A.C. 7:22-2.1 *et seq.*), as the same have been, and in the future may from time to time be, amended and supplemented (the "Regulations"), is authorized, pursuant to an interim financing program (the "Construction Financing Program"), to make loans (each, a "Construction Loan") to eligible project sponsors (each, a "Borrower") for the purpose of financing the allowable costs of environmental infrastructure projects (each, a "Project"), provided that each such Construction Loan made by the Trust satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9(d), and the Regulations, including, without limitation, N.J.A.C. 7:22-4.47; and

WHEREAS, on January 14, 2016, the Board adopted Resolution No. 16-02 entitled "Resolution Authorizing Various Short-Term Financing Programs for State Fiscal Year 2017" (the "Prior Resolution"), and it is the desire of the Trust to amend the Prior Resolution and restate it in its entirety for the purpose of revising, amending and restating the Short Term financing program criteria as such Short Term financing program is set forth herein; and

WHEREAS, pursuant to the provisions of N.J.A.C. 7:22-4.47, a proposed project sponsor is eligible to be a Borrower for a Construction Loan for purposes of financing the allowable costs of the Project of such Borrower pursuant to the Construction Financing Program, provided each of the following conditions is satisfied in full: (i) the Project is listed on the project priority lists for the ensuing fiscal year that have been submitted to the State Legislature pursuant to N.J.S.A. 58:11B-20 or N.J.S.A. 58:11B-20.1 (collectively, the "Priority List"); (ii) the proposed Borrower has submitted a complete application for the Project in accordance with N.J.A.C. 7:22-4.11; (iii) the Project has been certified for funding by the Trust in accordance with N.J.A.C. 7:22-4.13; (iv) the Project is in the fundable range in the forthcoming funding cycle given the Project's rank and the anticipated availability of New Jersey Department of Environmental Protection ("NJDEP") and Trust monies; and (v) the proposed Borrower has not previously received a Construction Loan through the Construction Financing Program for the same project scope (collectively, the "Construction Financing Program Conditions Precedent") exclusive of a Construction Loan issued solely for the purpose of extending the loan term of a previously issued Construction Loan; and

WHEREAS, the Trust, pursuant to and in accordance with (i) the Act, and (ii) the Regulations, is authorized, pursuant to an emergency financing program (the "Emergency

Financing Program”), to make loans (each an “Emergency Loan”) to eligible Borrowers for the purpose of financing the allowable costs of the emergency repair of Projects, provided that each such Emergency Loan made by the Trust to a Borrower for a Project satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9.1, and any applicable Regulations; and

WHEREAS, it is the desire of the Trust, subject to the terms and provisions of the Act, the Regulations and this Resolution, to establish the following conditions precedent that must be satisfied in full in connection any Emergency Loan made by the Trust to a qualifying Borrower for its Project: (i) the Borrower is a local government unit (as defined in the Act); (ii) the Commissioner (the “Commissioner”) of the NJDEP has determined and certified, in writing, that the Project constitutes an emergency because of an imminent threat to the environment or the public health, safety or welfare caused by structural or mechanical failure, sabotage or act of God, all in accordance with N.J.S.A. 58:11B-9.1; (iii) the Project has been certified for funding by the Trust in accordance with N.J.A.C. 7:22-4.13; and (iv) the Project is included in neither a financial plan (as described in N.J.S.A. 58:11B-21 and 21.1) nor an appropriations act of the New Jersey State Legislature for the ensuing fiscal year (items (i) through (iv) hereof shall be referred to collectively herein as the “Emergency Financing Program Conditions Precedent”); and

WHEREAS, the Trust, pursuant to and in accordance with (i) the Act, and (ii) the Regulations, is authorized, pursuant to a planning and design financing program (the “Planning and Design Financing Program”), to make loans (each, a “Planning Loan”) to eligible Borrowers for the purpose of financing the allowable environmental planning and engineering design costs of Projects, provided that each such Planning Loan made by the Trust to a Borrower for a Project satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9.2, and any applicable Regulations; and

WHEREAS, the Act, specifically N.J.S.A. 58:11B-9.2, provides for the making of Planning Loans to Borrowers with respect to Projects that are not included on the Priority List; and

WHEREAS, it is the desire of the Trust, subject to the terms and provisions of the Act, the Regulations and this Resolution, to establish the following conditions precedent that must be satisfied in full in connection with any Planning Loan made by the Trust to a qualifying Borrower for its Project: (i) the proposed scope of the Project has been certified for funding by the Trust through the Planning and Design Financing Program in accordance with N.J.A.C. 7:22-4.13; (ii) if the Project is on the Priority List for State Fiscal Year 2017, the Project is in the fundable range in the forthcoming funding cycle given the Project's rank and the anticipated availability of NJDEP and Trust monies; and (iii) the proposed Borrower has not previously received financing from the Trust or the NJDEP, through the Planning and Design Financing Program or otherwise, for the same project scope exclusive of a Planning Loan issued solely for the purpose of extending the loan term of a previously issued Planning Loan (items (i) through (iii) hereof shall be referred to collectively herein as the “Planning and Design Financing Program Conditions Precedent”); and

WHEREAS, the Trust, pursuant to and in accordance with (i) the Act, and (ii) the Regulations, is authorized, pursuant to a supplemental financing program (the “Supplemental Financing Program”), to make short-term or temporary loans (each, a “Supplemental Loan”) to eligible Borrowers for the purpose of financing, with respect to a Project (each, an “Existing Project”) for which a loan previously has been made to such Borrower by the Trust pursuant to N.J.S.A. 58:11B-9(a) (each, an “Existing Loan”), to pay for additional eligible costs of such Existing Project (the “Additional Costs”), that have been incurred by such Borrower in connection with the completion of such Existing Project and in excess of (i) the principal amount of the Existing Loan, plus (ii) the principal amount of the companion loan made to the Borrower by the State, acting by and through the NJDEP, provided that each such Supplemental Loan made by the Trust to a Borrower satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9.4, and any applicable Regulations; and

WHEREAS, the Act, specifically N.J.S.A. 58:11B-9.4, provides for the making of Supplemental Loans to Borrowers with respect to Existing Projects that are not included on the Priority List; and

WHEREAS, it is the desire of the Trust, subject to the terms and provisions of the Act, the Regulations and this Resolution, to establish the following conditions precedent that must be satisfied in full in connection with any Supplemental Loan made by the Trust to a qualifying Borrower for the Additional Costs of its Existing Project: (i) the proposed scope of the Additional Costs of the Existing Project have been certified for funding by the Trust through the Supplemental Financing Program in accordance with N.J.A.C. 7:22-4.13; and (ii) the Borrower has not previously received financing from the Trust or the NJDEP, through the Supplemental Financing Program or otherwise, for the Additional Costs of the Existing Project proposed to be financed through the Supplemental Financing Program exclusive of a Supplemental Loan issued solely for the purpose of extending the loan term of a previously issued Supplemental Loan (items (i) and (ii) hereof shall be referred to collectively herein as the “Supplemental Financing Program Conditions Precedent”); and

WHEREAS, the Trust, pursuant to and in accordance with (i) the Act, and (ii) the Regulations, is authorized, pursuant to an equipment financing program (the “Equipment Financing Program”), to make short-term or temporary loans (each, an “Equipment Loan”) to eligible Borrowers for the purpose of financing the allowable costs of certain Projects consisting of the purchase or other acquisition of equipment, provided that each such Equipment Loan made by the Trust to a Borrower for a Project satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9.6, and any applicable Regulations; and

WHEREAS, the Act, specifically N.J.S.A. 58:11B-9.6, provides for the making of Equipment Loans to Borrowers with respect to Projects that are not included on the Priority List; and

WHEREAS, it is the desire of the Trust, subject to the terms and provisions of the Act, the Regulations and this Resolution, to establish the following conditions precedent that must be satisfied in full in connection with any Equipment Loan made by the Trust to a qualifying Borrower for its Project: (i) the proposed scope of the Project has been certified for funding by the Trust through the Equipment Financing Program in accordance with N.J.A.C. 7:22-4.13; and (ii) the Borrower has not previously received financing from the Trust or the NJDEP for the costs of the Project proposed to be financed through the Equipment Financing Program exclusive of an Equipment Loan issued solely for the purpose of extending the loan term of a previously issued Equipment Loan (items (i) and (ii) hereof shall be referred to collectively herein as the “Equipment Financing Program Conditions Precedent”; the Construction Financing Program Conditions Precedent, the Emergency Financing Program Conditions Precedent, the Planning and Design Financing Program Conditions Precedent, the Supplemental Financing Program Conditions Precedent and the Equipment Financing Program Conditions Precedent shall be referred to collectively herein as the “Financing Program Conditions Precedent”); and

WHEREAS, it is the desire of the Trust, subject to the terms and provisions of the Act, the Regulations and this Resolution, to authorize the implementation of the Construction Financing Program, the Emergency Financing Program, the Planning and Design Financing Program, the Supplemental Financing Program and the Equipment Financing Program for the State Fiscal Year 2017 (“SFY 2017”) Environmental Infrastructure Financing Program of the Trust (collectively, the “SFY 2017 Short-Term Financing Program”); and

WHEREAS, in order to provide a source of funding for the implementation of the Construction Financing Program for SFY 2017, the New Jersey State Legislature and the Governor of the State have enacted into law an appropriation act (the “Appropriation”) that has appropriated to the Trust, from repayments of loans deposited in any account, including the Clean Water State Revolving Fund Accounts contained within the “Wastewater Treatment Fund”, the “1992 Wastewater Treatment Fund”, the “Water Supply Fund”, the “Stormwater Management and Combined Sewer Overflow Abatement Fund”, or the Drinking Water State Revolving Fund, as appropriate, and from any net earnings received from the investment and reinvestment of such deposits, the sum of \$500,000,000, such sum having been deposited, or to be deposited, in the segregated fund created by the Trust for the purpose of funding the Construction Financing Program; and

WHEREAS, in addition to the funds made available to the Trust pursuant to the Appropriation for purposes of the Construction Financing Program for SFY 2017, it is the desire of the Trust to provide, as additional sources of funding for the Construction Financing Program for SFY 2017, (i) net earnings with respect to funds held by the Trust and (ii) operating funds of the Trust that are not required for, or committed to, the operations of the Trust for State Fiscal Years 2017 and 2018 (collectively, the “Available Trust Revenues”; the Appropriation and the Available Trust Revenues shall be referred to collectively herein as the “Available CFP Funds”), which Available Trust Revenues may be made available by the Trust to (i) Borrowers participating in the Construction Financing Program for SFY 2017 that do not qualify for funding

from the Appropriation, as well as (ii) at the election of the Trust, any other Borrowers participating in the Construction Financing Program for SFY 2017; and

WHEREAS, pursuant to the Act, the source of funding for the Emergency Financing Program authorized hereby shall be the Emergency Loan Fund created by N.J.S.A. 58:11B-9.1 (the “Available EFP Funds”); and

WHEREAS, pursuant to the Act, the sources of funding for the Planning and Design Financing Program authorized hereby shall be (i) the Planning and Design Fund created by N.J.S.A. 58:11B-9.2(a) and (ii) the Interim Financing Program Fund created by N.J.S.A. 58:11B-9(d) (collectively, the “Available PDFP Funds”), provided that a Planning Loan made from moneys on deposit in the Interim Financing Program Fund may be made only with respect to a Project that is included on the Priority List; and

WHEREAS, pursuant to the Act, the source of funding for the Supplemental Financing Program authorized hereby shall be amounts on deposit in the Supplemental Loan Fund created by N.J.S.A. 58:11B-9.4(a) (the “Available SFP Funds”); and

WHEREAS, pursuant to the Act, the source of funding for the Equipment Financing Program authorized hereby shall be amounts on deposit in the Equipment Loan Fund created by N.J.S.A. 58:11B-9.6(a) (the “Available QFP Funds”; the Available CFP Funds, the Available EFP Funds, the Available PDFP Funds, the Available SFP Funds and the Available QFP Funds shall be referred to collectively herein as the “Available Funds”); and

WHEREAS, with respect to the SFY 2017 Short-Term Financing Program of the Trust and other future short-term financing programs of the Trust (collectively, the “Current and Future Short-Term Financing Programs”), it is the desire of the Trust to explore, as an additional source of funding for the Current and Future Short-Term Financing Programs, the procurement of a line of credit or other similar financial instrument procured by the Trust, either through a competitive or negotiated process, from a commercial bank (the “Credit Instrument”), and in furtherance of such exploration, the Trust desires to prepare and distribute a Request for Proposals seeking proposals from qualified providers of a Credit Instrument; and

WHEREAS, it is the desire of the Trust that, if a Borrower is eligible to receive financing from one or more of the Construction Financing Program, the Emergency Financing Program, the Planning and Design Financing Program, the Supplemental Financing Program and the Equipment Financing Program, the Borrower may receive a single, combined loan (each, a “Short-Term Loan”), provided that (i) there shall exist sufficient Available Funds from the applicable source for the making of each component of the Short-Term Loan, (ii) the Borrower has submitted to the Trust and the NJDEP a complete application with respect to the Project and each applicable component of the SFY 2017 Short-Term Financing Program, and (iii) the Trust shall not disburse funds with respect to any component of the Short-Term Loan until such components and the Project costs applicable thereto shall have been certified by the NJDEP.

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

Section 1. The Board hereby authorizes the establishment of the SFY 2017 Short-Term Financing Program, provided (i) each component of such SFY 2017 Short-Term Financing Program shall be funded solely from the Available Funds applicable thereto; and (ii) each component of such SFY 2017 Short-Term Financing Program shall comply fully with the provisions of the Act and the Regulations applicable thereto and the applicable terms of this Resolution.

Section 2. Any Short-Term Loan made by the Trust as part of the SFY 2017 Short-Term Financing Program shall be evidenced by (i) a note or other appropriate obligation of the Borrower to be issued to the Trust (the “Obligation”), and (ii) any other documentation as shall be deemed necessary and appropriate by the Chairman of the Trust, the Vice Chairman of the Trust and the Executive Director of the Trust, or any other person or persons designated by the Board by resolution to act on behalf of the Trust, but in each case subject to the limitations of the by-laws 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 (collectively, the “Loan Instruments”). Each Obligation shall be in substantially the applicable form attached hereto as Exhibit A, with such revisions and modifications thereto as shall be approved by an Authorized Officer after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State. The Loan Instruments shall include such terms and provisions relating to the SFY 2017 Short-Term Financing Program as shall be determined by an Authorized Officer, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, as being necessary in connection with (i) the satisfaction of the requirements of the Act and the Regulations applicable thereto and (ii) the implementation of the applicable terms of this Resolution, including, without limitation, the enumeration of the components of such Short-Term Loan and the respective principal amounts thereof.

Any Short-Term Loan made by the Trust to a Borrower as part of the SFY 2017 Short-Term Financing Program:

- (a) shall bear interest at a rate of zero percent (0%);
- (b) shall have a maturity date to be determined by an Authorized Officer, in consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, which maturity date shall be no later than the applicable date set forth in Section 4 hereof; and
- (c) shall be subject to the imposition of a NJDEP 2% loan origination fee.

Section 3. The maturity date with respect to any Short-Term Loan, or component thereof, shall not exceed:

- (a) with respect to any Construction Loan or component thereof, the last day of the third succeeding State Fiscal Year following the closing date with respect to such Construction Loan (pursuant to N.J.S.A. 58:11B-9(d));
- (b) with respect to any Emergency Loan or component thereof, twenty-four (24) months following the closing date with respect to such Emergency Loan;
- (c) with respect to any Planning Loan or component thereof (i) relating to a Project other than a combined sewer overflow abatement project, the last day of the third succeeding State Fiscal Year following the closing date with respect to such Planning Loan, and (ii) relating to a Project that consists of a combined sewer overflow abatement project, the last day of the tenth succeeding State Fiscal Year following the closing date with respect to such Planning Loan (pursuant to N.J.S.A. 58:11B-9.2(b));
- (d) with respect to any Supplemental Loan or component thereof, the date of closing with respect to the applicable long-term financing within the State Fiscal Year 2018 New Jersey Environmental Infrastructure Financing Program, which closing date shall be no later than June 30, 2018; and
- (e) with respect to any Equipment Loan or component thereof, the last day of the third succeeding State Fiscal Year following the closing date with respect to such Equipment Loan.

Section 4. The principal amount of each Construction Loan shall not exceed \$10,000,000. The principal amount of each Emergency Loan, Planning Loan, Supplemental Loan and Equipment Loan shall not exceed \$10,000,000; provided, however, that the portion of any Emergency Loan, Planning Loan, Supplemental Loan or Equipment Loan made from Available Trust Revenues shall not exceed \$500,000.

Section 5. The Authorized Officers are each hereby severally authorized and directed, after consultation with Bond Counsel to the Trust and the Office of the Attorney General of the State, to approve the participation of a Borrower in the SFY 2017 Short-Term Financing Program, provided that such Borrower qualifies for such participation pursuant to the provisions of the Act and the Regulations applicable thereto and the applicable terms of this Resolution, including, without limitation, satisfaction by such Borrower with the applicable Financing Program Conditions Precedent.

Section 6. Prior to the making of any Short-Term Loan pursuant to the SFY 2017 Short-Term Financing Program with respect to any Project, an Authorized Officer shall certify the Project for funding through the SFY 2017 Short-Term Financing Program in accordance with the provisions of N.J.A.C. 7:22-4.13; provided, however, that (i) the proposed Project, or a component thereof (as provided pursuant to the provisions of Section 8 hereof), previously has been certified for funding by the Commissioner of the NJDEP, and (ii) such proposed Project

shall otherwise qualify for funding through the applicable component(s) of the SFY 2017 Short-Term Financing Program pursuant to the terms and provisions of the Act and the Regulations applicable thereto and the applicable terms and provisions of this Resolution.

Section 7. In the event that a portion, but not all, of a Project that is to be the subject of a Short-Term Loan has been certified for funding by the Commissioner of the NJDEP, the Authorized Officers are hereby severally authorized to extend a Short-Term Loan to such Borrower for such Project in a stated principal amount that may equal, but shall not exceed, the total estimated allowable costs of such Project (subject to the further limitations set forth in the Act, the applicable Regulations and this Resolution, including, without limitation, Section 5 of this Resolution); provided, however, that the Loan Instruments relating to such Short-Term Loan shall provide that the Trust shall not disburse to the Borrower any proceeds of such Short-Term Loan with respect to those costs of the Project that have not been certified by the Commissioner of the NJDEP, and such prohibition upon the disbursement by the Trust to the Borrower of such proceeds of the Short-Term Loan shall continue to apply until such date as such Project costs have been certified by the Commissioner of the NJDEP, as well as by the Trust pursuant to the provisions of Section 7 hereof.

Section 8. No Planning Loan, Emergency Loan, Supplemental Loan or Equipment Loan, with respect to a Project that does not appear on the then-current Priority List, shall be made by the Trust to a Borrower without the prior approval of the Board in the form of a resolution duly adopted pursuant to and in satisfaction of the requirements of the Act.

Section 9. Each Authorized Officer is hereby severally authorized and directed to execute (i) any Loan Instrument to which the Trust is a party (the "Trust Loan Instruments") and (ii) any certificates, instruments or documents contemplated therein or otherwise related to the participation of any Borrower in the SFY 2017 Short-Term Financing Program.

Section 10. Upon execution of the Trust Loan Instruments 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.

Section 11. At the meeting of the Board immediately following the execution and delivery of any Loan Instruments relating to any Short-Term Loan made by the Trust to any Borrower pursuant to the SFY 2017 Short-Term Financing Program, the Executive Director of the Trust shall provide a report to the Board concerning the details of such transaction.

Section 12. Each Authorized Officer is hereby severally authorized to prepare and distribute, in consultation with Bond Counsel to the Trust, the Office of the Attorney General of the State and the Financial Advisor to the Trust (collectively, the "Professional Advisors"), a Request for Proposals (the "RFP") to banking corporations having membership in the federal depository insurance corporation, for a Credit Instrument for the purpose of funding all or a

portion of one or more of the Current and Future Short-Term Financing Programs, in such amount as is determined by such Authorized Officer to be necessary and appropriate for such purpose. Such RFP shall be prepared and distributed pursuant to and in compliance with Trust Policy and Procedure No. 4.00, entitled "Procurement of Goods and Services". The award of any contract to a banking corporation that has submitted to the Trust a response to RFP for the provision of a Credit Instrument for the purpose of funding all or a portion of one or more of the Current and Future Short-Term Financing Programs shall be made only upon authorization by official action of the Board at a future meeting thereof. 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 the Professional Advisors, deems necessary, convenient or desirable in order to prepare and distribute the RFP and to receive proposals for the provision of a Credit Instrument, in a manner consistent herewith.

Section 13. 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:	May 12, 2016
Motion Made By:	Roger Ellis
Motion Seconded By:	Dan Kennedy
Ayes:	5
Nays:	0
Abstentions:	0

EXHIBIT A

FORMS OF OBLIGATION

[NAME OF PRIVATE BORROWER]
NOTE
RELATING TO:
THE _____ FINANCING TRUST LOAN PROGRAM
OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

\$ _____, 201_
_FP-16-__

FOR VALUE RECEIVED, _____, a corporation duly created and validly existing pursuant to the laws of the State (as hereinafter defined), and its successors and assigns (the “Borrower”), hereby promises to pay to the order of the **NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST**, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the “Trust”), the Principal (as hereinafter defined), together with fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this “Note”).

SECTION 1. Definitions. As used in this Note, unless the context requires otherwise, the following terms shall have the following meanings:

“**Act**” means the “New Jersey Environmental Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same may from time to time be amended and supplemented.

“**Administrative Fee**” means a fee of up to four-tenths of one percent (.40%) of that portion of the Principal identified in clause (i) of the definition thereof (as set forth in this Section 1), or such lesser amount, if any, as the Trust may determine from time to time.

“**Anticipated Financing Program**” means the financing program of the Trust, pursuant to which the Trust will issue its Trust Bonds for the purpose of financing, on a long term basis, the Project and other projects of certain qualifying borrowers.

“**Anticipated Long Term Loan**” means the long term loan made by the Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

“**Authorized Officer**” means any person authorized by the Borrower or the Trust, as the case may be, to perform any act or execute any document relating to the Loan or this Note.

“**Borrower Note Resolution**” means the [resolution][indenture] of the Borrower entitled “[_____]”, [adopted on][dated] [_____], as amended and supplemented from time to time, pursuant to which this Note has been issued.

“Business Corporation Law” means the “New Jersey Business Corporation Act”, constituting Chapter 263 of the Pamphlet Laws of 1968 of the State (codified at N.J.S.A. 14A:1-1 *et seq.*), as the same may from time to time be amended and supplemented.

“Code” means the Internal Revenue Code of 1986, as the same may from time to time be amended and supplemented, including any regulations promulgated thereunder, any successor code thereto and any administrative or judicial interpretations thereof.

“Cost” means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Regulations, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, for which the Borrower is receiving the Loan.

“Event of Default” means any occurrence or event specified in Section 6 hereof.

“Fund Portion” means, on any date, an amount up to one hundred percent (100%) of the Principal of the Loan on such date, which Fund Portion is expected to be refinanced on the Maturity Date from proceeds of a loan to be made to the Borrower by the State, acting by and through the New Jersey Department of Environmental Protection.

“Interest” means the interest charged on the outstanding Principal of the Loan at a rate of 0.00%.

“Loan” means the loan of the Principal, made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project, as evidenced by this Note.

“Loan Disbursement Requisition” means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the New Jersey Department of Environmental Protection, in a form to be determined by the Trust and the New Jersey Department of Environmental Protection.

“Maturity Date” means _____, 201_, or such earlier or later date to be determined by the Trust in its sole discretion, which date shall be determined by the Trust to be the date of the closing for the Anticipated Financing Program.

“Principal” means the principal amount of the Loan, at any time being the lesser of (i) _____ Dollars (\$_____), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the

Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Project” means the Environmental Infrastructure Facilities of the Borrower which constitutes a project for which the Trust is making the Loan to the Borrower.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated pursuant to N.J.A.C. 7:22-3 *et seq.*, 7:22-4 *et seq.*, 7:22-5 *et seq.*, 7:22-6 *et seq.*, 7:22-7 *et seq.*, 7:22-8 *et seq.*, 7:22-9 *et seq.* and 7:22-10 *et seq.*, as the same may from time to time be amended and supplemented.

“Revenues” means “[_____] Revenues” as defined in the Borrower Note Resolution.

“State” means the State of New Jersey.

“Trust Bonds” means the revenue bonds of the Trust to be issued, as part of the Anticipated Financing Program.

“Trust Portion” means, on any date, an amount up to twenty-five percent (25%) of the Principal of the Loan on such date, which Trust Portion is expected to be refinanced on the Maturity Date from proceeds of a loan to be made to the Borrower by the Trust.

SECTION 2. Representations of the Borrower. The Borrower represents and warrants to the Trust:

(a) Organization. The Borrower: (i) is a corporation duly created and validly existing under and pursuant to the Constitution and laws of the State, including the Business Corporation Law; (ii) has full legal right and authority to execute, attest and deliver this Note, to authorize the authentication of this Note, to sell this Note to the Trust, and to perform its obligations hereunder, and (iii) has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the issuance of this Note, the authentication of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder and (B) the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) Authority. This Note has been duly authorized by the Borrower, duly executed, attested and delivered by Authorized Officers of the Borrower, and duly authenticated by the trustee or the paying agent pursuant to the Borrower Note Resolution. This Note has been duly sold by the Borrower to the Trust and duly issued by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors' rights.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the adoption of the Borrower Note Resolution, (iii) the ability of the Borrower to satisfy all of its Loan repayment obligations hereunder, (iv) the authorization, execution, attestation, authentication or delivery of this Note, (v) the issuance of this Note and the sale thereof to the Trust, and (vi) the Borrower's ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Note.

(d) Compliance with Existing Laws and Agreements; Governmental Consent. (i) The authorization, execution, attestation and delivery of this Note by the Borrower, (ii) the authentication of this Note by the trustee or paying pursuant to the Borrower Note Resolution, (iii) the adoption of the Borrower Note Resolution, (iv) the sale of this Note to the Trust, (v) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder, including, without limitation, the repayment of the Loan and all other amounts due hereunder, and (vi) the undertaking and completion of the Project, will not (A) other than the lien, charge or encumbrance created by this Note and by any other outstanding debt obligations of the Borrower that are at parity with this Note as to lien on, and source and security for payment thereon from, the Revenues of the Borrower's Environmental Infrastructure System, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations are subject. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation, authentication and delivery of this Note, for the sale of this Note to the Trust, for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Note, and for the undertaking and completion of the Project.

(e) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the representations of the Borrower set forth in this Section 2.

SECTION 3. Covenants of the Borrower.

(a) Participation in the Anticipated Financing Program. The Borrower covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Borrower in the Anticipated Financing

Program and (ii) the qualification by the Borrower for receipt of the Anticipated Long Term Loan.

(b) Pledge. The Borrower irrevocably pledges the Revenues in accordance with the terms of, and to the extent provided in, the Borrower Note Resolution, for the punctual payment of any and all obligations and amounts due under this Note.

(c) Disposition of Environmental Infrastructure System. The Borrower covenants and agrees that it shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System without the express written consent of the Trust, which consent may or may not be granted by the Trust in its sole discretion.

(d) Financing With Tax-Exempt Bonds. The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of Trust Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code (“tax-exempt bonds”). In furtherance of such long term financing with tax-exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the Trust, the Borrower will not take any action or permit any action to be taken which would result in any of the proceeds of the Loan being used (directly or indirectly) to make or finance loans to persons other than the Borrower. In addition, the Borrower covenants and agrees that (i) all of the proceeds of the Loan will be used to pay costs of an exempt facility, within the meaning of Section 142 of the Code, which were paid and incurred by the Borrower no more than 60 days before the date on which the Trust adopted a declaration of intent with respect to the Project, and (ii) no portion of the Project will be investment property, within the meaning of Section 148(b) of the Code. The Borrower covenants and agrees that any Costs of the Borrower’s Project to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.148-6(d) and Treasury Regulations §1.150-2.

(e) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.

(f) Records and Accounts; Inspections. The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System, separate and distinct from its other records and accounts, which shall be audited annually by an independent registered certified public accountant and shall be made available for inspection by the Trust upon prior written notice. The Borrower shall permit the Trust to inspect the Environmental Infrastructure System.

(g) Insurance. The Borrower covenants and agrees that it shall maintain insurance policies providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System, in an amount that will satisfy all applicable regulatory requirements. The Borrower covenants and agrees that it shall include, or cause to be included, the Trust as an

additional “named insured” on any certificate of liability insurance procured by the Borrower and by any contractor or subcontractor for the Project.

(h) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the covenants of the Borrower set forth in this Section 3.

SECTION 4. Disbursement of the Loan Proceeds; Amounts Payable; Prepayment; and Late Fee. The Trust shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Trust of a Loan Disbursement Requisition, each such disbursement and the date thereof to be recorded by an Authorized Officer of the Trust on the table attached as Exhibit A hereto. The latest date upon which the Borrower may submit to the Trust a Loan Disbursement Requisition is the business day immediately preceding the date fixed by the Trust for the sale of its bonds in connection with the Anticipated Financing Program. On the Maturity Date, the Borrower shall repay the Loan to the Trust in an amount equal to: (i) the Principal; (ii) the Administrative Fee, if any; and (iii) any other amounts due and owing pursuant to the provisions of this Note. Any earnings accrued on the undrawn Trust Portion of the Principal of the Loan shall be credited against the Borrower’s repayment obligations hereunder. The Borrower may prepay the Loan the Loan obligations hereunder, in whole or in part, upon receipt of the prior written consent of an Authorized Officer of the Trust. Each payment made to the Trust shall be applied to the payment of, first, the Principal, second, the Administrative Fee, if obligations hereunder, in whole or in part, upon receipt of the prior written consent of an any, third, any late charges, and, finally, any other amount due pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the Trust later than the Maturity Date, a late fee shall be payable to the Trust in an amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the Wall Street Journal on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law.

SECTION 5. Unconditional Obligations. The obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Trust or any

other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

SECTION 6. Events of Default. The following events shall constitute an “Event of Default” hereunder: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations hereunder, and any other payment obligations due hereunder; (ii) failure by the Borrower to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed pursuant to the terms of this Note; (iii) any representation made by the Borrower contained in this Note or in any instrument furnished in compliance with or with reference to this Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Note or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

SECTION 7. Remedies upon Event of Default. Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the Trust to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and agrees that the Trust shall have the right to declare all Loan repayments and all other amounts due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive, and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the Trust to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby agrees that upon demand it shall pay to the Trust the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observation or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys collected by the Trust pursuant to this Section 7 shall be applied first to pay any attorneys’ fees or other fees and expenses owed by the Borrower.

SECTION 8. Certain Miscellaneous Provisions. The Borrower hereby agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: [Name and Address of Borrower, Attention: Name of Authorized Officer]; and to the Trust at the following address: New Jersey Environmental Infrastructure Trust, 3131 Princeton Pike,

Building 4, Suite 216, Lawrenceville, New Jersey 08648-2201, Attention: Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the Trust shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Trust; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the Trust, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Note; and (h) whenever the Borrower is required to obtain the determination, approval or consent of the Trust pursuant to the terms hereof, such determination, approval or consent may be either granted or withheld by the Trust in its sole and absolute discretion.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, sealed and delivered on the date first above written.

[NAME OF BORROWER]

[SEAL]

ATTEST:

By: _____
Authorized Officer

Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Note is delivered pursuant to the within-mentioned Borrower Note Resolution.

_____,
as Trustee

By: _____
Authorized Signatory

EXHIBIT A

Loan Disbursements

Date of Loan Disbursement	Amount of Loan Disbursement	Trust Portion Interest Rate

[NAME OF AUTHORITY]
NOTE
RELATING TO:
THE _____ FINANCING TRUST LOAN PROGRAM
OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

\$ _____, 201_
FP-16-__

FOR VALUE RECEIVED, _____, a [municipal][county] [utilities][sewerage] authority, acting as a public body corporate and politic with corporate succession duly created and validly existing pursuant to the laws of the State (as hereinafter defined), including, without limitation, the Borrower Enabling Act (as hereinafter defined), and its successors and assigns (the "Borrower"), hereby promises to pay to the order of the **NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST**, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the "Trust"), the Principal (as hereinafter defined), together with fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this "Note").

SECTION 1. Definitions. As used in this Note, unless the context requires otherwise, the following terms shall have the following meanings:

"Act" means the "New Jersey Environmental Infrastructure Trust Act", constituting Chapter 334 of the Pamphlet Laws of 1985 of the State (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same may from time to time be amended and supplemented.

"Administrative Fee" means a fee of up to four-tenths of one percent (.40%) of that portion of the Principal identified in clause (i) of the definition thereof (as set forth in this Section 1), or such lesser amount, if any, as the Trust may determine from time to time.

"Anticipated Financing Program" means the financing program of the Trust, pursuant to which the Trust will issue its Trust Bonds for the purpose of financing, on a long term basis, the Project and other projects of certain qualifying borrowers.

"Anticipated Long Term Loan" means the long term loan made by the Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

"Authorized Officer" means any person authorized by the Borrower or the Trust, as the case may be, to perform any act or execute any document relating to the Loan or this Note.

"Borrower Note Resolution" means the [resolution][indenture] of the Borrower entitled "[_____]", adopted on [_____], as amended and supplemented from time to time, pursuant to which this Note has been issued.

“Borrower Enabling Act” means the [“Sewerage Authorities Law”, constituting Chapter 138 of the Pamphlet Laws of 1946 of the State (codified at N.J.S.A. 40:15A-1 *et seq.*), as the same may from time to time be amended and supplemented,][the “Municipal and County Utilities Authority Law”, constituting Chapter 183 of the Pamphlet Laws of 1957 of the State (codified at N.J.S.A. 40:15B-1 *et seq.*, as the same may from time to time be amended and supplemented).]

“Code” means the Internal Revenue Code of 1986, as the same may from time to time be amended and supplemented, including any regulations promulgated thereunder, any successor code thereto and any administrative or judicial interpretations thereof.

“Cost” means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Regulations, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, for which the Borrower is receiving the Loan.

“Event of Default” means any occurrence or event specified in Section 6 hereof.

“Fund Portion” means, on any date, an amount equal up to one hundred (100%) of the Principal of the Loan on such date, which Fund Portion is expected to be refinanced on the Maturity Date from proceeds of a loan to be made to the Borrower by the State, acting by and through the New Jersey Department of Environmental Protection.

“Interest” means the interest charged on the outstanding Principal of the Loan at a rate of 0.00%.

“Loan” means the loan of the Principal, made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project, as evidenced by this Note.

“Loan Disbursement Requisition” means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the New Jersey Department of Environmental Protection, in a form to be determined by the Trust and the New Jersey Department of Environmental Protection.

“Local Authority Fiscal Control Law” means the “Local Authorities Fiscal Control Law”, constituting Chapter 313 of the Pamphlet Laws of 1983 of the State (codified at N.J.S.A. 40A:5A-1 *et seq.*), as the same may from time to time be amended and supplemented.

“Maturity Date” means _____, 201_, or such earlier or later date to be determined by the Trust in its sole discretion, which date shall be determined by the Trust to be the date of the closing for the Anticipated Financing Program.

“Principal” means the principal amount of the Loan, at any time being the lesser of (i) _____ Dollars (\$_____), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Project” means the Environmental Infrastructure Facilities of the Borrower which constitutes a project for which the Trust is making the Loan to the Borrower.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated pursuant to N.J.A.C. 7:22-3 *et seq.*, 7:22-4 *et seq.*, 7:22-5 *et seq.*, 7:22-6 *et seq.*, 7:22-7 *et seq.*, 7:22-8 *et seq.*, 7:22-9 *et seq.* and 7:22-10 *et seq.*, as the same may from time to time be amended and supplemented.

“Revenues” means “[_____] Revenues” as defined in the Borrower Note Resolution.

“State” means the State of New Jersey.

“Trust Bonds” means the revenue bonds of the Trust to be issued, as part of the Anticipated Financing Program.

“Trust Portion” means, on any date, an amount up to twenty-five percent (25%) of the Principal of the Loan on such date, which Trust Portion is expected to be refinanced on the Maturity Date from proceeds of a loan to be made to the Borrower by the Trust.

SECTION 2. Representations of the Borrower. The Borrower represents and warrants to the Trust:

(a) **Organization.** The Borrower: (i) is a [municipal][county] [utilities][sewerage] authority, acting as a public body corporate and politic with corporate succession, duly created and validly existing under and pursuant to the Constitution and laws of the State, including, without limitation, the Borrower Enabling Act, and is subject to the Local Authorities Fiscal Control Law; (ii) has full legal right and authority to execute, attest and deliver this Note, to authorize the authentication of this Note, to sell this Note to the Trust, and to perform its obligations hereunder, and (iii) has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the issuance of this Note, the authentication of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder and (B)

the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) Authority. This Note has been duly authorized by the Borrower, duly executed, attested and delivered by Authorized Officers of the Borrower, and duly authenticated by the trustee or the paying agent pursuant to the Borrower Note Resolution. This Note has been duly sold by the Borrower to the Trust and duly issued by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors' rights.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the adoption of the Borrower Note Resolution, (iii) the ability of the Borrower to satisfy all of its Loan repayment obligations hereunder, (iv) the authorization, execution, attestation, authentication or delivery of this Note, (v) the issuance of this Note and the sale thereof to the Trust, and (vi) the Borrower's ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Note.

(d) Compliance with Existing Laws and Agreements; Governmental Consent. (i) The authorization, execution, attestation and delivery of this Note by the Borrower, (ii) the authentication of this Note by the trustee or paying agent pursuant to the Borrower Note Resolution, (iii) the adoption of the Borrower Note Resolution, (iv) the sale of this Note to the Trust, (v) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder, including, without limitation, the repayment of the Loan and all other amounts due hereunder, and (vi) the undertaking and completion of the Project, will not (A) other than the lien, charge or encumbrance created by this Note and by any other outstanding debt obligations of the Borrower that are at parity with this Note as to lien on, and source and security for payment thereon from, the Revenues of the Borrower's Environmental Infrastructure System, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations are subject. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation, authentication and delivery of this Note, for the sale of this Note to the Trust, for the making, observance and performance by the Borrower of its duties, covenants,

obligations and agreements under this Note, and for the undertaking and completion of the Project.

(e) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the representations of the Borrower set forth in this Section 2.

SECTION 3. Covenants of the Borrower.

(a) Participation in the Anticipated Financing Program. The Borrower covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Borrower in the Anticipated Financing Program and (ii) the qualification by the Borrower for receipt of the Anticipated Long Term Loan.

(b) Full Faith and Credit Pledge. The Borrower irrevocably pledges the Revenues in accordance with the terms of, and to the extent provided in, the Borrower Note Resolution, for the punctual payment of any and all obligations and amounts due under this Note. The Borrower acknowledges that, to assure the continued operation and solvency of the Trust, the Trust may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to pay promptly to the Trust in full any Loan repayments, or any other amounts due pursuant to this Note, an amount sufficient to satisfy such deficiency shall be paid by the State Treasurer to the Trust from State-aid otherwise payable to any municipality or county to which the Borrower provides services pursuant to a contractual arrangement.

(c) Disposition of Environmental Infrastructure System. The Borrower covenants and agrees that it shall not sell, lease, abandon or otherwise dispose of all or substantially all of its Environmental Infrastructure System without the express written consent of the Trust, which consent may or may not be granted by the Trust in its sole discretion.

(d) Financing With Tax-Exempt Bonds. The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of Trust Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code (“tax-exempt bonds”). In furtherance of such long term financing with tax-exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the Trust, the Borrower will not take any action or permit any action to be taken which would result in any of the proceeds of the Loan being used (directly or indirectly) (i) in any “private business use” within the meaning of Section 151(b)(6) of the Code, (ii) to make or finance loans to persons other than the Borrower, or (iii) to acquire any “nongovernmental output property” within the meaning of Section 151(d)(2) of the Code. In addition, the Borrower covenants and agrees that no portion of the Project will be investment property, within the meaning of Section 158(b) of the Code. The Borrower covenants and agrees that any Costs of the Borrower’s Project to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.158-6(d) and Treasury Regulations §1.150-2.

(e) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.

(f) Records and Accounts; Inspections. The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System, separate and distinct from its other records and accounts, which shall be audited annually by an independent registered municipal accountant and shall be made available for inspection by the Trust upon prior written notice. The Borrower shall permit the Trust to inspect the Environmental Infrastructure System.

(g) Insurance. The Borrower covenants and agrees that it shall maintain insurance policies providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System, in an amount that will satisfy all applicable regulatory requirements. The Borrower covenants and agrees that it shall include, or cause to be included, the Trust as an additional “named insured” on any certificate of liability insurance procured by the Borrower and by any contractor or subcontractor for the Project.

(h) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the covenants of the Borrower set forth in this Section 3.

SECTION 4. Disbursement of the Loan Proceeds; Amounts Payable; Prepayment; and Late Fee. The Trust shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Trust of a Loan Disbursement Requisition, each such disbursement and the date thereof to be recorded by an Authorized Officer of the Trust on the table attached as Exhibit A hereto. The latest date upon which the Borrower may submit to the Trust a Loan Disbursement Requisition is the business day immediately preceding the date fixed by the Trust for the sale of its bonds in connection with the Anticipated Financing Program. On the Maturity Date, the Borrower shall repay the Loan to the Trust in an amount equal to: (i) the Principal; (ii) the Administrative Fee, if any; and (iii) any other amounts due and owing pursuant to the provisions of this Note. Any earnings accrued on the undrawn Trust Portion of the Principal of the Loan shall be credited against the Borrower’s repayment obligations hereunder. The Borrower may prepay the Loan the Loan obligations hereunder, in whole or in part, upon receipt of the prior written consent of an Authorized Officer of the Trust. Each payment made to the Trust shall be applied to the payment of, first, the Principal, second, the Administrative Fee, if obligations hereunder, in whole or in part, upon receipt of the prior written consent of an any, third, any late charges, and, finally, any other amount due pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the Trust later than the Maturity Date, a late fee shall be payable to the Trust in an amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the Wall Street Journal on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid;

provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law.

SECTION 5. Unconditional Obligations. The obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Trust or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

SECTION 6. Events of Default. The following events shall constitute an “Event of Default” hereunder: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations hereunder, and any other payment obligations due hereunder; (ii) failure by the Borrower to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed pursuant to the terms of this Note; (iii) any representation made by the Borrower contained in this Note or in any instrument furnished in compliance with or with reference to this Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Note or thereafter enacted, unless in the case of any such petition filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

SECTION 7. Remedies upon Event of Default. Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the Trust to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and agrees that the Trust shall have the right to declare all Loan repayments and all other amounts due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive,

and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the Trust to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby agrees that upon demand it shall pay to the Trust the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observation or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys collected by the Trust pursuant to this Section 7 shall be applied first to pay any attorneys' fees or other fees and expenses owed by the Borrower.

SECTION 8. Certain Miscellaneous Provisions. The Borrower hereby agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: [Name and Address of Borrower, Attention: Name of Authorized Officer]; and to the Trust at the following address: New Jersey Environmental Infrastructure Trust, 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey 08648-2201, Attention: Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the Trust shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Trust; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the Trust, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Note; and (h) whenever the Borrower is required to obtain the determination, approval or consent of the Trust pursuant to the terms hereof, such determination, approval or consent may be either granted or withheld by the Trust in its sole and absolute discretion.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, sealed and delivered on the date first above written.

[NAME OF BORROWER]

[SEAL]

ATTEST:

By: _____
Authorized Officer

Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Note is delivered pursuant to the within-mentioned Borrower Note Resolution.

_____,
as Trustee

By: _____
Authorized Signatory

EXHIBIT A

Loan Disbursements

Date of Loan Disbursement	Amount of Loan Disbursement	Trust Portion Interest Rate

[NAME OF MUNICIPALITY]
NOTE
RELATING TO:
THE _____ FINANCING TRUST LOAN PROGRAM
OF THE NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST

\$ _____, 201_
_FP-16-__

FOR VALUE RECEIVED, _____, a municipal corporation duly created and validly existing pursuant to the laws of the State (as hereinafter defined), and its successors and assigns (the “Borrower”), hereby promises to pay to the order of the **NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST**, a public body corporate and politic with corporate succession, duly created and validly existing under and by virtue of the Act (as hereinafter defined) (the “Trust”), the Principal (as hereinafter defined), together with fees, late charges and other sums due hereunder, if any, in lawful money of the United States of America, on the Maturity Date (as hereinafter defined) or the date of any optional prepayment or acceleration in accordance with the provisions of this note (this “Note”).

SECTION 1. Definitions. As used in this Note, unless the context requires otherwise, the following terms shall have the following meanings:

“**Act**” means the “New Jersey Environmental Infrastructure Trust Act”, constituting Chapter 334 of the Pamphlet Laws of 1985 of the State (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same may from time to time be amended and supplemented.

“**Administrative Fee**” means a fee of up to four-tenths of one percent (.40%) of that portion of the Principal identified in clause (i) of the definition thereof (as set forth in this Section 1), or such lesser amount, if any, as the Trust may determine from time to time.

“**Anticipated Financing Program**” means the financing program of the Trust, pursuant to which the Trust will issue its Trust Bonds for the purpose of financing, on a long term basis, the Project and other projects of certain qualifying borrowers.

“**Anticipated Long Term Loan**” means the long term loan made by the Trust to the Borrower from the proceeds of its Trust Bonds, as part of the Anticipated Financing Program.

“**Authorized Officer**” means any person authorized by the Borrower or the Trust, as the case may be, to perform any act or execute any document relating to the Loan or this Note.

“**Code**” means the Internal Revenue Code of 1986, as the same may from time to time be amended and supplemented, including any regulations promulgated thereunder, any successor code thereto and any administrative or judicial interpretations thereof.

“Cost” means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Regulations, as the same may be amended by subsequent eligible costs as evidenced by a certificate of an Authorized Officer of the Trust.

“Environmental Infrastructure Facilities” means Wastewater Treatment Facilities, Stormwater Management Facilities or Water Supply Facilities (as such terms are defined in the Regulations).

“Environmental Infrastructure System” means the Environmental Infrastructure Facilities of the Borrower, including the Project, for which the Borrower is receiving the Loan.

“Event of Default” means any occurrence or event specified in Section 6 hereof.

“Fund Portion” means, on any date, an amount up to one hundred percent (100%) of the Principal of the Loan on such date, which Fund Portion is expected to be refinanced on the Maturity Date from proceeds of a loan to be made to the Borrower by the State, acting by and through the New Jersey Department of Environmental Protection.

“Interest” means the interest charged on the outstanding Principal of the Loan at a rate of 0.00%.

“Loan” means the loan of the Principal, made by the Trust to the Borrower to finance or refinance a portion of the Cost of the Project, as evidenced by this Note.

“Loan Disbursement Requisition” means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the New Jersey Department of Environmental Protection, in a form to be determined by the Trust and the New Jersey Department of Environmental Protection.

“Maturity Date” means _____, 201_, or such earlier or later date to be determined by the Trust in its sole discretion, which date shall be determined by the Trust to be the date of the closing for the Anticipated Financing Program.

“Principal” means the principal amount of the Loan, at any time being the lesser of (i) _____ Dollars (\$ _____), or (ii) the aggregate outstanding amount as shall actually be disbursed to the Borrower by the Trust pursuant to one or more Loan Disbursement Requisitions, which Principal shall be payable by the Borrower to the Trust (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan, on the date of such optional prepayment or acceleration, as the case may be.

“Project” means the Environmental Infrastructure Facilities of the Borrower which constitutes a project for which the Trust is making the Loan to the Borrower.

“Regulations” means the rules and regulations, as applicable, now or hereafter promulgated pursuant to N.J.A.C. 7:22-3 *et seq.*, 7:22-4 *et seq.*, 7:22-5 *et seq.*, 7:22-6 *et seq.*,

7:22-7 *et seq.*, 7:22-8 *et seq.*, 7:22-9 *et seq.* and 7:22-10 *et seq.*, as the same may from time to time be amended and supplemented.

“**State**” means the State of New Jersey.

“**Trust Bonds**” means the revenue bonds of the Trust to be issued, as part of the Anticipated Financing Program.

“**Trust Portion**” means, on any date, an amount up to twenty-five percent (25%) of the Principal of the Loan on such date, which Trust Portion is expected to be refinanced on the Maturity Date from proceeds of a loan to be made to the Borrower by the Trust.

SECTION 2. Representations of the Borrower. The Borrower represents and warrants to the Trust:

(a) Organization. The Borrower: (i) is a municipal corporation duly created and validly existing under and pursuant to the Constitution and laws of the State; (ii) has full legal right and authority to execute, attest and deliver this Note, to sell this Note to the Trust, and to perform its obligations hereunder, and (iii) has duly authorized, approved and consented to all necessary action to be taken by the Borrower for: (A) the issuance of this Note, the sale thereof to the Trust and the due performance of its obligations hereunder and (B) the execution, delivery and due performance of all certificates and other instruments that may be required to be executed, delivered and performed by the Borrower in order to carry out and give effect to this Note.

(b) Authority. This Note has been duly authorized by the Borrower and duly executed, attested and delivered by Authorized Officers of the Borrower. This Note has been duly sold by the Borrower to the Trust and duly issued by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforcement thereof may be affected by bankruptcy, insolvency or other laws or the application by a court of legal or equitable principles affecting creditors’ rights.

(c) Pending Litigation. There are no proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower that, if adversely determined, would adversely affect (i) the condition (financial or otherwise) of the Borrower, (ii) the ability of the Borrower to satisfy all of its Loan repayment obligations hereunder, (iii) the authorization, execution, attestation or delivery of this Note, (iv) the issuance of this Note and the sale thereof to the Trust, and (v) the Borrower’s ability otherwise to observe and perform its duties, covenants, obligations and agreements under this Note.

(d) Compliance with Existing Laws and Agreements; Governmental Consent. (i) The due authorization, execution, attestation and delivery of this Note by the Borrower and the sale of this Note to the Trust, (ii) the observation and performance by the Borrower of its duties, covenants, obligations and agreements hereunder, including, without limitation, the repayment of

the Loan and all other amount due hereunder, and (iii) the undertaking and completion of the Project, will not (A) other than the lien, charge or encumbrance created by this Note and by any other outstanding debt obligations of the Borrower that are at parity with this Note as to lien on, and source and security for payment thereon from, the general tax revenues of the Borrower, result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Borrower pursuant to, (B) result in any breach of any of the terms, conditions or provisions of, or (C) constitute a default under, any existing ordinance or resolution, outstanding debt or lease obligation, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument to which the Borrower is a party or by which the Borrower, its Environmental Infrastructure System or any of its properties or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Borrower was established or any laws, ordinances, injunctions, judgments, decrees, rules, regulations or existing orders of any court or governmental or administrative agency, authority or person to which the Borrower, its Environmental Infrastructure System or its properties or operations are subject. The Borrower has obtained all permits and approvals required to date by any governmental body or officer for the authorization, execution, attestation and delivery of this Note, for the sale of this Note to the Trust, for the making, observance and performance by the Borrower of its duties, covenants, obligations and agreements under this Note, and for the undertaking and completion of the Project.

(e) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the representations of the Borrower set forth in this Section 2.

SECTION 3. Covenants of the Borrower.

(a) Participation in the Anticipated Financing Program. The Borrower covenants and agrees that it shall undertake and complete in a timely manner all conditions precedent identified by the Trust relating to (i) the participation by the Borrower in the Anticipated Financing Program and (ii) the qualification by the Borrower for receipt of the Anticipated Long Term Loan.

(b) Full Faith and Credit Pledge. To secure the repayment obligation of the Borrower with respect to this Note, and all other amounts due under this Note, the Borrower unconditionally and irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the punctual payment of any and all obligations and amounts due under this Note. The Borrower acknowledges that, to assure the continued operation and solvency of the Trust, the Trust may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to pay promptly to the Trust in full any Loan repayments, or any other amounts due pursuant to this Note, an amount sufficient to satisfy such deficiency shall be paid by the State Treasurer to the Trust from State-aid otherwise payable to the Borrower.

(c) Disposition of Environmental Infrastructure System. The Borrower covenants and agrees that it shall not sell, lease, abandon or otherwise dispose of all or substantially all of

its Environmental Infrastructure System without the express written consent of the Trust, which consent may or may not be granted by the Trust in its sole discretion.

(d) Financing With Tax-Exempt Bonds. The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of Trust Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code (“tax-exempt bonds”). In furtherance of such long term financing with tax-exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the Trust, the Borrower will not take any action or permit any action to be taken which would result in any of the proceeds of the Loan being used (directly or indirectly) (i) in any “private business use” within the meaning of Section 151(b)(6) of the Code, (ii) to make or finance loans to persons other than the Borrower, or (iii) to acquire any “nongovernmental output property” within the meaning of Section 151(d)(2) of the Code. In addition, the Borrower covenants and agrees that no portion of the Project will be investment property, within the meaning of Section 158(b) of the Code. The Borrower covenants and agrees that any Costs of the Borrower’s Project to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.158-6(d) and Treasury Regulations §1.150-2.

(e) Operation and Maintenance of Environmental Infrastructure System. The Borrower covenants and agrees that it shall maintain its Environmental Infrastructure System in good repair, working order and operating condition, and make all necessary and proper repairs and improvements with respect thereto.

(f) Records and Accounts; Inspections. The Borrower covenants and agrees that it shall keep accurate records and accounts for its Environmental Infrastructure System (the “System Records”), separate and distinct from its other records and accounts (the “General Records”), which shall be audited annually by an independent registered municipal accountant and shall be made available for inspection by the Trust upon prior written notice. The Borrower shall permit the Trust to inspect the Environmental Infrastructure System.

(g) Insurance. The Borrower covenants and agrees that it shall maintain insurance policies providing against risk of direct physical loss, damage or destruction of its Environmental Infrastructure System, in an amount that will satisfy all applicable regulatory requirements. The Borrower covenants and agrees that it shall include, or cause to be included, the Trust as an additional “named insured” on any certificate of liability insurance procured by the Borrower and by any contractor or subcontractor for the Project.

(h) Reliance. The Borrower hereby acknowledges that the Trust is making the Loan to the Borrower pursuant to the terms hereof in reliance upon each of the covenants of the Borrower set forth in this Section 3.

SECTION 4. Disbursement of the Loan Proceeds; Amounts Payable; Prepayment; and Late Fee. The Trust shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the Trust of a Loan Disbursement Requisition, each such disbursement and the date thereof to be recorded by an Authorized

Officer of the Trust on the table attached as Exhibit A hereto. The latest date upon which the Borrower may submit to the Trust a Loan Disbursement Requisition is the business day immediately preceding the date fixed by the Trust for the sale of its bonds in connection with the Anticipated Financing Program. On the Maturity Date, the Borrower shall repay the Loan to the Trust in an amount equal to: (i) the Principal; (ii) the Administrative Fee, if any; and (iii) any other amounts due and owing pursuant to the provisions of this Note. Any earnings accrued on the undrawn Trust Portion of the Principal of the Loan shall be credited against the Borrower's repayment obligations hereunder. The Borrower may prepay the Loan the Loan obligations hereunder, in whole or in part, upon receipt of the prior written consent of an Authorized Officer of the Trust. Each payment made to the Trust shall be applied to the payment of, first, the Principal, second, the Administrative Fee, if obligations hereunder, in whole or in part, upon receipt of the prior written consent of an any, third, any late charges, and, finally, any other amount due pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the Trust later than the Maturity Date, a late fee shall be payable to the Trust in an amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the Wall Street Journal on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law.

SECTION 5. Unconditional Obligations. The direct, general obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or Environmental Infrastructure System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Trust to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the Trust or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

SECTION 6. Events of Default. The following events shall constitute an "Event of Default" hereunder: (i) failure by the Borrower to pay, when due, any and all of its Loan repayment obligations hereunder, and any other payment obligations due hereunder; (ii) failure by the Borrower to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed pursuant to the terms of this Note; (iii) any representation made by the Borrower contained in this Note or in any instrument furnished in compliance with or with reference to this Note is false or misleading in any material respect; and (iv) a petition is filed by or against the Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Note or thereafter enacted, unless in the case of any such petition

filed against the Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal, or the Borrower shall become insolvent or bankrupt or shall make an assignment for the benefit of its creditors, or a custodian of the Borrower or any of its property shall be appointed by court order or take possession of the Borrower or its property or assets if such order remains in effect or such possession continues for more than thirty (30) days.

SECTION 7. Remedies upon Event of Default. Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the Trust to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and agrees that the Trust shall have the right to declare all Loan repayments and all other amounts due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive, and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the Trust to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby agrees that upon demand it shall pay to the Trust the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observation or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys collected by the Trust pursuant to this Section 7 shall be applied first to pay any attorneys' fees or other fees and expenses owed by the Borrower.

SECTION 8. Certain Miscellaneous Provisions. The Borrower hereby acknowledges and agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: [Name and Address of Borrower, Attention: Name of Authorized Officer]; and to the Trust at the following address: New Jersey Environmental Infrastructure Trust, 3131 Princeton Pike, Building 4, Suite 216, Lawrenceville, New Jersey 08648-2201, Attention: Executive Director; (b) this Note shall be binding upon the Borrower and its successors and assigns; (c) in the event any provision of this Note is held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof; (d) the obligations of the Borrower pursuant to the terms of this Note may not be assigned by the Borrower for any reason, unless the Trust shall have approved said assignment in writing; (e) this Note may not be amended, supplemented or modified without the prior written consent of the Trust; (f) this Note shall be governed by and construed in accordance with the laws of the State; (g) the Borrower shall, at the request of the Trust, execute and deliver such further instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Note; and (h) whenever the Borrower is

required to obtain the determination, approval or consent of the Trust pursuant to the terms hereof, such determination, approval or consent may be either granted or withheld by the Trust in its sole and absolute discretion.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed, sealed and delivered on the date first above written.

[NAME OF BORROWER]

[SEAL]

ATTEST:

By: _____
Mayor

Clerk

By: _____
Chief Financial Officer

EXHIBIT A

Loan Disbursements

Date of Loan Disbursement	Amount of Loan Disbursement	Trust Portion Interest Rate