

**RESOLUTION NO. 18 - 42**

**RESOLUTION OF THE NEW JERSEY INFRASTRUCTURE BANK  
AUTHORIZING THE TRANSPORTATION BANK CONSTRUCTION FINANCING PROGRAM  
FOR STATE FISCAL YEAR 2019**

**WHEREAS**, the New Jersey Infrastructure Bank (the "I-Bank"), pursuant to and in accordance with (i) the "New Jersey Infrastructure Trust Act," constituting Chapter 334 of the Pamphlet Laws of 1985 of the State (codified at N.J.S.A. 58:11B-1 *et seq.*), as the same has been, and in the future may from time to time be, amended and supplemented (the "Act"), and (ii) the policies established by the terms of the "Project Prioritization System, Project Priority List, and Financial Plan," dated May 4, 2018 (the "Financial Plan") and submitted to the New Jersey State Legislature jointly by the I-Bank and the New Jersey Department of Transportation (the "NJDOT"), pursuant to and in satisfaction of the requirements of the Act, is authorized, pursuant to an interim financing program (the "Construction Financing Program"), to make loans (each, a "Short-Term Loan") to "local government units" (as defined in the Act; N.J.S.A. 58:11B-3) that are eligible project sponsors (each, a "Borrower") for the purpose of financing the allowable costs of "transportation projects" (as defined in the Act; N.J.S.A. 58:11B-3) (which allowable costs may include the cost of environmental planning (if applicable), the cost of engineering design, and the cost of construction) (each, a "Project"), provided that each such Short-Term Loan made by the I-Bank to any such Borrower satisfies the requirements of the Act, including, without limitation, N.J.S.A. 58:11B-9(g), and the policy statements relating to the Construction Financing Program as set forth in the Financial Plan; and

**WHEREAS**, pursuant to the provisions of the Act and the Financial Plan, a proposed project sponsor is eligible to be a Borrower for a Short-Term Loan for purposes of financing the allowable costs of the Project of such Borrower pursuant to the Construction Financing Program, provided each of the following conditions is satisfied in full: (i) in satisfaction of the requirements of the Act (N.J.S.A. 58:11B-9(g)), the Project is listed on the project priority lists for the related funding cycle that have been submitted to the State Legislature pursuant to N.J.S.A. 58:11B-20.2; (ii) in satisfaction of the requirements set forth in the Financial Plan, the proposed Borrower has submitted a complete application for the Project; (iii) in satisfaction of the requirements set forth in the Financial Plan, the proposed Borrower has complied with the I-Bank's Credit Policy, as formally adopted by the I-Bank; (iv) in satisfaction of the requirements of the Financial Plan, the Project (or, at a minimum, an operable segment thereof) has been certified for funding by the Commissioner of the NJDOT and the I-Bank; (v) the Project is in the fundable range in the forthcoming funding cycle given the Project's rank and the anticipated availability of I-Bank monies to fund transportation projects; and (vi) the proposed Borrower has not previously received a Short-Term Loan through the Construction Financing Program for the same project scope (exclusive of a Short-Term Loan made solely for the purpose of extending the term of a prior Short-Term Loan) (collectively, the "Construction Financing Program Conditions Precedent"); and

**WHEREAS**, it is the desire of the I-Bank, subject to the terms and provisions of (i) the Act, (ii) the Financial Plan and (iii) this Resolution, to authorize the implementation, for State Fiscal Year

2019 (“SFY2019”), of the Construction Financing Program for the New Jersey Transportation Bank of the I-Bank (the “SFY2019 Construction Financing Program”); and

**WHEREAS**, there has been appropriated to the I-Bank, during State Fiscal Year 2018, the sum of \$22,600,000 and it currently is anticipated by the I-Bank that an additional sum of \$22,600,000 will be appropriated to the I-Bank during SFY2019 (each such appropriation being referred to collectively herein as the “Appropriation”), which Appropriation, as well as any investment earnings thereon, shall be available to the I-Bank for purposes of funding the various transportation financing programs of the I-Bank pursuant to the Act, as well as certain administrative expenses related to such transportation financing programs of the I-Bank, and a portion of such Appropriation, in an amount that shall be determined by any Authorized Officer, in his or her sole discretion, shall be deposited and held in a segregated fund that is entitled “Interim Transportation Financing Program Fund” and that has been established by the I-Bank pursuant to the Act (N.J.S.A. 58:11B-9(g)) for the purpose of funding the implementation of the SFY2019 Construction Financing Program; and

**WHEREAS**, with respect to the SFY2019 Construction Financing Program of the I-Bank and other future Construction Financing Programs of the I-Bank for the New Jersey Transportation Bank (collectively, the “Current and Future Construction Financing Programs”), it is the desire of the I-Bank to explore, as an additional source of funding for the Current and Future Construction Financing Programs, the procurement by the I-Bank of a revolving line of credit or other similar financial instrument, either through a competitive or negotiated process, from a commercial bank (the “Credit Instrument”; the Appropriation and the Credit Instrument shall be referred to collectively herein as the “Available Funds”), all as permitted pursuant to the provisions of the Act (N.J.S.A. 58:11B-9(g)) and anticipated by the Financial Plan, and in furtherance of such exploration, the I-Bank, through its Authorized Officers (as hereinafter defined), desires to (i) discuss and explore potential structural, collateral and credit features relating to a Credit Instrument with one or more banking corporations, having membership in the federal depository insurance corporation, and/or (ii) prepare and distribute a Request for Qualifications or a Request for Proposals, seeking proposals from qualified providers of a Credit Instrument; and

**WHEREAS**, it is the desire of the I-Bank that, if a Borrower is eligible to receive financing from the SFY2019 Construction Financing Program for a Project that includes multiple operable segments, the Borrower may receive a single, combined Short-Term Loan for such Project, provided that (i) the Borrower has submitted to the I-Bank and the NJDOT a complete application with respect to the Project, (ii) the I-Bank shall not be obligated to disburse Available Funds pursuant to such Short-Term Loan with respect to any operable segment of a given Project until such operable segment and the Project costs applicable thereto shall have been certified by the NJDOT and the I-Bank, as provided herein, and (iii) the Borrower otherwise satisfies each of the other requirements of the Act and the Financial Plan applicable thereto and the applicable terms of this Resolution; and

**WHEREAS**, it is the desire of the I-Bank to establish such additional terms and provisions of the SFY2019 Construction Financing Program, including, without limitation, (i) the interest rate applicable to each SFY2019 Short-Term Loan, (ii) the maturity with respect to each SFY2019 Short-Term Loan, and (iii) all fees applicable to each SFY2019 Short-Term Loan and the Project financed

thereby, all in a manner consistent with the applicable provisions of (i) the Act and (ii) the Financial Plan.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the New Jersey Infrastructure Bank (the "Board"), as follows:

**Section 1. Authorization, Establishment and Implementation of the SFY2019 Construction Financing Program.** The Board hereby authorizes and directs the establishment and implementation of the SFY2019 Construction Financing Program, subject to compliance by the I-Bank with each of the following requirements:

- (a) Each Short-Term Loan made pursuant to the SFY2019 Construction Financing Program shall be funded solely from the Available Funds applicable thereto and available therefor. The Authorized Officers are each hereby severally authorized and directed, after consultation with the I-Bank's Professional Advisors (as hereinafter defined), to determine, in his or her sole discretion, the particular Available Funds that shall be allocated to, and shall be the source of funding for, any given Short-Term Loan made pursuant to the SFY2019 Construction Financing Program.
- (b) Each Short-Term Loan made pursuant to the SFY2019 Construction Financing Program, and each Project (including each operable segment thereof) funded thereby, shall comply fully with the provisions of the Act and the Financial Plan applicable thereto, as well as the applicable terms of this Resolution.
- (c) No Short-Term Loan shall be made pursuant to the SFY2019 Construction Financing Program unless and until the Construction Financing Program Conditions Precedent applicable to a given Borrower and Project have been satisfied, in full, in satisfaction of the requirements of the Act, the Financial Plan and this Resolution.
- (d) Each Short-Term Loan made pursuant to the SFY2019 Construction Financing Program shall be made pursuant to the terms and provisions of the Loan Instruments, as defined in Section 2 hereof, which Loan Instruments shall include and address the requirements hereof, including, without limitation, those requirements as set forth in Sections 3, 4 and 5 hereof.

**Section 2. The Loan Instruments and the Terms and Provisions Thereof.** Any Short-Term Loan made by the I-Bank as part of the SFY2019 Construction Financing Program shall be evidenced by (i) a note or other appropriate obligation of the Borrower to be issued by the Borrower to the I-Bank (the "Obligation") in order to evidence and secure such Borrower's Short-Term Loan repayment and other obligations, and (ii) any other documentation as shall be deemed necessary and appropriate (collectively, the "Loan Instruments") by the Chairman of the I-Bank, the Vice Chairman of the I-Bank and/or the 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, but in each case subject to the limitations of the by-laws of the I-Bank (each, an "Authorized Officer"), after consultation with Bond

Counsel to the I-Bank and the Office of the Attorney General of the State(collectively, “Legal Counsel”) . Each Obligation shall be in substantially the form attached hereto as Exhibit A, with such revisions and modifications thereto as shall be approved by an Authorized Officer after consultation with Legal Counsel, with such approval by the Authorized Officer of such revisions and modifications thereto being evidence by the signed receipt of such Obligation by such Authorized Officer. The Loan Instruments shall include such terms and provisions relating to the SFY2019 Construction Financing Program as shall be determined by an Authorized Officer, after consultation with Legal Counsel, as being necessary and appropriate in connection with (i) the satisfaction of the requirements of the Act and the Financial Plan applicable thereto, and (ii) the implementation of the applicable terms of this Resolution, including, without limitation, each of the following terms and provisions:

- (a) Each Short-Term Loan shall be in the stated principal amount as determined in accordance with Section 3 hereof;
- (b) Each Short-Term Loan shall bear interest at a rate that shall be determined in accordance with the Interest Rate Calculation (as defined in Section 4 hereof);
- (c) Each Short-Term Loan shall have a maturity date that shall be no later than the applicable date set forth in Section 5 hereof;
- (d) Each Short-Term Loan shall be subject to the imposition of an administrative fee in the amount of two percent (2%) of the total estimated project cost for the review of the application, technical submissions, and payment requisitions applicable to a given Project and representing a portion of the cost of such Project (the “Administrative Fee”); and
- (e) The Loan Instruments with respect to each Short-Term Loan shall include, as applicable, terms and provisions relating to the funding of a Project with multiple operable segments via a single Short-Term Loan and the proper disbursement of such Short-Term Loan proceeds for the funding of each Project operable segment.

**Section 3. Principal Amount.** The principal amount of each Short-Term Loan (and the stated principal amount of the Obligation issued by the Borrower in connection with such Short-Term Loan), made as part of the SFY2019 Construction Financing Program, shall not exceed \$10,000,000, unless a higher principal amount thereof is authorized by official action of the Board at a future meeting thereof. For purposes of determining, at any time, the outstanding principal amount of a Short-Term Loan (and the Obligation issued by the Borrower in connection therewith), such outstanding principal amount shall equal the aggregate of all disbursements of proceeds thereof for Project costs that have been made by the I-Bank as of the date of such determination inclusive of the Administrative Fee.

**Section 4. Interest Rate Calculation.** The rate of interest owed and ultimately to be paid by a Borrower to the I-Bank with respect to the repayment of a Short-Term Loan made as part of

the SFY2019 Construction Financing Program shall be calculated in the following manner (the "Interest Rate Calculation"), so as to achieve an objectively determined rate of interest that is reflective of (i) the policy goals of the I-Bank, as set forth in the Financial Plan and this Resolution, and (ii) the market as of the respective dates on which each disbursement of the Short-Term Loan is made by the I-Bank to the Borrower:

- (a) **Appropriation Rate:** With respect to any portion of a Short-Term Loan that is sourced from amounts made available to the I-Bank pursuant to the Appropriation, 0.00%;
- (b) **Credit Instrument Rate:** With respect to any portion of a Short-Term Loan that is sourced from amounts made available to the I-Bank pursuant to a Credit Instrument, a rate to be determined by the I-Bank, pursuant to and in compliance with the future approval by the Board of any such Credit Instrument as required by Section 11 hereof, which rate shall be commensurate with the cost to the I-Bank of obtaining funds from and pursuant to such Credit Instrument for the purpose of making such Short-Term Loan or portion thereof;
- (c) **Blended Rate:** With respect to each Short-Term Loan, and in a manner consistent with the terms of the Financial Report, the Interest Rate Calculation is anticipated by the I-Bank to produce an overall rate of interest, applicable to the entire Short-Term Loan, consisting of a range of between (i) 0.00% and (ii) 50% of the cost of the Credit Instrument, all as shall be determined by an Authorized Officer, in his or her sole discretion, based upon the source of the Available Funds that shall be available to the I-Bank for purposes of Short-Term Loan disbursements, which rate range is reflective of an anticipated source of Available Funds consisting of a range of between (i) 100% and (ii) up to 50% of Appropriation funding (in which case the remaining funds shall be provided from the Credit Instrument funding);
- (d) **Application of Interest to Disbursements for the Administrative Fee:** The portion of the Short-Term Loan that shall finance the Administrative Fee that shall be payable as provided in Section 2(c) hereof may be determined by the Authorized Office, at his or her discretion, to bear interest at a rate of 0.00% as an alternative to the rate of interest that otherwise would be applicable to that portion of the Short-Term Loan pursuant to the provisions of this Section 4;
- (e) **The Impact of Borrower Ratings Upon the Interest Rate Calculation:** Notwithstanding any provision of this Section 4 to the contrary, and pursuant to and in satisfaction of the terms of the Financial Report, in the case of any Borrower with an investment grade rating of less than A3 from Moody's Investors Service, Inc. or A- from either S&P Global Ratings or Fitch Ratings, Inc., such Borrower shall receive a Short-Term Loan that is disbursed exclusively from amounts made available to the I-Bank pursuant to the Appropriation and, therefore, such Short-Term Loan shall bear

interest at a rate of 0.00%, provided that an Authorized Officer determines, in his or her sole discretion, following consultation with the Financial Advisor to the I-Bank, that the funding of a portion of a Short-Term Loan for such Borrower from proceeds of a Credit Instrument, given such a rating, will either (i) materially increase the cost to the I-Bank and the SFY2019 Construction Financing Program of the Credit Instrument funding and/or (ii) result in an objection by the provider of the Credit Instrument. At no point shall loans rated less than A3 from Moody's Investors Service, Inc. or A- from either S&P Global Ratings or Fitch Ratings, Inc., constitute more than 10% of the funds committed by the I-Bank to Transportation Bank Borrowers.

**Section 5. Maturity Date.** The maturity date with respect to any Short-Term Loan made as part of the SFY2019 Construction Financing Program, including any individual funding disbursement made pursuant thereto, shall not exceed the maximum maturity that is permitted pursuant to the provisions of N.J.S.A. 58:11B-9(g), as such provisions may hereafter be amended and supplemented from time to time.

**Section 6. Delegation as to Approval of Borrowers.** The Authorized Officers are each hereby severally authorized and directed, after consultation with Legal Counsel, to approve, in his or her sole discretion, the participation of a Borrower in the SFY2019 Construction Financing Program, provided that such Borrower qualifies for such participation pursuant to the provisions of the Act and the Financial Report applicable thereto, and the applicable terms of this Resolution, including, without limitation, satisfaction by such Borrower of the applicable Construction Financing Program Conditions Precedent.

**Section 7. Delegation as to Project Certification.** Prior to the making of any Short-Term Loan with respect to any Project pursuant to the SFY2019 Construction Financing Program, the Authorized Officers are each hereby severally authorized and directed to certify such Project for funding through the SFY2019 Construction Financing Program in accordance with the provisions of the Financial Report; provided, however, that as a condition to such certification by an Authorized Officer, (i) the proposed Project, or at least one operable segment thereof (as provided pursuant to the provisions of Section 8 hereof), previously has been certified for funding by the Commissioner of the NJDOT ("Commissioner") or the Commissioner's designee, and (ii) such proposed Project (including each of the operable segments thereof) shall otherwise qualify for funding through the SFY2019 Construction Financing Program pursuant to the terms and provisions of the Act and the Financial Report applicable thereto, and the applicable terms and provisions of this Resolution.

**Section 8. Operable Segments of a Project.** In the event that a portion, but not all, of a Project that is to be the subject of a Short-Term Loan pursuant to the SFY2019 Construction Financing Program has been certified for funding by the Commissioner, as well as by the I-Bank pursuant to the provisions of Section 7 hereof, the Authorized Officers are each hereby severally authorized and directed to extend a Short-Term Loan to such Borrower for such Project in a stated principal amount that may equal, but shall not exceed, the total estimated allowable costs of such Project (subject to the further limitations set forth in the Act, the applicable provisions of the

Financial Report and this Resolution, including, without limitation, Section 3 of this Resolution); provided, however, that the Loan Instruments relating to such Short-Term Loan shall provide that the I-Bank shall not disburse to the Borrower any proceeds of such Short-Term Loan with respect to those costs of the Project that have not been certified by the Commissioner, and such prohibition upon the disbursement by the I-Bank to the Borrower of such proceeds of the Short-Term Loan shall continue to apply until such date as such Project costs have been certified by the Commissioner.

**Section 9. Delegation as to Execution of Documents.** Each Authorized Officer is hereby severally authorized and directed to execute (i) any Loan Instrument to which the I-Bank is a party (the “I-Bank Loan Instruments”) and (ii) any certificates, instruments or documents contemplated therein or otherwise related to the participation of any Borrower in the SFY2019 Construction Financing Program. Upon execution of the I-Bank Loan Instruments by an Authorized Officer, the Secretary and the Assistant Secretary of the I-Bank Board or their designee are each hereby severally authorized and directed, where required, to affix the corporate seal of the I-Bank, and to attest to the signature of such Authorized Officer, thereon and on any certificates, instruments or documents contemplated therein or related thereto.

**Section 10. Report to the Board.** At the meeting of the Board that is scheduled to occur during the month next succeeding the month during which execution and delivery is completed with respect to Loan Instruments relating to a Short-Term Loan made by the I-Bank to a Borrower pursuant to the SFY2019 Construction Financing Program, the Executive Director of the I-Bank shall provide a report to the Board concerning the details of such transaction.

**Section 11. Delegation as to Certain Actions Relating to the Procurement of a Credit Instrument.** Each Authorized Officer is hereby severally authorized and directed to take such actions that such Authorized Officer, in his or her respective sole discretion, after consultation with Legal Counsel, and the Financial Advisor to the I-Bank (collectively, the “Professional Advisors”), deems necessary, convenient or desirable in order to undertake and complete the following with respect to the anticipated procurement by the I-Bank of a Credit Instrument:

- (a) Engage in discussions with one or more banking corporations, having membership in the federal depository insurance corporation, for the purpose of exploring potential structural, collateral and credit features relating to a Credit Instrument in favor of the I-Bank for the purpose of funding all or a portion of one or more of the Current and Future Construction Financing Programs, and include in such discussions, at the discretion of such Authorized Officer, one or more of the Professional Advisors; and/or
- (b) Prepare and distribute, in consultation with the Professional Advisors, a Request for Qualifications or a Request for Proposals (in either case, the “RFP”) to banking corporations, having membership in the federal depository insurance corporation, for the establishment of a Credit Instrument in favor of the I-Bank for the purpose of funding all or a portion of one or more of the Current and Future Construction Financing Programs, in such amount as shall be determined by such Authorized

Officer to be necessary and appropriate for such purpose. Such RFP shall be prepared and distributed pursuant to and in compliance with I-Bank Policy and Procedure No. 4.00, entitled "Procurement of Goods and Services".

Notwithstanding the above terms and provisions of this Section 11:

- (c) The specific structural, collateral and credit features of the Credit Instrument that may be discussed by an Authorized Officer with one or more banking corporations, and any contractual commitment by the I-Bank with respect to such structural, collateral and credit features, shall be subject to the authorization and approval thereof by the Board at a future meeting thereof; and
- (d) The award of any contract to a banking corporation that has submitted to the I-Bank a response to RFP for the provision of a Credit Instrument for the purpose of funding all or a portion of one or more of the Current and Future Construction Financing Programs shall be made only upon authorization by official action of the Board at a future meeting thereof.

**Section 12.** Any Authorized Officer is hereby authorized and directed to take such other actions that such Authorized Officer, in his or her respective sole discretion, after consultation with Legal Counsel, deems necessary, convenient or desirable in order to affect the transactions contemplated hereby.

Adopted Date:	June 18, 2018
Motion Made By:	Mr. Robert Long
Motion Seconded By:	Mr. Michael Kanef
Ayes:	7
Nays:	0
Abstentions:	0



**EXHIBIT A**

**FORMS OF OBLIGATION**

## Appendix A

**[NAME OF MUNICIPALITY]**  
**NOTE**  
**RELATING TO:**  
**THE TRANSPORTATION BANK SHORT-TERM LOAN PROGRAM**  
**OF THE NEW JERSEY INFRASTRUCTURE BANK**

\$ \_\_\_\_\_, 201\_

**NJTB - STFP-19-\_\_**

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

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

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

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

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

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

“**Appropriation Condition**” means the procedural appropriation by the State for the Project through the inclusion of the Project on the Project Priority List (which Project Priority List is required pursuant to the Act) in an appropriation amount equal to or greater than the Principal amount of the Loan then due and payable by the Borrower pursuant to the terms hereof.

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

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

**“Cost”** means those costs that are allocable to the Project, as shall be determined on a project-specific basis in accordance with the Financial Plan, as further set forth in Exhibit B hereto, (i) as such Exhibit B shall be supplemented by an Authorized Officer of the I-Bank by means of either a substitute Exhibit B or an additional Exhibit B, such supplement to be implemented concurrently with the supplement to Exhibit A-1 hereto (as provided in the definition of “Project” as set forth herein), and (ii) as the then-current Exhibit B may be amended by subsequent changes to eligible costs as evidenced by a certificate of an Authorized Officer of the I-Bank.

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

**“Financial Plan”** means the “Project Prioritization System, Project Priority List, and Financial Plan,” dated May 2018. [Elaborate and cite the Act.]

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

**“I-Bank Portion”** means, on any date, an amount equal to the fifty percent (50%) of the Principal of the Loan on such date, exclusive of that portion of the Principal of the Loan that is allocable to the Administrative Fee.

**“I-Bank Portion Interest Rate”** means, with respect to each disbursement of proceeds of the I-Bank Portion of the Loan, (a) to the extent that such disbursement is funded from moneys appropriated to the I-Bank, for the Construction Financing Loan Program of the I-Bank, pursuant to an appropriations act of the State, the I-Bank Portion Interest Rate shall equal 0.00%, (b) to the extent that such disbursement is funded from available moneys of the I-Bank that are neither (i) appropriated to the I-Bank as provided by the preceding clause (a), nor (ii) borrowed from a financial institution pursuant to a line of credit or other similar financial instrument as provided by the succeeding clause (c), the I-Bank Portion Interest Rate shall equal the interest rate that is published as either the Thompson Financial TM3 “AAA” Municipal Market Data General Obligation Index (Tax-Exempt) or the “BVAL” Index (relating to general obligation, tax exempt credits) of Bloomberg L.P. (or any subsidiary thereof), (with the particular index that is used by the I-Bank to be selected by an Authorized Officer of the I-Bank) or, if such indexes are no longer published on such date, such successor index as may be selected by an Authorized Officer of the I-Bank, in each case for the number of years that corresponds to the length of time from the date such disbursement is made available to the Borrower by the I-Bank to the Maturity Date, rounding up to the nearest year, or (c) to the extent that such disbursement is funded from available moneys of the I-Bank borrowed from a financial institution pursuant to a line of credit or other similar financial instrument, the I-Bank Portion Interest Rate shall equal the actual rate of interest established by the applicable financial institution pursuant to a competitive or negotiated solicitation by the I-Bank with respect to such line of credit or other financial instrument.

**“Interest”** means the interest charged on the outstanding Principal of the Loan at a rate of (a) with respect to the I-Bank Portion of the Principal, the applicable I-Bank Portion Interest Rate and (b) with respect to the LAIF Portion of the Principal, 0.00%, and payable by the Borrower to the I-Bank (i) on the Maturity Date or (ii) with respect to any optional prepayment or acceleration of the Loan pursuant to the terms of this Note, on the date of such optional prepayment or acceleration, as the case may be.

**“LAIF Portion”** means, on any date, an amount no less than the aggregate of (i) fifty percent (50%) of the Principal of the Loan on such date, exclusive of that portion of the Principal of the Loan that is allocable to the [NJDOT Loan Origination Fee].

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

**“Loan Disbursement Requisition”** means the requisition, to be executed by an Authorized Officer of the Borrower and approved by the NJDOT, in a form to be determined by the I-Bank and the NJDOT.

**“Maturity Date”** means June 30, 2022, or (i) such earlier date as shall be determined by an Authorized Officer of the I-Bank in his or her sole discretion, which date shall be determined by such Authorized Officer of the I-Bank to be the date of the closing for the Anticipated Financing Program (subject, in all events, to the rights and remedies of the I-Bank pursuant to, respectively, the provisions of Section 6 hereof and the provisions of Section 7 hereof in furtherance of the enforcement by the I-Bank of all covenants obligations of the Borrower hereunder, including, without limitation and in particular, the covenant obligation of the Borrower set forth in Section 3(a) hereof), or (ii) such later date (subject to the then-applicable limits of the Act) to be determined by an Authorized Officer of the I-Bank in his or her sole discretion, pursuant to a written certification thereof, as acknowledged and approved by an Authorized Officer of the Borrower.

**“NJDOT”** means the New Jersey Department of Transportation.

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

**“Project”** means the project of the Borrower for which the I-Bank is making the Loan to the Borrower, as such project is further described in Exhibit A-1 hereto; provided, however, that the description of the Project, as set forth in Exhibit A-1 attached hereto, shall be supplemented by means of either (i) the substitution of a revised and updated Exhibit A-1 for the current Exhibit A-1 or (ii) the inclusion of an additional Exhibit A-1, in either case, promptly following the certification for funding by the NJDOT of the remaining components of the Project, as applicable, such supplement to be undertaken by an Authorized Officer of the I-Bank.

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

**SECTION 2. Representations of the Borrower.** The Borrower represents and warrants to the I-Bank:

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

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

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

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

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

### **SECTION 3. Covenants of the Borrower.**

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

(b) Full Faith and Credit Pledge. To secure the repayment obligation of the Borrower with respect to this Note, and all other amounts due under this Note, the Borrower unconditionally and irrevocably pledges its full faith and credit and covenants to exercise its unlimited taxing powers for the punctual payment of any and all obligations and amounts due under this Note. The Borrower acknowledges

that, to assure the continued operation and solvency of the I-Bank, the I-Bank may, pursuant to and in accordance with Section 12a of the Act, require that if the Borrower fails or is unable to pay promptly to the I-Bank in full any Loan repayments, any Interest or any other amounts due pursuant to this Note, an amount sufficient to satisfy such deficiency shall be paid by the State Treasurer to the I-Bank from State-aid otherwise payable to the Borrower.

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

(d) Financing with Tax-Exempt Bonds. The Borrower acknowledges, covenants and agrees that it is the intention of the Borrower to finance the Project on a long term basis with proceeds of I-Bank Bonds now or hereinafter issued, the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103(a) of the Code (“tax- exempt bonds”). In furtherance of such long term financing with tax-exempt bonds, the Borrower covenants that, except to the extent expressly permitted in writing by the I-Bank, the Borrower will not take any action or permit any action to be taken which would result in any of the proceeds of the Loan being used (directly or indirectly) (i) in any “private business use” within the meaning of Section 141(b)(6) of the Code, (ii) to make or finance loans to persons other than the Borrower, or (iii) to acquire any “nongovernmental output property” within the meaning of Section 141(d)(2) of the Code. In addition, the Borrower covenants and agrees that no portion of the Project will be investment property, within the meaning of Section 148(b) of the Code. The Borrower covenants and agrees that any Costs of the Borrower’s Project to be paid or reimbursed with proceeds of the Loan will result in the expenditure of proceeds under Treasury Regulations §1.148-6(d) and Treasury Regulations §1.150-2.

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

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

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

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

#### **SECTION 4. Disbursement of the Loan Proceeds; Amounts Payable; Prepayment; and Late Fee.**

(a) The I-Bank shall effectuate the Loan to the Borrower by making one or more disbursements to the Borrower promptly after receipt by the I-Bank of a Loan Disbursement Requisition and the approval of such Loan Disbursement Requisition by an Authorized Officer of the I-Bank or designee thereof, each

such disbursement and the date thereof to be recorded by an Authorized Officer of the I-Bank on the table attached as Exhibit A-2 hereto; provided, however, that the approval by the I-Bank of any Loan Disbursement Requisition for disbursement pursuant to the terms hereof shall be subject to the terms, conditions and limitations as set forth in Section 4(b) of this Note. It is expected that the proceeds of the Loan will be disbursed to the Borrower in accordance with Exhibit C hereto, as Exhibit C shall be supplemented by an Authorized Officer of the I-Bank by means of either a substitute Exhibit C or an additional Exhibit C, such supplement to be implemented concurrently with the supplement to Exhibit A-1 hereto (as provided in the definition of "Project" as set forth herein). The latest date upon which the Borrower may submit to the I-Bank a Loan Disbursement Requisition is the business day immediately preceding the date fixed by the I-Bank for the sale of its bonds in connection with the Anticipated Financing Program, or such alternative date as shall be identified by the I-Bank for the Borrower in writing. On the Maturity Date, the Borrower shall repay the Loan to the I-Bank in an amount equal to: (i) the Principal; (ii) the Interest; (iii) the Administrative Fee, if any; and (iv) any other amounts due and owing pursuant to the provisions of this Note. The Borrower may prepay the Loan obligations hereunder, in whole or in part, upon receipt of the prior written consent of an Authorized Officer of the I-Bank. Each payment made to the I-Bank shall be applied to the payment of, first, the Interest then due and payable, second, the Principal, third, the Administrative Fee, if any, fourth, any late charges, and, finally, any other amount due pursuant to the provisions of this Note. In the event that the repayment obligation set forth in this Note is received by the I-Bank later than the Maturity Date, a late fee shall be payable to the I-Bank in an amount equal to the greater of twelve percent (12%) per annum or the prime rate as published in the Wall Street Journal on the Maturity Date plus one half of one percent per annum on such late payment from the Maturity Date to the date it is actually paid; provided, however, that any late payment charges incurred hereunder shall not exceed the maximum interest rate permitted by law. Notwithstanding the provisions of this Section 4(a) to the contrary, the Borrower hereby acknowledges and agrees that, on the date of issuance of this Note, a disbursement shall be made and shall be recorded by an Authorized Officer of the I-Bank on the table attached as Exhibit A-2 hereto in the amount recorded thereon. Such disbursement shall be made for the purpose of funding fifty percent (50%) of the [NJDOT Loan Origination Fee]. Such disbursement shall be paid by the I-Bank on behalf of the Borrower directly to the NJDOT in satisfaction of the provisions hereof.

(b) Notwithstanding the provisions of this Note to the contrary with respect to the funding, pursuant to this Section 4, of any Loan Disbursement Requisition relating to all or any portion of the Project: (i) the Borrower hereby acknowledges and agrees that the I-Bank shall not, and shall not be required to, commit funds, pursuant to the Construction Financing Loan Program of the I-Bank, to any portion of the Project until such time as the particular portion of the Project in question has been certified for funding by the NJDOT; (ii) no Loan Disbursement Requisition shall be approved by the I-Bank for disbursement pursuant to this Section 4 unless and until the portion of the Project to which such Loan Disbursement Requisition relates has been certified for funding by the NJDOT; (iii) no Loan Disbursement Requisition shall be approved by the I-Bank for disbursement pursuant to this Section 4 unless and until the Appropriation Condition has been satisfied to an extent and in an amount that is sufficient to fund, in the aggregate, the particular Loan Disbursement Requisition in question and all prior Loan Disbursement Requisitions; and (iv) the I-Bank has no obligation pursuant to this Note to make all or any portion of any Loan Disbursement Requisition disbursement pursuant to the provisions of this Section 4 if the Borrower lacks the authority to pay interest on this Note in an amount equal to the I-Bank Portion Interest Rate.

**SECTION 5. Unconditional Obligations.** The direct, general obligation of the Borrower to make the Loan repayments and all other payments required hereunder and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein shall be absolute and unconditional, and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner whatsoever while any Loan repayments, or any other payments due hereunder, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of

consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the I-Bank to perform and observe any agreement or any duty, liability or obligation arising out of this Note, or any rights of set-off, recoupment, abatement or counterclaim that the Borrower might have against the I-Bank or any other party; provided, however, that payments hereunder shall not constitute a waiver of any such rights.

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

**SECTION 7. Remedies upon Event of Default.** Whenever an Event of Default shall have occurred and be continuing pursuant to the terms hereof, the Borrower hereby acknowledges and agrees to the rights of the I-Bank to take any action permitted or required at law or in equity to collect the amounts then due and thereafter to become due hereunder or to enforce the observance and performance of any duty, covenant, obligation or agreement of the Borrower hereunder. If an Event of Default shall have occurred, the Borrower hereby acknowledges and agrees that the I-Bank shall have the right to (i) immediately cease disbursements of the proceeds of the Loan, and/or (ii) declare all Loan repayments and all other amounts due hereunder to be due and payable immediately without further notice or demand. The Borrower hereby acknowledges and agrees that no remedy herein is intended to be exclusive, and every remedy shall be cumulative and in addition to every other remedy given under this Note or now or hereafter existing at law or in equity. The Borrower hereby further acknowledges and agrees that no delay or omission by the I-Bank to exercise any remedy or right accruing upon any Event of Default shall impair any such remedy or right or shall be construed to be a waiver thereof, but any such remedy or right may be exercised as often as may be deemed expedient. The Borrower hereby further acknowledges and agrees that, pursuant to the “New Jersey Infrastructure Bank Credit Policy”, adopted by the Board of Directors of the I-Bank, and as further amended and supplemented from time to time (the “Credit Policy”), during such time as an Event of Default has occurred and is continuing hereunder, the Borrower shall be ineligible for additional financial assistance from the I-Bank, in addition to certain other consequences set forth in the Credit Policy. The Borrower hereby agrees that upon demand it shall pay to the I-Bank the reasonable fees and expenses of attorneys and other reasonable expenses (including, without limitation, the reasonably allocated costs of in-house counsel and legal staff) incurred in the collection of Loan repayments or any sum due hereunder or in the enforcement of the observation or performance of any obligations or agreements of the Borrower upon an Event of Default. Any moneys collected by the I-Bank pursuant to this Section 7 shall be applied first to pay any attorneys’ fees or other fees and expenses owed by the Borrower.

**SECTION 8. Certain Miscellaneous Provisions.** The Borrower hereby acknowledges and agrees as follows: (a) all notices hereunder shall be deemed given when hand delivered or when mailed by registered or certified mail, postage prepaid, to the Borrower at the following address: [Name and Address



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

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

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

**[NAME OF BORROWER]**

**[SEAL]**

**ATTEST:**

**By:** \_\_\_\_\_  
**Mayor**

\_\_\_\_\_  
**Clerk**

**By:** \_\_\_\_\_  
**Chief Financial Officer**