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**NEW JERSEY INFRASTRUCTURE BANK**

**RESOLUTION NO. 18 - 25**

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**ENVIRONMENTAL INFRASTRUCTURE BOND RESOLUTION, SERIES 2018B-1**

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**Adopted April 12, 2018**

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**Adopted Date: April 12, 2018**

**Motion Made By: Robert Long**

**Motion Seconded By: Michele Putnam**

**Ayes: 6**

**Nays: 0**

**Abstentions: 0**

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[To Be Updated]

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# ENVIRONMENTAL INFRASTRUCTURE BOND RESOLUTION, SERIES 2018B-1

Adopted April 12, 2018

**BE IT RESOLVED** by the Board of Directors of the New Jersey Infrastructure Bank (the “I-Bank”) as follows:

## ARTICLE I

### DEFINITIONS AND RULES OF INTERPRETATION

**SECTION 1.01. Definitions.** Unless the context otherwise requires, for all purposes of this Bond Resolution, the terms defined in this Section 1.01 shall have the meanings specified below:

“**Account**” means any account designated and established hereunder.

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

“**Administrative Fee**” means an annual fee of three-tenths of one percent (.30%) of the initial principal amount of the Loan or such lesser amount, if any, as the I-Bank may approve from time to time, payable by each Borrower in accordance with the terms of its Loan Agreement.

“**Administrative Fee Account**” means the Account within the Operating Expense Fund so designated and established by Article V hereof.

“**Allocable Share**” for any Borrower means (i) with respect to Net Earnings on the SRF Account of the Debt Service Reserve Fund during the capitalized interest period for SRF Borrowers that are not or are no longer capitalizing interest as determined pursuant to Section 5.10(2)(b)(i) hereof, the percentage set forth for any such SRF Borrowers on Schedule II-A attached hereto, which percentage shall be equal to a fraction, the numerator of which shall equal the principal amount of the Loan for such SRF Borrower, and the denominator of which shall equal the aggregate principal amount of all Loans for all SRF Borrowers that are not or are no longer capitalizing interest as of the date of such determination, (ii) with respect to Net Earnings on the Non-SRF Account of the Debt Service Reserve Fund during the capitalized interest period for non-SRF Borrowers that are not or are no longer capitalizing interest as determined pursuant to Section 5.10(2)(b)(ii) hereof, the percentage set forth for any such non-SRF Borrowers on Schedule II-B attached hereto, which percentage shall be equal to a fraction, the numerator of which shall equal the principal amount of the Loan for such non-SRF Borrower, and the denominator of which shall equal the aggregate principal amount of all Loans for all non-SRF Borrowers that are not or are no longer capitalizing interest as of the date of such determination, (iii) with respect to Net Earnings on the Debt Service Reserve Fund after the capitalized interest period as determined pursuant to Sections 5.10(3) and 5.10(4)(c) and (d) hereof and with respect to the Net Earnings on all other funds and accounts that are subject to transfer and credit in accordance with Sections 5.10(3) and (4) hereof, the percentage set forth for any such Borrower on Schedule I-A attached hereto for SRF and non-SRF Borrowers, respectively, which percentage shall be equal to a fraction, the numerator of which shall equal the principal amount of the Loan for such Borrower, and the denominator of which shall equal the aggregate principal amount of all Loans for all SRF or non-SRF Borrowers, as appropriate, and (iv) for all other purposes hereunder, the percentage set forth for any such Borrower on Schedule I-B attached hereto, which percentage shall be equal to a fraction, the numerator

of which shall equal the principal amount of the Loan for such Borrower, and the denominator of which shall equal the aggregate principal amount of all Loans for all Borrowers; provided, however, that in the event the Borrowers are either all SRF Borrowers or all non-SRF Borrowers, the percentages set forth in Schedule I-A attached hereto shall equal the percentages set forth in Schedule I-B hereto.

**“Allowable Project Cost”** means for any Borrower the I-Bank Share as initially defined in Exhibit B to such Borrower’s Loan Agreement.

**“Applicable”** means (i) with reference to any Fund, Account or Subaccount so designated and established by this Bond Resolution, the Fund, Account or Subaccount so designated and established, (ii) with respect to any Series of Bonds, the Series of Bonds issued for a particular purpose hereunder, and (iii) with respect to any Loan Agreement, the Loan Agreement entered into by and between a Borrower and the I-Bank relating to a borrowing from the I-Bank.

**“Authorized Newspapers”** means three general newspapers and one financial newspaper, all of which are customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, with respect to the general newspapers, in the State of New Jersey, and with respect to the financial newspaper, in the State of New Jersey or the Borough of Manhattan, City and State of New York.

**“Authorized Officer”** means (i) in the case of the I-Bank, the Chairman, Vice-Chairman or Executive Director of the I-Bank, or any other person or persons designated by the Board by resolution to act on behalf of the I-Bank under this Bond Resolution; the designation of such person or persons shall be evidenced by a written certificate containing the specimen signature of such person or persons and signed on behalf of the I-Bank by its Chairman, Vice-Chairman or Executive Director; (ii) in the case of a Borrower, any person or persons authorized pursuant to a resolution or ordinance of the governing body of the Borrower to perform any act or execute any document; the designation of such person or persons shall be evidenced by a certified copy of such resolution or ordinance delivered to the I-Bank and the Trustee; and (iii) in the case of the Trustee, any person or persons authorized to perform any act or execute any document; the designation of such person or persons shall be evidenced by a written certificate containing the specimen signature of such person or persons reasonably acceptable to the I-Bank.

**“Board”** means the Board of Directors of the I-Bank, or if said Board shall be abolished, the board, body, commission or agency succeeding to the principal functions thereof or to whom the powers and duties granted or imposed by this Bond Resolution shall be given by law.

**“Bond”** or **“Bonds”** means one or more, as the case may be, of the Series 2018B-1 Bonds or Refunding Bonds, and all bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Sections 4.07 or 11.10 hereof.

**“Bond Counsel”** means a law firm, appointed by the I-Bank, having a reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

**“Bondholder”**, **“Holder”** or **“holder”** means any person who shall be the registered owner of a Bond or Bonds.

**“Bond Resolution”** means this “Environmental Infrastructure Bond Resolution, Series 2018B-1”, as adopted by the Board on April 12, 2018, and all amendments and supplements thereto adopted in accordance with the provisions hereof.



**“Bond Year”** means a period of 12 consecutive months beginning on September 1 of any calendar year and ending on August 31 of the immediately succeeding calendar year, except that the first bond year shall be a period commencing on the date of issuance of the initial Series of Bonds hereunder and ending on the next succeeding August 31.

**“Borrower”** means any Local Government Unit or Private Entity (as such terms are defined in the Regulations) authorized to construct, operate and maintain environmental infrastructure facilities and that has entered into a Loan Agreement with the I-Bank pursuant to which such Borrower will borrow money from the Project Fund that has been funded through the issuance of the Series 2018B-1 Bonds. Borrowers shall consist of the following Private Entities: Middlesex Water Company (1225001-026) and New Jersey-American Water Company, Inc. (1345001-016, 2004002-011, 2004002-500). The Borrowers are SRF Borrowers.

**“Borrower’s Project”** means the project of the Borrower described in Exhibit A-1 to the Applicable Loan Agreement which constitutes a project for which the I-Bank is permitted to make a loan to the Borrower pursuant to the Act.

**“Business Day”** means, with respect to the Bonds of any Series, any day other than (i) a Saturday, Sunday or legal holiday or a day on which banking institutions, in the city in which the Principal Office of the I-Bank, the Trustee, the Paying Agent, or the Master Program Trustee is located, are closed, or (ii) a day on which the New York Stock Exchange is closed.

**“Capitalized Interest Account”** means the Account within the Debt Service Fund so designated and established by Article V hereof.

**“Certificate”, “Order”, “Request”, “Requisition” and “Statement”** mean, respectively, a written certificate, order, request, requisition or statement signed in the name of the I-Bank, the Trustee or a Borrower by an Authorized Officer of the I-Bank, the Trustee or such Borrower, respectively. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the instruments so combined shall be read and construed as a single instrument.

**“Clearing Account”** means the account so designated and established by Section 5.04(1) hereof.

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

**“Cost”** means those costs that are eligible, reasonable, necessary, allocable to a Borrower’s Project and permitted by generally accepted accounting principles, including Allowances and Building Costs (as defined in the Regulations), as shall be determined on a project-specific basis in accordance with the Regulations.

**“Costs of Issuance”** means all items of expense directly or indirectly payable by or reimbursable to the I-Bank and related to the authorization, execution, issuance, sale and delivery of each Series of Bonds, including (without limitation) costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, and the Paying Agent, legal fees and charges, fees and disbursements of financial or other consultants and professionals, fees and charges for preparation, execution and safekeeping of the Bonds of such Series and any other cost, charge or fee in connection with the issuance of such Series of Bonds.

**“Costs of Issuance Account”** means the Account within the Operating Expense Fund so designated and established by Article V hereof.

**“Counsel”** means an attorney at law or firm of attorneys at law (who may be, without limitation, of counsel to, or an employee of, the I-Bank, the Trustee, the Paying Agent, the Master Program Trustee or any Borrower) duly admitted to practice law before the highest court of the State of New Jersey or otherwise qualified to practice law in the State of New Jersey.

**“Debt Service Fund”** means the fund so designated and established by Article V hereof.

**“Debt Service Reserve Fund”** means the Fund so designated and established by Article V hereof.

**“Debt Service Reserve Fund Credit Facility”** means any irrevocable letter of credit or insurance policy issued to the Trustee by a bank, insurance company or other financial institution, the long term debt of which is rated in either of the two highest credit rating categories by one or more Rating Agency.

**“Debt Service Reserve Requirement”** means, as of any date of calculation, (1) an amount equal to, or (2) a Debt Service Reserve Fund Credit Facility in an aggregate principal amount equal to, the lesser of (i) the greatest amount required in the then current Bond Year or in any future Bond Year to pay the sum of (a) interest on the Outstanding Series 2018B-1 Bonds and Outstanding Refunding Bonds and (b) principal or Sinking Fund Installments, as the case may be, of the Outstanding Series 2018B-1 Bonds and Outstanding Refunding Bonds; (ii) 125% of a fraction, the numerator of which is the sum of the interest, principal and Sinking Fund Installments on the Outstanding Series 2018B-1 Bonds and Outstanding Refunding Bonds payable beginning in such Bond Year and each succeeding Bond Year thereafter until the maturity of the Outstanding Series 2018B-1 Bonds and Outstanding Refunding Bonds, and the denominator of which is the number of years or portion thereof until the maturity of the Outstanding Series 2018B-1 Bonds and Outstanding Refunding Bonds; or (iii) the sum of 10% of the “proceeds” of the Series 2018B-1 Bonds, but only if such Series 2018B-1 Bonds are Outstanding, and if any Refunding Bonds are Outstanding, 10% of the “proceeds” of such Refunding Bonds, within the meaning of Section 148(d) of the Code. Notwithstanding the provisions of this definition to the contrary, if each Rating Agency that has been requested by the I-Bank to publish a rating for the Series 2018B-1 Bonds or any Refunding Bonds, as the case may be, determines that such Rating Agency shall assign to the Series 2018B-1 Bonds or any Refunding Bonds, as the case may be, upon the issuance thereof, the then highest rating assigned to any such debt instruments by such Rating Agency notwithstanding the fact that the Debt Service Reserve Requirement is equal to \$0.00, then, given such factual circumstances, the Debt Service Reserve Requirement pursuant to the terms of this Resolution shall be equal to \$0.00 during the entire period during which the Series 2018B-1 Bonds or any Refunding Bonds, as the case may be, remain Outstanding.

**“Default”** means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default with respect to the Bonds.

**“Department”** means the New Jersey Department of Environmental Protection.

**“DTC”** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the Series 2018B-1 Bonds.

**“Event of Default”** means any occurrence or event designated as such in Section 9.01.

**“Fiduciary”** or **“Fiduciaries”** means the Trustee or the Paying Agent, or both of them, as may be appropriate.

**“Fund”** means any Fund designated and established hereunder.

**“General Fund”** means the Fund so designated and established by Article V hereof.

**“I-Bank Bond Loan Repayments”** means the repayments of the principal amount of a Loan under a Loan Agreement, the payment of any premium associated with prepaying the principal amount of a Loan in accordance with Section 3.07 of any Loan Agreement, plus the payments of the Interest Portion of a Loan under a Loan Agreement.

**“Interest Account”** means the Account within the Debt Service Fund so designated and established by Article V hereof.

**“Interest Payment Date”** means each March 1 and September 1 until final maturity of the Bonds, commencing September 1, 2018.

**“Interest Portion”** means that portion of I-Bank Bond Loan Repayments payable by a Borrower under such Borrower’s Loan Agreement that is necessary to pay any such Borrower’s proportionate share of interest on the Bonds (i) as set forth in Exhibit A-2 of any such Loan Agreement under the column heading entitled “Interest”, or (ii) with respect to any prepayment or acceleration, as the case may be, of I-Bank Bond Loan Repayments in accordance with Section 3.07 or 5.03 of any such Loan Agreement, to accrue on any principal amount of I-Bank Bond Loan Repayments to the date of the redemption or acceleration, of the Bonds allocable to such prepaid or accelerated I-Bank Bond Loan Repayment.

**“Investment Securities”** means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the I-Bank’s funds, which securities may be obligations of the Trustee to the extent qualified hereunder:

(a) Obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof which obligations are backed by the full faith and credit of the United States. These include, but are not limited to:

- (i) United States Treasury obligations – All direct or fully guaranteed obligations;
- (ii) Farmers Home Administration – Certificates of beneficial ownership;
- (iii) United States Maritime Administration – Guaranteed Title XI financing;
- (iv) Small Business Administration – Guaranteed participation certificates; Guaranteed pool certificates;
- (v) Government National Mortgage Association (GNMA) – GNMA-guaranteed mortgage-backed securities; GNMA-guaranteed participation certificates;
- (vi) United States Department of Housing & Urban Development – Local authority bonds;
- (vii) Washington Metropolitan Area Transit Authority – Guaranteed transit bonds;
- (viii) State and Local Government Series; and

- (ix) Veterans Administration – Guaranteed REMIC; Pass-through Certificates.
- (b) Federal Housing Administration Debentures.
- (c) Obligations of the following government-sponsored agencies that are not backed by the full faith and credit of the United States government.
  - (i) Federal Home Loan Mortgage Corp. (FHLMC) – Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts); Senior debt obligations;
  - (ii) Farm Credit System (Formerly: Federal Land Banks, Federal Intermediate Credit Banks, and Banks for Cooperative) – Consolidated systemwide bonds and notes;
  - (iii) Federal Home Loan Banks (FHL Banks) – Consolidated debt obligations;
  - (iv) Federal National Mortgage Association (FNMA) – Senior debt obligations; Mortgage-backed securities (Excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
  - (v) Student Loan Marketing Association (SLMA) – Senior debt obligations (Excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date); LOC-backed issues;
  - (vi) Financing Corp. (FICO) – Debt obligations; and
  - (vii) Resolution Funding Corp. (REFCORP) – Debt obligations.
- (d) Federal funds, unsecured certificates of deposit, time deposits, and banker’s acceptances having maturities of not more than 365 days of any bank (including the Trustee), the short-term obligations of which are rated in the highest rating category for short term obligations by at least one Rating Agency.
- (e) Deposits that are fully insured by the Federal Deposit Insurance Corp. (FDIC), including Bank Insurance Fund (BIF) and Savings Association Insurance Fund (SAIF). To the extent that such deposits are not insured by FDIC, such deposits shall be fully collateralized by the obligations described in any of paragraphs (a), (b) or (c) of this definition.
- (f)
  - (i) Debt obligations rated in the highest rating category for debt obligations by at least one Rating Agency. Excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date.
  - (ii) Pre-refunded municipal securities rated in the highest rating category for municipal securities by at least one Rating Agency.
- (g) Commercial paper or other debt obligations rated in the highest rating category for commercial paper or debt obligations by at least one Rating Agency maturing in not more than 365 days.
- (h) Investment in money market funds, with a stable net asset value per share, rated in the highest rating category for money market funds by at least one Rating Agency (including such money markets funds managed by the Trustee or any of its affiliates).

- (i) Any of the following stripped securities:
  - (i) United States Treasury STRIPS;
  - (ii) REFCORP STRIPS (stripped by the Federal Reserve Bank of New York); and
  - (iii) Any stripped securities assessed or rated in the highest rating category for stripped securities by at least one Rating Agency.
  
- (j) Repurchase agreements, provided that such repurchase agreements satisfy each of the following requirements:
  - (i) The counterparty to the repurchase agreement is rated no lower than “Aa” by Moody’s Investors Service, Inc., “AA” by Standard & Poor’s Corporation or “AA” by Fitch Ratings, Inc. (without reference to any gradation within such rating category);
  - (ii) The weighted average maturity of the repurchase agreement is not longer than the lesser of the estimated average period required to complete construction of the Projects or five years from the date the repurchase agreement is entered into;
  - (iii) The seller of the repurchase agreement is (A) a bank or trust company or a wholly-owned subsidiary of such bank or trust company which is headquartered in the United States and is a member of the Federal Reserve System or (B) a securities broker which is headquartered in the United States, is registered with the Securities and Exchange Commission, and meets the criteria for issuers of “commercial paper” as specified under N.J.A.C. 17:16-31;
  - (iv) The collateral for the repurchase agreement consists of obligations of the United States Government or an obligation of the following United States Government agencies:
    - (A) Federal Farm Credit Banks Consolidated Systemwide Bonds;
    - (B) Federal Financing Bank;
    - (C) Federal Home Loan Banks; and
    - (D) Federal Land Banks;
  - (v) At the time the repurchase agreement is purchased, the market value of the securities delivered as collateral pursuant to the repurchase agreement is equal to at least 102 percent of the par value of the repurchase agreement; and
  - (vi) The repurchase agreement shall be purchased pursuant to a competitively bid process.
  
- (k) Such other securities approved by each of the Rating Agencies that would not adversely affect the rating on the Coverage Receiving Trust Bonds then Outstanding.

**“Loan”** means a loan by the I-Bank to a Borrower, pursuant to a Loan Agreement, to finance or refinance a portion of the Cost of such Borrower’s Project. For all purposes of this Bond Resolution, the

principal amount of each Loan shall be the principal amount specified in the applicable bond of a Borrower issued in accordance with the Applicable Loan Agreement.

**“Loan Agreement”** means a loan agreement that is entered into by and between the I-Bank and a Borrower, in substantially the form attached hereto as Exhibit A, in the case of a Borrower that is a private company or corporation, authorized to construct, operate and maintain environmental infrastructure facilities, with such changes therein as the Authorized Officer of the I-Bank who executes such Loan Agreement may approve as necessary and desirable, including, but not limited to, changes intended to reflect the nature of the Borrower, and as such Loan Agreement may be amended, modified or supplemented from time to time in accordance with the provisions thereof and of this Bond Resolution.

**“Loan Closing”** means the date on which an executed Loan Agreement between the I-Bank and a Borrower is delivered pursuant to this Bond Resolution.

**“Loan Repayments”** means the sum of (i) I-Bank Bond Loan Repayments, (ii) the Administrative Fee and (iii) any late charges incurred under the provisions of a Loan Agreement.

**“Master Program Trust Account”** means the account and all subaccounts therein created pursuant to Section 3 of the Master Program Trust Agreement to be held by the Master Program Trustee in trust as additional security for the Holders of the Series 2018B-1 Bonds and all other Coverage Receiving Trust Bonds as defined in the Master Program Trust Agreement.

**“Master Program Trust Agreement”** means that certain Master Program Trust Agreement, dated as of November 1, 1995, by and among the I-Bank, the State, United States Trust Company of New York, as Master Program Trustee thereunder, The Bank of New York (NJ), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to U.S. Bank National Association), in several capacities thereunder, as amended and supplemented by (i) that certain Agreement of Resignation of Outgoing Master Program Trustee, Appointment of Successor Master Program Trustee and Acceptance Agreement, dated as of November 1, 2001, by and among United States Trust Company of New York, as Outgoing Master Program Trustee, Street Bank and Trust Company, N.A. (predecessor to U.S. Bank Trust National Association), as Successor Master Program Trustee, and the I-Bank, and (ii) that certain First General Amendment to Master Program Trust Agreement, dated as of September 1, 2006, by and among, the I-Bank, the State, the Master Program Trustee, The Bank of New York, in several capacities thereunder, U.S. Bank National Association, in several capacities thereunder, and Commerce Bank, National Association, as Loan Servicer, as the same may be amended and supplemented from time to time in accordance with its terms.

**“Master Program Trustee”** means U.S. Bank Trust National Association (as successor to State Street Bank and Trust Company, N.A.), appointed pursuant to Section 2 of the Master Program Trust Agreement, and its successors as may be appointed pursuant to the provisions thereof.

**“Net Earnings”** means, with respect to any Fund, Account or Subaccount, or any portion thereof, all interest, profits and other income earned and received by the Trustee and the I-Bank, as appropriate, in respect of such Fund, Account, Subaccount or portion thereof, net of (i) any losses suffered, (ii) any fees due to the Trustee, the provider of an Investment Security, or, at the written direction of an Authorized Officer of the I-Bank, the financial advisor or investment advisor to the I-Bank in connection with an Investment Security held in such Fund, Account or Subaccount, and (iii) any amounts required to be set aside for rebate or to satisfy a yield restriction requirement to the Internal Revenue Service pursuant to any letter of instructions or certificate as to arbitrage.

**“Notice of Sale”** means the Notice of Sale of the I-Bank relating to the sale of the Series 2018B-1 Bonds to be dated on or about April 27, 2018, substantially in the form attached hereto as Exhibit D.

**“Operating Expense Fund”** means the Fund so designated and established by Article V hereof.

**“Outstanding”** or **“outstanding”** means, when used with reference to Bonds of any Series, as of any particular date (subject to the provisions of Section 14.08), all Bonds of such Series theretofore, or thereupon being, authenticated and delivered by the Trustee under this Bond Resolution, except (i) Bonds of such Series theretofore or thereupon canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds of such Series with respect to which all liability of the I-Bank shall have been discharged in accordance with Article XII; and (iii) Bonds of such Series in lieu of or in substitution for which other Bonds of such Series shall have been authenticated and delivered by the Trustee pursuant to any provision of this Bond Resolution.

**“Paying Agent”** means the Paying Agent appointed pursuant to Section 10.02, and its successors.

**“Principal Account”** means the Account within the Debt Service Fund so designated and established by Article V.

**“Principal Office”** means, when used with reference to the I-Bank, the Trustee, or the Paying Agent, the respective addresses of such parties as set forth in Section 14.07, and any further or different addresses as such parties may designate pursuant to Section 14.07.

**“Project Fund”** means the Fund so designated and established by Article V hereof.

**“Project Loan Account”** means any of the Accounts within the Project Fund so designated and established by Article V.

**“Rating Agency”** shall mean individually or collectively, as the case may be, the nationally recognized rating agencies that have published ratings for the Series 2018B-1 Bonds.

**“Rebate Fund”** means the Fund so designated and established by Article V hereof.

**“Record Date”** means with respect to an Interest Payment Date for a particular Series of Bonds, unless otherwise provided by this Bond Resolution or Supplemental Resolution authorizing such Series, (i) if the Interest Payment Date is scheduled for the first (1st) day of any month, the fifteenth (15th) day (whether or not such day shall be a Business Day) of the month prior to such Interest Payment Date, or (ii) if the Interest Payment Date is scheduled for the fifteenth (15th) day of any month, the first (1st) day (whether or not such day shall be a Business Day) of the month in which such Interest Payment Date occurs.

**“Redemption Account”** means the Account within the Debt Service Fund so designated and established pursuant to Article V hereof.

**“Redemption Price”** means, when used with reference to any Bond or any portion thereof, the principal amount of such Bond or such portion thereof and any premium thereon payable upon redemption thereof pursuant to the provisions of such Bond and this Bond Resolution.

**“Refunding Bonds”** means all Bonds authenticated and delivered pursuant to Section 2.04 hereof.

**“Regulations”** means the rules and regulations, as applicable, now or hereafter promulgated under 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.

**“Reserve Capacity Debt Service Reserve Requirement”** means that portion of the Debt Service Reserve Requirement financed with a portion of the proceeds of the Series 2018B-1 Bonds and attributable to the cost of funding reserve capacity for the Reserve Capacity Borrowers.

**“Reserve Capacity Borrowers”** means the Borrowers set forth in Section 2.03(7)(d) hereof.

**“Revenues”** means all (i) Loan Repayments and State Loan Repayments that are held by the Trustee, (ii) payments made to the Trustee by the Master Program Trustee from amounts on deposit in the Master Program Trust Account (and all Subaccounts as defined therein) in accordance with the terms of the Master Program Trust Agreement, and (iii) proceeds derived from the foregoing, including, without limitation, investment income received by the I-Bank on such Loan Repayments and State Loan Repayments; provided, however, that Revenues shall not include payments of the Administrative Fee payable to the I-Bank under Section 3.03 of the Loan Agreements nor any State Administrative Fees included as part of any State Loan Repayment, to the extent any such amounts are credited as Administrative Fees or State Administrative Fees pursuant to Section 5.04(2) hereof.

**“Revenue Fund”** means the Fund so designated and established by Article V hereof.

**“Rule 15c2-12”** shall have the meaning ascribed to such term in Section 6.06 hereof.

**“SEC”** shall have the meaning ascribed to such term in Section 6.06 hereof.

**“Series”** means all of the Bonds authenticated and delivered on original issuance and identified pursuant to this Bond Resolution or the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Sections 4.07 or 11.10, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

**“Series 2018B-1 Bonds”** means the \$\_\_\_\_\_ aggregate principal amount of the I-Bank’s “Environmental Infrastructure Bonds, Series 2018B-1 (AMT)” authorized pursuant to Section 2.03 hereof.

**“Sinking Fund Installments”**, with respect to any Series of Bonds, shall have the meaning, if any, specified in either Section 2.03(6) of this Bond Resolution or the Applicable Supplemental Resolution.

**“SRF”**, with respect to any Fund, Account or Subaccount established under this Bond Resolution, means that such Fund, Account or Subaccount constitutes part of, and with respect to any Borrower, means a Borrower whose loan will be funded from, either, as applicable and as the case may be, (i) the State Revolving Fund of the State of New Jersey established pursuant to the federal Water Quality Act of 1987, as amended, and (ii) the State Revolving Fund of the State of New Jersey established pursuant to the federal Safe Drinking Water Act, as amended.

**“State”** means the State of New Jersey, acting by and through the Department.

**“State Administrative Fee”** means the administrative fee, if any, as the State may approve from time to time, payable by each Borrower in accordance with the terms of its State Loan Agreement.

**“State Loan Agreement”** means a loan agreement that is entered into by and between the State and a Borrower, pursuant to which a companion zero-interest loan is made by the State to finance, in part, such Borrower’s Project.



**“State Loan Repayment”** means any payment by a Borrower of the principal due and payable pursuant to its State Loan Agreement.

**“Subaccount”** means any subaccount designated and established hereunder.

**“Supplemental Resolution”** means any resolution or resolutions of the I-Bank amending, modifying or supplementing this Bond Resolution, authorizing the issuance of a Series of Refunding Bonds, or any other Supplemental Resolution adopted by the I-Bank pursuant to the provisions of this Bond Resolution.

**“Tax Certificate”**, with respect to the Series 2018B-1 Bonds, means the “Tax Certificate as to Arbitrage and Instructions as to Compliance with the Provisions of Section 103(a) of the Internal Revenue Code of 1986, as Amended,” executed and delivered by an Authorized Officer of the I-Bank on the date of issuance of the Series 2018B-1 Bonds, as the same may be supplemented and amended from time to time.

**“Trustee”** means the trustee appointed pursuant to Section 10.01, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to this Bond Resolution.

**“Trust Estate”** means (i) all right, title and interest of the I-Bank in, to and under the Loan Agreements, except for the I-Bank’s right, title and interest in the Administrative Fee, (ii) any other Revenues not included within clause (i) of this definition, and (iii) all funds, accounts and subaccounts established by this Bond Resolution, other than the Project Loan Accounts in the Project Fund, the Administrative Fee Account and the Costs of Issuance Account in the Operating Expense Fund, and the Rebate Fund, including investments, if any, thereof, as the same are hereby pledged and assigned, subject only to the provisions of this Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Bond Resolution.

**SECTION 1.02. Rules of Interpretation.** For all purposes of this Bond Resolution, except as otherwise expressly provided or unless the context otherwise requires:

1. “This Bond Resolution” means this instrument as originally adopted and as it may be supplemented, modified or amended from time to time by any Supplemental Resolution, unless in the case of any one or more Supplemental Resolutions the context requires otherwise.

2. All reference in this Bond Resolution to designated “Articles”, “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Bond Resolution. The words “herein”, “hereof”, “hereunder” and “herewith” and other words of similar import refer to this Bond Resolution as a whole and not to any particular Article, Section or other subdivision hereof.

3. The terms defined in this Bond Resolution include the plural as well as the singular.

4. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

5. The table of contents and the headings or captions used in this Bond Resolution are for convenience of reference only and shall not define, limit or prescribe any of the provisions hereof or the scope or intent hereof.

**SECTION 1.03. Authority for Bond Resolution and Delegation.** This “Environmental Infrastructure Bond Resolution, Series 2018B-1” is adopted pursuant to the provisions of the Act and constitutes a resolution authorizing bonds pursuant to the Act.

Certain information to be set forth herein will not be available and/or has not been finalized at the time of the adoption hereof and will only be known upon the sale of the Series 2018B-1 Bonds. All information relating to the sale and award of the Series 2018B-1 Bonds in accordance with the terms of the Notice of Sale (including, without limitation, all information, if any, relating to the designation of the Series 2018B-1 Bonds as “Green Bonds”) and the final identification, categorization and related dates of certain Borrowers (including, without limitation, the elimination of one or more thereof), including, without limitation, the amounts and interest rates in the chart set forth in Section 2.03(2) hereof (provided that the aggregate cost of the Borrower Projects to be financed with proceeds of the Series 2018B-1 Bonds, exclusive of I-Bank costs of issuance, bond insurance, underwriter’s discount, original issue discount, reserve capacity, capitalized interest and any other related cost shall not exceed \$22,000,000 (the “Aggregate Borrower Preliminary Project Cost Amount”)), the optional redemption provisions in Section 2.03(5) hereof, the Sinking Fund Installments in Section 2.03(6) hereof, if any, the amounts set forth in Section 2.03(7)(a), (b) and (c) hereof, including, without limitation, the “Amount to be Applied as Payment of Interest” chart, if such chart is set forth and included in Section 2.03(7)(a) hereof, the information set forth in Section 2.03(8) hereof, the information set forth in Exhibit F, Schedules I-A and I-B and Schedules II-A and II-B attached hereto, and the allocation of Revenues pursuant to the provisions of Section 5.04 hereof, shall be revised or inserted (as the case may be) subsequent to the time of adoption hereof and shall be deemed to be a part hereof, as if fully set forth herein at the time of adoption thereof. The Authorized Officers of the I-Bank, in consultation with Bond Counsel, general counsel and other appropriate advisors to the I-Bank, shall be and hereby are severally authorized and directed to revise or insert (as the case may be) such information subsequent to the time of adoption hereof. Notwithstanding the above, such information must be revised or inserted (as the case may be) in this Bond Resolution no later than the Loan Closing. In addition, the interest cost, principal amount, purchase price, bidding parameters and other financial parameters set forth in the Notice of Sale in the form attached hereto may be amended, modified, supplemented or deleted by the Authorized Officers of the I-Bank, after consultation with Bond Counsel, general counsel and other appropriate advisors to the I-Bank, at any time prior to the sale of the Series 2018B-1 Bonds. Notwithstanding the foregoing, any such changes to be made pursuant to this paragraph shall be subject to the following limitations: (i) the true interest cost of the Series 2018B-1 Bonds shall be as low as practicable given the structuring requirements therefor, but in any event shall not exceed 6.00% per annum for the Series 2018B-1 Bonds, and (ii) the proceeds of the Series 2018B-1 Bonds shall produce sufficient moneys to fund, together with Net Earnings thereon, the Aggregate Borrower Preliminary Project Cost Amount, plus all additional items set forth above.

Notwithstanding the provisions of this Bond Resolution to the contrary, the letter designation incorporated into the title of this Bond Resolution may be revised by the Authorized Officers of the I-Bank, after consultation with Bond Counsel, general counsel and other appropriate advisors to the I-Bank, for the purpose of maintaining the sequential letter designations among this Bond Resolution and other resolutions that may be simultaneously adopted by the I-Bank.

The Authorized Officers of the I-Bank are hereby severally authorized and directed, in consultation with Bond Counsel, general counsel to the I-Bank, other appropriate advisors to the I-Bank, and after notification to any officials whose approval is a condition precedent to the adoption of this Bond Resolution, to insert such changes, including, without limitation, with respect to the Debt Service Reserve Fund, subsequent to the time of adoption hereof, as shall be deemed necessary, desirable or convenient in order to achieve a rating for the Series 2018B-1 Bonds or any Refunding Bonds, as the case may be, from each Rating Agency that has been requested by the I-Bank to publish a rating for the Series 2018B-1 Bonds or any Refunding Bonds, as the case may be, that shall consist of the then highest rating (or as close to the

then highest rating as may be possible) that is assigned to any such debt instruments by such Rating Agencies. Notwithstanding the above, any such changes must be inserted in this Bond Resolution no later than the Loan Closing.

**SECTION 1.04. Bond Resolution and Bonds Constitute a Contract; Pledge of Trust Estate; Interest in Master Program Trust Account.** With respect to the Bonds, in consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under this Bond Resolution by those who shall hold the same from time to time: (i) this Bond Resolution shall be deemed to be and shall constitute a contract between the I-Bank, the Trustee and the Holders, from time to time, of such Bonds; (ii) the pledge made herein and the duties, covenants, obligations and agreements set forth herein to be observed and performed by or on behalf of the I-Bank and the Trustee shall be for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction as to lien or otherwise, except as expressly provided in or permitted hereby; (iii) the I-Bank, as security for the payment of the principal and Redemption Price, if any, of, and the interest on, the Bonds and as security for the observance and performance of any other duty, covenant, obligation or agreement of the I-Bank under this Bond Resolution all in accordance with the provisions thereof and hereof, does hereby grant a security interest in and further does grant, bargain, sell, convey, pledge, assign and confirm to the Trustee the Trust Estate; (iv) the pledge made hereby is valid and binding from the time when the pledge is made and the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the I-Bank irrespective of whether such parties have notice thereof; (v) the Bonds shall be special obligations of the I-Bank payable solely (except as set forth in clause (vi) hereof) from and secured by a pledge of the Trust Estate as provided hereby; and (vi) the Bonds shall be additionally secured by the interest of the Trustee (as Fiduciary on behalf of the Bondholders pursuant to the terms hereof) in and to the Master Program Trust Account, as defined in, to the extent, in the amounts and at the times set forth in the Master Program Trust Agreement. Loan Repayments and State Loan Repayments that do not constitute Revenues are not subject to the lien of the pledge created hereby.

Nothing in this Bond Resolution expressed or implied is intended or shall be construed to confer upon, or give or grant to, any person or entity, other than the I-Bank, the Trustee, the Paying Agent and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Bond Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Bond Resolution contained by and on behalf of the I-Bank shall be for the sole and exclusive benefit of the I-Bank, the Trustee, the Paying Agent and the registered owners of the Bonds.

## **ARTICLE II**

### **AUTHORIZATION AND ISSUANCE OF BONDS**

#### **SECTION 2.01. Authorization of Bonds; Designation of Bonds of Series.**

1. This Bond Resolution authorizes Bonds of the I-Bank to be designated as “Environmental Infrastructure Bonds” which may be issued from time to time in one or more Series. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Bond Resolution is not limited except as may hereafter be provided in this Bond Resolution or as may be limited by law.

2. The Bonds may, if and when authorized by the I-Bank pursuant hereto or pursuant to one or more Supplemental Resolutions, be issued in one or more Series, and the designation thereof, in addition to the name “Environmental Infrastructure Bonds” shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the I-Bank may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

3. Neither the State of New Jersey nor any political subdivision thereof, other than the I-Bank, but solely to the extent of the Trust Estate, is obligated to pay the principal or Redemption Price of, or interest on, the Bonds, and neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, is pledged to the payment of the principal or Redemption Price of, or interest on, the Bonds.

#### **SECTION 2.02. General Provisions for Issuance of Bonds.**

1. All (but not less than all) of the Bonds of each Series shall be executed by the I-Bank for issuance under this Bond Resolution and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the I-Bank or upon its order, but only upon the receipt by the Trustee of:

(a) A copy of this Bond Resolution, certified by an Authorized Officer of the I-Bank;

(b) In the case of each Series of Refunding Bonds, a copy of the Supplemental Resolution authorizing such Refunding Bonds, certified by an Authorized Officer of the I-Bank, which shall, among other provisions, specify: (i) the authorized principal amount, designation and Series of such Refunding Bonds; (ii) the purposes for which such Series of Bonds is being issued, which shall be the refunding of Bonds as provided in Section 2.04; (iii) the date, and the maturity date or dates, of the Refunding Bonds of such Series, provided that each maturity date shall fall upon September 1; (iv) the interest rate or rates of the Refunding Bonds of such Series and the initial Interest Payment Date therefor, provided that the interest rate shall be identical for all such Refunding Bonds of like maturity; (v) the denominations of, and the manner of dating, numbering and lettering, the Refunding Bonds of such Series, provided that such Refunding Bonds shall be in denominations of \$5,000 or any integral multiple thereof as authorized by such Supplemental Resolution; (vi) the Paying Agent or Paying Agents and the place or places of payment of the principal and Redemption Price, if any, of, and interest on, the Refunding Bonds of such Series; (vii) the Redemption Price or Prices, if any, and, subject to Article IV, the redemption terms for the Refunding Bonds of such Series; (viii) the amount and due date of each Sinking Fund Installment, if any, for Refunding Bonds of like maturity of such Series, provided that each Sinking Fund Installment due date shall fall upon a September 1; (ix) the form of the Refunding Bonds of such Series and of the Trustee’s certificate of authentication, which shall be substantially in the form set forth in Section 14.01 for the Series 2018B-1 Bonds with such variations, insertions or omissions as are appropriate and not

inconsistent therewith; and (x) the provisions for the application of proceeds of such Series of Refunding Bonds;

(c) An opinion of Bond Counsel to the effect that (i) the I-Bank has the power under the Act, as amended to the date of such opinion, to adopt this Bond Resolution, and this Bond Resolution has been duly and lawfully adopted by the I-Bank, is in full force and effect and constitutes the valid and binding agreement of the I-Bank enforceable in accordance with its terms, and no other authorization for this Bond Resolution is required; (ii) this Bond Resolution creates the valid pledge which it purports to create of the Trust Estate, subject only to the provisions of this Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in this Bond Resolution; and (iii) the I-Bank is duly authorized and entitled to issue the Bonds of such Series and such Bonds have been duly and validly authorized and issued by the I-Bank, in accordance with law, including the Act, as amended to the date of such opinion, and in accordance with this Bond Resolution, and constitute the valid and binding obligations of the I-Bank as provided in this Bond Resolution, enforceable in accordance with their terms and the terms of this Bond Resolution, and are entitled to the benefits of the Act, as amended to the date of such opinion, and this Bond Resolution. Such opinion may take exception as to the effect of, or for restrictions or limitation or other similar laws affecting creditors' rights generally and judicial discretion and the valid exercise of the sovereign police powers of the United States of America and may state that no opinion is being rendered as to the availability of any particular remedy;

(d) A written order to the Trustee as to the authentication and delivery of such Bonds, signed by an Authorized Officer of the I-Bank;

(e) The amount, if any, required to be deposited in the Debt Service Reserve Fund, so that the amount in such Fund shall equal the Debt Service Reserve Requirement calculated immediately after the execution authentication and delivery of such Series of Bonds;

(f) With respect to the Series 2018B-1 Bonds only, a Certificate of the Authorized Officer of the I-Bank stating that the information contemplated by Section 1.03 hereof has been inserted in this Bond Resolution in accordance with the terms and provisions of Section 1.03 hereof;

(g) A fully executed copy of the Master Program Trust Agreement; and

(h) Such further documents, moneys and securities (including, without limitation, the proceeds of the Bonds of each such Series) as are required by the provisions of Sections 2.03, 2.04 or 6.04 or Article XI or any Supplemental Resolution adopted pursuant to Article XI.

2. All the Bonds of each such Series of like maturity shall be identical in all respects, except as to denominations, numbers and letters. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III or Sections 4.07 or 11.10.

### **SECTION 2.03. Series 2018B-1 Bonds.**

1. A Series of Bonds entitled to the benefit, protection and security of this Bond Resolution is hereby authorized in the aggregate principal amount of \$\_\_\_\_\_ for the purpose of funding the Loans to be made pursuant to the Loan Agreements. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Environmental Infrastructure Bonds, Series 2018B-1 (AMT)"; provided, however, that, in the event that an Authorized Officer determines, after consultation with Bond Counsel and the Office of the Attorney General of the State, that it is in the best

interests of the I-Bank to designate such Series of Bonds as “Green Bonds”, such Series of Bonds shall be designated by the title, “Environmental Infrastructure Bonds, Series 2018B-1(AMT) (Green Bonds)”.

2. The Series 2018B-1 Bonds shall be dated and shall bear interest from May 22, 2018 until their final maturity thereof, except as otherwise provided in Section 3.01 of this Bond Resolution. The Series 2018B-1 Bonds shall mature on the dates and in the principal amounts, and shall bear interest payable semiannually on March 1 and September 1 in each year, commencing September 1, 2018, until final maturity (stated or otherwise) thereof, at the respective rates per annum calculated on the basis of twelve 30-day months, shown below:

<b>Sept. 1</b>	<b>Amount Maturing (\$)</b>	<b>Interest Rate (%)</b>	<b>Sept. 1</b>	<b>Amount Maturing (\$)</b>	<b>Interest Rate (%)</b>
2019			2034		
2020			2035		
2021			2036		
2022			2037		
2023			2038		
2024			2039		
2025			2040		
2026			2041		
2027			2042		
2028			2043		
2029			2044		
2030			2045		
2031			2046		
2032			2047		
2033					

3. Individual purchases of the Series 2018B-1 Bonds may be made in the principal amount of \$5,000 or any whole multiples of \$5,000. The Series 2018B-1 Bonds shall be initially issued in one certificate for each aggregate principal amount of the stated maturity thereof. Unless the I-Bank shall otherwise direct, the Series 2018B-1 Bonds shall be lettered and numbered from one upward in order of maturities preceded by the letter “R” and such other letter as determined by the Trustee prefixed to the number. Subject to the provisions of this Bond Resolution, the form of the Series 2018B-1 Bonds and the Trustee’s certificate of authentication shall be substantially in the form set forth in Section 14.01.

4. The principal or Redemption Price of the Series 2018B-1 Bonds shall be payable to the Holders thereof upon presentation and surrender thereof at the Principal Office of ZB, National Association d/b/a Zions Bank, as Trustee, or its successors and assigns. The principal or Redemption Price of all Series 2018B-1 Bonds shall also be payable at any other place which may be provided for such payment by the appointment of any other Trustee or Trustees as permitted by this Bond Resolution. Interest on the Series 2018B-1 Bonds shall be payable by check or draft of the Trustee, mailed or transmitted, respectively, to the Holders thereof as the same appear as of the Record Date on the books of the I-Bank maintained by the Trustee. However, so long as the Series 2018B-1 Bonds are held in book-entry-only form pursuant to Section 2.05 hereof, the provisions of Section 2.05 shall govern the payment of principal or Redemption Price, if any, of, and interest on, the Series 2018B-1 Bonds.

5. The Series 2018B-1 Bonds maturing on or before [September 1, 2027] shall not be subject to redemption prior to their respective stated maturity dates. The Series 2018B-1 Bonds maturing on or after [September 1, 2028] shall be subject to redemption prior to their respective stated maturity dates, on or after [September 1, 2027], at the option of the I-Bank, upon the terms set forth in this subsection and upon notice as provided in Article IV hereof, either in whole or in part, and if in part by lot within any maturity or maturities determined by the I-Bank, on any date, upon the payment of 100% of the principal amount thereof and accrued interest thereon to the date fixed for redemption.

6. [Reserved.] [The Series 2018B-1 Bonds due September 1, \_\_\_, September 1, \_\_\_ and September 1, \_\_\_ are subject to mandatory sinking fund redemption prior to their respective stated maturities, upon the surrender thereof and through selection by lot by the Trustee and upon the giving of notice as provided in Article IV hereof, by payment of the following “Sinking Fund Installments”, on September 1, in each year set forth below, at a Redemption Price which is equal to 100% of the principal amount thereof plus interest accrued to the redemption date, in the following aggregate principal amounts in the following years:

<u>Year</u>	<u>Principal Amount</u>
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<u>Year</u>	<u>Principal Amount</u>
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<u>Year</u>	<u>Principal Amount</u>
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\* Final maturity]

7. The proceeds of the Series 2018B-1 Bonds of \$\_\_\_\_\_ (par amount of the Series 2018B-1 Bonds of \$\_\_\_\_\_ (which includes the good faith deposit of the successful bidder for the Series 2018B-1 Bonds in the amount of \$\_\_\_\_\_ in accordance with Section 1.03 hereof), plus accrued interest of \$0.00, plus net original issue premium of \$\_\_\_\_\_, less underwriter’s discount of \$\_\_\_\_\_) shall be received by the Trustee and applied simultaneously with the delivery of such Bonds as follows:

(a) There shall be deposited (i) in the SRF Subaccount of the Interest Account in the Debt Service Fund, \$0.00, (ii) in the non-SRF Subaccount of the Interest Account in the Debt Service Fund, \$0.00, (iii) in the SRF Subaccount of the Capitalized Interest Account in the Debt Service Fund, \$0.00, and (iv) in the non-SRF Subaccount of the Capitalized Interest Account in the Debt Service Fund, \$0.00. No Borrowers are capitalizing interest; therefore, there shall be no deposit to the Capitalized Interest Account in the Debt Service Fund, and there shall be no transfer of Net Earnings from the investment of moneys in the Debt Service Reserve Fund to the Capitalized Interest Account pursuant to Section 5.10(2)(a) of this Bond Resolution.

(b) There shall be deposited in the Costs of Issuance Account in the Operating Expense Fund an amount equal to \$\_\_\_\_\_, of which \$\_\_\_\_\_ shall be transferred by the Trustee immediately via wire transfer to the account of the I-Bank, in accordance with the wire instructions provided

by the I-Bank to the Trustee, for application by the I-Bank to the payment of certain Costs of Issuance incurred in connection with the issuance of the Series 2018B-1 Bonds;

(c) There shall be deposited in the Rebate Fund an amount equal to \$0.00, which shall be deposited in the General Rebate Account;

(d) Reserved;

(e) There shall be deposited in the General Fund \$\_\_\_\_\_, (i) \$\_\_\_\_\_ of which shall be transferred to the SRF Subaccount within the General Fund, \$0.00 of which shall be deposited in the Clean Water SRF Subaccount and \$\_\_\_\_\_ of which shall be deposited in the Drinking Water SRF Subaccount; and (ii) \$0.00 of which shall be transferred to the non-SRF Subaccount within the General Fund.

(f) The remaining balance of the proceeds of the Series 2018B-1 Bonds in the amount of \$\_\_\_\_\_ shall be deposited in the Project Fund on behalf of each Borrower, each deposit of which shall be deposited in the Clean Water Subaccounts of the SRF and non-SRF Project Loan Accounts, as indicated below, unless designated by "DW" below, in which case such amount shall be deposited in the Drinking Water Subaccounts of the SRF and non-SRF Project Loan Accounts, as indicated below. \$\_\_\_\_\_ shall be allocated to the SRF Subaccount, \$0.00 of which shall be allocated to the Clean Water SRF Subaccount and \$\_\_\_\_\_ of which shall be allocated to the Drinking Water SRF Subaccount. \$0.00 shall be allocated to the non-SRF Subaccount:

SRF Project Loan Accounts:

Middlesex Water Company (1225001-026) (DW)	\$0.00
New Jersey-American Water Company, Inc. (1345001-016, 2004002-011) (DW)	
New Jersey-American Water Company, Inc. (2004002-500) (DW)	

Non-SRF Project Loan Accounts

None	\$0.00
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8. Reserved.

9. Upon the authentication and delivery of the Series 2018B-1 Bonds, the I-Bank shall furnish to the Trustee:

(a) a Certificate of the Chairman, Executive Director or other Authorized Officer of the I-Bank, pursuant to Section 148 of the Code, setting forth the expectations of the I-Bank on the date of such authentication and delivery as to future events and such certification shall set forth the facts and estimates on which such expectations are based and shall state that to the best of the knowledge and belief of such officer of the I-Bank, the I-Bank's expectations are reasonable;

(b) an opinion of Bond Counsel to the effect that under existing law (i) interest on the Series 2018B-1 Bonds is excluded from gross income for federal income tax purposes, and (ii) interest on the Series 2018B-1 Bonds and any gain on the sale thereof are excluded from gross income under the New Jersey Gross Income Tax Act; and

(c) an opinion of Counsel to the effect that the I-Bank has the right and power under the Act, as amended, to the date of such opinion, to enter into the Loan Agreements, and the Loan



Agreements have been duly and lawfully authorized and executed by the I-Bank, are in full force and effect and are valid and binding upon the I-Bank and enforceable in accordance with their terms, and no other authorization for the Loan Agreements is required; provided, that the opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights generally and judicial discretion and the valid exercise of the sovereign police powers of the State of New Jersey and of the constitutional powers of the United States of America and may state that no opinion is being rendered as to the availability of any particular remedy, but that such limitations do not make the rights and remedies of the Bondholders, taken as a whole, inadequate for the practical realization of the benefits of the Loan Agreements.

#### **SECTION 2.04. Refunding Bonds.**

1. One or more Series of Refunding Bonds may be issued at any time to refund any Outstanding Bond or Bonds of a particular Series or all of the Bonds of one or more Series. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the funds and accounts under this Bond Resolution required by the provisions of the Supplemental Resolution authorizing such Bonds. Refunding Bonds shall be on a parity with and, except as otherwise provided in the Applicable Supplemental Resolution for such Refunding Bonds, shall be entitled to the same benefit and security of this Bond Resolution including the pledge of the Trust Estate as the Bonds of the Series of Bonds which are being refunded.

2. Refunding Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 2.02) of:

(a) Instructions to the Trustee, satisfactory to it, to give due notice of redemption, if applicable, of all the Bonds to be refunded on a redemption date or dates specified in such instructions, subject to the provisions of Section 12.01;

(b) If the Bonds to be refunded are not by their terms subject to redemption within the next succeeding sixty (60) days, instructions to the Trustee, satisfactory to it, to mail the notice provided for in Section 12.01 to the Holders of the Bonds being refunded;

(c) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded together with accrued interest on such Bonds to the redemption date or dates, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) qualifying Investment Securities in such principal amounts of such maturities, bearing such interest and otherwise having such terms and qualifications and any moneys as shall be necessary to comply with the provisions of subsection 2 of Section 12.01, which Investment Securities and moneys shall be held in trust and used only as provided in said subsection 2 of Section 12.01;

(d) A Certificate of an Authorized Officer of the I-Bank demonstrating that the I-Bank Bond Loan Repayments to become due in each Bond Year during which such Refunding Bonds shall be Outstanding shall be sufficient to pay when due the principal or Redemption Price of, and interest on, all Bonds Outstanding upon the authentication and delivery of such Series of Refunding Bonds;

(e) A verification report of an independent nationally recognized certified public accountant addressed to the I-Bank and the Trustee with respect to the matters set forth in (c) and (d) hereof; and

(f) In the event that a forward supply contract is employed in connection with the matters set forth in (c) and (d) hereof, (i) the verification report required by (e) hereof shall expressly state that the adequacy of the irrevocable trust described in (c) hereof to accomplish the issuance of Refunding Bonds relies solely on the initial investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the escrow agreement entered into by the I-Bank pursuant to (c) hereof shall provide that in the event of any discrepancy or differences between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement shall be controlling.

3. The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied simultaneously with the delivery of such Refunding Bonds for the purposes of making deposits, if any, in such Funds and Accounts as shall be provided by the Supplemental Resolution authorizing such Series of Refunding Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Resolution.

#### **SECTION 2.05. Book-Entry-Only System.**

1. Except as provided in subparagraph 3 of this Section 2.05, the registered Holder of all of the Series 2018B-1 Bonds shall be, and the Series 2018B-1 Bonds shall be registered in the name of, Cede & Co. as nominee of DTC. Payment of semiannual interest for any Series 2018B-1 Bond shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date for the Series 2018B-1 Bonds at the address indicated for Cede & Co. in the registry books of the I-Bank kept by the Trustee.

2. The Series 2018B-1 Bonds shall be issued initially in the form of a separate single fully registered Bond in the amount of the aggregate principal amount of each separate stated maturity of the Series 2018B-1 Bonds. Upon initial issuance, the ownership of each such Series 2018B-1 Bond shall be registered in the registry books of the I-Bank kept by the Trustee in the name of Cede & Co., as nominee of DTC. With respect to Series 2018B-1 Bonds registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the I-Bank and any Fiduciary shall have no responsibility or obligation to any participant or to any beneficial owner of such Series 2018B-1 Bonds. Without limiting the immediately preceding sentence, the I-Bank and any Fiduciary shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any participant with respect to any beneficial ownership interest in the Series 2018B-1 Bonds, (ii) the delivery to any participant, any beneficial owner or any other person, other than DTC, of any notice with respect to the Series 2018B-1 Bonds, including any notice of redemption, or (iii) the payment to any participant, any beneficial owner or any other person, other than DTC, of any amount with respect to the principal or Redemption Price of, or interest on, the Series 2018B-1 Bonds. The I-Bank and any Fiduciary may treat as, and deem DTC to be, the absolute owner of each Series 2018B-1 Bond for the purpose of payment of the principal or Redemption Price of, and interest on, each such Series 2018B-1 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2018B-1 Bonds, for the purpose of registering transfers with respect to such Series 2018B-1 Bonds and for all other purposes whatsoever. The Paying Agent shall pay all principal or Redemption Price of, and interest on, the Series 2018B-1 Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the I-Bank's obligations with respect to the principal or Redemption Price of, and interest on, the Series 2018B-1 Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive a Series 2018B-1 Bond evidencing the obligation of the I-Bank to make payments of principal or Redemption Price of, and interest on, the Series 2018B-1 Bonds pursuant to this Bond Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the term "Cede & Co." in this Bond Resolution shall refer to such new nominee of DTC.

3. (a) DTC may determine to discontinue providing its services with respect to the Series 2018B-1 Bonds at any time by giving written notice to the I-Bank and the Fiduciaries and discharging its responsibilities with respect thereto under applicable law.

(b) The I-Bank, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2018B-1 Bonds if the I-Bank so determines, and shall terminate the services of DTC with respect to the Series 2018B-1 Bonds upon receipt by the I-Bank and the Fiduciaries of written notice from DTC to the effect that DTC has received written notice from participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding Series 2018B-1 Bonds to the effect that: (i) DTC is unable to discharge its responsibilities with respect to the Series 2018B-1 Bonds; or (ii) a continuation of the requirement that all of the Outstanding Series 2018B-1 Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2018B-1 Bonds.

(c) Upon the termination of the services of DTC with respect to the Series 2018B-1 Bonds pursuant to subsection 2.05(3)(b)(ii) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Series 2018B-1 Bonds pursuant to subsection 2.05(3)(a) or subsection 2.05(3)(b)(i) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the I-Bank, is willing and able to undertake such functions upon reasonable and customary terms, the Series 2018B-1 Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Series 2018B-1 Bonds shall designate, in accordance with the provisions of Article II hereof.

4. Notwithstanding any other provision of this Bond Resolution to the contrary, so long as any Series 2018B-1 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal or Redemption Price of, and interest on, such Series 2018B-1 Bond and all notices with respect to such Series 2018B-1 Bond shall be made and given, respectively, to DTC as provided in the representation letter of the I-Bank and the Trustee addressed to DTC with respect to the Series 2018B-1 Bonds.

5. In connection with any notice or other communication to be provided to Bondholders pursuant to this Bond Resolution by the I-Bank or the Trustee with respect to any consent or other action to be taken by Bondholders, the I-Bank or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

## **ARTICLE III**

### **GENERAL TERMS AND PROVISIONS OF BONDS**

#### **SECTION 3.01. Medium of Payment; Form and Date; Letters and Numbers.**

1. The Bonds shall be payable, with respect to interest and principal or Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

2. The Bonds of each Series shall be issued only in the form of fully registered Bonds without coupons in denominations of, subject to the denominations required by Section 2.03(3) and 2.05(2) hereof with regard to the initial denominations of the Series 2018B-1 Bonds, \$5,000 or any whole multiple thereof. The Bonds of each Series shall be in substantially the form set forth in Section 14.01 or substantially in the form set forth in the Supplemental Resolution authorizing such Series.

3. Each Bond shall be lettered and numbered as provided in this Bond Resolution or the Supplemental Resolution providing for the issuance of the Series of which such Bond is a part and so as to be distinguished from every other Bond.

Bonds of each Series issued on the date of original issuance shall be dated and bear interest from the date set forth in this Bond Resolution or the Supplemental Resolution authorizing such Series of Bonds. Bonds of each Series issued after the date of original issuance shall be dated as of the date of authentication thereof by the Trustee. Interest on each Bond shall be payable from the most recent Interest Payment Date next preceding the date of authentication of such Bond to which interest has been paid, unless the date of authentication of such Bond is an Interest Payment Date to which interest has been paid, in which case interest shall be payable from such Interest Payment Date, or unless the date of such Bond is prior to the first Interest Payment Date on the Bonds, in which case interest shall be payable from the earliest date on which interest shall have accrued on the Bonds, or unless the date of such Bond is between the Record Date and the next succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date.

4. The interest on, and principal or Redemption Price, if any, of, each Series of Bonds shall be payable as provided in this Bond Resolution or Supplemental Resolution relating to such Series of Bonds.

**SECTION 3.02. Legends.** The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Bond Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, the Act, or otherwise, as may be determined by the I-Bank prior to the authentication and delivery thereof.

#### **SECTION 3.03. Execution and Authentication.**

1. The Bonds shall be executed in the name of the I-Bank by the manual or facsimile signature of the Chairman or other Authorized Officer of the I-Bank, and its corporate seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the Secretary or Assistant Secretary or other Authorized Officer of the I-Bank, or in such other manner as may be required or permitted by law. In case any one or more of the Authorized Officers of the I-Bank who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds

may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of the I-Bank by such persons who at the time of the execution of such Bonds shall be duly authorized or shall hold the proper office in the I-Bank, although at the date borne by the Bonds of such Series such persons may not have been so authorized or have held such office.

2. The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in this Bond Resolution or in the Supplemental Resolution authorizing such Series of Bonds, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Bond Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the I-Bank shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Bond Resolution and that the Holder thereof is entitled to the benefits of this Bond Resolution.

#### **SECTION 3.04. Transfer and Registry.**

1. Each Bond shall be transferable only upon the books of the I-Bank, which shall be kept for that purpose at the Principal Office of the Trustee, by the Holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the Holder or his duly authorized attorney. Upon the transfer of any such Bond the I-Bank shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond.

2. The I-Bank and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the I-Bank as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on, such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the I-Bank nor any Fiduciary shall be affected by any notice to the contrary. The I-Bank agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense (including legal fees), judgment or liability incurred by it, acting in good faith and without negligence under this Bond Resolution, in so treating such Holder, and that such indemnity shall survive the payment of the Bonds and the discharge of this Bond Resolution.

**SECTION 3.05. Regulations With Respect to Exchanges and Transfers.** In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the I-Bank shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. All Bonds surrendered in any such exchange or transfer shall forthwith be canceled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the I-Bank or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the I-Bank nor the Trustee shall be required (a) to transfer or exchange Bonds for a period beginning on the Record Date next preceding an Interest Payment Date for the Bonds and ending on such Interest Payment Date, or for a period of fifteen (15) days (or such lesser period as may be specified in a Supplemental Resolution for a particular Series of Bonds) next preceding the date (as determined by the Trustee) of any selection of Bonds to be redeemed or thereafter until after the mailing of any notice of redemption; or (b) to transfer or exchange any Bonds called or tendered for redemption.

**SECTION 3.06. Bonds Mutilated, Destroyed, Stolen or Lost.** In case any Bond shall become mutilated or be destroyed, stolen or lost, the I-Bank shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series, maturity and principal amount as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the I-Bank and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the I-Bank and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the I-Bank and the Trustee may prescribe and paying such expenses as the I-Bank and Trustee may incur. All mutilated Bonds so surrendered to the Trustee shall be canceled by it. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the I-Bank, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by, and entitled to equal and proportionate benefits with all other Bonds issued under this Bond Resolution in, any moneys or securities held by the I-Bank or any Fiduciary for the benefit of the Bondholders.

**SECTION 3.07. Temporary Bonds.**

1. Until the definitive Bonds of any Series are prepared, the I-Bank may execute, in the same manner as is provided in Section 3.03, and upon the request of the I-Bank, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The I-Bank at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, definitive Bonds of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Bond Resolution.

2. All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

**SECTION 3.08. Cancellation and Destruction of Bonds.** All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly canceled. Bonds so canceled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with the I-Bank and the other executed certificate shall be retained by the Trustee.

## ARTICLE IV

### REDEMPTION OF BONDS PRIOR TO MATURITY

**SECTION 4.01. Privilege of Redemption and Redemption Price.** Bonds subject to redemption prior to maturity pursuant to this Bond Resolution shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified in this Bond Resolution and the Supplemental Resolution authorizing such Series of Bonds. In order to redeem prior to maturity Bonds which are registered in the name of Cede & Co., the Redemption Price plus accrued interest thereon shall be deposited with the Trustee in immediately available funds not later than 11:00 a.m., New York City time, on the redemption date.

#### **SECTION 4.02. Optional and Mandatory Sinking Fund Redemption.**

1. The Series 2018B-1 Bonds shall be subject to optional redemption and mandatory sinking fund redemption in accordance with the provisions of this Bond Resolution, including, without limitation, Sections 2.03(5) and (6), respectively, hereof.

2. In the case of any redemption of Bonds at the election or direction of the I-Bank, the I-Bank shall give written notice to the Trustee of its election or direction to so redeem, of the redemption date, and of the principal amounts of the Bonds of each maturity to be redeemed (which maturities and principal amounts thereof to be redeemed shall be determined by the I-Bank in its sole discretion, subject to any limitations with respect thereto contained in this Bond Resolution). Such notice shall be given at least fifty (50) days prior to the redemption date or such shorter period as shall be agreed to in writing by the Trustee. In the event notice of redemption shall have been given as provided in Section 4.05, the I-Bank shall pay or require the Applicable Borrower to pay to the Trustee on or prior to the redemption date an amount in cash which, in addition to other moneys, if any, available therefor held by the Trustee, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed.

**SECTION 4.03. Redemption Otherwise than at I-Bank's Election or Direction.** Whenever by the terms of this Bond Resolution the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the I-Bank, the Trustee shall select the Bonds to be redeemed, give the notice of redemption as provided in Section 4.05 and pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the Paying Agent in accordance with the terms of this Article IV and, to the extent applicable, Article V hereof.

**SECTION 4.04. Selection of Bonds to Be Redeemed.** If less than all of the Bonds of like maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee shall determine; provided, however, that the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof, and that, in selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum denomination in which Bonds of such Series are authorized to be outstanding after the redemption date.

**SECTION 4.05. Notice of Redemption.** When Bonds of a Series have been selected for redemption pursuant to any provision of this Bond Resolution, the Trustee shall give written notice of the redemption of such Bonds in the name of the I-Bank at the times specified in the second paragraph of this Section, which notice shall set forth: (i) the Series of the Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) that such Bonds will be redeemed at the Principal

Office of the Paying Agent, (v) if less than all of such Bonds shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed, (vi) in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, and (vii) except with respect to a mandatory sinking fund redemption, that such redemption is conditioned upon there being on deposit with the Trustee on the date designated for redemption moneys sufficient for the payment of the Redemption Price and the accrued interest to the redemption date. Such notice shall further state that on the redemption date there shall become due and payable the Redemption Price of all Bonds to be redeemed, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. In case any Bond is to be redeemed in part only, the notice of redemption that relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, the Holder thereof shall be entitled to a new Bond or Bonds of the same Series, bearing interest at the same rate and in aggregate principal amount equal to the unredeemed portion of such Bond.

The notice required to be given by the Trustee pursuant to this Section shall be sent by first class mail to the registered owners of the Bonds to be redeemed, at their addresses as they appear on the Bond registration books of the I-Bank, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date. The failure to give notice of the redemption of any Bond or portion thereof to the registered owner of such Bond as herein provided shall not affect the validity of the proceedings for the redemption of any Bonds for which notice of redemption has been given in accordance with the provisions of this Section.

**SECTION 4.06. Payment of Redeemed Bonds.** On the date designated for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds called for redemption shall become and be due and payable at the Redemption Price provided for redemption of such Bonds or such portions thereof on such date and, if upon presentation and surrender moneys for the payment of the Redemption Price and the accrued interest to the redemption date are held in a separate account by the Trustee in trust for the holders of such Bonds, interest on such Bonds or such portions thereof so called for redemption shall cease to accrue, such Bonds or such portions thereof shall cease to be entitled to any benefit or security under this Bond Resolution and the Holders of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof and the accrued interest thereon and, to the extent provided in Section 4.07 hereof, to receive Bonds for any unredeemed portions of Bonds.

**SECTION 4.07. Redemption of Portions of Bonds.** In case part but not all of an Outstanding Bond shall be selected for redemption, upon presentation and surrender of such Bond to the Paying Agent for payment of the principal amount thereof so called for redemption and accrued interest thereon on or after the redemption date, the I-Bank shall execute and the Trustee shall authenticate and deliver to or upon the order of the registered owner thereof or his attorney or legal representative, without charge therefor, a Bond or Bonds of the same Series bearing interest at the same rate and of any denomination or denominations authorized by this Bond Resolution in aggregate principal amount equal to the unredeemed portion of such Bond.



## ARTICLE V

### REVENUES AND FUNDS

**SECTION 5.01. Creation of Funds and Accounts.** The following funds and separate accounts within funds shall be established, held and maintained for the Bonds:

1. Debt Service Fund, to be held by the Trustee, which shall consist of an Interest Account, a Capitalized Interest Account, a Principal Account and a Redemption Account, each of which Accounts shall be further subdivided into an SRF Subaccount and a non-SRF Subaccount, each of which Subaccounts shall be further subdivided into a Clean Water Subaccount and a Drinking Water Subaccount;

2. Debt Service Reserve Fund, to be held by the Trustee, which shall consist of an SRF Account and a non-SRF Account to the extent necessary and/or appropriate, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount to the extent necessary and/or appropriate;

3. General Fund, to be held by the Trustee, which shall consist of an SRF Account and a non-SRF Account to the extent necessary and/or appropriate, each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount to the extent necessary and/or appropriate;

4. Operating Expense Fund, to be held by the I-Bank, which shall consist of an Administrative Fee Account and a Costs of Issuance Account;

5. Project Fund, to be held by the Trustee, which shall consist of a separate Project Loan Account established (i) for each Borrower to which a single Loan is to be made from a portion of the proceeds of the Series 2018B-1 Bonds and, if applicable, (ii) for each Loan with respect to any Borrowers that have received two or more loans from a portion of the proceeds of the Series 2018B-1 Bonds, each of which Project Loan Accounts shall be designated either "SRF" or "non-SRF" pursuant to Section 5.02 hereof, and each of which Accounts shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount to the extent necessary and/or appropriate; provided, however, that, to the extent a single Loan is made by the I-Bank to finance multiple projects, the Trustee shall, upon the direction of an Authorized Officer of the I-Bank, establish Subaccounts within a particular Project Loan Account with respect to each individual project;

6. Revenue Fund, to be held by the Trustee, which shall consist of (i) an I-Bank Bond Loan Repayments Account, consisting of an SRF Subaccount and a non-SRF Subaccount to the extent necessary and/or appropriate, each of which Subaccounts further shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount to the extent necessary and/or appropriate; and (ii) a State Loan Repayments Account, consisting of an SRF Subaccount and a non-SRF Subaccount to the extent necessary and/or appropriate, each of which Subaccounts further shall be subdivided into a Clean Water Subaccount and a Drinking Water Subaccount to the extent necessary and/or appropriate; and

7. Rebate Fund, to be held by the Trustee, which shall consist of a General Rebate Account.

8. Pursuant to a certificate of an Authorized Officer of the I-Bank, the I-Bank may direct the Trustee to establish additional funds, accounts within funds, and subaccounts within accounts, in the manner set forth in such certificate.

Each of the funds and accounts created by this Bond Resolution, other than the Operating Expense Fund, the Project Fund, and the Rebate Fund is hereby pledged to, and charged with, the payment of the principal or Redemption Price of and interest on the Bonds as the same shall become due.

#### **SECTION 5.02. Project Fund.**

1. There shall be established within the Project Fund a separate Project Loan Account in favor of each Borrower to which a Loan is to be made pursuant to a Loan Agreement.

2. There shall be deposited into each Project Loan Account from the proceeds of the Series 2018B-1 Bonds the respective amounts set forth in the Certificate of an Authorized Officer of the I-Bank delivered to the Trustee pursuant to Section 2.03(7)(f) hereof, which Certificate shall also designate each such Project Loan Account as “SRF” or “non-SRF”.

3. Subject to Section 5.09, the Trustee shall make payments from a Project Loan Account for Costs of a Borrower’s Project in the amounts, at the times, in the manner and on the other terms and conditions set forth in this Section 5.02 and in such Borrower’s Loan Agreement. Before any such payment shall be made, the Borrower shall file with the Trustee its requisition therefor, approved by the I-Bank, which requisition shall be on a form as determined by the Executive Director or other Authorized Officer of the I-Bank. The Trustee shall issue its check for each payment required by such requisition or shall by interbank transfer or other method arrange to make the payment required by such requisition. No disbursement from the respective Project Loan Account shall be made by the Trustee pursuant to the terms hereof unless the Borrower has complied with each provision of Section 3.02 of the respective Loan Agreement, as evidenced by the approval by the I-Bank of the requisition as referenced herein.

4. The I-Bank shall file with the Trustee a Certificate, signed by an Authorized Officer of the I-Bank, with respect to each Project Loan Account directing the Trustee to transfer to the Debt Service Fund to be applied as a credit against and considered as I-Bank Bond Loan Repayments due from the respective Borrower in whose favor any such Project Loan Account was established all of the moneys remaining in any such Project Loan Account at the times and upon satisfaction of the following conditions: (A) the I-Bank has approved all requisitions to be paid from any such Project Loan Account that are eligible to be approved under the Regulations; or (B) one hundred eighty (180) days following the last date of the draw schedule set forth in Exhibit C to the Applicable Borrower’s respective Loan Agreement, as such draw schedule may have been revised pursuant to the provisions of Section 3.03A thereof, have passed; provided, however, notwithstanding the provisions hereof to the contrary, the I-Bank shall implement a redemption of Bonds pursuant to the terms of this Bond Resolution to the extent provided by the terms of Section 3.03A of the Applicable Borrower’s respective Loan Agreement. Such Certificate shall (X) state that the proceeds of the Loan have been fully disbursed to the extent allowed by the Regulations, and (Y) set forth a schedule indicating when and how much of the remaining moneys are to be transferred to the Debt Service Fund and applied as a credit against and considered as I-Bank Bond Loan Repayments due from the respective Borrower in whose favor the Project Loan Account was established, or (Z) state that such moneys remaining in such Project Loan Account shall be allocated to the implementation of a redemption of Bonds pursuant to the terms of this Bond Resolution to the extent provided by the terms of Section 3.03A of the Applicable Borrower’s respective Loan Agreement. The Trustee shall transfer from the Project Loan Accounts to the SRF Account or the non-SRF Account of the Debt Service Fund, as applicable, the amounts contained in any such Certificate of the I-Bank at the times indicated therein.

#### **SECTION 5.03. Operating Expense Fund.**

1. There shall be established within the Operating Expense Fund a Costs of Issuance Account and an Administrative Fee Account.

2. In addition to the amounts deposited in the Costs of Issuance Account from the proceeds of the Series 2018B-1 Bonds pursuant to Section 2.03(7)(b), there shall be deposited in the Costs of Issuance Account from the proceeds of each Series of Refunding Bonds, the amounts set forth for deposit therein pursuant to the Supplemental Resolutions authorizing the issuance of each such Series of Refunding Bonds.

3. The I-Bank shall make payments from the Costs of Issuance Account and, if necessary, from its funds and accounts not subject to the pledge and lien of this Bond Resolution, in the amounts, at the times, in the manner and on the other terms and conditions as the I-Bank shall determine to be fair and reasonable in the payment of the particular items of the Costs of Issuance relating to the issuance of a particular Series of Bonds and, in the case of the Series 2018B-1 Bonds, in accordance with the provisions of the Tax Certificate. Upon the payment of all Costs of Issuance as evidenced by a Certificate of an Authorized Officer of the I-Bank to such effect, the amounts remaining in the Costs of Issuance Account, if any, shall be transferred (i) to the Debt Service Fund and deposited into the Interest Account thereof to pay the interest and to the extent available therefor, deposited in the Principal Account thereof to pay the principal of the Bonds due and owing on the immediately succeeding Interest Payment Date, in which case such amounts shall be credited to the I-Bank Bond Loan Repayments of Borrowers in the percentages set forth on Schedule I-B attached hereto, or (ii) as otherwise set forth in a Certificate of an Authorized Officer of the I-Bank.

4. The Trustee shall deposit in the Administrative Fee Account the Administrative Fees received by the Trustee on behalf of the I-Bank pursuant to the Loan Agreements. The I-Bank shall utilize moneys on deposit in the Administrative Fee Account from time to time to pay the operating expenses of the I-Bank; provided, however, that in any Bond Year the moneys on deposit in the Administrative Fee Account shall be applied by the I-Bank in satisfaction of the operating expenses of the I-Bank arising under this Bond Resolution in such Bond Year before such moneys may be applied in satisfaction of the other operating expenses of the I-Bank arising in such Bond Year.

**SECTION 5.04. Revenues.** The Trustee shall, as agent for the I-Bank and the State, perform the following duties and services:

1. The Trustee shall collect from each Borrower all required I-Bank Bond Loan Repayments, State Loan Repayments, Administrative Fee payments and State Administrative Fee payments, when due, in the amounts and at the times established by the I-Bank in a Certificate of an Authorized Officer of the I-Bank. The I-Bank shall use its best efforts to provide such Certificate to the Trustee no less than sixty (60) days prior to the date on which any such payments are due and payable. In collecting such payments from each Borrower, the Trustee shall rely exclusively upon such Certificate of an Authorized Officer of the I-Bank. To the extent the Trustee deems it necessary or appropriate, the Trustee may, and is hereby authorized to, establish a Clearing Account for the purpose of administering the collection of such payments. The Trustee hereby acknowledges that (a) all amounts so collected shall be collected by the Trustee on behalf of, and for the benefit of, the I-Bank and the State, to the extent of their respective interests therein, (b) in making such collections, the Trustee shall act as an agent for the I-Bank and the State, to the extent of their respective interests therein, (c) all amounts so collected by the Trustee shall be the property of the I-Bank and the State, to the extent of their respective interests therein, and not of the Trustee, (d) all such amounts, when received by the Trustee, shall be deemed to be received by the I-Bank and the State, to the extent of their respective interests therein, as determined in accordance with paragraph (3) below, and (e) the amounts deemed received by the I-Bank as I-Bank Bond Loan Repayments and by the State as State Loan Repayments pursuant to the terms hereof, immediately upon receipt by the Trustee, shall be deemed to be Revenues, and shall be included in the Trust Estate established and pledged as security for the Bonds under this Bond Resolution.

2. Promptly after collection of each I-Bank Bond Loan Repayment, State Loan Repayment, Administrative Fee payment, State Administrative Fee payment or other required payment from a Borrower, the Trustee shall credit such Borrower with each of the respective sums collected. Moneys received from each Borrower with respect to a particular payment date shall be credited, *first*, to the payment then due (other than the Administrative Fee payment) under the Loan Agreement, *second*, to the Administrative Fee payment then due under the Loan Agreement, *third*, to the payment then due (other than the State Administrative Fee payment, if any) under the State Loan Agreement, and, *fourth*, to the State Administrative Fee payment, if any, then due under the State Loan Agreement.

3. Promptly after crediting each Borrower pursuant to the order of priority established under paragraph (2) above for the moneys received from each Borrower with respect to a particular payment date, the Trustee shall deposit the sums collected in the accounts established for such payments in the following order of priority of such deposits and the required amounts of such deposits:

(a) First, (i) into the I-Bank Bond Loan Repayments Account within the Revenue Fund established under this Bond Resolution, a sum or sums from moneys credited as I-Bank Bond Loan Repayments equal to the amount required for the next immediate debt service payment date for the Bonds, and (ii) into the State Loan Repayments Account within the Revenue Fund established under this Bond Resolution, all moneys credited as State Loan Repayments;

(b) Upon depositing the required amounts pursuant to paragraph (3)(a) above, into the Administrative Fee Account in the Operating Expense Fund established under this Bond Resolution, all moneys credited as Administrative Fee payments only then due to the I-Bank from each Borrower pursuant to its respective Loan Agreement;

(c) (i) If, upon depositing the required amounts pursuant to paragraphs (3)(a) and (3)(b), above, the amounts on deposit in the I-Bank Bond Loan Repayments Account within the Revenue Fund are not sufficient to make all of the payments due with respect to the Bonds on the next immediate debt service payment date for such Bonds, then the Trustee shall transfer from the State Loan Repayments Account within the Revenue Fund to the I-Bank Bond Loan Repayments Account within the Revenue Fund an amount equal to the difference between the amount on deposit in the I-Bank Bond Loan Repayments Account within the Revenue Fund and the amount required to make all of the payments due on the next immediate debt service payment date for the Bonds;

(ii) If, upon depositing the required amounts pursuant to paragraphs (3)(a) and (3)(b), above, and after giving effect to any transfers required by paragraph 3(c)(i), above, the amounts on deposit in the I-Bank Bond Loan Repayments Account within the Revenue Fund are sufficient to make all of the payments due with respect to the Bonds on such date, then the Trustee shall transfer immediately to the Master Program Trustee for deposit in the Master Program Trust Account from moneys on deposit in the State Loan Repayments Account within the Revenue Fund and credited as State Loan Repayments only corresponding to the next immediate debt service payment date for the Bonds, for deposit and disbursement in accordance with the terms and conditions of the Master Program Trust Agreement;

(d) Upon depositing and/or transferring the required amounts pursuant to paragraphs (3)(a), (3)(b) and (3)(c), above, to the State all moneys credited as State Administrative Fee payments only, if any, then due to the State from each Borrower pursuant to its respective State Loan Agreement; and

(e) Upon depositing the required amounts pursuant to paragraphs (3)(a), (3)(b), (3)(c) and (3)(d), above, into the applicable Account within the Revenue Fund all remaining moneys, if any, credited as Loan Repayments, to be applied in satisfaction of the amounts next required to be disbursed as provided under this paragraph (3) in the sequence and manner established pursuant to this paragraph (3).

In making the deposits required by the provisions of this subsection (3), the Trustee shall rely exclusively upon a Certificate of an Authorized Officer of the I-Bank, which Certificate shall be provided to the Trustee by the I-Bank simultaneously with the provision by the I-Bank to the Trustee of the Certificate required by the provision of subsection (1) of this Section 5.04.

4. If a payment of amounts due under a Loan Agreement or a State Loan Agreement is not received on or before the required payment date, the Trustee shall notify the I-Bank and the State in writing on the first Business Day after such payment date that the payment is past due. Promptly following receipt of such notice from the Trustee, the I-Bank shall notify the Borrower and, if applicable, the trustee under the Borrower Bond Resolution (as such term is defined in the Loan Agreement) in writing that such payment is past due. If a payment is not received from the Borrower within ten days of the date when such payment is due, the Trustee shall promptly notify the I-Bank and the State in writing.

5. The Trustee shall promptly notify the I-Bank, the Borrower and, if applicable, the trustee under the Borrower Bond Resolution in writing on the first Business Day after a payment date if the moneys received from the Borrower pursuant to paragraph (2) of this Section 5.04 with respect to such payment date are insufficient to satisfy in full the I-Bank Bond Loan Repayments and Administrative Fee payments then due under the Loan Agreement. The Trustee shall promptly notify the I-Bank, the State, the Borrower and, if applicable, the trustee under the Borrower Bond Resolution in writing on the first Business Day after a payment date if the moneys received from the Borrower pursuant to paragraph (2) of this Section 5.04 with respect to such payment date are insufficient to satisfy in full the State Loan Repayments and State Administrative Fee payments then due under the State Loan Agreement. The Trustee, pursuant to Section 5.07(2) of this Bond Resolution, shall also notify the I-Bank and the State that an I-Bank Bond Loan Repayment deficiency cannot be satisfied from Loan Repayments deposited pursuant to Section 5.04(3)(a) hereof.

6. In connection with the obligation of the Trustee pursuant to subsections (4) and (5) of this Section 5.04 to provide written notice to a trustee under a Borrower Bond Resolution, the I-Bank shall use its best efforts to maintain on file with the Trustee a list of such trustees, with relevant address and contact information included in such list. However, the failure of the I-Bank to provide such list to the Trustee shall not relieve the Trustee of the obligation to provide the written notice to such a trustee pursuant to the provisions of subsections (4) and (5) of this Section 5.04.

#### **SECTION 5.05. Revenue Fund.**

1. On or prior to each Interest Payment Date, the Trustee shall transfer from amounts in the SRF Account and the non-SRF Account of the I-Bank Bond Loan Repayments Account within the Revenue Fund to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Interest Account in the Debt Service Fund, the amount which, together with the amounts, if any, already on deposit in such subaccounts of the Interest Account (other than Net Earnings on amounts that have been received in the Interest Account since the immediately preceding Interest Payment Date) and the amounts, if any, on deposit in the Capitalized Interest Account and designated for use on such Interest Payment Date pursuant to this Bond Resolution or a Supplemental Resolution, is equal in the aggregate to the interest due and payable on the Bonds on such Interest Payment Date.

2. On or prior to September 1 of each year through and including final maturity of the Bonds, the Trustee shall transfer from moneys on deposit in the SRF Account and the non-SRF Account of the I-Bank Bond Loan Repayments Account within the Revenue Fund to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Principal Account in the Debt Service Fund the amount which, together with the amounts, if any, already on deposit in such subaccounts of the Principal Account (other than Net Earnings on amounts that have been received in the Principal Account since the immediately preceding Interest Payment Date), is equal in the aggregate to the principal, including Sinking Fund Installments, if any, due and payable on the Bonds on such September 1.

3. On or prior to each redemption date, other than a Sinking Fund Installment due date, the Trustee shall transfer from moneys on deposit in the SRF Account and the non-SRF Account of the I-Bank Bond Loan Repayments Account within the Revenue Fund (i) to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Redemption Account in the Debt Service Fund an amount equal in the aggregate to the Redemption Price due and payable on all Bonds to be redeemed on such redemption date and (ii) to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Interest Account in the Debt Service Fund an amount equal in the aggregate to the interest accrued and not paid and to accrue on such Bonds to such redemption date. Money received from a Borrower prior to September 1, 2028 that represents a prepayment of its Loan as allowed under its respective Loan Agreement shall be held in the accounts set forth in a Certificate of an Authorized Officer of the I-Bank prior to September 1, 2028, the first optional redemption date.

4. All Revenues representing repayments made pursuant to the second paragraph of Section 3.04 of any Loan Agreement for the replenishment of the Debt Service Reserve Fund shall be immediately transferred by the Trustee for deposit to the SRF Account or the non-SRF Account, as applicable, of the Debt Service Reserve Fund.

5. The Trustee shall keep records and accounts with respect to the Revenue Fund. Such records shall be in such format so that all amounts received by the Trustee from the Borrowers under the Loan Agreements can be properly designated as interest or principal payments on the Loans, other than amounts payable under the Loan Agreements or Net Earnings attributable to such amounts.

#### **SECTION 5.06. Debt Service Fund.**

1. On each Interest Payment Date and each redemption date, the Trustee shall withdraw from the Capitalized Interest Account, if so designated, and the Interest Account in the Debt Service Fund amounts equal in the aggregate to the interest due on the Bonds on such Interest Payment Date or redemption date, which moneys shall be paid by the Paying Agent in accordance with Section 3.01 hereof.

2. On the maturity or Sinking Fund Installment due date of any Bonds, the Trustee shall make available to the Paying Agent from moneys in the Principal Account in the Debt Service Fund an amount equal to the principal or Redemption Price of the Bonds due on such date, which moneys shall be applied by the Paying Agent to the payment of such principal or Redemption Price.

3. On each redemption date, other than a Sinking Fund Installment due date, the Trustee shall make available to the Paying Agent from moneys in the Redemption Account an amount equal to the Redemption Price of the Bonds to be redeemed on such redemption date, which moneys shall be applied by the Paying Agent to the payment of such Redemption Price.

#### **SECTION 5.07. Debt Service Reserve Fund.**

1. Each Rating Agency that has been requested by the I-Bank to publish a rating for the Series 2018B-1 Bonds has determined that such Rating Agency shall assign to the Series 2018B-1 Bonds, upon the issuance thereof, the highest rating assigned to any such debt instruments by such Rating Agency notwithstanding the fact that the Debt Service Reserve Requirement with respect to the Series 2018B-1 Bonds is equal to \$0.00. Therefore, in accordance with the last sentence of the definition of “Debt Service Reserve Requirement” set forth in Section 1.01 of this Resolution, the Debt Service Reserve Requirement with respect to the Series 2018B-1 Bonds pursuant to the terms of this Resolution shall be equal to \$0.00 during the entire period during which the Series 2018B-1 Bonds remain Outstanding. Notwithstanding the provisions of the preceding sentence to the contrary, to the extent any moneys are on deposit in the Debt Service Reserve Fund in the future, whether with respect to Refunding Bonds or otherwise, such moneys shall be applied solely as provided in this Section.

2. Whenever a Borrower shall notify the I-Bank or the Trustee in writing, or whenever the I-Bank or Trustee shall determine, that a Borrower is deficient in the payment of an I-Bank Bond Loan Repayment and that such deficiency cannot be satisfied from other Loan Repayments, State Loan Repayments or other amounts payable thereunder that have been transferred to the Revenue Fund or the Debt Service Fund and that such deficiency cannot be satisfied from amounts payable by the Master Program Trustee from amounts on deposit in the Master Program Trust Account (and all Subaccounts as defined therein) in accordance with the terms of the Master Program Trust Agreement, the Trustee shall transfer from the SRF Account or non-SRF Account, as applicable, of the Debt Service Reserve Fund on the Interest Payment Date or maturity date or Sinking Fund Installment due date, as the case may be, the amount of such deficiency to the appropriate account in the Debt Service Fund; provided, however, that the Trustee may only transfer such amount which, when added to the difference between (i) all prior transfers made from the Debt Service Reserve Fund as a result of deficient I-Bank Bond Loan Repayments by said Borrower and (ii) all repayments made by, or on behalf of, the Borrower pursuant to the second paragraph of Section 3.04 of the Applicable Loan Agreement, does not exceed said Borrower’s pro rata share of the Debt Service Reserve Fund. A Borrower’s pro rata share of the Debt Service Reserve Fund shall be an amount equal to the product of: (a) the Debt Service Reserve Requirement and (b) said Borrower’s Allocable Share as set forth on Schedule I-B attached hereto.

3. Whenever the Trustee is notified by the I-Bank that the amount, if any, in the Debt Service Reserve Fund funded with Bond proceeds and allocable to any Reserve Capacity Borrower, together with the amount in the Debt Service Fund allocable to any such Reserve Capacity Borrower, is sufficient to pay in full all Outstanding Bonds allocable to any such Reserve Capacity Borrower in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the Trustee shall transfer such amount on deposit in the Debt Service Reserve Fund funded with Bond proceeds and allocable to any such Reserve Capacity Borrower to the Debt Service Fund to be applied as a credit to the final I-Bank Bond Loan Repayments of any such Reserve Capacity Borrower.

4. After any transfer made pursuant to Section 5.07(3) herein and upon the cancellation of all Series 2018B-1 Bonds and any Refunding Bonds in accordance with Section 3.08 hereof, the Trustee shall transfer all amounts in the Debt Service Reserve Fund, if any, to the I-Bank for application by the I-Bank in accordance with the Act and any other applicable law for any of the I-Bank’s corporate purposes allowed thereby.

5. (a) Whenever any Reserve Capacity Borrower that is no longer paying the Interest Portion payable by said Reserve Capacity Borrower from the Capitalized Interest Account of the Debt Service Fund that is allocable to said Reserve Capacity Borrower, if applicable, has paid or prepaid its loan in full (less only the portion of the Debt Service Reserve Fund that is funded with Bond proceeds allocable to such Reserve Capacity Borrower) in accordance with all of the terms of its Loan Agreement (including, without limitation, obtaining the I-Bank’s consent to any such repayment, where applicable), the I-Bank

shall notify the Trustee (i) of the I-Bank's consent to such prepayment, where applicable, and (ii) that the amount in the Debt Service Reserve Fund funded with moneys other than Bond proceeds allocable to any such Reserve Capacity Borrower shall be transferred to the I-Bank for any of its lawful corporate purposes pursuant to the instructions of a Certificate of an Authorized Officer of the I-Bank. The portion of the Debt Service Reserve Fund that is funded with Bond proceeds allocable to such Reserve Capacity Borrower shall be transferred (i) to the Debt Service Fund for redemption or payment of the Bonds attributable to such Borrower's Loan or (ii) in accordance with a Certificate of an Authorized Officer of the I-Bank to effect the defeasance of Bonds attributable to such Borrower's Loan in accordance with Article XII hereof, in either case to be applied (along with the Net Earnings thereon) as a credit to the final I-Bank Bond Loan Repayments of such Reserve Capacity Borrower. Prior to any such transfer described herein, investments held in the Debt Service Reserve Fund shall be liquidated to the extent necessary in order to provide for the transfer described herein.

(b) Whenever any Borrower that is not a Reserve Capacity Borrower and that is no longer paying the Interest Portion payable by said Borrower from the Capitalized Interest Account of the Debt Service Fund that is allocable to said Borrower, if applicable, has paid or prepaid its loan in full in accordance with all of the terms of its Loan Agreement (including, without limitation, obtaining the I-Bank's consent to any such prepayment, where applicable), the I-Bank shall notify the Trustee (i) of the I-Bank's consent to such prepayment, where applicable, and (ii) that the amount in the Debt Service Reserve Fund allocable to any such Borrower shall be transferred to the I-Bank for any of its lawful corporate purposes pursuant to the instructions of a Certificate of an Authorized Officer of the I-Bank. Prior to any such transfer described herein, investments held in the Debt Service Reserve Fund shall be liquidated to the extent necessary in order to provide for the transfer described herein.

6. Whenever the Trustee determines that the amount of money in the Debt Service Reserve Fund exceeds the Debt Service Reserve Requirement on September 1 on any valuation date, such excess money shall be transferred to the I-Bank for application by the I-Bank in accordance with the Act and any other applicable law for any of the I-Bank's corporate purposes allowed thereby.

7. Investment of the Debt Service Reserve Fund shall be valued every ten (10) years, at the market value thereof, exclusive of accrued interest. Notwithstanding anything to the contrary in Section 5.10 hereof, if a decline in the market value of securities on deposit in the Debt Service Reserve Fund causes the marked to market amount on deposit in the Debt Service Reserve Fund to be below the Debt Service Reserve Requirement, such deficiency shall be restored by retaining all or a portion of each Borrower's Allocable Share of Net Earnings thereon until the Debt Service Reserve Requirement has been met. When and to the extent market conditions change thereafter, any such retained Net Earnings (and not the corpus of the Debt Service Reserve Fund) not needed to satisfy the Debt Service Reserve Requirement shall be credited to the I-Bank Bond Loan Repayments of the Borrowers in accordance with their Allocable Share as set forth in Section 5.10 hereof. Investments purchased with funds on deposit in the Debt Service Reserve Fund shall have a term to maturity of not greater than ten (10) years.

**SECTION 5.08. General Fund.** On the first day of each Bond Year beginning September 1, 2018, the Trustee shall deposit in the SRF Account and non-SRF Account, as applicable, of the General Fund all moneys then remaining in the I-Bank Bond Loan Repayments Account within the Revenue Fund except for those moneys identified as credits under Section 5.10 hereof to be transferred to the Interest Account on the second day of such Bond Year; provided, however, that (i) to the extent such date is a valuation date, the moneys then on deposit in the Debt Service Reserve Fund shall be at least equal to the Debt Service Reserve Requirement, (ii) all transfers from the I-Bank Bond Loan Repayments Account within the Revenue Fund required pursuant to subsections (1), (2), (3) and (4) of Section 5.05 shall have been made, and (iii) all funds required to be on deposit in the Revenue Fund pursuant to Section 5.05(2) are on deposit in the Revenue Fund. Moneys on deposit in the General Fund that shall not be required to



be transferred to the Interest Account in the Debt Service Fund pursuant to Section 5.10 may be applied by the I-Bank, upon written requisition from the I-Bank to the Trustee, in accordance with the Act and, in the case of proceeds of the Series 2018B-1 Bonds, the Tax Certificate, for any of its corporate purposes. Such requisition shall state that the I-Bank is requesting such moneys pursuant to the provisions of this Section 5.08.

**SECTION 5.09. Moneys to Be Held in Trust.** All moneys required to be deposited with or paid to the Trustee or the Paying Agent for the account of any fund or account established under any provision of this Bond Resolution for the Bonds in accordance with this Bond Resolution, other than the Project Loan Account in the Project Fund, the Operating Expense Fund, and the Rebate Fund, shall be held by the Trustee or the Paying Agent, as the case may be, in trust for the Holders of the Bonds and shall constitute part of the Trust Estate while held by the Trustee or the Paying Agent; provided, however, that moneys deposited with or held by the Trustee or the Paying Agent for the redemption of Bonds on or after the redemption date of such Bonds, or for the payment of the Redemption Price of or interest on Bonds on or after the date on which such amounts shall have become due shall be held and applied solely for the redemption or payment of the Redemption Price of or the payment of the interest on such Bonds.

**SECTION 5.10. Investments.**

1. **Generally.** All moneys in any of the Funds and Accounts created under this Bond Resolution, other than the Operating Expense Fund and the Accounts established therein, shall be invested by the Trustee as directed by an Authorized Officer of the I-Bank in writing, subject to the further provisions of this Section. The Trustee may conclusively rely upon such written direction of an Authorized Officer of the I-Bank as to any and all investments and as to the compliance of any investments with the procurement and investment policies and procedures of the I-Bank. Moneys in the Operating Expense Fund shall be invested by the I-Bank in accordance with the provisions of this Section.

Moneys in all Funds and Accounts created under this Bond Resolution shall be invested in Investment Securities, the principal of and interest on which are payable not later than the dates on which it is estimated that such moneys will be required hereunder, provided, however, that the Project Fund and the Accounts established therein may be invested in the State of New Jersey Cash Management Fund or other similar common trust fund for which the New Jersey State Treasurer is the custodian, in addition to investment thereof in Investment Securities.

Investment Securities acquired as an investment of moneys in any Fund or Account created under this Bond Resolution shall be credited to such Fund or Account. For the purpose of determining the amount in any Fund or Account at any time in accordance with this Bond Resolution, all Investment Securities credited to such Fund or Account shall be valued at the lesser of amortized cost (exclusive of accrued interest) or fair market value; provided, however, that the Debt Service Reserve Fund shall be valued in compliance with the provisions of Section 5.07(7) hereof.

The Trustee may act as principal or agent in the acquisition or disposition of any Investment Securities. The Trustee shall exercise its best efforts to sell at the best price obtainable, or present for redemption, any Investment Securities to the credit of any Fund or Account created under this Bond Resolution, other than the Operating Expense Fund, the Accounts established therein and the Rebate Fund, whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from such Fund or Account, and the Trustee shall not be liable for any loss resulting from such necessary sale so made of such investments.

2. **Net Earnings on the Debt Service Reserve Fund During the Capitalized Interest Period.** Net Earnings from the investment of the Debt Service Reserve Fund during the capitalized interest period, if applicable, shall be applied as follows:

(a) **Borrowers that are Capitalizing Interest.** The Trustee shall transfer the amounts of Net Earnings from the investment of moneys in the Debt Service Reserve Fund, if and to the extent set forth in Section 2.03(7)(a) of this Bond Resolution, to the Capitalized Interest Account to be applied to the payment of a portion of the interest due on the Series 2018B-1 Bonds on such Interest Payment Date.

(b) **Borrowers that are not or are no Longer Capitalizing Interest.** To the extent applicable, the Trustee shall transfer the balance of the Net Earnings from the investment of moneys in the SRF and non-SRF portions of the Debt Service Reserve Fund, respectively, to the SRF Subaccount and the non-SRF Subaccount, as applicable, of the Interest Account in the Debt Service Fund and apply such amounts as credits against the Interest Portion of the I-Bank Bond Loan Repayment due on any such immediately succeeding Interest Payment Date from those Borrowers (being the Borrowers that are not or are no longer capitalizing interest during the capitalized interest period) in the percentages applicable to the Borrowers set forth on Schedule II-A (for SRF Borrowers) and Schedule II-B (for non-SRF Borrowers) attached hereto; provided, however: (i) no such Borrower shall receive such a credit pursuant to the terms hereof in the event that (A) an “Event of Default” has occurred, at any time prior to the date of determination of such credit (even if such “Event of Default” is not continuing as of the date of determination of such credit), pursuant to the terms of the Loan Agreement to which such Borrower is a party, or (B) the Loan of such Borrower is no longer outstanding pursuant to the terms of the Loan Agreement to which such Borrower is a party, in which case the credit that otherwise would have been allocated to such Borrower pursuant to either Schedule II-A (for SRF Borrowers) or Schedule II-B (for non-SRF Borrowers) attached hereto, as the case may be, shall not be allocated to such Borrower and, alternatively, shall be allocated to the remaining Borrowers in such Schedule, with the Allocable Share of each being determined pursuant to the definition of “Allocable Share” as set forth in Section 1.01 hereof as if (1) the Loan of the Borrower subject to the condition identified in clause (A) or (B) hereof is no longer outstanding pursuant to the terms of the Loan Agreement thereof, and (2) the Allocable Share is calculated on the date of determination of such credit; or (ii) if on any valuation date the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement other than as a result of any transfer required under Section 5.07 (to the extent applicable during the capitalized interest period), the Net Earnings on amounts on deposit in the Debt Service Reserve Fund shall be credited to and retained in the Debt Service Reserve Fund until the amount on deposit therein equals the Debt Service Reserve Requirement. The Trustee, simultaneously with each such transfer, shall notify the I-Bank in writing of all such Net Earnings so transferred. Such writings shall set forth the Net Earnings for each such fund or account created hereunder.

3. **Net Earnings on all Funds and Accounts Other than the Funds and Accounts not Subject to Transfer and Credit and Other than the Debt Service Reserve Fund During the Capitalized Interest Period.** Except as provided in the immediately preceding paragraph regarding the transfer of Net Earnings from the Debt Service Reserve Fund during the capitalized interest period, (i) all Net Earnings received in the first Bond Year from investment of moneys in any fund or account created hereunder, other than the Operating Expense Fund, the Rebate Fund, the Project Fund and the respective accounts established therein and the Capitalized Interest Account in the Debt Service Fund, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount as applicable, of the Interest Account in the Debt Service Fund on September 2, 2018; (ii) all Net Earnings received from September 2 through and including March 1 in any Bond Year thereafter from the investment of moneys in any fund or account created under this Bond Resolution, other than the funds and accounts excepted in (i) above, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount as applicable, of the Interest Account in the Debt Service Fund on March 2 of any such Bond Year; and (iii) all Net Earnings received from March 2 through and including September 1 of the next succeeding Bond Year from the investment of moneys in

any fund or account created under this Bond Resolution, other than the funds and accounts excepted in (i) and (ii) above, shall be deposited or retained in the SRF Subaccount and non-SRF Subaccount as applicable, of the Interest Account in the Debt Service Fund on September 2 of any such next succeeding Bond Year. Notwithstanding the foregoing, to the extent on any valuation date the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement other than as a result of any transfer required under Section 5.07, the Net Earnings on amounts on deposit in the Debt Service Reserve Fund shall be credited to and retained in the Debt Service Reserve Fund until the amount on deposit therein equals the Debt Service Reserve Requirement.

4. **Specific Borrower Credits.** The Trustee, simultaneously with each transfer contemplated by Section 5.10(2) and (3) hereof, shall notify the I-Bank in writing of all such Net Earnings so transferred. Such writings shall set forth the Net Earnings for each such fund or account created hereunder. The I-Bank will credit the Interest Portion of the immediately succeeding I-Bank Bond Loan Repayment due from a Borrower, and to the extent moneys are available therefor, the principal portion of such I-Bank Bond Loan Repayments, if any, with the Net Earnings allocable to said Borrower and notify the Borrower and the Trustee of such credit. The Net Earnings allocable to a Borrower shall be the sum of: (a) said Borrower's pro rata share of the Net Earnings derived in accordance with Section 5.10(3) hereof from the SRF or non-SRF Subaccounts or Accounts, as applicable, of the Interest Account, the Principal Account and the Redemption Account in the Debt Service Fund, the General Fund and the Revenue Fund (*i.e.*, all funds and accounts created hereunder other than (i) those funds and accounts listed in Section 5.05 hereof, the Net Earnings on which accounts are not subject to transfer and credit in favor of Borrower I-Bank Bond Loan Repayments and (ii) the Debt Service Reserve Fund, the Net Earnings on which are subject to transfer and credit during the capitalized interest period in accordance with Sections 5.10(2) and (4)(b) during the capitalized interest period and Sections 5.10(3), 4(c) and 4(d) for all other periods) in any Bond Year commencing on or after September 1, 2018, which pro rata share shall be equal to the product of: (i) such Net Earnings so derived from the SRF or non-SRF accounts of such funds or accounts, as applicable and (ii) said Borrower's Allocable Share (as determined pursuant to Schedule I-A attached hereto); (b) during the capitalized interest period, to the extent applicable, said Borrower's Net Earnings derived from the SRF or non-SRF Account, as applicable, of the Debt Service Reserve Fund as set forth in Section 5.10(2) (a) (for Borrowers that are capitalizing interest) and 5.10(2)(b) for Borrowers that are not or are no longer capitalizing interest hereof; (c) after the capitalized interest period for SRF Borrowers, said Borrower's pro rata share of the Net Earnings derived from the SRF Account of the Debt Service Reserve Fund in any Bond Year, which pro rata share shall be equal to the product of (i) such Net Earnings and (ii) a fraction, the numerator of which shall equal the product of the amount of said Borrower's Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule I-A attached hereto) times the Debt Service Reserve Requirement attributable to all SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all SRF Borrowers less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such SRF Borrowers which have not been repaid as of the last day of such Bond Year; and (d) after the capitalized interest period for non-SRF Borrowers, said Borrower's pro rata share of the Net Earnings derived from the non-SRF Account of the Debt Service Reserve Fund in any Bond Year, which pro rata share shall be equal to the product of (i) such Net Earnings and (ii) a fraction, the numerator of which shall equal the product of the amount of said Borrower's Allocable Share of the Debt Service Reserve Fund (as determined pursuant to Schedule I-A attached hereto) times the Debt Service Reserve Requirement attributable to all non-SRF Borrowers, less all transfers made by the Trustee in accordance with the provisions of Section 5.07 as of the last day of such Bond Year attributable to such Borrower, and the denominator of which shall equal the Debt Service Reserve Requirement attributable to all non-SRF Borrowers less the aggregate amount of all transfers from the Debt Service Reserve Fund on behalf of all such non-SRF Borrowers which have not been repaid as of the last day of such Bond Year. Provided, however (with respect to (c) and (d) above), that during any valuation date in which the amount on deposit

in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement other than as a result of any transfer required under Section 5.07, the Net Earnings on amounts on deposit in the Debt Service Reserve Fund shall be credited to and retained in the Debt Service Reserve Fund until the amount on deposit therein equals the Debt Service Reserve Requirement.

To the extent that an Authorized Officer of the I-Bank advises the Trustee in writing that the I-Bank has determined that the aggregate Net Earnings in all Funds and Accounts allocable to any individual Borrower on a given Interest Payment Date, as calculated by the I-Bank pursuant to this subsection, are less than the lesser of (I) one-twelfth (1/12) of the I-Bank Bond Loan Repayments due from such Borrower during the immediately preceding Bond Year and (II) \$1,000, such Net Earnings shall be retained in the Debt Service Fund, unless directed otherwise by an Authorized Officer of the I-Bank, and shall be credited to the I-Bank Bond Loan Repayment of such Borrower in accordance with this paragraph on the next succeeding Interest Payment Date. Furthermore, to the extent that an Authorized Officer of the I-Bank advises the Trustee in writing, the calculation pursuant to this subsection by the I-Bank of the aggregate Net Earnings in all Funds and Accounts allocable to any individual Borrower on a given Interest Payment Date need not be performed and, in such case, such Net Earnings shall be retained in the Debt Service Fund, unless directed otherwise by an Authorized Officer of the I-Bank, and shall be credited to the I-Bank Bond Loan Repayment of such Borrowers in accordance with this subsection on the next succeeding Interest Payment Date.

5. **Earnings on Funds and Accounts Not Subject to Transfer and Credit.** All Net Earnings from the investment of moneys in the Project Loan Accounts, the Capitalized Interest Account, the Rebate Fund, the Revenue Fund and the Operating Expense Fund shall be retained in and treated as part of such fund or accounts and applied in accordance with the Sections of this Bond Resolution governing such funds or accounts.

6. **Rebate Fund.** The I-Bank may withdraw and utilize earnings in any fund or account other than the Interest Account and the Principal Account in the Debt Service Fund to pay into the Rebate Fund held by the I-Bank any amounts desired by the I-Bank or required pursuant to the Code to be set aside for rebate or to satisfy a yield restriction requirement to the Internal Revenue Service, as outlined in the Tax Certificate or any letter of instructions referred to in Section 8.06(2) hereof; provided, however, that to the extent any such moneys and investment earnings thereon on deposit in the Rebate Fund shall not be needed for such purposes at the times so outlined, all or a portion of such moneys may be transferred by the Trustee to the General Fund upon the Trustee's receipt of written instructions from the I-Bank to such effect. The I-Bank shall submit to the Trustee a certificate specifying the funds or accounts and the amount of earnings to be withdrawn for such purposes, and the Trustee shall be entitled to rely on each such certificate in making payments to the I-Bank.

## ARTICLE VI

### LOANS

**SECTION 6.01. Terms and Conditions of Loans.** The I-Bank shall make Loans to Borrowers for the purpose of paying a portion of the Costs of the Borrowers' Projects from moneys available therefor in the applicable Project Loan Accounts in the Project Fund, and shall enter into Loan Agreements, in the manner, on the terms and conditions and upon submission of the documents required by this Article VI, and not otherwise.

**SECTION 6.02. Form of Loan Agreement.** The Loan Agreements shall be substantially in the form of Exhibit A hereto, with such changes therein as shall be approved by the I-Bank, as evidenced by the execution thereof by an Authorized Officer of the I-Bank; provided, however, that the Loans and the Loan Agreements shall in any event conform in all material respects to the provisions of this Article VI.

**SECTION 6.03. Restrictions on Loans.** No Loan may be made to reimburse a Borrower for all or a portion of the Cost of a Borrower's Project, or to refinance indebtedness or reimburse the Borrower for the repayment of indebtedness previously incurred by such Borrower to finance all or a portion of the Cost of such Borrower's Project, unless the Borrower shall deliver to the I-Bank and the Trustee an opinion of Bond Counsel approved by the I-Bank, in form and substance satisfactory to the I-Bank, to the effect that such reimbursement or refinancing will not adversely affect the exclusion from gross income for federal income tax purposes of interest paid on the Bonds.

**SECTION 6.04. Loan Closing Submissions.** Prior to or at each Loan Closing of a Loan, the I-Bank and the Trustee shall have received the following documents from the Borrower receiving the Loan, failing the receipt of all of which a Borrower shall not be considered a Borrower for purposes of this Bond Resolution:

- (a) an opinion or opinions of the Borrower's Counsel substantially in the form set forth in Exhibit E to the form of Loan Agreement; provided, however, that the I-Bank may permit variances in such opinion from the form or substance of such Exhibit E, if such variances are not to the material detriment of the interests of the Bondholders;
- (b) counterparts of the Loan Agreement executed by the parties thereto designating, among other things, SRF or non-SRF status and any other relevant term contemplated by Section 1.03 hereof;
- (c) the bond evidencing the payment obligations of the Borrower under such Loan Agreement, duly executed, authenticated and delivered by such Borrower and endorsed by the I-Bank to the Trustee;
- (d) the opinion required by Section 6.03 hereof, if applicable;
- (e) copies of the resolutions or ordinances of the governing body of the Borrower authorizing the execution and delivery of such Loan Agreement and bond, certified by an Authorized Officer of the Borrower;
- (f) an opinion of Counsel to the I-Bank that the Borrower's Project constitutes a "Project" within the meaning of the Act and that the financing thereof by the I-Bank is permissible under the Act and Section 6.01 of this Resolution; and

(g) such other certificates, documents, opinions and information as the I-Bank or the Trustee may require.

All opinions and certificates required under this Section shall be dated the date of the Loan Closing and all such opinions shall be addressed, at a minimum, to the I-Bank and the Trustee.

**SECTION 6.05. I-Bank Bond Loan Repayments.** With respect to the Loans made from the proceeds of any Series of Bonds, the I-Bank shall establish I-Bank Bond Loan Repayments under the Applicable Loan Agreements in such amounts which, together with any amounts available and required to be treated as credits under this Bond Resolution, shall be sufficient to pay the principal of, prepayment premium, if any, and interest on such Series of Bonds as the same become due and payable.

**SECTION 6.06. Continuing Disclosure.** Prior to each Loan Closing with respect to a Loan, the I-Bank, pursuant to the sole discretion of an Authorized Officer of the I-Bank, in consultation with Bond Counsel, general counsel and other appropriate advisors to the I-Bank, shall determine if any Borrower is a material “obligated person” within the meaning and for the purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto (“Rule 15c2-12”), based upon the following criteria hereby established as the means of satisfying the meaning and purposes of Rule 15c2-12: Borrowers shall be considered to be material “obligated persons” if their remaining Fund Loan (unless defined in this Section 6.06, capitalized terms not defined in this Bond Resolution and used in this Section 6.06 shall have the respective meanings ascribed to such terms in the Master Program Trust Agreement) repayments in all Coverage Providing Financing Programs, when aggregated with such Borrower’s I-Bank Loan repayments, if any, in respect of the Bonds, exceed ten percent (10%) of the sum of (i) the aggregate of all remaining Fund Loan repayments from all Borrowers in all Coverage Providing Financing Programs and (ii) the aggregate of all remaining I-Bank Loan repayments from all Borrowers.

To the extent any Borrowers that have been determined to be material “obligated persons” within the meaning and for the purposes of Rule 15c2-12 have entered into Service Agreements with Underlying Government Units and if any such Underlying Government Units have entered into Service Agreements with Indirect Underlying Government Units (as such terms are defined in the Loan Agreements) whereby annual charges or indirect annual charges, as the case may be, materially secure the I-Bank Bond Loan Repayments of any such Borrowers, any such Underlying Government Unit and Indirect Underlying Government Unit shall also be considered material “obligated persons” within the meaning and for the purposes of Rule 15c2-12.

Any Borrower determined to be a material “obligated person” based upon the criteria set forth herein shall be required to enter into a Continuing Disclosure Agreement, with a term as specified therein, by and among such Borrower, the I-Bank and the Trustee, substantially in the form attached hereto as Exhibit H to Exhibit A, Exhibit B or Exhibit C, as the case may be, with such changes therein as shall be approved by the I-Bank, as evidenced by the execution thereof by an Authorized Officer of the I-Bank.

The I-Bank hereby determines that it is not an “obligated person”. Nevertheless, the I-Bank hereby covenants to provide notice of Bond Disclosure Events (as defined in the Continuing Disclosure Agreement), if material, with respect to the Series 2018B-1 Bonds to each Nationally Recognized Municipal Securities Information Repository recognized by the SEC or to the Municipal Securities Rulemaking Board and the State Information Depository, if any, recognized by the SEC.

The I-Bank hereby determines that the Series 2018B-1 Financing Program relating to the Series 2018B-1 Bonds is an “obligated person”, and shall be required to enter into a Continuing Disclosure Agreement, with a term as specified therein, by and among the I-Bank, the Trustee and the Master Program

Trustee, substantially in the form attached hereto as Exhibit E, with such changes therein as shall be approved by the I-Bank, as evidenced by the execution thereof by an Authorized Officer of the I-Bank.

Notwithstanding any provision to the contrary in Article XI hereof, the I-Bank may amend or supplement this Section 6.06 to comply with any amendment, supplement, modification, termination or other change to Rule 15c2-12.

## ARTICLE VII

### ADDITIONAL PROVISIONS RELATING TO LOANS

#### **SECTION 7.01. Reserved.**

**SECTION 7.02. Defaults.** The Trustee shall notify the I-Bank of its failure to receive any I-Bank Bond Loan Repayment, if any, of a Borrower due under any Loan Agreement and of any other event of default under such Loan Agreement known to the Trustee.

The Trustee shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms and conditions of all Loan Agreements, including (without limitation) the prompt payment of all I-Bank Bond Loan Repayments and all other amounts due the I-Bank, and the observance and performance of all duties, covenants, obligations and agreements, thereunder; provided, however, that the Trustee shall not accelerate the payment of amounts due under any Loan Agreement following any event of default thereunder (other than any event of default which shall automatically accelerate such payment under the Loan Agreements), unless the Trustee shall have given the I-Bank thirty (30) days' written notice of the occurrence of such event of default and shall have afforded the I-Bank the opportunity to cause such event of default to be cured during the 30-day period following receipt by the I-Bank of such notice.

The Trustee shall not release the duties, covenants, obligations or agreements of any Borrower under any Loan Agreement and shall at all times, to the extent permitted by law, defend, enforce, preserve and protect the rights and privileges of the I-Bank and the Holders under or with respect to each Loan Agreement; provided, however, that this provision shall not be construed to prevent the Trustee (with the written consent of the I-Bank) from settling a default under any Loan Agreement on such terms as the Trustee shall determine to be in the best interests of the I-Bank and the Holders. The I-Bank hereby appoints the Trustee its agent and attorney-in-fact for purposes of enforcing all rights, title and interests of the I-Bank under the Loan Agreements, except for the enforcement of all rights, title and interests of the I-Bank relating to the payment by the Borrower of the Administrative Fee and otherwise, subject to the provisions of this Section.

**SECTION 7.03. Termination of Loan Agreements.** Upon the payment in full of all amounts due under a Loan Agreement, the I-Bank shall cancel the obligation of the Borrower evidenced by such Loan Agreement and terminate and release all security interests and liens created under such Loan Agreement and the I-Bank and the Trustee shall take any other action required of the I-Bank or the Trustee in such Loan Agreement in connection with such cancellation, termination and release, including (without limitation) the execution of all relevant documents in connection with such actions.

**SECTION 7.04. Loan Files.** After each Loan Closing, the Trustee shall retain all the documents received by it pursuant to Article VI hereof in connection with such Loan Closing or in connection with the Loan made at such Loan Closing in a file pertaining to such Loan, to which file the Trustee shall from time to time add (i) all records and other documents pertaining to disbursements of amounts to the Borrower under the Loan Agreement and to Loan Repayments and other amounts received by the Trustee under such Loan Agreement and (ii) all communications from or received by the Trustee with respect to such Loan. Such file shall be kept at the Principal Office of the Trustee and shall be available for inspection by the I-Bank and its agents at reasonable times and under reasonable circumstances.

**SECTION 7.05. Trustee's Obligations.** The Trustee shall observe and perform all duties, covenants, obligations and agreements of the I-Bank under each Loan Agreement to the extent specified herein.



## ARTICLE VIII

### GENERAL COVENANTS

**SECTION 8.01. Payment of Bonds.** The I-Bank shall pay or cause to be paid the principal or Redemption Price of and interest on every Bond of each Series on the date, at the place and in the manner provided herein, in the Applicable Supplemental Resolution and in such Bonds, according to the true intent and meaning thereof; provided, however, that the Bonds of each Series are special obligations of the I-Bank, the principal or Redemption Price of and interest on which are payable by the I-Bank solely from the Trust Estate.

The Bonds of each Series shall not be payable from the general funds of the I-Bank and shall not constitute a legal or equitable pledge of, or lien or encumbrance upon, any of the assets or property of the I-Bank or upon any of its income, receipts or revenues, except as provided in this Bond Resolution. The full faith and credit of the I-Bank are not pledged, either expressly or by implication, to the payment of the Bonds. The I-Bank has no taxing power and has no claim on any revenues or receipts of the State of New Jersey or any agency or political subdivision thereof or any Borrower except as expressly provided in a Borrower's Loan Agreement.

**SECTION 8.02. Observance and Performance of Duties, Covenants, Obligations and Agreements; Representations as to Authorization and Validity of Bonds.** The I-Bank shall faithfully observe and perform at all times all of its duties, covenants, obligations and agreements contained in the Loan Agreements or in any Bond executed, authenticated and delivered under this Bond Resolution and any Supplemental Resolution or in any proceedings of the I-Bank pertaining thereto.

The I-Bank represents and covenants that: (i) it is duly authorized under the Constitution and laws of the State of New Jersey, particularly the Act, to issue the Bonds of each Series, to enter into the Loan Agreements and the Master Program Trust Agreement and to pledge the Trust Estate in the manner and to the extent set forth in this Bond Resolution and as shall be set forth in any Supplemental Resolution; (ii) all action on its part for the issuance of the Bonds of each Series will be duly and effectively taken; and (iii) the Bonds of each Series in the hands of the Holders thereof will be valid and binding special obligations of the I-Bank enforceable according to their terms.

**SECTION 8.03. Liens, Encumbrances and Charges.** The I-Bank shall not create or cause to be created and shall not suffer to exist, any lien, encumbrance or charge upon the Trust Estate except the pledge, lien and charge created for the security of Holders of the Bonds. To the extent Revenues are received, the I-Bank will cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands that if unpaid might by law become a lien upon the Trust Estate; provided, however, that nothing contained in this Section shall require the I-Bank to pay or cause to be discharged, or make provision for, any such lien, encumbrance or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

So long as Bonds of any Series shall be Outstanding, the I-Bank shall not issue any bonds, notes or other evidences of indebtedness, other than such Bonds, secured by any pledge of or other lien or charge on the Trust Estate. Notwithstanding the foregoing, the I-Bank may issue future series of bonds, notes or other evidences of indebtedness that have an interest in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement. Nothing in this Bond Resolution is intended to or shall affect the right of the I-Bank to issue bonds, notes and other obligations under other resolutions or indentures for any of its other purposes.

**SECTION 8.04. Accounts and Audits.** The I-Bank shall keep, or cause to be kept, proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Loans, this Bond Resolution and any Supplemental Resolution, which books and accounts (at reasonable hours and subject to the reasonable rules and regulations of the I-Bank) shall be subject to the inspection of the Trustee and any Holder of any Bonds or their agents or representatives duly authorized in writing. The I-Bank shall cause such books and accounts to be audited annually by a nationally recognized independent certified public accountant selected by the I-Bank. Annually, not later than December 1 of each year with respect to the fiscal year of the I-Bank ended on the immediately preceding June 30, a signed copy of such report shall be furnished by the I-Bank to the Trustee. Such report shall include at least: (i) a statement of all funds and accounts (including investments thereof) held by the Master Program Trustee pursuant to the provisions of the Master Program Trust Agreement; (ii) a statement of the Revenues, Administrative Fees and State Administrative Fees collected in connection with this Bond Resolution; and (iii) a statement whether the balance in the Debt Service Reserve Fund meets the Debt Service Reserve Requirement established under this Bond Resolution. The Trustee has no obligation to review the contents of such report, shall not be deemed to have knowledge of its contents, and shall receive and hold such report solely for the convenience of the Holders.

**SECTION 8.05. Further Assurances.** The I-Bank will pass, make, do, execute, acknowledge and deliver any and all such further resolutions, indentures, actions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Bond Resolution and for the better assuring and confirming unto the Holders of Bonds the rights and benefits provided in this Bond Resolution, including exercising its State aid intercept powers pursuant to the Act.

**SECTION 8.06. Tax Rebate.**

1. In connection with the issuance of any Series of Bonds an Authorized Officer of the I-Bank is authorized to execute on behalf of the I-Bank a Certificate as to arbitrage (including the Tax Certificate), a letter of instructions as to certain requirements of the Code, or any similar documents relating to the characterization of such Series of Bonds as not being “arbitrage bonds” within the meaning of Sections 103(a)(2) and 148 of the Code.

2. Any amounts required to be set aside for rebate or to satisfy a yield restriction requirement to the Internal Revenue Service pursuant to any letter of instructions or certificate as to arbitrage shall be considered a loss for purposes of determining “Net Earnings” pursuant to Section 5.10 hereof.

**SECTION 8.07. Application of Loan Prepayments.** Upon the prepayment, in whole or in part, of any Loan, the I-Bank shall elect to apply such prepayment proceeds either (i) to the redemption of Bonds on the next succeeding call date in accordance with Article IV, or (ii) to the payment of Bonds in accordance with Section 12.01. The I-Bank may only consent to Loan prepayments pursuant to the Loan Agreements if it simultaneously delivers to the Trustee (i) a certificate of an independent public accountant demonstrating that the aggregate I-Bank Bond Loan Repayments due pursuant to the Loan Agreements after such prepayment shall be sufficient to pay when due the principal of and interest on all Bonds outstanding after giving effect to the I-Bank’s election required in the immediately preceding sentence, and (ii) irrevocable instructions to effectuate such election regarding the application of prepayment proceeds. The I-Bank shall give notice to Fitch Ratings, Inc., Standard & Poor’s Corporation and Moody’s Investors Service, Inc. of any such Loan prepayments and its application of the proceeds thereof. The posting of any such notice to the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board shall constitute notice to Fitch Ratings, Inc., Standard & Poor’s Corporation and Moody’s Investors Service, Inc. for purposes of this paragraph.

## ARTICLE IX

### DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

**SECTION 9.01. Defaults; Events of Default.** If any of the following events occurs, it is hereby defined as and declared to be and to constitute an “Event of Default” for the Bonds of all Series then Outstanding:

- (a) default in the due and punctual payment of any interest on any Bond; or
- (b) default in the due and punctual payment of the principal or Redemption Price of any Bond whether at the stated maturity thereof or on any date fixed for the redemption of such Bond; or
- (c) if (i) the I-Bank shall be adjudicated a bankrupt or become subject to an order for relief under federal bankruptcy law, (ii) the I-Bank shall institute a proceeding seeking an order for relief under federal bankruptcy law or seeking to be adjudicated a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or all of its debts under New Jersey bankruptcy or insolvency law, (iii) with the consent of the I-Bank, there shall be appointed a receiver, liquidator or similar official for the I-Bank under federal bankruptcy law or under New Jersey bankruptcy or insolvency law, or (iv) without the application, approval or consent of the I-Bank, a receiver, trustee, liquidator or similar official shall be appointed for the I-Bank under federal bankruptcy law or under New Jersey bankruptcy or insolvency law, or a proceeding described in clause (ii) above shall be instituted against the I-Bank and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) consecutive days; or
- (d) if (i) the I-Bank shall make an assignment for the benefit of creditors, (ii) the I-Bank shall apply for or seek the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (iii) the I-Bank shall fail to file an answer or other pleading denying the material allegations of any proceeding filed against it described under clause (ii) of paragraph (c) of this Section, (iv) the I-Bank shall take any action to authorize or implement any of the actions set forth in paragraph (c) or (d) of this Section, (v) the I-Bank shall fail to contest in good faith any appointment or proceeding described in paragraph (c) or (d) of this Section or (vi) without the application, or approval or consent of the I-Bank, a receiver, trustee, examiner, liquidator or similar official shall be appointed for any substantial part of the I-Bank’s property and such appointment shall continue undischarged or such proceedings shall continue undismissed or unstayed for a period of sixty (60) consecutive days; or
- (e) the I-Bank shall default in the performance or observance of any other of the duties, covenants, obligations, agreements or conditions on the part of the I-Bank to be performed or observed under this Bond Resolution or the Bonds of each Series, which default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall be given to the I-Bank by the Trustee or the Bondholders in accordance with Section 9.10 hereof.

**SECTION 9.02. Acceleration of Bonds; Remedies.** If an Event of Default described in Section 9.01 shall occur for any Series of Bonds, the Trustee may, and at the written request of the Holders of a majority in aggregate principal amount of the Outstanding Bonds shall, by telephonic notice to the I-Bank (promptly confirmed in writing) declare the principal of all Bonds then Outstanding to be due and payable; provided, however, that before making such declaration, the Trustee shall give thirty (30) days’ notice to the I-Bank. Upon any such declaration, the Trustee shall forthwith give notice thereof to the Borrowers and the Paying Agents.

At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such Event of Default, or before the completion of the enforcement of any other remedy under this Bond Resolution, the Trustee, by written notice to the I-Bank, may annul such declaration and its consequences if: (i) moneys shall have accumulated in the Interest Account and the Principal Account in the Debt Service Fund sufficient to pay all arrears of interest, if any, upon all of the Outstanding Bonds (except the interest accrued on such Bonds since the last Interest Payment Date) and the principal then due on all Bonds (except the principal on any such Bonds due solely as a result of any such declaration of acceleration); (ii) moneys shall have accumulated and be available sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; and (iii) every other default known to the Trustee in the observance or performance of any duty, covenant, obligation, condition or agreement contained in the Bonds or in this Bond Resolution, shall have been remedied to the satisfaction of the Trustee; provided, however, that such declaration may be annulled only with the written consent of the Holders of a majority in aggregate principal amount of the Bonds Outstanding and not then due by their terms. No such annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Upon the occurrence of an Event of Default, the Trustee shall also have the following rights and remedies:

(a) the Trustee shall, at the direction of the Holders of a majority in aggregate principal amount of the Outstanding Bonds, and upon being indemnified to its reasonable satisfaction, pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on the Bonds then Outstanding, including (without limitation) the right (to the extent legally enforceable) to, by written notice to the I-Bank, declare the principal of the bonds then outstanding to be due and payable of any Borrower whose actions have directly or indirectly caused any such Event of Default and including the enforcement of any other rights of the I-Bank or the Trustee under the Loan Agreements;

(b) the Trustee by action or suit in equity may require the I-Bank to account as if it were the trustee of an express trust for the Holders of Bonds and may take such action with respect to the Loan Agreements as the Trustee deems necessary or appropriate and in the best interest of the Holders of Bonds, subject to the terms of such Loan Agreements; and

(c) upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Holders of Bonds under this Bond Resolution, the Trustee will be entitled as a matter of right to the appointment of a receiver or receivers of the Trust Estate and the issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

If an Event of Default shall have occurred with respect to any Bonds, and if requested so to do by the Holders of a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to its reasonable satisfaction therefor, the Trustee shall be obligated to exercise such one or more of the rights, remedies and powers conferred by this Section as the Trustee shall deem most expedient in the interests of the Holders of Bonds.

No right or remedy by the terms of this Bond Resolution conferred upon or reserved to the Trustee (or to the Holders of Bonds) is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given to Trustee or to such Holders hereunder or now or hereafter existing at law or in equity or by statute other than pursuant to the Act. The assertion or employment of any right or remedy shall not prevent the concurrent or subsequent assertion or employment of any other right or remedy.

No delay or omission to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Holders of any Bonds in default, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

**SECTION 9.03. Right of Holders of a Series of Bonds to Direct Proceedings.** Anything in this Bond Resolution to the contrary notwithstanding, but subject to Section 9.07 hereof, the Holders of a majority in aggregate principal amount of Bonds in default then Outstanding shall have the right at any time during the continuance of an Event of Default of such Bonds, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Bond Resolution, or for the appointment of a receiver or any other proceedings hereunder; provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of this Bond Resolution.

**SECTION 9.04. Reserved.**

**SECTION 9.05. Application of Moneys.** All moneys received by the Trustee pursuant to any right or remedy given or action taken under the provisions of this Article upon any acceleration of the due date for the payment of the principal of and interest on the Bonds in default (including, without limitation, moneys received by virtue of action taken under provisions of any Loan Agreement, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee (including reasonable attorney fees) and any other moneys owed to the Trustee in connection with such Bonds hereunder), shall be applied, first, to the payment of the interest then due and unpaid upon the Bonds in default and, second, to the payment of the principal then due and unpaid upon the Bonds in default, to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond in default until such obligation shall be presented to the Trustee for appropriate endorsement or for cancellation (as the case may be).

**SECTION 9.06. Remedies Vested in Trustee.** All rights of action (including, without limitation, the right to file proofs of claims) under this Bond Resolution or under any of the Bonds in default may be enforced by the Trustee without possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee for the equal and ratable benefit of the Holders of all the Outstanding Bonds without the necessary of joining as plaintiffs or defendants any Holders of such Bonds.

**SECTION 9.07. Rights and Remedies of Holders of Bonds.** No Holder of Bonds then Outstanding in default shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Bond Resolution or for the execution of any trust hereof or for the appointment of

a receiver or any other remedy hereunder, unless (a) an Event of Default shall have occurred, (b) the owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the remedies hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) the Holders shall have offered to the Trustee reasonable indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused, or for sixty (60) days after receipt of such request and offer of indemnification shall have failed to exercise the remedies hereinbefore granted, or to institute such action, suit or proceeding in its own name, and such request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Bond Resolution, and to any action or cause of action for the enforcement of this Bond Resolution, or for the appointment of a receiver or for any other remedy hereunder. It is understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Bond Resolution by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the Holders of all Bonds then Outstanding; provided, however, that nothing contained in this Bond Resolution shall affect or impair the right of the Holder of any Bond to enforce the payment of the principal or Redemption Price of and interest on such Bond at and after the maturity thereof, or the obligation of the I-Bank to pay the principal or Redemption Price of and interest on each of the Bonds issued hereunder to the respective Holders thereof at the time and place, from the source and in the manner expressed in the Bonds and in this Bond Resolution and the Applicable Supplemental Resolution.

**SECTION 9.08. Termination of Proceedings.** In case the Trustee or a Holder of a Bond in default shall have proceeded to enforce any right under this Bond Resolution by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or such Holder, then and in every such case the I-Bank, the Trustee and the Holders of Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee and the Holders shall continue as if no such proceedings have been taken.

**SECTION 9.09. Waivers of Events of Default.** The Trustee may and, upon the written request of the Holders of not less than 25% in aggregate principal amount of all Bonds in default then Outstanding, shall waive any Event of Default which in its opinion shall have been remedied before the completion of the enforcement of any remedy under this Bond Resolution; but no such waiver shall extend to any subsequent or other Event of Default, or impair any rights consequent thereon.

**SECTION 9.10. Notice of Certain Defaults; Opportunity of I-Bank to Cure Defaults.** Anything herein to the contrary notwithstanding, no Default under Section 9.01(e) hereof shall constitute an Event of Default until actual notice of such Default shall be given to the I-Bank by registered or certified mail by the Trustee or by the Holders of a majority in aggregate principal amount of all Bonds then Outstanding and the I-Bank shall not have corrected the Default or caused the Default to be corrected within thirty (30) days following the giving of such notice; provided, however, that if the Default be such that it is correctable but cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the I-Bank within the applicable period and diligently pursued until the Default is corrected.

The I-Bank hereby grants to the Trustee full authority for the account of the I-Bank to observe or perform any duty, covenant, obligation or agreement alleged in any alleged Default concerning which notice is given to the I-Bank under the provisions of this Section in the name and stead of the I-Bank with full power to do any and all things and acts to the same extent that the I-Bank could do and perform any such things and acts and with power of substitution.

## **ARTICLE X**

### **FIDUCIARIES**

**SECTION 10.01. Appointments, Duties, Immunities and Liabilities of Trustee.** ZB, National Association d/b/a Zions Bank and any successors and assigns thereto, has been appointed as Trustee by the I-Bank. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Bond Resolution and all other agreements with the I-Bank, including, without limitation, the Master Program Trust Agreement, by executing and delivering to the I-Bank a written acceptance thereof, and by executing such acceptance the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Bonds thereafter to be validly issued, but only, however, upon the terms and conditions set forth in this Bond Resolution and all other agreements with the I-Bank, including, without limitation, the Master Program Trust Agreement.

#### **SECTION 10.02. Paying Agents; Appointments.**

1. The Trustee is hereby appointed Paying Agent and shall also act as registrar for the Series 2018B-1 Bonds. The I-Bank shall appoint one or more Paying Agents for the Bonds of each additional Series, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 10.13 for a successor Paying Agent. There shall be no limitation upon the ability of the I-Bank to appoint the Trustee to serve as a Paying Agent, provided that the Trustee otherwise satisfies the qualifications set forth herein (including, without limitation and as applicable, the qualifications set forth in Section 10.13 for a successor Paying Agent) that are applicable to a Paying Agent.

2. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Bond Resolution by executing and delivering to the I-Bank and to the Trustee a written acceptance thereof.

3. Unless otherwise provided, the principal corporate trust offices of the Paying Agents are designated as the respective offices or agencies of the I-Bank for the payment of the interest on and principal or Redemption Price of the Bonds.

4. The I-Bank may enter into agreements with any Paying Agent providing for the payment to the I-Bank of amounts in respect of interest earned on moneys held by such Paying Agent for the payment of principal or Redemption Price of and interest on Bonds. Any such payments to the I-Bank shall be deposited in the I-Bank Bond Loan Repayments Account within the Revenue Fund and applied as Revenues.

#### **SECTION 10.03. Responsibilities of Fiduciaries.**

1. The recitals of fact contained herein and in the Bonds shall be taken as the statements of the I-Bank and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representation as to the validity or sufficiency of this Bond Resolution or of any Bonds issued thereunder or as to the security afforded by this Bond Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its authentication certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the I-Bank or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified to its satisfaction. Subject to the provisions of subsection 2 of this Section 10.03, no Fiduciary shall be liable in

connection with the observance and performance of its duties and obligations hereunder except for its own negligence or misconduct.

2. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and obligations and only such duties and obligations as are specifically set forth in this Bond Resolution. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers invested in it by this Bond Resolution, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of this Bond Resolution relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 10.03.

#### **SECTION 10.04. Evidence Upon Which Fiduciaries May Act.**

1. Each Fiduciary, upon receipt of any notice, Supplemental Resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Bond Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Bond Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with Counsel, who may or may not be counsel to the I-Bank, and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Bond Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Bond Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of an Authorized Officer of the I-Bank, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Bond Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

3. Except as otherwise expressly provided in this Bond Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the I-Bank to any Fiduciary shall be sufficiently executed in the name of the I-Bank by an Authorized Officer of the I-Bank.

**SECTION 10.05. Compensation.** The I-Bank shall pay each Fiduciary from time to time reasonable compensation for all services rendered under this Bond Resolution, including in that limitation the services rendered pursuant to Section 12.01, and also all reasonable expenses incurred in and about the performance of their powers and duties under this Bond Resolution and each Fiduciary shall have a lien therefor on any and all funds and accounts at any time held by it under this Bond Resolution, other than the Project Loan Account in the Project Fund. Subject to the provisions of Section 10.03, the I-Bank further agrees to indemnify and save each Fiduciary harmless against any losses, liabilities and expenses (including reasonable legal fees) which it may incur in the exercise and performance of its powers, duties and obligations hereunder, other than losses, liabilities and expenses (including legal fees) attributable to the negligence, bad faith, breach of contract or misconduct of the Fiduciary, arising out of or as a result of the Fiduciary performing its obligations under this Bond Resolution or undertaking any transaction contemplated by this Bond Resolution; provided, however, that the foregoing is subject to the limitations of the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:2-1 *et seq.* and the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 *et seq.*



Each Fiduciary agrees as follows:

1. The Fiduciary shall give the I-Bank prompt notice in writing of any actual or potential claim described above and the institution of any suit or action;
2. The Fiduciary shall not adjust, settle or compromise any such claim, suit or action without the approval of I-Bank; and
3. The Fiduciary shall permit the I-Bank, if the I-Bank so chooses, to assume full control of the adjustment settlement, compromise or defense of each such claim, suit or action.

While the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1 *et seq.*, is not applicable by its terms to claims arising under contracts with the I-Bank, each Fiduciary agrees that such statute (except N.J.S.A. 59:13-9) shall be applicable to all claims against the I-Bank arising under this Section 10.05.

The indemnification provided in this Section 10.05 does not apply or extend to any indemnification given by a Fiduciary to any other person.

**SECTION 10.06. Certain Permitted Acts.** Any Fiduciary may become the Holder of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Bond Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

**SECTION 10.07. Resignation of Trustee.** The Trustee may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving not less than one hundred twenty (120) days' written notice to the I-Bank, and mailing notice thereof to the Holders of the Bonds then Outstanding, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the I-Bank or the Bondholders as provided in Section 10.09, in which event such resignation shall take effect immediately on the appointment of such successor, or unless a successor shall not have been appointed by the I-Bank or the Bondholders as provided in Section 10.09 on that date, in which event such resignation shall not take effect until a successor is appointed.

**SECTION 10.08. Removal of Trustee.** The Trustee may be removed at any time: (i) by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the I-Bank, (ii) so long as no Event of Default, or any event which, with notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing, for just cause by a resolution of the I-Bank filed with the Trustee, (iii) upon a determination by the I-Bank, in its sole discretion, that the compensation charged by the Trustee is excessive for the duties, obligations and other services to be performed by the Trustee pursuant to this Bond Resolution, such determination by the I-Bank to be established by a resolution adopted by the I-Bank and filed with the Trustee no less than 30 days prior to the effective date of such termination, or (iv) for any reason to be determined by the I-Bank, in its sole discretion, and without any requirement that just cause be demonstrated, such determination by the I-Bank to be established by a resolution adopted by the I-Bank and filed with the Trustee no less than 30 days prior to the effective date of such termination, provided, however, that the provisions of this clause (iv) shall not be implemented by the I-Bank more frequently

than once every fifth year. Notwithstanding any other provision in this Article X, no removal of the Trustee shall take effect until a successor shall be appointed pursuant to the provisions of Section 10.09.

**SECTION 10.09. Appointment of Successor Trustee.**

1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the I-Bank by a duly executed written instrument signed by an Authorized Officer of the I-Bank, but if the I-Bank does not appoint a successor Trustee within forty-five (45) days then by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the I-Bank, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the I-Bank and the predecessor Trustee. After such appointment of a successor Trustee, the I-Bank shall mail notice of any such appointment made by it or the Bondholders to the Holders of the Bonds then Outstanding.

2. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the I-Bank written notice as provided in Section 10.07 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

3. Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company or national banking association in good standing, qualified to do business in the State of New Jersey (to the extent such requirement is applicable to such Trustee), duly authorized to exercise trust powers, subject to examination by federal or state authority, having capital stock and surplus aggregating at least \$50,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Bond Resolution.

**SECTION 10.10. Transfer of Rights and Property to Successor Trustee.** Any successor Trustee appointed under this Bond Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the I-Bank, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the I-Bank, or of the successor Trustee, execute, acknowledge and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Bond Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the I-Bank be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the I-Bank. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

**SECTION 10.11. Merger or Consolidation.** Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger,

conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business; provided, such company (i) shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and (ii) shall be authorized by law to perform all the duties imposed upon it by this Bond Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

**SECTION 10.12. Adoption of Authentication.** In case any of the Bonds contemplated to be issued under this Bond Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in this Bond Resolution provided that the certificate of the Trustee shall have.

**SECTION 10.13. Resignation or Removal of Paying Agent; Appointment of Successor.**

1. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Bond Resolution by giving at least one hundred twenty (120) days written notice to the I-Bank, the Trustee and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the I-Bank. Any successor Paying Agent shall be appointed by the I-Bank with the written approval of the Trustee and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital stock and surplus aggregating at least \$50,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all duties imposed upon it by this Bond Resolution.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

## ARTICLE XI

### AMENDMENTS

**SECTION 11.01. Supplemental Resolutions Effective Upon Filing With Trustee.** For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the I-Bank may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the I-Bank, shall be fully effective in accordance with its terms:

(a) To close this Bond Resolution against, or provide limitations and restrictions contained in this Bond Resolution on, the authentication and delivery of Bonds;

(b) To add to the duties, covenants, obligations and agreements of the I-Bank in this Bond Resolution, other duties, covenants, obligations and agreements to be observed and performed by the I-Bank which are not contrary to or inconsistent with this Bond Resolution as theretofore in effect;

(c) To add to the limitations and restrictions in this Bond Resolution, other limitations and restrictions to be observed by the I-Bank which are not contrary to or inconsistent with this Bond Resolution as theretofore in effect;

(d) To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in Article II, and also any other matters and things relative to such Bonds including whether to issue Bonds in book entry forms, which are not contrary to or inconsistent with this Bond Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination contained in Article II at any time prior to the first authentication and delivery of such Bonds;

(e) To confirm as further assurance, any security interest, pledge or assignment under this Bond Resolution, and the subjection of the Revenues or of any other moneys, securities or funds to any security interest, pledge or assignment created or to be created by this Bond Resolution;

(f) To modify any of the provisions of this Bond Resolution in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof;

(g) To modify any of the provisions of this Bond Resolution in any respect provided that the modifications affect only Bonds issued subsequent to the date of such modifications; or

(h) To comply with the provisions of any federal or state securities law, including, without limitation, the Trust Indenture Act of 1939, as amended, or to comply with Section 103 of the Code, as amended, replaced or substituted.

If the Supplemental Resolution adopted by the I-Bank pursuant to this Section materially increases the duties and responsibilities of the Trustee hereunder, the I-Bank shall reasonably compensate the Trustee for such materially increased duties and responsibilities.

**SECTION 11.02. Supplemental Resolutions Effective Upon Consent of Trustee.** For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the I-Bank, (ii) the filing with the I-Bank of an instrument in writing made by the Trustee consenting thereto, and (iii) the filing with the I-Bank and the Trustee of an opinion of Bond Counsel to the effect that such Supplemental Resolution will not adversely affect the exclusion from gross income of the interest on the Series 2018B-1 Bonds for federal income tax purposes, shall be fully effective in accordance with its terms:

(a) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provisions in this Bond Resolution;

(b) To insert such provisions clarifying matters or questions arising under this Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with this Bond Resolution as theretofore in effect;

(c) In connection with the appointment by the I-Bank of a fiduciary other than the Trustee to perform any of the duties and/or services to be performed by the Trustee pursuant to Section 5.04 hereof, to the extent such modification or amendment of this Bond Resolution which will not have a material adverse effect on the interests of Bondholders; or

(d) To make any other modification or amendment of this Bond Resolution which will not have a material adverse effect on the interests of Bondholders.

In making any determination under this Section 11.02, the Trustee may conclusively rely upon an opinion of Bond Counsel.

**SECTION 11.03. Supplemental Resolutions Effective With Consent of Bondholders.** At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by the Bondholders in accordance with and subject to the provisions of Sections 11.06 and 11.07, which Supplemental Resolution, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the I-Bank, (ii) compliance with the provisions of said Sections 11.06 and 11.07, (iii) the filing with the I-Bank and the Trustee of an opinion of Bond Counsel to the effect that such Supplemental Resolution will not adversely affect the exclusion from gross income of the interest on the Series 2018B-1 Bonds for federal income tax purposes, shall become fully effective in accordance with its terms as provided in said Section 11.07. Provided, however, that, any Supplemental Resolution which by its terms only affects one or more Series of Bonds may be adopted subject to the consent of the Bondholders of the Series or Series of Bonds so affected.

**SECTION 11.04. General Provisions.**

1. This Bond Resolution shall not be modified or amended in any respect except by Supplemental Resolution as provided in and in accordance with and subject to the provisions of this Article XI. Nothing contained in this Article XI shall affect or limit the right or obligation of the I-Bank to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of this Bond Resolution or the right or obligation of the I-Bank to execute and deliver to any Trustee any instrument which elsewhere in this Bond Resolution it is provided shall be delivered to said Trustee.

2. Any Supplemental Resolution referred to and permitted or authorized by Section 11.01 or 11.02 may be adopted by the I-Bank without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution when filed with the Trustee shall be accompanied by an opinion of

Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this Bond Resolution, is authorized or permitted by this Bond Resolution, and is valid and binding upon the I-Bank in accordance with its terms.

3. The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Sections 11.01, 11.02 or 11.03 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of Bond Counsel that such Supplemental Resolution is authorized or permitted by the provisions of this Bond Resolution.

4. No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without their written assent thereto.

**SECTION 11.05. Mailing.** Any provision in this Article for the mailing of a notice or other paper to Holders of Bonds shall be fully complied with if it is mailed, postage prepaid only, to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the I-Bank.

**SECTION 11.06. Powers of Amendment by Supplemental Resolution.** Unless otherwise permitted under Section 11.01 or Section 11.02, any modification or amendment of this Bond Resolution and of the rights and obligations of the I-Bank and of the Holders of the Bonds thereunder, in any particular, may be made only by a Supplemental Resolution with the written consent (i) of the Holders of not less than two-thirds (2/3) in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of not less than two-thirds (2/3) in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any sinking fund installment, of the Holders of not less than two-thirds (2/3) in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such obligation, or shall reduce the percentages or otherwise affect the classes of Bonds, the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Trustee without their written assent thereto. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Bond Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity would be affected by any modification or amendment of this Bond Resolution and any such determination shall be binding and conclusive on the I-Bank and all Holders of Bonds. In taking such action, the Trustee may rely upon the opinion of Bond Counsel. For purposes of this Section, the Holders of any Bonds may include the initial Holders thereof, regardless of whether such Bonds are being held for resale.

**SECTION 11.07. Consent of Bondholders.** The I-Bank may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 11.06 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Holders of Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed by the I-Bank to Holders of Bonds (but

failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of the Holders of the percentages of Outstanding Bonds specified in Section 11.06 and (b) an opinion of Bond Counsel addressed to the Trustee stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the I-Bank in accordance with the provisions of this Bond Resolution, is authorized or permitted by this Bond Resolution, and is valid and binding upon the I-Bank and enforceable in accordance with its terms. It shall not be necessary that the consents of Holders of Bonds approve the particular form of wording of the proposed modification or amendment or of the proposed Supplemental Resolution effecting such modification or amendment, but it shall be sufficient if such consents approve the substance of the proposed amendment or modification. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 12.02. A certificate or certificates executed by the Trustee and filed with the I-Bank stating that it has examined such proof and that such proof is sufficient in accordance with Section 12.02 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 12.02 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof) unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 11.07 provided for is filed, such revocation and proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 12.02. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the I-Bank to the effect that no revocation thereof is on file with the Trustee.

At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the I-Bank a written statement that the Holders of such required percentages of such Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the I-Bank on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 11.07, may be given to Bondholders by the I-Bank by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 11.07 provided). The I-Bank shall file with the Trustee proof of the mailing thereof. A record, consisting of the certificates or statements required or permitted by this Section 11.07 to be made by the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the I-Bank, the Fiduciaries and the Holders of all Bonds at the expiration of forty (40) days after the filing with the Trustee of the proof of the mailings of such last-mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that any Fiduciary and the I-Bank during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as it may deem expedient.

**SECTION 11.08. Modifications or Amendments by Unanimous Consent.** The terms and provisions of this Bond Resolution and the rights and obligations of the I-Bank and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the I-Bank of a Supplemental Resolution and the consent thereto of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 11.07 except that no notice to Holders of Bonds either by

mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Holders of Bonds.

**SECTION 11.09. Exclusion of Bonds.** Bonds owned or held by or for the account of the I-Bank shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article XI, and the I-Bank shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the I-Bank shall furnish to the Trustee a Certificate of an Authorized Officer of the I-Bank, upon which the Trustee may rely, describing all Bonds so to be excluded.

**SECTION 11.10. Notation on Bonds.** Bonds authenticated and delivered after the effective date of any Supplemental Resolution pursuant to this Article XI may, and, if the I-Bank or the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the I-Bank and the Trustee as to any modification or amendment provided for in such Supplemental Resolution and, in that case upon demand of the Holder of any Bond Outstanding and upon presentation of any Bond for such purpose at the Principal Office of the Trustee, a suitable notation shall be made on such Bond. If the I-Bank or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the I-Bank, to any modification or amendment contained in such Supplemental Resolution, shall be prepared, authenticated and delivered and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series, principal amount, maturity and interest rate then Outstanding, upon surrender of such Bonds. Any action taken as in Article X or this Article XI provided shall be effective and binding upon all Bondholders notwithstanding that the notation is not endorsed on all Bonds.

**SECTION 11.11. Effect of Supplemental Resolution.** Upon the effective date of any Supplemental Resolution, this Bond Resolution shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, covenants, obligations and agreements under this Bond Resolution of the I-Bank, the Trustee and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of this Bond Resolution for any and all purposes.

**SECTION 11.12. Amendment of Loan Agreements.** The I-Bank shall not supplement, amend, modify or terminate any Loan Agreement, or consent to any such supplement, amendment, modification or termination, without the written consent of the Trustee, which consent shall not be unreasonably withheld. The Trustee shall give such written consent only if (a) (i) in the opinion of the Trustee, after such supplement, amendment, modification or termination is effective, such Loan Agreement shall continue to meet the requirements of Article VI of this Bond Resolution or (ii) the Trustee first obtains the written consent of the Holders of a majority in aggregate principal amount of the Outstanding Bonds to such supplement, amendment, modification or termination, such written consent being obtained by the Trustee at the sole expense of the Borrower which is a party to the Loan Agreement which is the subject of the supplement, amendment, modification or termination and (b) the Trustee first obtains an opinion of Bond Counsel to the effect that such supplement, amendment, modification or termination will not adversely affect the exclusion from gross income of the interest on the Series 2018B-1 Bonds for federal income tax purposes. In making any determination under this Section 11.12, the Trustee may conclusively rely upon an opinion of Bond Counsel.



Notwithstanding any other provision in this Section, (a) the I-Bank may supplement, amend or modify any Loan Agreement without the consent of the Trustee or any Bondholder (i) for the purposes set forth in Section 5.02 hereof, including, without limitation, for the purposes of revising or substituting Exhibit C to the Loan Agreement for the reasons set forth in Section 3.03A of the Loan Agreement and Section 5.02 hereof, (ii) for the purpose of amending, supplementing or modifying Section 2.02(p) of the Loan Agreement and (iii) for the purpose of amending, supplementing or modifying Exhibit H to the Loan Agreement prior to the execution and delivery thereof, and (b) the I-Bank may terminate any Loan Agreement (subject to the termination provisions thereof) without the consent of the Trustee or any Bondholder in the event that all payment obligations thereunder have been satisfied by the respective Borrower in full.

**SECTION 11.13. Notice of Amendments.** Promptly after the adoption by the I-Bank of any Supplemental Resolution, the Trustee shall mail by first class mail, postage prepaid, a notice, setting forth in general terms the substance thereof, to the Bondholders of a Series of Bonds affected by such amendment. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Resolution.

## ARTICLE XII

### DEFEASANCE

#### SECTION 12.01. Defeasance of Bonds.

1. If the I-Bank shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds of any Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated in the Bonds and in this Bond Resolution, then the pledge of the Trust Estate, and all duties, covenants, agreements and other obligations of the I-Bank to the Bondholders of such Series, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the I-Bank to be prepared and filed with the I-Bank and, upon the request of the I-Bank, shall execute and deliver to the I-Bank all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the I-Bank all moneys or securities held by it pursuant to this Bond Resolution which are not required for the payment of principal or Redemption Price, if applicable, and interest due or to become due on Bonds of any Series not theretofore surrendered for such payment or redemption and any amounts owed to any Fiduciary. If the I-Bank shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any Outstanding Bonds of any Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under this Bond Resolution, and all duties, covenants, agreements and obligations of the I-Bank to the Holders of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Notwithstanding any other provision in this Article XII, all duties, covenants, agreements and obligations of the I-Bank to the Holders relating to the exclusion of interest from gross income of the Holders of such Bonds for federal income tax purposes shall survive the defeasance of the Bonds.

2. Bonds (which can be an entire series or portion thereof) or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the I-Bank of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section. Subject to the provisions of subsections (3) through (5) of this Section, Outstanding Bonds of any Series shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (1) of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their stated maturities, the I-Bank shall have given to the Trustee instructions in writing accepted by the Trustee to mail notice of redemption of such Bonds (other than Bonds of a Series which have been purchased by the Trustee at the written direction of the I-Bank or purchased or otherwise acquired by the I-Bank and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee (i) either moneys in an amount which shall be sufficient, or Investment Securities (including any Investment Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on such Series of Bonds on or prior to the redemption date or maturity date thereof, as the case may be, (ii) a defeasance opinion of Bond Counsel, and (iii) a verification report of an independent nationally recognized verification agent as to the matters set forth in clause (i), and (c) in the event such Series of Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the I-Bank shall have given the Trustee in form satisfactory to it instructions to mail, as soon as practicable, a notice to the Holders of such Bonds at their last addresses appearing upon the registry books at the close of business on the last business day of the month preceding the month for which notice is mailed that the

deposit required by (b) above has been made with the Trustee and that such Series of Bonds are deemed to have been paid in accordance with this Section 12.01 and stating such maturity or redemption date upon which moneys are expected, subject to the provisions of subsection (5) of this Section 12.01, to be available for the payment of the principal or Redemption Price, if applicable, of such Series of Bonds (other than Bonds which have been purchased by the Trustee at the direction of the I-Bank or purchased or otherwise acquired by the I-Bank and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of redemption referred to in clause (a) hereof). Any notice of redemption mailed pursuant to the preceding sentence with respect to any Series of Bonds which constitutes less than all of the Outstanding Bonds of any maturity within a Series shall specify the letter and number or other distinguishing mark of each such Bond. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section 12.01 to the retirement of said Bonds in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Bonds, all in the manner provided in this Bond Resolution.

The Trustee shall, if so directed by the I-Bank (i) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 12.01 which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) above with respect to any Bonds deemed to have paid in accordance with this Section 12.01 which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Bonds and redeem or sell Investment Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the moneys and Investment Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due or to become due on all Bonds in respect of which such moneys and Investment Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (i) prior to the maturity date of Bonds deemed to have been paid in accordance with Section 12.01 which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) with respect to any Bonds deemed to have been paid in accordance with this Section 12.01 which are to be redeemed on any date prior to their maturity, the I-Bank shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by directions from the I-Bank to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay or redeem Bonds deemed paid in accordance with this Section 12.01. The directions given by the I-Bank to the Trustee referred to in the preceding sentence shall also specify the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 12.01 upon their maturity date or dates and the portion, if any, of such Bonds so purchased or delivered and canceled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 12.01 on any date or dates prior to their maturity. In the event that on any date as a result of any purchases, acquisitions and cancellations of Bonds as provided in this Section 12.01 the total amount of moneys and Investment Securities remaining on deposit with the Trustee under this Section 12.01 is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds of such Series in order to satisfy clause (b) of this subsection 2 of Section 12.01, the Trustee shall, if requested by the I-Bank, pay the amount of such excess to the I-Bank free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution. Except as otherwise provided in this subsection 2 and in subsection 3 through subsection 5 of this Section 12.01, neither Investment Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, (A) to the extent such cash will not be

required at any time for such purpose, shall be paid over to the I-Bank as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under this Bond Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested at the direction of the I-Bank in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the I-Bank, as received by the Trustee, free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Bond Resolution.

For the purposes of this Section, Investment Securities shall mean and include only (y) such securities as are described in clause (a) of the definition of "Investment Securities" in Section 1.01 which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or (z) upon compliance with the provisions of subsection 3 of this Section 12.01, such securities as are described in clause (a) of the definition of Investment Securities which are subject to redemption prior to maturity at the option of the issuer thereof on a specified date or dates.

3. Investment Securities described in clause (z) of subsection 2 of Section 12.01 may be included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of Section 12.01 only if, in making the determination as to whether the moneys and Investment Securities to be deposited with the Trustee would be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on the Bonds which will be deemed to have been paid as provided in subsection 2 of Section 12.01, such determination is made both (i) on the assumption that the Investment Securities described in clause (z) were not redeemed at the option of the issuer prior to the maturity date thereof and (ii) on the assumptions that such Investment Securities were redeemed by the issuer thereof at its option on each date on which such option could be exercised, that as of such date or dates interest ceased to accrue on such Investment Securities and that the proceeds of such redemption were not reinvested by the Trustee.

4. In the event that after compliance with the provisions of subsection 3 of Section 12.01 the Investment Securities described in clause (z) of subsection 2 of Section 12.01 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of Section 12.01 and any such Investment Securities are actually redeemed by the issuer thereof prior to their maturity date, then the Trustee at the written direction of the I-Bank shall reinvest the proceeds of such redemption in Investment Securities, provided that the aggregate of the moneys and Investment Securities to be held by the Trustee, taking into account any changes in redemption dates or instructions to give notice of redemption given to the Trustee by the I-Bank in accordance with subsection 5 of Section 12.01, shall at all times be sufficient to satisfy the requirements of clause (b) of subsection 2 of Section 12.01.

5. In the event that after compliance with the provisions of subsection 3 of Section 12.01 the Investment Securities described in clause (z) of subsection 2 of Section 12.01 are included in the Investment Securities deposited with the Trustee in order to satisfy the requirements of clause (b) of subsection 2 of Section 12.01, then any notice of redemption to be published by the Trustee and any set of instructions relating to a notice of redemption given to the Trustee may provide, at the option of the I-Bank, that any redemption date or dates in respect of all of any portion of the Bonds to be redeemed on such date or dates may at the option of the I-Bank be changed to any other permissible redemption date or dates and that redemption dates may be established for any Bonds deemed to have been paid in accordance with this Section 12.01 upon their maturity date or dates at any time prior to the actual mailing of any applicable notice of redemption in the event that all or any portion of any Investment Securities described in clause (z) of subsection 2 of this Section 12.01 have been called for redemption pursuant to an irrevocable notice of redemption or have been redeemed by the issuer thereof prior to the maturity date thereof; no such change

of redemption date or dates or establishment of redemption date or dates may be made unless, taking into account such changed redemption date or dates or newly established redemption date or dates, the moneys and Investment Securities on deposit with the Trustee (including any Investment Securities deposited with the Trustee in connection with any reinvestment of redemption proceeds in accordance with subsection 5 of Section 12.01) pursuant to clause (b) of subsection 2 of Section 12.01 would be sufficient to pay when due the principal and Redemption Price, if applicable, and interest on all Bonds deemed to have been paid in accordance with subsection 2 of Section 12.01.

6. Anything in this Bond Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the later of (i) the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption or (ii) the date of deposit of such moneys, shall at the written request of the I-Bank be repaid by the Fiduciary to the I-Bank as its absolute property and free from the Trust Estate, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the I-Bank for the payment of such Bonds; provided, however, that before being required to make any such payment to the I-Bank, the Fiduciary shall, at the expense of the I-Bank, cause to be published at least twice, at an interval of not less than seven (7) days between publications, in the Authorized Newspapers, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the I-Bank.

Notwithstanding any other provision in Article XII of this Bond Resolution, all duties, covenants, agreements and obligations of the I-Bank to the Holders relating to the exclusion of interest from gross income of the Holders of the Series 2018B-1 Bonds for federal income tax purposes shall survive the defeasance of the Series 2018B-1 Bonds.

#### **SECTION 12.02. Evidence of Signatures and Ownership of Bonds.**

1. Any request, consent, revocation of consent or other instrument which this Bond Resolution or any Supplemental Resolution may require or permit to be signed and executed by the Holders of Bonds of any Series may be in one or more instruments of similar tenor and shall be signed or executed by such Holders of Bonds in person or by their attorneys appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, shall be sufficient for any purpose of this Bond Resolution or any Supplemental Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The fact and date of the execution by any Holder of any Bond or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

2. The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books maintained by the Trustee.

3. Any request or consent by the Holder of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the I-Bank or any Trustee in accordance therewith.

**SECTION 12.03. Moneys Held for Particular Bonds.** The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

## ARTICLE XIII

### MARKETING AND SALE OF THE BONDS

#### SECTION 13.01. Preliminary Official Statement.

1. The Authorized Officers of the I-Bank are hereby severally authorized and directed to prepare a preliminary official statement relating to the Series 2018B-1 Bonds (the “Preliminary Official Statement”), which Preliminary Official Statement shall be in the form, and shall include such provisions, as the Authorized Officer of the I-Bank, after consultation with Bond Counsel and other appropriate professional advisors to the I-Bank, deems in his sole discretion to be necessary or desirable, the delivery thereof by the Authorized Officer of the I-Bank being conclusive evidence of his consent to the provisions thereof.

2. The Authorized Officers of the I-Bank are hereby severally authorized and directed, upon the satisfaction of all of the legal conditions precedent to the delivery of the Preliminary Official Statement by the I-Bank, as determined by the Authorized Officer of the I-Bank in consultation with Bond Counsel, to “deem final” the Preliminary Official Statement, in accordance with the provisions of Rule 15c2-12, and to deliver the Preliminary Official Statement in the form established by the provisions of subsection (1) hereof.

3. The Authorized Officers of the I-Bank are hereby severally authorized and directed to execute any certificate or document and to take such other actions as may be necessary, relating to any statutes, regulations, rules or other procedures of the SEC, the Municipal Securities Rulemaking Board or any state securities entity, including, without limitation, Rule 15c2-12, that the Authorized Officer of the I-Bank, after consultation with Bond Counsel, deems necessary or desirable to effect the issuance, marketing and sale of the Series 2018B-1 Bonds, and the transactions contemplated by the Preliminary Official Statement.

**SECTION 13.02. Official Statement.** The Authorized Officers of the I-Bank are hereby severally authorized and directed to execute and deliver a final official statement relating to the Series 2018B-1 Bonds (the “Official Statement”), in substantially similar form to the Preliminary Official Statement, with such changes thereto as shall be necessary or desirable to reflect the final pricing of the Series 2018B-1 Bonds, as set forth in any documents relating to the sale of the Series 2018B-1 Bonds, and to reflect any other changes required pursuant to any statutes, regulations, rules or other procedures of the SEC, the Municipal Securities Rulemaking Board or any state securities entity, including, without limitation, Rule 15c2-12, as the Authorized Officer of the I-Bank, after consultation with Bond Counsel and any other appropriate professional advisors to the I-Bank, deems in his sole discretion to be necessary or desirable to effect the issuance of the Series 2018B-1 Bonds and the transactions contemplated by the Official Statement, which delivery thereof by the Authorized Officer of the I-Bank shall conclusively evidence his consent to the provisions thereof.

#### SECTION 13.03. Sale of the Series 2018B-1 Bonds.

1. The Authorized Officers of the I-Bank are hereby severally authorized and directed to cause to be published and disseminated in connection with the marketing and sale of the Series 2018B-1 Bonds a notice of sale with respect to the Series 2018B-1 Bonds (the “Notice of Sale”), which Notice of Sale shall set forth, *inter alia*, the following terms and provisions, which terms and provisions shall be determined by the Authorized Officer of the I-Bank after consultation with Bond Counsel and other appropriate professional advisors to the I-Bank: (i) a summary of the terms of the Series 2018B-1 Bonds; (ii) the criteria pursuant to which the award of the Series 2018B-1 Bonds shall be made by the I-Bank; (iii)

the date and time at which proposals for the purchase of the Series 2018B-1 Bonds shall be accepted by the I-Bank; and (iv) the method by which the bidders for the purchase of the Series 2018B-1 Bonds shall submit their proposals, which proposals shall be submitted to the I-Bank, in compliance with the terms of the Notice of Sale, via a written proposal for Series 2018B-1 Bonds (the "Proposal for Bonds").

2. The Authorized Officers of the I-Bank are hereby severally authorized and directed to cause (i) the Notice of Sale and the Proposal for Bonds to be disseminated simultaneously with the dissemination of the Preliminary Official Statement and (ii) a summary of the Notice of Sale to be published in compliance with Section 6(d) of the Act at least once in at least three newspapers published in the State and at least once in a publication carrying municipal bond notices and devoted primarily to financial news published in the State or in the City of New York, the first summary Notice of Sale to be published at least five (5) days prior to the date established by the Notice of Sale for the sale of the Series 2018B-1 Bonds.

3. On the date and time established therefore in the Notice of Sale, the Proposals for Bonds shall be received and accepted by the Authorized Officer of the I-Bank. Upon receipt and acceptance of the Proposals for Bonds, the Authorized Officers of the I-Bank are hereby severally authorized and directed to open such Proposals for Bonds and, after consultation with Bond Counsel and other appropriate professional advisors to the I-Bank, accept the successful Proposal for Bonds, such Proposal for Bonds to be determined based upon compliance with the terms of the Notice of Sale relating to the award of the Series 2018B-1 Bonds and after consultation with Bond Counsel and other appropriate professional advisors to the I-Bank.

4. The Authorized Officers of the I-Bank are hereby severally authorized and directed to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effectuate the marketing and sale of the Series 2018B-1 Bonds, including, without limitation, such other actions as may be necessary in connection with (i) the procurement of a rating on the Series 2018B-1 Bonds from any rating agency and (ii) the conduct of informational investment meetings; provided, however, that in each such instance the Authorized Officers of the I-Bank shall comply with the provisions of this Section 13.03 and shall consult with Bond Counsel and other appropriate professional advisors to the I-Bank with respect thereto.

5. At the first meeting of the Board of Directors of the I-Bank subsequent to the sale of the Series 2018B-1 Bonds, the Executive Director or other Authorized Officer of the I-Bank shall deliver a report setting forth the details of the sale of the Series 2018B-1 Bonds.

**SECTION 13.04. Electronic Dissemination of the Preliminary Official Statement; Electronic Acceptance of Proposals for Bonds; Award of Bonds.**

1. Notwithstanding any provision of this Bond Resolution to the contrary, the Authorized Officers of the I-Bank are hereby severally authorized at their discretion to disseminate the Preliminary Official Statement via electronic medium, in addition to or in lieu of physical, printed medium; provided, however, that in disseminating the Preliminary Official Statement via such medium, such Authorized Officer of the I-Bank shall otherwise fully comply with the provisions of Section 13.01 hereof.

2. In complying with the provisions of Section 13.03 hereof, the Authorized Officers of the I-Bank are hereby severally authorized at their discretion to accept Proposals for Bonds and complete the award of the Series 2018B-1 Bonds, pursuant to the terms and provisions of the Notice of Sale, by means of electronic media; provided that, with respect to the selection of the particular electronic media and the implementation of the procedures for the exercise thereof, the Authorized Officer of the I-Bank shall consult with Bond Counsel and other appropriate professional advisors to the I-Bank with respect thereto.



**SECTION 13.05. Registration or Qualification of Series 2018B-1 Bonds.** The Authorized Officers of the I-Bank are hereby severally authorized and directed, in the name and on behalf of the I-Bank, to take any and all actions that they deem necessary and advisable in order to effect the registration or qualification (or exemption therefrom) of the Series 2018B-1 Bonds for offer, sale or trade under the blue sky or securities laws of any of the states of the United States of America, and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports (except consents to service of process in any jurisdiction outside the State) and other papers and instruments which may be required under such laws, and to take any and all further actions that they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the underwriters for such securities.

**SECTION 13.06. Establishment of Trust Account in Connection with the Sale of the Series 2018B-1 Bonds.** The Authorized Officers of the I-Bank are hereby severally authorized and directed, in consultation with Bond Counsel and other appropriate advisors to the I-Bank, to enter into a trust agreement by and between the I-Bank and ZB, National Association d/b/a Zions Bank, or any successors and assigns thereto, providing for the establishment of a trust account with ZB, National Association d/b/a Zions Bank, or any successors and assigns thereto (i) for deposit therein (a) at the time of the award of the Series 2018B-1 Bonds the good faith deposit of the successful bidder for the Series 2018B-1 Bonds, such check being required by the terms of the Notice of Sale, (b) on the Business Day prior to the issuance of the Series 2018B-1 Bonds the portion of the Debt Service Reserve Requirement not funded with Series 2018B-1 Bond proceeds to be contributed by the State of New Jersey in the amount set forth in Section 2.03(8) hereof, and (c) prior to the issuance of the Series 2018B-1 Bonds, such other amounts, the deposit of which may be deemed necessary and desirable by any Authorized Officer of the I-Bank, in consultation with Bond Counsel and other appropriate advisors to the I-Bank, (ii) for withdrawal therefrom on the date of issuance of the Series 2018B-1 Bonds (a) the amounts deposited in accordance with clause (i)(a) above to be transferred in accordance with the terms of Section 2.03(7) hereof, (b) the amounts deposited in accordance with clause (i)(b) above to be transferred in accordance with the terms of Section 2.03(8) hereof, (c) the amounts deposited in accordance with clause (i)(c) above to be transferred in a manner consistent with their purposes to a Fund and Account created hereunder as more fully detailed by the terms of said trust agreement and (d) the interest earned on all of such amounts to be paid over to the I-Bank for any of its lawful purposes and (iii) after all of the transfers having been made in accordance with clause (ii) above, for the closing of such trust account on the date of issuance of the Series 2018B-1 Bonds.

**SECTION 13.07. Agreements with DTC; Discontinuance of Book-Entry System; Replacement of DTC.**

1. In connection with the issuance and sale of the Series 2018B-1 Bonds, the Authorized Officers of the I-Bank are hereby severally authorized and directed to enter into agreements on behalf of the I-Bank with DTC, with such terms and provisions as such Authorized Officer of the I-Bank shall approve upon consultation with Bond Counsel, which agreements shall take effect on the date of delivery of the Series 2018B-1 Bonds.

2. The Authorized Officers of the I-Bank are hereby severally authorized and directed to determine, upon consultation with Bond Counsel, whether or not it is advisable for the I-Bank to continue the book-entry system or to replace DTC with another qualified securities depository as successor to DTC.

## ARTICLE XIV

### MISCELLANEOUS

**SECTION 14.01. Liability of I-Bank Limited to Trust Estate.** Notwithstanding anything contained in this Bond Resolution or in the Bonds, the I-Bank shall not be required to advance any moneys derived from any source other than the Trust Estate for any of the purposes in this Bond Resolution, whether for the payment of the principal or Redemption Price of, or interest on, the Bonds or for any other purpose of this Bond Resolution. Nevertheless, the I-Bank may, but shall not be required to, advance for any of the purposes hereof any funds of the I-Bank that may be made available to it for such purposes.

**SECTION 14.02. Successor Is Deemed Included in All References to Predecessor.** Whenever in this Bond Resolution either the I-Bank or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the duties, covenants, obligations and agreements contained in this Bond Resolution by or on behalf of the I-Bank or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof, whether so expressed or not.

**SECTION 14.03. Limitation of Rights to Parties.** Nothing expressed or implied in this Bond Resolution or in the Bonds is intended or shall be construed to give to any person other than the I-Bank, the Trustee, the Paying Agents and the Holders of Bonds any legal or equitable right, remedy or claims under or in respect of this Bond Resolution or any duty, covenant, obligation, agreement, condition or provision therein or herein contained; and all such duties, covenants, obligations, agreements, conditions and provisions are and shall be for the sole and exclusive benefit of the I-Bank, the Trustee, the Paying Agents and the Holders of Bonds.

**SECTION 14.04. Waiver of Notice.** Whenever in this Bond Resolution the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

**SECTION 14.05. Destruction of Bonds.** Whenever in this Bond Resolution provision is made for the cancellation by the Trustee and the delivery to the I-Bank of any Bonds, unless otherwise requested in writing the I-Bank, in lieu of such cancellation and delivery, the Trustee shall destroy such Bonds (in the presence of an officer of the I-Bank, if the I-Bank shall so require), and deliver a certificate of such destruction to the I-Bank.

**SECTION 14.06. Severability of Invalid Provisions.** If any one or more of the provisions contained in this Bond Resolution or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Bond Resolution or in the Bonds and such invalidity, illegality or unenforceability shall not affect any other provision of this Bond Resolution, and this Bond Resolution shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The I-Bank hereby declares that it would have entered into this Bond Resolution and each and every section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Bond Resolution may be held illegal, invalid or unenforceable.

**SECTION 14.07. Notices.** Any notices, certificates or other communications required or permitted to be given herein shall be in writing (unless otherwise specifically required or permitted herein) and shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid (unless otherwise specifically required or permitted herein) to the I-Bank, the Trustee, and the Paying Agent at the addresses set forth below:

- (a) I-Bank: New Jersey Infrastructure Bank  
3131 Princeton Pike  
Building 4, Suite 216  
Lawrenceville, New Jersey 08648  
Attention: Executive Director
- (b) Trustee: ZB, National Association d/b/a Zions Bank  
600 Superior Ave., Suite 1300  
Cleveland, Ohio 44114  
Attention: Corporate Trust Department
- (c) Paying Agent: ZB, National Association d/b/a Zions Bank  
600 Superior Ave., Suite 1300  
Cleveland, Ohio 44114  
Attention: Corporate Trust Department

The I-Bank, the Trustee, and the Paying Agent may designate any further or different address to which subsequent notices and communications shall be sent by giving notice thereof to the other parties hereto.

**SECTION 14.08. Disqualified Bonds.** In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Bond Resolution, Bonds that are owned or held by or for the account of the I-Bank or any Borrower, or by any other primary or secondary obligor on any Loan Agreement, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the I-Bank or any Borrower or any other primary or secondary obligor on any Loan Agreement, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purpose of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the I-Bank or any Borrower or any other primary or secondary obligor on any Loan Agreement. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of Counsel shall be full protection to the Trustee.

The determination to be made hereunder by the Trustee with respect to Bonds to be disregarded and deemed not to be Outstanding shall be based upon information that has been brought to the attention of the Trustee. There is no affirmative duty on the part of the Trustee to undertake any investigation in determining Bonds to be disregarded and deemed not to be Outstanding.

**SECTION 14.09. Funds and Accounts.** Any fund, account or subaccount required by this Bond Resolution to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund, an account or a subaccount, and, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, may be treated either as a fund, an account or a subaccount; but all such records with respect to all such funds, accounts or subaccounts shall at all times be maintained in accordance with generally accepted accounting principles, to the extent practicable, or some other accounting standard recognized by the State or acceptable to the I-Bank.

**SECTION 14.10. Waiver of Personal Liability.** No member, officer, agent or employee of the I-Bank shall be individually or personally liable for the payment of the principal or Redemption Price of, or interest on, the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof, all such liability, if any, being expressly waived and released by each Holder of Bonds by the acceptance of such Bonds, but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Bond Resolution.

**SECTION 14.11. I-Bank Protected in Acting in Good Faith.** In the exercise of the powers of the I-Bank and its members, officers, employees and agents under this Bond Resolution, the Loan Agreements or any other document executed in connection with the Bonds, the I-Bank shall not be accountable to any Borrower, the Trustee, the Paying Agent, or any Holder for any action taken or omitted by it or its members, officers, employees and agents in good faith and believed by it or them to be authorized or within the discretion or rights or powers conferred.

**SECTION 14.12. Business Days.** Except as otherwise specifically provided herein, if any date specified herein for the payment of any Bond or the performance of any act shall not be a Business Day at the place of payment or performance, such payment or performance shall be made on the next succeeding Business Day with the same effect as if made on such date, and in case any payment of the principal or Redemption Price of or interest on any Bond shall be due on a date that is not a Business Day, interest on such principal amount shall cease to accrue on the date on which such payment was due if such payment is made on the immediately succeeding Business Day.

**ARTICLE XV**

**BOND FORM AND EFFECTIVE DATE**

**SECTION 15.01. Form of Series 2018B-1 Bonds and Trustee's Authentication Certificate.**

Subject to the provisions of this Bond Resolution, the form of the Series 2018B-1 Bonds and the Trustee's certificate of authentication shall be of substantially the following tenor:

[FORM OF SERIES 2018B-1 BOND]

UNITED STATES OF AMERICA

STATE OF NEW JERSEY

NEW JERSEY INFRASTRUCTURE BANK

ENVIRONMENTAL INFRASTRUCTURE BONDS, SERIES 2018B-1 (AMT)

NO. R-\_\_

CUSIP: \_\_\_\_\_ - \_\_\_\_

Interest Rate

Maturity Date

Dated Date

Authentication Date

\_\_\_\_\_%

September 1, \_\_\_\_

May 22, 2018

May 22, 2018

Registered Owner: CEDE & CO.

Principal Sum: \_\_\_\_\_ (\$ \_\_\_\_, \_\_)

**NEW JERSEY INFRASTRUCTURE BANK** (the “I-Bank”), a public body corporate and politic and an instrumentality of the State of New Jersey created and existing under the laws of the State of New Jersey, hereby acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner stated hereon or its registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the Principal Office of ZB, National Association d/b/a Zions Bank (such bank and any successors thereto being herein called the “Trustee” and “Paying Agent”), the Principal Sum stated hereon in any coin or currency of the United States of America that at the time of payment is legal tender for the payment of public and private debts, and to pay from such pledged funds on March 1 and September 1 in each year, commencing September 1, 2018, until the I-Bank’s obligation with respect to the payment of such Principal Sum shall be discharged to the Registered Owner hereof, interest from the Dated Date hereof on such Principal Sum by check or draft of the Trustee mailed to such Registered Owner who shall appear as of the fifteenth (15th) day (whether or not such day shall be a Business Day) of the month immediately preceding such interest payment date on the books of the I-Bank maintained by the Trustee. However, so long as the Series 2018B-1 Bonds (as hereinafter defined) are held in book-entry-only form pursuant to the Resolution (as hereinafter defined), the provisions of the Resolution governing such book-entry-only form shall govern repayment of the principal or Redemption Price, if any, of and interest on the Series 2018B-1 Bonds.

This bond is one of a duly authorized Series of Bonds of the I-Bank designated “Environmental Infrastructure Bonds, Series 2018B-1 (AMT)” (herein called the “Series 2018B-1 Bonds”), and issued in the aggregate principal amount of \$\_\_\_\_\_ under and in full compliance with the Constitution and statutes of the State of New Jersey, including, without limitation, the “New Jersey Infrastructure Trust Act”, constituting chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey, as amended and supplemented (herein called the “Act”), and under and pursuant to a resolution authorizing the Series 2018B-1 Bonds adopted by the I-Bank on April 12, 2018 and entitled “Environmental Infrastructure Bond Resolution, Series 2018B-1”, as the same may be amended or supplemented from time to time in accordance with its terms (herein called the “Resolution”).

All capitalized terms used but not defined herein shall have the meanings set forth in the Resolution as if fully set forth herein.

As provided in the Resolution, the Series 2018B-1 Bonds and all other bonds issued on a parity basis with the Series 2018B-1 Bonds under the Resolution (herein collectively called the “Bonds”) are direct and special obligations of the I-Bank payable solely, subject to the following sentence, from and secured (as to payment of principal or Redemption Price, if any, of and interest on) by the Trust Estate, all in accordance with their terms and the terms and conditions of the Resolution, subject only to the provisions of the Resolution permitting the application of the Trust Estate for the purposes and upon the terms and conditions set forth in the Resolution. The principal or Redemption Price, if any, of and interest on the Series 2018B-1 Bonds are additionally secured by moneys held by the Master Program Trustee in the Master Program Trust Account to the extent set forth in the Master Program Trust Agreement. The Trust Estate under the Resolution includes the Loan Agreements (with certain exceptions set forth in the Resolution), any other Revenues and all other funds and accounts established under the Resolution (other than the Operating Expense Fund, the Project Fund, and the Rebate Fund), including Investment Securities, as applicable, held in any such Fund thereunder, together with all proceeds and revenues of the foregoing, all of the I-Bank’s right, title and interest in and to the foregoing and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price, if any, of and interest on the Bonds in accordance with the terms and provisions of the Resolution. Copies of the Resolution are on file at the office of the I-Bank and at the above-mentioned office of the Trustee. Reference is hereby made to the Act and to the Resolution and any and all supplements thereto and modifications and amendments thereof for a description of the pledge and assignment and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued and may be issued thereunder, the terms and provisions upon which this bond shall cease to be entitled to any lien, benefit or security under the Resolution and for all of the other terms and provisions thereof. All duties, covenants, agreements and obligations of the I-Bank under the Resolution may be discharged and satisfied at or prior to the maturity or redemption, if any, of this bond if moneys or certain specified securities shall have been deposited with the Trustee, all in accordance with the terms and provisions of the Resolution.

As provided in the Resolution, Bonds may be issued from time to time pursuant to Supplemental Resolutions in one or more Series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. Although the aggregate principal amount of Bonds that may be issued under the Resolution is not limited, and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution, the aggregate amount of bonds that may be issued by the I-Bank is currently limited by the Act. The I-Bank makes no representation as to whether this limitation on the aggregate principal amount of bonds issued by the I-Bank under the Act will continue to restrict the future issuance of bonds by the I-Bank under the Act.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution or any resolution amendatory thereof or supplemental thereto may be modified or amended by the I-Bank with the written consent of the holders of at least two-thirds (2/3) in aggregate principal amount of the Bonds Outstanding under the Resolution at the time such consent is given, and, in case less than all of the several Series of Bonds then Outstanding are affected thereby, with such consent of at least two-thirds (2/3) in aggregate principal amount of the Bonds of each Series so affected and Outstanding; *provided, however*, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding under the Resolution, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption, if any (including Sinking Fund Installments), or maturity of the principal

of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price, if any, thereof or in the rate of interest thereon without the consent of the holder of such Bond, nor shall it reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, nor shall it change or modify any of the rights or obligations of the Trustee or of the Paying Agent without its written assent thereto.

This bond is transferable, as provided in the Resolution, only upon the books of the I-Bank kept for that purpose at the above-mentioned office of the Trustee, as bond registrar, by the Registered Owner hereof in person, or by such Registered Owner’s attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer satisfactory to the bond registrar duly executed by the Registered Owner or such Registered Owner’s duly authorized attorney, and thereupon a new fully registered bond or bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Resolution upon payment of the charges therein prescribed. The I-Bank, the Trustee and the Paying Agent may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price, if any, hereof and the interest due hereon and for all other purposes.

The Series 2018B-1 Bonds maturing on or before [September 1, 2027] shall not be subject to redemption prior to their respective stated maturity dates. The Series 2018B-1 Bonds maturing on or after [September 1, 2028] shall be subject to redemption prior to their respective stated maturity dates, on or after [September 1, 2027], at the option of the I-Bank, upon the terms set forth in the Resolution, either in whole or in part, and if in part by lot within any maturity or maturities determined by the I-Bank, on any date, upon the payment of 100% of the principal amount thereof and accrued interest thereon to the date fixed for redemption.

[The Series 2018B-1 Bonds due September 1, \_\_\_\_, September 1, \_\_\_\_ and September 1, \_\_\_\_ are subject to mandatory sinking fund redemption prior to their respective stated maturities, upon the surrender thereof and through selection by lot by the Trustee and upon the giving of notice as provided in the Resolution, by payment of the following “Sinking Fund Installments”, on September 1, in each year set forth below, at a Redemption Price which is equal to 100% of the principal amount thereof plus interest accrued to the redemption date, in the following aggregate principal amounts in the following years:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

<u>Year</u>	<u>Principal Amount</u>
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\* Final maturity]



The Series 2018B-1 Bonds are payable upon redemption at the above-mentioned office of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be mailed by the Trustee via first class mail, postage prepaid, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date, to the registered owners of any Series 2018B-1 Bonds or portions thereof to be redeemed at their last addresses, if any, appearing upon the I-Bank's registry books, all in the manner and upon the terms and conditions set forth in the Resolution. If notice of redemption shall have been mailed as aforesaid, the Series 2018B-1 Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all of the Series 2018B-1 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Series 2018B-1 Bonds or portions thereof so called for redemption shall cease to accrue and be payable. Failure of the registered owner of any Series 2018B-1 Bonds to be redeemed to receive any such notice shall not affect the validity of the proceedings for the redemption of such Series 2018B-1 Bonds.

The principal or Redemption Price, if any, of and interest on the Series 2018B-1 Bonds are payable by the I-Bank solely from the Trust Estate, and neither the State of New Jersey nor any political subdivision thereof, other than the I-Bank (but solely to the extent of the Trust Estate), is obligated to pay the principal or Redemption Price, if any, of or interest on this bond and the issue of which it is one, and neither the full faith and credit nor the taxing power of the State of New Jersey or any political subdivision thereof is pledged to the payment of the principal or Redemption Price, if any, of or interest on this bond or the issue of which it is one.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond exist, have happened and have been performed, and the Series of Bonds of which this is one, together with all other indebtedness of the I-Bank, comply in all respects with the applicable laws of the State of New Jersey, including, without limitation, the Act.

This bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

**IN WITNESS WHEREOF, NEW JERSEY INFRASTRUCTURE BANK** has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman or Vice-Chairman and its seal to be impressed, imprinted, engraved or otherwise reproduced hereon and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of the Dated Date hereof.

**NEW JERSEY INFRASTRUCTURE BANK**

By: \_\_\_\_\_  
**Vice Chairman**

[SEAL]

**ATTEST:**

\_\_\_\_\_  
**Assistant Secretary**

**[FORM OF CERTIFICATE OF AUTHENTICATION ON SERIES 2018B-1 BONDS]**

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This bond is one of the Series 2018B-1 Bonds delivered pursuant to the within-mentioned Resolution.

**ZB, NATIONAL ASSOCIATION D/B/A  
ZIONS BANK, as Trustee**

**By: \_\_\_\_\_  
Authorized Signatory**

The following abbreviations, when used in the inscription on this bond, shall be construed as though they were written out in full according to applicable laws or regulations (additional abbreviations may also be used though not in the following list):

TEN COM – as tenants in common  
TEN ENT – as tenants by the entireties

JT TEN – as joint tenants with  
right of survivorship  
and not as tenants in common

UNIF GIFT MIN ACT  
\_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)  
under Uniform Gifts to Minors Act  
(State)

### ASSIGNMENT

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE (FOR COMPUTER RECORD ONLY): \_\_\_\_\_

**FOR VALUE RECEIVED**, the undersigned hereby sells, assigns and transfers unto

(Please Print or Typewrite Name and Address of Transferee)

\_\_\_\_\_  
the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_, Attorney, to transfer the within bond  
on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

Signature Guaranty:

\_\_\_\_\_  
NOTICE: Signature(s) must  
be guaranteed by a member  
firm of the New York Stock  
Exchange or a commercial  
bank, trust company,  
national bank association  
or other banking institution  
incorporated under the laws of  
the United States or a state  
of the United States.

Signature:

\_\_\_\_\_  
NOTICE: The signature of this  
Assignment must correspond with the  
name that appears upon the first  
page of the within bond in every  
particular, without alteration or  
enlargement or any change whatsoever.

**SECTION 15.02. Effective Date.** This Bond Resolution shall not become effective until all of the following shall have occurred:

(a) As required by paragraph i of Section 4 of Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey, as amended and supplemented, there shall have run ten (10) days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the I-Bank meeting at which this Bond Resolution was adopted has been delivered to the Governor for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval; and

(b) As required by paragraph j of Section 4 of Chapter 334 of the Pamphlet Laws of 1985 of the State of New Jersey, as amended and supplemented, there is received by the I-Bank the written approval of this Bond Resolution by each of the Governor of the State and the State Treasurer.

**EXHIBIT A**

**Form of Loan Agreement for Private Borrowers**

*On file with the I-Bank.*

**EXHIBIT B**

**[Reserved]**

**EXHIBIT C**

**[Reserved]**



**EXHIBIT D**

**Form of Notice of Sale**

*See Closing Item 2.04*

**EXHIBIT E**

**Form of I-Bank Continuing Disclosure Agreement**

*See Closing Item 8.01*

## EXHIBIT F

### CERTIFICATE OF AN AUTHORIZED OFFICER OF THE NEW JERSEY INFRASTRUCTURE BANK AS REQUIRED BY SECTION 4 OR 8(a) OF THE MASTER PROGRAM TRUST AGREEMENT

I, DAVID E. ZIMMER, Executive Director of the New Jersey Infrastructure Bank (the “I-Bank”) and an Authorized Officer as defined in and under that certain Master Program Trust Agreement, dated as of November 1, 1995, by and among the I-Bank, the State, United States Trust Company of New York, as Master Program Trustee thereunder, The Bank of New York (NJ), in several capacities thereunder, and First Fidelity Bank, N.A. (predecessor to Wachovia Bank National Association), in several capacities thereunder, as supplemented by that certain Agreement of Resignation of Outgoing Master Program Trustee, Appointment of Successor Master Program Trustee and Acceptance Agreement, dated as of November 1, 2001, by and among United States Trust Company of New York, as Outgoing Master Program Trustee, State Street Bank and Trust Company, N.A. (predecessor to U.S. Bank Trust National Association), as Successor Master Program Trustee (the “Master Program Trustee”), and the I-Bank, as the same may be amended and supplemented from time to time in accordance with its terms (the “Master Program Trust Agreement”; capitalized terms used but not defined in this Certificate shall have the meanings ascribed to such terms in the Master Program Trust Agreement), **DO HEREBY CERTIFY** as follows:

1. The 2018B-1 series within the Financing Program for State Fiscal Year 2018 shall constitute a Future Financing Program within the meaning of and for the purposes set forth in the Master Program Trust Agreement.

2. The 2018B-1 series within the Financing Program for State Fiscal Year 2018 has received all requisite approvals, authorizations and consents that constitute a condition precedent to such Financing Program becoming a Future Financing Program.

3. The 2018B-1 series within the Financing Program for State Fiscal Year 2018 shall be a Future Financing Program in order to provide additional security for the Coverage Receiving Trust Bonds, including, without limitation, the Future Trust Bonds to be issued under such Financing Program.

4. Attached hereto is an accurate and authentic copy of revised Schedule AG-2 to the Master Program Trust Agreement, which has simultaneously herewith been delivered to the Master Program Trustee for replacement of the existing Schedule AG-2 affixed to the Master Program Trust Agreement as Appendix A thereto.

5. This revised Schedule AG-2 to the Master Program Trust Agreement is being delivered to the Master Program Trustee in connection with the I-Bank’s issuance of its Environmental Infrastructure Bonds, Series 2018B-1 (AMT) in the aggregate principal amount of \$\_\_\_\_, which bonds constitute Future Trust Bonds under the Master Program Trust Agreement.

**IN WITNESS WHEREOF**, the undersigned duly Authorized Officer of the I-Bank has executed and delivered this Certificate this 22<sup>nd</sup> day of May, 2018.

**NEW JERSEY INFRASTRUCTURE BANK**

**By:** \_\_\_\_\_  
**Executive Director**

**SCHEDULE I-A**

**Reserved**

**SCHEDULE I-A**

**Reserved**

## **SCHEDULE I-B**

### **Allocable Share – Borrowers**

The allocations contained in the attached schedule are valid for the term of the Loan of a particular Borrower. Once a Borrower's Loan is repaid or if a Borrower decides to prepay its Loan, (i) said Borrower will no longer be entitled to any Net Earnings on any of the funds or accounts established pursuant to this Bond Resolution and (ii) no reallocation will be made of the remaining Borrowers.

**SCHEDULE II**

**Reserved**



